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Wisdom Education International Holdings Company Limited
光正教育國際控股有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock code: 6068)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 AUGUST 2024**

HIGHLIGHTS

	For the year ended 31 August		Change RMB'000	Percentage Change
	2024 RMB'000	2023 RMB'000		
Revenue	180,989	319,269	-138,280	-43.3%
Profit for the year	96,433	163,120	-66,687	-40.9%
Core net profit <i>(Note 1)</i>	40,728	122,590	-81,862	-66.8%
Basic earnings per share <i>(RMB cents)</i>	4.45	7.52	-3.07	-40.8%

Note 1: Core net profit was derived from profit for the year after adjusting for items that 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	
	2024	2023
	RMB'000	<i>RMB'000</i>
Profit for the year	96,433	163,120
Adjustments for:		
Change in financial guarantee contracts <i>(Note 2)</i>	(55,883)	(47,030)
Exchange (gain) loss, net	(1,007)	9,012
Recognition (reversal) of share-based payment expenses	1,185	(2,512)
Core net profit	<u>40,728</u>	<u>122,590</u>
<i>Note 2:</i>	The adjustment represented the sum of reversal of impairment loss under expected credit loss for financial guarantee contracts of RMB30,164,000 (2023: RMB20,162,000) and amortised income of financial guarantee contracts of RMB25,719,000 (2023: RMB26,868,000). 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 2024

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 2024. 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 2024

		2024	2023
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	4	180,989	319,269
Cost of revenue		(108,689)	(149,124)
Gross profit		72,300	170,145
Other income	5	30,306	35,017
Other gains and losses	6	15,701	16,501
Administrative expenses		(26,063)	(30,347)
Finance income		27,002	8,597
Finance costs		(8,482)	(10,896)
Profit before taxation		110,764	189,017
Taxation	7	(14,331)	(25,897)
Profit and total comprehensive income for the year		96,433	163,120
Earnings per share			
Basic (RMB)	9	0.04	0.08
Diluted (RMB)	9	0.04	0.08

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 August 2024

	NOTES	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		9,866	2,992
Right-of-use assets		101,688	104,742
Trade receivables, deposits, prepayments and other receivables	10	241,653	194,700
Financial assets at fair value through profit or loss (“FVTPL”)		100	100
Restricted bank deposits		–	292,146
Deferred tax assets		1,302	540
		<u>354,609</u>	<u>595,220</u>
CURRENT ASSETS			
Inventories – goods for sale		4,765	4,935
Trade receivables, deposits, prepayments and other receivables	10	568,695	461,030
Financial assets at FVTPL		–	136,127
Restricted bank deposits		301,238	–
Cash and cash equivalents		47,020	242,226
		<u>921,718</u>	<u>844,318</u>
CURRENT LIABILITIES			
Contract liabilities		12,355	23,819
Trade and other payables and accrued expenses	11	190,498	230,760
Income tax payable		38,585	49,182
Lease liabilities		554	920
Borrowings		254,285	36,980
Financial guarantee contracts	12	174,060	229,943
		<u>670,337</u>	<u>571,604</u>
NET CURRENT ASSETS		<u>251,381</u>	<u>272,714</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>605,990</u>	<u>867,934</u>

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
CAPITAL AND RESERVES		
Share capital	19,263	19,263
Reserves	582,166	592,946
	<u>601,429</u>	<u>612,209</u>
NON-CURRENT LIABILITIES		
Trade and other payables and accrued expenses	4,561	–
Lease liabilities	–	554
Borrowings	–	255,171
	<u>4,561</u>	<u>255,725</u>
	<u>605,990</u>	<u>867,934</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 August 2024

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 (incorporated in the British Virgin Islands) and its ultimate controlling parties are Mr. Liu Xuebin (“**Mr. Liu**”), who is an 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, No. 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**”).

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standard Board (“**IASB**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”) and by the Hong Kong Companies Ordinance Cap. 622.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRSs

New and amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to IFRSs issued by IASB for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 September 2023 for the preparation of the consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and 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.

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

The Group has applied the amendments for the first time in the current year. IAS 1 *Presentation of Financial Statements* 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 has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies to the 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:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ²
Amendments to IAS 1	Non-current Liabilities with Covenants ²
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangement ²
Amendments to IAS 21	Lack of Exchangeability ³
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ⁴
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11 ⁴
IFRS 18	Presentation and Disclosure in Financial Statements ⁵

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual periods beginning on or after 1 January 2025.

⁴ Effective for annual periods beginning on or after 1 January 2026.

⁵ Effective for annual periods beginning on or after 1 January 2027.

Except for the new and 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 classifies 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 2024, the application of the 2020 Amendments and 2022 Amendments will not result in reclassification of the Group’s liabilities.

