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 2022

HIGHLIGHTS

	For the year ended 31 August			
	2022	2021	**Change**	**Percentage**
	RMB'000	*RMB'000*	***RMB'000***	**Change**
Revenue				
– Remaining Business	**277,587**	219,666	+57,921	+26.4%
– Affected Entities	**–**	2,044,081	-2,044,081	-100.0%
	277,587	2,263,747	-1,986,160	-87.7%
Profit/(loss) for the year				
– Remaining Business	**96,185**	(222,086)	+318,271	-143.3%
– Affected Entities	**–**	(2,056,480)	+2,056,480	-100.0%
	96,185	(2,278,566)	+2,374,751	-104.2%
Core net profit from Remaining Business *(Note 2)*	**116,706**	79,156	37,550	+47.4%
Basic earnings/(loss) per share *(RMB cents)*	**4.44**	(97.86)	+102.30	-104.5%

Note 1: 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 (the "**Implementation Regulations**") which came into effect on 1 September 2021, the Company concluded that it has lost its ability to control the Affected Entities through the Contractual Arrangements by the end of 31 August 2021, immediately before the Implementation Regulations became effective. Affected Entities and Remaining Business are defined in note 1 to the financial information. Please refer to note 1 to the financial information for details of the impacts of the Implementation Regulations.

Note 2: Core net profit from Remaining Business was derived from profit/(loss) for the year excluding the results of the Affected Entities, and 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	
	2022	2021
	RMB'000	*RMB'000*
Profit/(loss) for the year	**96,185**	(2,278,566)
Less:		
Loss for the year from Affected Entities	**–**	2,056,480
Profit/(loss) for the year from Remaining Business	**96,185**	(222,086)
Adjustments for:		
Loss on deconsolidation of Affected Entities *(Note 3)*	**–**	271,841
Change in financial guarantee contracts *(Note 4)*	**5,132**	–
Exchange loss from Remaining Business	**12,299**	26,569
Share-based payments	**3,090**	2,832
Core net profit from Remaining Business	**116,706**	79,156

Note 3: The adjustment represented recognition of financial guarantee contracts upon the deconsolidation of Affected Entities as at 31 August 2021.

Note 4: The adjustment represented provision of expected credit loss for financial guarantee contracts of RMB26,380,000 less amortised income of financial guarantee contracts of RMB21,248,000. For details, please refer to note 12 to the financial information and the section headed "Contingent Liabilities" in this announcement.

ANNUAL RESULTS FOR THE YEAR ENDED 31 AUGUST 2022

The board (the "**Board**") of directors (the "**Directors**") of the Company is pleased to announce the consolidated results of the Group for the year ended 31 August 2022. 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 2022

			Remaining Business*	Affected Entities*	
		2022	2021	2021	2021
	NOTES	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	*3*	**277,587**	219,666	2,044,081	2,263,747
Cost of revenue		**(123,149)**	(78,003)	(1,180,790)	(1,258,793)
Gross profit		**154,438**	141,663	863,291	1,004,954
Other income	*4*	**32,988**	6,726	17,648	24,374
Other gains and losses	*5*	**(31,307)**	15,695	25,591	41,286
Selling expenses		**–**	(4,085)	(23,320)	(27,405)
Administrative expenses		**(41,868)**	(53,511)	(235,038)	(288,549)
Finance income		**16,640**	8,178	1,698	9,876
Finance costs		**(8,509)**	(1,485)	(85,948)	(87,433)
Loss on deconsolidation of Affected Entities	*7*	**–**	(271,841)	(2,627,428)	(2,899,269)
Profit (loss) before taxation		**122,382**	(158,660)	(2,063,506)	(2,222,166)
Taxation	*6*	**(26,197)**	(63,426)	7,026	(56,400)
Profit (loss) and total comprehensive income (expense) for the year		**96,185**	(222,086)	(2,056,480)	(2,278,566)
Attributable to:					
Owners of the Company		**96,185**			(2,119,748)
Non-controlling interests		**–**			(158,818)
		96,185			(2,278,566)
Earnings (loss) per share					
Basic (RMB)	*9*	**0.04**			(0.98)
Diluted (RMB)	*9*	**0.04**			(0.98)

* Affected Entities and Remaining Business are defined in note 1. The profit or loss of Affected Entities and Remaining Business are additional information that the directors of the Company consider useful and necessary to better understand the Group's results. Details of how these have been arrived at are shown in note 1.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 August 2022