IFRS 18 *Presentation and Disclosure in Financial Statements* (“IFRS 18”)

IFRS 18, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group’s consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

The Group provides different kinds of services and sales of goods to its customers, including school-related supply chain business, e.g. sales of daily necessities and other educational materials, and comprehensive educational services, e.g. provision of extracurricular activities program, study tours and etc.

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:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
School-related supply chain business	122,748	193,602
Comprehensive educational services	58,241	125,667
	180,989	319,269

Information about major customers

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Customer A	23,399	N/A ¹
Customer B	N/A¹	78,678

¹ The corresponding revenue did not contribute over 10% of the total revenue of the Group.

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.

	2024	2023
	RMB'000	RMB'000
Mainland, PRC	109,759	103,630
Hong Kong Special Administrative Region, PRC	1,795	4,104
	111,554	107,734

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

5. OTHER INCOME

	2024	2023
	RMB'000	RMB'000
Amortised income of financial guarantee contracts (<i>note 12</i>)	25,719	26,868
Government grants (<i>Note</i>)	4,541	7,583
Others	46	566
	30,306	35,017

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.

6. OTHER GAINS AND LOSSES

	2024	2023
	RMB'000	RMB'000
Exchange gain (loss), net	1,007	(9,012)
Expected credit loss for financial guarantee contracts (<i>note 12</i>)	30,164	20,162
(Loss) gain on change in fair value of financial assets at FVTPL	(17,103)	3,495
Dividend income from financial assets at FVTPL	1,757	2,125
Others, net	(124)	(269)
	15,701	16,501

7. TAXATION

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Taxation comprises:		
Current tax:		
PRC Enterprise Income Tax	15,111	26,154
Overprovision in prior years	(18)	(20)
Deferred tax credit	(762)	(237)
	<u>14,331</u>	<u>25,897</u>

8. DIVIDENDS

During the year ended 31 August 2024, a final dividend in respect of the year ended 31 August 2023 of RMB0.05 per share (equivalent to HK\$0.055 per share) (2023: nil) amounting to RMB108,398,000 (equivalent to HK\$119,798,000) (2023: nil) was declared and paid to the shareholders of the Company.

9. EARNINGS PER SHARE

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Earnings		
Profit for the year attributable to owners of the Company for the purposes of basic and diluted earnings per share	<u>96,433</u>	<u>163,120</u>
	2024 <i>'000</i>	2023 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,168,969	2,168,429
Effect of dilutive potential ordinary shares:		
Share award scheme	<u>365</u>	<u>540</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>2,169,334</u>	<u>2,168,969</u>

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.

10. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables	15,876	2,172
Less: Allowance for credit losses	(605)	(1,498)
	<u>15,271</u>	<u>674</u>

Trade receivables mainly represent receivables from customers, which were from contracts for provision of goods and services. Receivables from sales of goods and services fee is received in accordance with the terms of the relevant agreements, the customers are allowed a credit period of 30 to 60 days from date of revenue recognition.

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 3 months	14,680	–
6 months – 1 year	564	13
Over 1 year	27	661
	<u>15,271</u>	<u>674</u>

As at 31 August 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB591,000 (2023: RMB674,000) 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 2024 and 2023, the trade payables were aged within 180 days based on invoice date.

12. FINANCIAL GUARANTEE CONTRACTS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Financial guarantee contracts	<u>174,060</u>	<u>229,943</u>

The financial guarantee contracts provided to Guangdong Guangzheng Educational Group Co., Ltd. (廣東光正教育集團有限公司) (“**Guangdong Guangzheng**”) and its subsidiaries established prior to 31 August 2021 (collectively referred to as the “**Affected Entities**”) were recognised in the consolidated financial statements as at 31 August 2024 and 2023. As at 31 August 2024, 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 RMB3,934,939,000 (2023: RMB4,300,777,000) if the guarantees were called upon in entirety, RMB2,510,709,000 (2023: RMB2,876,547,000) of the outstanding financial guarantees has been utilised by the Affected Entities.

During the year ended 31 August 2024, amortised income of financial guarantee contracts amounting to RMB25,719,000 (2023: RMB26,868,000) is recognised in other income and expected credit loss for financial guarantee contracts amounting to RMB30,164,000 (2023: RMB20,162,000) is reversed in other gains or losses, which are set out in notes 5 and 6, 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 2024 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 of the Group for the year as approved by the Board of Directors on 28 November 2024. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion 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 2024 (“FY2024”), the performance of our business segment of comprehensive educational services and school-related supply chain business were adversely affected by numerous macro and industry policy factors. In FY2024, 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, and post-activity review and assessment in FY2024.

(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.

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.