	NOTES	**2022** **RMB'000**	2021 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,671**	2,215
Right-of-use assets		**2,164**	5,409
Pledged bank deposits		**285,845**	–
Deferred tax assets		**303**	–
		289,983	7,624
CURRENT ASSETS			
Inventories – goods for sale		**4,129**	–
Trade receivables, deposits, prepayments and other receivables	*10*	**531,405**	710,942
Financial assets at fair value through profit or loss ("**FVTPL**")		**132,632**	73,254
Investments in debt securities		**21,197**	128,513
Pledged bank deposits		**61,638**	82,995
Bank balances and cash		**328,744**	402,189
		1,079,745	1,397,893
CURRENT LIABILITIES			
Contract liabilities		**14,020**	18,051
Trade and other payables and accrued expenses	*11*	**191,076**	272,175
Income tax payable		**64,914**	85,067
Lease liabilities		**2,243**	3,234
Borrowings		**127,573**	174,258
Financial guarantee contracts	*12*	**276,973**	271,841
		676,799	824,626
NET CURRENT ASSETS		**402,946**	573,267
TOTAL ASSETS LESS CURRENT LIABILITIES		**692,929**	580,891

	2022	2021
	RMB'000	*RMB'000*
CAPITAL AND RESERVES		
Share capital	**19,263**	19,263
Reserves	**428,428**	559,385
	447,691	578,648
NON-CURRENT LIABILITIES		
Lease liabilities	**–**	2,243
Borrowings	**245,238**	–
	245,238	2,243
	692,929	580,891

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 August 2022

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, 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 Room 3302, 33/F., Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

During the year ended 31 August 2021, the Company, an investment holding company, and its subsidiaries (collectively referred to as the "**Group**") were mainly engaged in the provision of full spectrum private fundamental education, including primary, middle and high schools and ancillary services to students in the PRC. Due to regulatory restrictions on foreign ownership in the schools in the PRC, the substantial portion of the business is conducted through Guangdong Guangzheng Educational Group Co., Ltd.（廣東光正教育集團有限公司）("**Guangdong Guangzheng**") and its subsidiaries (collectively referred to as the "**Affected Entities**") in the PRC. 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 Affected Entities and their respective equity holders, which enabled Dongguan Ruixing and the Group to have control over the Affected Entities though the Company did not have any equity interest in the Affected Entities.

Consequently, the Company regarded the Affected Entities as indirect subsidiaries. The Group had consolidated the financial position and results of Affected Entities in the consolidated financial statements of the Group during the year ended 31 August 2021 before the Group lost control over the Affected Entities as a result of the effect of the Implementation Regulations.

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, 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.

Under the Implementation Regulations, private schools providing compulsory education is prohibited from being controlled through contractual arrangement and conducting transactions with its related parties. Taking into account that: (i) Guangdong Guangzheng is a special purpose vehicle established as a holding company to hold interest in the Affected Entities and is engaged in investment in both compulsory education and high school education as the school sponsor or the holding company thereof; (ii) the Contractual Arrangements with Guangdong Guangzheng are narrowly tailored because it is only used to enable the Group to control the Affected Entities which engage in the operation of compulsory education and high schools; and (iii) all of the high school education service is provided in conjunction with compulsory education under the same school entities, as advised by the Group's PRC legal advisors, the Contractual Arrangements with Guangdong Guangzheng and their respective equity holders are likely to be against the spirit of the Implementation Regulations and would more likely than not violate the Implementation Regulations. The legal enforceability of the Contractual Agreements is in high doubt from 1 September 2021, the effective date of the Implementation Regulations.

Therefore, the directors of the Company assessed the implications of Implementation Regulations and concluded that, based on all relevant facts and circumstances, the ability of the Group to use its power from the Contractual Agreements to direct the relevant activities that would most significantly affect returns of the Affected Entities had ceased on 31 August 2021 immediately before the Implementation Regulations became effective.

By the end of 31 August 2021, it was no longer practical for the Group to make relevant decisions in order to obtain significant variable returns from the Affected Entities. Accordingly, the directors of the Company assessed that the Group ceased its control over the Affected Entities on 31 August 2021 and therefore the carrying amount related to the net assets of the Affected Entities was deconsolidated from the consolidated financial statements of the Group as of 31 August 2021.

The remaining business of the Group subsequent to the deconsolidation of the Affected Entities are mainly engaged in the provision of ancillary services to students of primary, middle and high schools, and other customers in the PRC (the "**Remaining Business**"). There were no significant changes in the nature of the Group's principal activities during the year ended 31 August 2022.

The directors of the Company consider the statement of profit or loss information of the Remaining Business and Affected Entities is useful and necessary to better understand the Group's financial results for the year ended 31 August 2021 in the context of the Implementation Regulations. As such, this additional information is presented in the consolidated statement of profit or loss and other comprehensive income.

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 2021 for the preparation of the consolidated financial statements:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2

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 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

The Group has applied the amendments for the first time in the current year. The amendments relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform, specific hedge accounting requirements and the related disclosure requirements applying IFRS 7 *Financial Instruments: Disclosures* ("**IFRS 7**").

The amendments have had no impact on the consolidated financial statements as none of the relevant contracts has been transitioned to the relevant replacement rates during the year. The Group will apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for borrowings measured at amortised cost.

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 affective:

IFRS 17	Insurance Contracts and the related Amendments[2]
Amendments to IFRS 3	Reference to the Conceptual Framework[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[3]
Amendments to IAS 1	Non-current Liabilities with Covenants[3]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to IAS 8	Definition of Accounting Estimates[2]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use[1]
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract[1]
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018–2020[1]

1 Effective for annual periods beginning on or after 1 January 2022
2 Effective for annual periods beginning on or after 1 January 2023
3 Effective for annual periods beginning on or after 1 January 2024
4 Effective for annual periods beginning on or after a date to be determined

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 *Non-current Liabilities with Covenants* ("the 2022 Amendments")

The 2022 Amendments modify the requirements introduced by the amendments to IAS 1 issued in 2020, *Classification of Liabilities as Current or Non-current* ("**the 2020 Amendment**") on how an entity classifies debt and other financial liabilities with covenants as current or non-current. The amendments specify that only covenants with which the 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.

The amendments also 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 amendments also defer the effective date of the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 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 2022, the application of the 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.

3. REVENUE AND SEGMENT INFORMATION

During the year ended 31 August 2021, the Group is mainly engaged in the provision of full spectrum private fundamental education, including primary, middle and high schools in the PRC. Revenue represents service income from tuition and boarding fees, ancillary services and management service fees less returns and sales related tax.

As a result of the issuance of the Implementation Regulations which came into effect on 1 September 2021, the Affected Entities in the PRC was deconsolidated on 31 August 2021, during the year ended 31 August 2022, revenue from the Remaining Business represent income from school-related supply chain business and comprehensive educational services less returns and sales related tax.

During the year ended 31 August 2021, information reported to the Group's chief operating decision maker ("**CODM**") who has been identified as the chief executive officer, for the purposes of resource allocation and assessment of segment performance, is on a school by school basis. Each individual school within Affected Entities constitutes an operating segment, services provided and type of customers are similar in each operating segment, and each operating segment is subject to similar regulatory environment. Accordingly, their segment information is aggregated as a single reportable segment as "Schools". In addition, during the year ended 31 August 2021, the Group engaged in provision of management services to certain private schools owned by independent third parties in the PRC, which is presented as "Others" as the segment does not meet the quantitative thresholds for the reportable segment.

From the effective date of the Implementation Regulations, the CODM 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.

Due to the change in the composition of the reportable segments, prior year segment information was restated to reflect the current reporting structure for the segments, which are presented in the consolidated statement of profit or loss and other comprehensive income.

Revenue

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

	2022	2021
	RMB'000	*RMB'000*
Tuition and boarding fees	**–**	1,579,183
School-related supply chain business	**154,431**	592,979
Comprehensive educational services	**123,156**	88,754
Management service fees	**–**	2,831
	277,587	2,263,747

Information about major customers

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

	2022	2021
	RMB'000	*RMB'000*
Customer A	**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.

	2022	2021
	RMB'000	*RMB'000*
Mainland, PRC	**586**	177
Hong Kong Special Administrative Region, PRC	**3,249**	7,447
	3,835	7,624

Note: Non-current assets exclude the deferred tax assets and pledged bank deposits.

4. OTHER INCOME

	2022	2021
	RMB'000	*RMB'000*
Amortised income of financial guarantee contracts *(note 12)*	**21,248**	–
Rental income from investment properties	**–**	1,177
Government grants *(Note)*	**10,079**	13,730
Staff quarter income	**–**	4,486
Others	**1,661**	4,981
	32,988	24,374

Note: During the year ended 31 August 2022, 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.

During the year ended 31 August 2021, government grants mainly represent unconditional subsidies from government for organising schools activities, development of education services, outstanding academic performance of schools, 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

	2022	2021
	RMB'000	*RMB'000*
Exchange loss	**(12,299)**	(26,569)
Loss on disposal of property, plant and equipment, net	**–**	(10)
Gain on early termination of right-of-use assets/leases	**–**	36,422
Loss on change in fair value of investment properties	**–**	(2,900)
Expected credit loss for financial guarantee contracts *(note 12)*	**(26,380)**	–
Gain on change in fair value of financial assets at FVTPL	**1,624**	42,090
Dividend income from financial assets at FVTPL	**5,754**	174
Recovery of receivables written off prior to acquisition of a subsidiary	**–**	18,172
Indemnities and penalties	**–**	(25,942)
Others, net	**(6)**	(151)
	(31,307)	41,286

6. TAXATION

	2022 *RMB'000*	2021 *RMB'000*
Taxation comprises:		
Current tax:		
PRC Enterprise Income Tax ("**PRC EIT**")	**26,810**	63,426
Hong Kong Profits Tax	**55**	–
Overprovision in prior years – PRC EIT	**(365)**	(5,680)
Deferred tax credit	**(303)**	(1,346)
	26,197	56,400

7. LOSS ON DECONSOLIDATION OF AFFECTED ENTITIES

As referred to in note 1, by the end of 31 August 2021, it was no longer practical for the Group to make relevant decisions in order to obtain significant variable returns from the Affected Entities. Accordingly, the directors of the Company assessed that the Group ceased its control over the Affected Entities on 31 August 2021 and therefore the carrying amount related to the net assets of the Affected Entities was deconsolidated from the consolidated financial statements of the Group as of 31 August 2021.

The net assets relating to the Affected Entities were RMB2,627,428,000 upon deconsolidation as at 31 August 2021. An aggregate one-off loss upon deconsolidation of the Affected Entities was recognised during the year ended 31 August 2021. In addition, the Group provided financial guarantees to lenders in respect of borrowing facilities of the Affected Entities with these remaining unchanged after the deconsolidation of the Affected Entities. The fair value of the resulting financial guarantee contracts recognised in the consolidated financial statements at 31 August 2021 is RMB271,841,000. The aggregate loss recognised upon loss on deconsolidation of the Affected Entities is RMB2,899,269,000 during the year ended 31 August 2021.

The impact of Affected Entities on the Group's results is disclosed as additional information in the consolidated statement of profit or loss and other comprehensive income.

8. DIVIDENDS

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

9. EARNINGS (LOSS) PER SHARE

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

	2022	2021
	RMB'000	*RMB'000*
Earnings (loss)		
Profit (loss) for the year attributable to owners of the Company for the purposes of basic and diluted earnings (loss) per share	**96,185**	(2,119,748)

	2022	2021
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**2,167,959**	2,166,069
Effect of dilutive potential ordinary shares:		
Share options	**–**	140
Share award scheme	**470**	1,552
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	**2,168,429**	2,167,761

The weighted average number of ordinary shares for the purpose of basic earnings (loss) 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 (loss) per share.

10. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2022	2021
	RMB'000	*RMB'000*
Trade receivables	**53,008**	4,331
Less: Allowance for credit losses	**(1,338)**	–
	51,670	4,331

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 2020, trade receivables from contracts with customers amounted to RMB21,389,000.

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

	2022	2021
	RMB'000	*RMB'000*
Within 3 months	**48,788**	4,331
6 months – 1 year	**952**	–
Over 1 year	**1,930**	–
	51,670	4,331

As at 31 August 2022, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB2,882,000 (2021: nil) which are past due as at the reporting date.

11. 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 2022 and 2021, the trade payables were aged within 180 days based on invoice date.

12. FINANCIAL GUARANTEE CONTRACTS

	2022	2021
	RMB'000	*RMB'000*
Financial guarantee contracts	**276,973**	271,841

The financial guarantee contracts provided to Affected Entities that were recognised in the consolidated financial statements at 31 August 2022 and 2021. As at 31 August 2022, 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 RMB4,604,525,000 (2021: RMB5,242,500,000) if the guarantees were called upon in entirety. RMB3,180,295,000 (2021: RMB3,668,270,000) of the outstanding financial guarantees has been utilised by the Affected Entities.

During the year ended 31 August 2022, amortised income of financial guarantee contracts amounting to RMB21,248,000 is recognised in other income and expected credit loss for financial guarantee contracts amounting to RMB26,380,000 is recognised in other gains and 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 2022 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 Group's audited consolidated financial statements for the year. 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

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 (the "**Implementation Regulations**") which came into effect on 1 September 2021, we are no longer engaged in the operation of private schools providing compulsory education since 1 September 2021. We have made a strategic shift to focus on the expansion of the asset-light Remaining Business and to actively explore the feasibility of the operation of independent high school(s). Specifically, in the year ended 31 August 2022, 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 like study tours, summer/winter camps, sports and arts group activities, etc.. 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 the year ended 31 August 2022. Please refer to "FINANCIAL REVIEW – Financial Review of the Remaining Business" for further details.

(2) School-related Supply Chain Business

The Group sells daily necessities, e.g. school uniforms, bedding products, stationery products, and other educational materials. 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 year ended 31 August 2022.

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 3rd 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 in the year ended 31 August 2022. Our strategy is starting to pay off and we have seen a stable growth of revenue from the supply chain business during the current year. Please refer to "FINANCIAL REVIEW – Financial Review of the Remaining Business" for further details.

(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.

FINANCIAL REVIEW

Profit for the year ended 31 August 2022 of the Group amounted to RMB96.2 million (loss for the year ended 31 August 2021: RMB2,278.6 million), which is all from Remaining Business (loss from Remaining Business for the year ended 31 August 2021: RMB222.1 million and loss from Affected Entities for the year ended 31 August 2021: RMB2,056.5 million). The financial results of the Affected Entities have ceased to be consolidated in the Group as of 31 August 2021 and therefore, there is nil profit/loss from Affected Entities for the current year. The Company sets out the financial review of the Remaining Business as below:

Financial Review of the Remaining Business

Revenue

During the year ended 31 August 2022, revenue of the Remaining Business was all from ancillary services (revenue from ancillary services during the year ended 31 August 2021: RMB216.8 million and revenue of management service fees during the year ended 31 August 2021: RMB2.8 million). Ancillary services revenue consists of (i) comprehensive educational services, which mainly include provision of extracurricular activities and after-school care programs, school buses service, social practice, summer and winter camps; and (ii) school-related supply chain, which mainly includes sales of daily necessities and other educational materials. A further analysis of our revenue by each service line is presented as follows:

	For the year ended 31 August			
	2022	**% of Total**	2021	% of Total
By Service lines	***RMB'000***		*RMB'000*	
School-related supply chain	**154,431**	**55.6**	128,081	58.3
Comprehensive educational services	**123,156**	**44.4**	88,754	40.4
Management service fees	**–**	**–**	2,831	1.3
Total revenue	**277,587**	**100.0**	219,666	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", we launched a new wholesale business model such that we could focus on building up our own supply chain network. Sales to the biggest customer amounted to RMB71.5 million during the current year and total revenue from the school-related supply chain business has increased by 20.6% from RMB128.1 million for the year ended 31 August 2021 to RMB154.4 million for the year ended 31 August 2022.

In relation to the comprehensive educational services business, due to the epidemic prevention and control measures during the summer break, revenue from this service line has decreased significantly during the second half of the current year as compared with the first half of the current year. However, we believe that the impact of the COVID-19 restrictions to our business is only temporary. As a result of the significant increase of various after-school activities we organized during the winter break of the current year, we were still able to achieve an increase in revenue of RMB34.4 million or 38.8% for the year ended 31 August 2022 as compared with the prior year.

As a result of the foregoing, the Group's revenue increased by RMB57.9 million, or 26.4%, from RMB219.7 million for the year ended 31 August 2021 to RMB277.6 million for the year ended 31 August 2022.

Cost of Revenue

Our cost of revenue primarily consists of (i) staff costs, which primarily consist of salaries and other benefits for our service staff, (ii) costs to other third party service suppliers in cooperation, and (iii) cost of material for the supply chain business.

Cost of revenue increased by RMB45.1 million, or 57.9%, from RMB78.0 million for the year ended 31 August 2021 to RMB123.1 million for the year ended 31 August 2022 which was primarily due to the increases in revenue.

Gross Profit

As a result of the foregoing, gross profit increase by 9.0% from 141.7 million for the year ended 31 August 2021 to RMB154.4 million for the year ended 31 August 2022. Our gross profit margin decreased from 64.5% for the year ended 31 August 2021 to 55.6% for the year ended 31 August 2022 is mainly due to the decrease of gross profit margin for the comprehensive educational services business owing to management's efforts in promoting and enhancing the quality of the after-school activities we organized.

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 RMB21.2 million for the year ended 31 August 2022 (2021: Nil).

Other Gains and Losses

Other gains and losses primarily consist of (i) expected credit loss for financial guarantee contracts of RMB26.4 million and (ii) net exchange losses of RMB12.3 million resulting from the appreciation of Hong Kong dollars (HK$) against RMB during the year ended 31 August 2022 due to the borrowings denominated in HK$.

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 21.8% from RMB53.5 million for the year ended 31 August 2021 to RMB41.9 million for the year ended 31 August 2022, 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 increased from RMB8.2 million for the year ended 31 August 2021 to RMB16.6 million for the year ended 31 August 2022.

Finance Costs

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

Finance costs increased from RMB1.5 million for the year ended 31 August 2021 to RMB8.5 million for the year ended 31 August 2022.

Profit before Taxation

As a result of the foregoing, profit before taxation amounted to RMB122.4 million for the year ended 31 August 2022.

Taxation

Income tax expense of the Group decreased by 58.7% from RMB63.4 million for the year ended 31 August 2021 to RMB26.2 million for the year ended 31 August 2022, which was primarily due to the income tax expense incurred on the management fee income received from the Affected Entities during the year ended 31 August 2021 (such management fee income of the Remaining Business had been eliminated against the expenses of the Affected Entities during the year ended 31 August 2021), and there was no such management fee income since 1 September 2021 after the effective of the Implementation Regulations.

Profit for the Year from Remaining Business

As a result of the above factors, profit for the year of the Group from the Remaining Business amounted to RMB96.2 million for the year ended 31 August 2022.

Core Net Profit from Remaining Business

The Group defines its core net profit from Remaining Business as its profit for the year from Remaining Business 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 from profit/loss for the year to core net profit from Remaining Business for the two financial years presented below:

	For the year ended 31 August	
	2022	2021
	RMB'000	*RMB'000*
Profit/(loss) for the year	**96,185**	(2,278,566)
Less:		
Loss for the year from Affected Entities	**–**	2,056,480
Profit/(loss) for the year from Remaining Business	**96,185**	(222,086)
Adjustments for:		
Loss on deconsolidation of Affected Entities *(Note 1)*	**–**	271,841
Provision for financial guarantee contracts *(Note 2)*	**5,132**	–
Exchange loss from Remaining Business	**12,298**	26,569
Share-based payments	**3,090**	2,832
Core net profit from Remaining Business	**116,706**	79,156

Note 1: The adjustment represented recognition of financial guarantee contracts upon the deconsolidation of Affected Entities as at 31 August 2021.

Note 2: The adjustment represented provision of expected credit loss for financial guarantee contracts of RMB26,380,000 less amortised income of financial guarantee contracts of RMB21,248,000. For details, please refer to note 12 to the financial information and the section headed "Contingent Liabilities" in this announcement.

Core net profit from Remaining Business increased by RMB37.6 million, or 47.4%, from RMB79.2 million for the year ended 31 August 2021 to RMB116.7 million for the year ended 31 August 2022. Core net profit margin of Remaining Business increased from 36.0% for the year ended 31 August 2021 to 42.0% for the year ended 31 August 2022.

Capital Expenditure

For the year ended 31 August 2022, the Group paid approximately RMB0.8 million for the acquisition of property, plant and equipment.

Liquidity, Financial Resources and Capital Structure

The Group recorded net cash inflow from operating activities of RMB27.8 million for the year ended 31 August 2022.

The Group generated net cash inflow from investing activities of RMB37.8 million for the year ended 31 August 2022, primarily consists of (i) cash inflow of RMB238.8 million from recovery of amounts due from Affected Entities, (ii) proceeds from disposal of certain investment products held for short-term cash management purpose of RMB150.4 million, which are partly set-off by (iii) cash outflow of RMB280.0 million for placement of pledged bank deposits for bank borrowings, and (iv) payment for purchase of financial assets at FVTPL of RMB97.6 million.

The Group had net cash outflow from financing activities of RMB142.2 million which was primarily due to the repayment of amounts due to Affected Entities of RMB102.8 million and repayment of bank borrowings of RMB28.7 million.

As a result of the above, the Group recorded a net decrease in cash and cash equivalents of RMB76.6 million during the year ended 31 August 2022.

As at 31 August 2022, the Group's total pledged bank deposits, bank balances and cash amounted to RMB676.2 million, of which the majority were denominated in HK$ and RMB(as at 31 August 2021: RMB485.2 million).

As at 31 August 2022, the Group's total bank borrowings amounted to RMB372.8 million comprising RMB127.6 million repayable within one year and RMB245.2 million repayable more than one year. The Group's bank borrowings carried interest rates ranging from 1.9% to 3.1% per annum. All the bank borrowings were denominated in HKD. During the year ended 31 August 2022, the Group raised certain borrowings from a bank for the special dividend paid in October 2021.

In order to have a better use of our unutilised financial resources, the Group has purchased certain investment products, which are classified as financial assets at FVTPL amounting to RMB28.7 million or investments in debt securities amounting to RMB21.2 million as at 31 August 2022. In addition, during the year ended 31 August 2022, the Group has made an investment in a fund by utilising the unutilised balance of the net proceeds from the Placing completed at 18 August 2020. The investment is classified as financial assets at FVTPL amounting to RMB103.9 million as at 31 August 2022. For details please also refer to the section headed "Use of Proceeds".

The Group recorded net current assets of RMB402.9 million as at 31 August 2022 (as at 31 August 2021: RMB573.3 million).

Included in the net current assets of the Group as at 31 August 2022, amounts due from Affected Entities of RMB425.8 million (as at 31 August 2021: RMB664.6 million) and amounts due to Affected Entities of RMB105.9 million (as at 31 August 2021: RMB208.8 million) 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 2022 was 83.3% (as at 31 August 2021: 30.1%).

The increase in gearing ratio was mainly due to the increase of bank borrowings balance as at 31 August 2022.

Despite the increase in gearing ratio, taking into consideration the total pledged bank deposits, bank balances and cash of RMB676.2 million, the Group does not have any net borrowings balance as at 31 August 2022 which is calculated as total bank borrowings, net of pledged bank deposits, bank balances and cash (as at 31 August 2021: 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$. As at 31 August 2022, certain bank balances and cash, investment products and bank borrowings were denominated in HK$ 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 in support of bank borrowings of the Affected Entities as disclosed in note 12 to the financial information, the Group did not have any material contingent liabilities that are required to be disclosed.

Such guarantees were provided prior to the deconsolidation during which the Affected Entities remained as members of the Group. Subsequent to the deconsolidation and up to the date of this announcement, such guarantees remain in existence without renewal or variation of the terms thereof and the Group has not entered into any new financial guarantee contracts for the Affected Entities.

Under the accounting policy of the Group, management of the Group assessed each financial guarantee contract individually to measure the provision for ECL as at 31 August 2022, if any. The Group applies a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows, and primarily due to a higher credit risk for the school in Chaozhou, the PRC which has utilised certain amount from the banking facility for school construction and only commenced its operation since 1 September 2021, a total of RMB26,380,000 provision of ECL was made for financial guarantee contracts and recognised in other gains and losses for the year ended 31 August 2022. Partly net-off by the amortised income of financial guarantee contracts of RMB21,248,000 after the repayment of certain existing loan balances by the Affected Entities, the carrying amounts of financial guarantee contracts increased from RMB271.8 million as at 31 August 2021 to RMB277.0 million as at 31 August 2022.

Despite the above, the provision of ECL is only a non-cash item and the Group has not incurred and also does not expect any material cash outflows as a result of these financial guarantee contracts based on the cash flow forecasts of the Affected Entities. As at 31 August 2022, 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 be paid has been reduced to RMB4,604.5 million from RMB5,242.5 million as at 31 August 2021 following by certain repayments of the existing loan balances by the Affected Entities during the year.

Pledge of Assets

As at 31 August 2022, the Group's bank borrowings were secured by pledged bank deposit and investment in unlisted private funds that were recognised as financial assets at FVTPL.

MARKET REVIEW

The PRC government has constantly emphasized the importance of all-rounded development of students, and has issued a series of policies or guidance to ensure the due and proper implementation of such. Students and parents look for systematic non-curriculum activities during the after-school time and the 2-3 months of winter and summer break each year, therefore the Company believes that the market still has significant room to grow.

After the Implementation Regulations, the Group believes that the scale of the private schools will be reduced significantly in the PRC but the intention of the Implementation Regulations is not to eliminate all the private schools. The remaining private schools will be positioned as premium and differentiated private schools which provide a diversified and differentiated education option for the community.

OUTLOOK

Leveraging on the 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.

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

Future Capital Expenditure and Financing

We will operate under an asset-light model and expect that the Group's future capital expenditure will primarily be financed by cash flow generated from operating activities.

Staff Recruitment, Training and Retention

We realize 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 students and society with our high-quality and diversified educational services.

REGULATORY UPDATE

The Implementation Regulations

On 14 May 2021, the PRC State Council announced the issuance of 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.

Therefore, we assessed the implications of this new regulation on our financial statements and concluded that, based on all relevant facts and circumstances, the ability of the Group to use its power from the Contractual Arrangements to direct the relevant activities that would most significantly affect returns of the Affected Entities had ceased on 31 August 2021, immediately before the Implementation Regulations became effective.

As at the date of this announcement, the national and local governments have not yet issued any specific policies regarding the interpretation and application of the Implementation Regulations in particular relating to the Contractual Arrangements. We will continue to closely monitor the development of the Implementation Regulations including the applicability of the Implementation Regulations and its impact on the Company, the Affected Entities, and the Group's Contractual Arrangements, and will make further announcement(s) as and when appropriate.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group had no other material acquisition and disposal of subsidiaries, associates or joint ventures during the year ended 31 August 2022.

INVESTMENTS HELD

As at 31 August 2022, the Group held certain investment products which were classified as financial assets at FVTPL or investments in debt securities of approximately RMB153.8 million in aggregate. For the reasons for holding these investments products, please refer to the section headed "Liquidity, Financial Resources and Capital Structure" above.

EMPLOYEE BENEFITS

As at 31 August 2022, the Group had approximately 171 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 year ended 31 August 2022 amounted to approximately RMB40.8 million (for the year ended 31 August 2021: RMB816.3 million).

EVENTS AFTER THE REPORTING PERIOD

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

USE OF PROCEEDS

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

As a result of the deconsolidation of the Group's schools operated through the Affected Entities as of 31 August 2021, the Company believes that there is currently no longer an immediate need to apply any remaining net proceeds for construction and development of the schools in the PRC. The Company has been actively exploring various investment opportunities for the sake of enhancing the efficiency and effectiveness of capital utilisation in order to bring value to the Group and its Shareholders. On 14 April 2022, the Company (as Subscriber) entered into a subscription agreement with GLAM-HKCFC MBS FUND (the "**Fund**"), pursuant to which the Company agreed to subscribe for the participating shares designated as Class A share of the Fund at a total subscription amount of HK$117 million (equivalent to approximately RMB95.1 million) (the "**Subscription**"), which is to be settled by utilising the remaining net proceeds. The Board believes the Subscription provides an opportunity to the Company to enhance return by utilising the idle cash of the Company for generating a stable yield. For further details of the Fund, please refer to the Company's announcement dated 14 April 2022. 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 2022** *RMB million*	**Unutilised balance as at 31 August 2022** *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	316.1	29.8	31 August 2024
Subscription of the Fund	–	95.1	95.1	–	Not applicable
Total:	487.7	487.7	457.9	29.8	

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 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 does not recommend the payment of a final dividend for the year ended 31 August 2022.

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 (the "**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 (the "**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 31 August 2022, the Trustee has purchased a total of 11,704,000 Shares (as at 31 August 2021: 11,704,000 Shares) on the Stock Exchange. On 6 September 2018, the Board resolved to grant a total of not more than 8,400,000 Shares (the "**Awarded Shares**") to 12 Selected Participants. The Awarded Shares represent approximately 0.39% of the total issued shares of the Company as at the date of this announcement. Subject to the acceptance of grant of the Awarded Shares by the Selected Participants and the terms and conditions of the Scheme, the Awarded Shares will be vested in full in ten years according to the respective vesting schedule for the grant. Save for Mr. Li Jiuchang and Mr. Wang Yongchun, being executive Directors, who have been granted not more than 1,500,000 and not more than 1,200,000 Awarded Shares, respectively, 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.

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

During the year ended 31 August 2022, 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 year ended 31 August 2022.

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**") 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 six other experienced individuals including three 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 the year ended 31 August 2022 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 the year ended 31 August 2022.

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 the year ended 31 August 2022 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, 30 November 2022

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