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

Reference is made to the Company's annual results announcement for the financial year ended 31 August 2021 in relation to, among other things, the deconsolidation of the Affected Entities. 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 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 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 contractual arrangements (the "**Zhongshan Contractual Arrangement**") with Guangdong Guangzheng and Zhongshan Wenrui Education Investment Co., Ltd. (中山市文睿教育投資有限公司) ("**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. Zhongshan Wenrui is not an Affected Entity.

Zhongshan Wenrui, an investment company established in the PRC by Guangdong Guangzheng under the laws of the PRC on 21 December 2021, intends to establish and operate a new high school in Zhongshan (the "**Proposed Zhongshan High School**").

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 has consolidated the entire financial position and results of Zhongshan Wenrui and its subsidiaries (if any) in the consolidated financial statements of the Group during both years. For details of the Zhongshan Contractual Arrangement, please refer to the Company's announcement dated 30 August 2023.

FINANCIAL REVIEW

During FY2024, total revenue amounted to RMB181.0 million, representing a decrease of 43.3% as compared with RMB319.3 million for FY2023. Profit for FY2024 of the Group amounted to RMB96.4 million representing a decrease of 40.9% as compared with RMB163.1 million for FY2023.

Revenue

During FY2024, 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:

<i>By Service lines</i>	For the year ended 31 August			
	2024	% of Total	2023	% of Total
	<i>RMB'000</i>		<i>RMB'000</i>	
School-related supply chain business	122,748	67.8	193,602	60.6
Comprehensive educational services	58,241	32.2	125,667	39.4
Total revenue	180,989	100.0	319,269	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 adopted the 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 decreased by 36.6% from RMB193.6 million for FY2023 to RMB122.7 million for FY2024.

In relation to the comprehensive educational services business, revenue from this service line has decreased during FY2024, a decrease in revenue of RMB67.4 million or 53.7% for FY2024 was recorded as compared with FY2023.

As a result of the foregoing, the Group’s revenue decreased by RMB138.3 million, or 43.3%, from RMB319.3 million for FY2023 to RMB181.0 million for FY2024.

Cost of Revenue

Our cost of revenue primarily consists of staff costs, cost of material for the supply chain business and costs to other third party service suppliers in cooperation.

Cost of revenue decreased by RMB40.4 million, or 27.1%, from RMB149.1 million for FY2023 to RMB108.7 million for FY2024. The decrease was largely due to the decrease in cost of material for the school-related supply chain business.

Gross Profit

As a result of the foregoing, gross profit decrease by 57.5% from RMB170.1 million for FY2023 to RMB72.3 million for FY2024. Our gross profit margin decreased from 53.3% for FY2023 to 39.9% for FY2024. The decrease of gross profit margin was primarily due to significant decrease in revenue of RMB67.4 million in comprehensive education services business with higher gross margin and decrease in the gross profit margin in school-related supply chain business.

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 decrease of other income is mainly due to decrease in the government grants by RMB3.1 million from RMB7.6 million for FY2023 to RMB4.5 million for FY2024.

Other Gains and Losses

Other gains and losses primarily consist of reversal of expected credit loss for financial guarantee contracts of RMB30.2 million and loss on change in fair value of financial assets at FVTPL of RMB17.1 million, which mainly resulted from the disposal of an unlisted private fund on 19 April 2024. For details of the disposal, please refer to the Company's announcement dated 19 April 2024.

Administrative Expenses

Administrative expenses primarily consist of (i) expected credit loss for trade and other receivables, (ii) salaries and other benefits for general and administrative staff, (iii) legal and professional fees, (iv) depreciation charges and (v) share-based payment expenses.

Administrative expenses decreased by 14.1% from RMB30.3 million for FY2023 to RMB26.1 million for FY2024, primarily due to the Group's ongoing implementation of a comprehensive cost reduction program.

Finance Income

Finance income primarily consists of interest income from other receivables and bank deposits.

Finance income increased from RMB8.6 million for FY2023 to RMB27.0 million for FY2024 mainly due to the increase in interest income from other receivables during FY2024.

Finance Costs

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

Finance costs decreased from RMB10.9 million for FY2023 to RMB8.5 million for FY2024 primarily due to the decrease in the total bank borrowings balance.

Profit before Taxation

As a result of the foregoing, profit before taxation amounted to RMB110.8 million for FY2024 (2023: RMB189.0 million).

Taxation

Income tax expense of the Group decreased by 44.7% from RMB25.9 million for FY2023 to RMB14.3 million for FY2024.

Profit for the Year

As a result of the above factors, profit for the year of the Group from amounted to RMB96.4 million for FY2024 (2023: RMB163.1 million).

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	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year	<u>96,433</u>	<u>163,120</u>
Adjustments for:		
Change in financial guarantee contracts <i>(Note 1)</i>	(55,883)	(47,030)
Exchange (gain) loss, net	(1,007)	9,012
Recognition (reversal) of share-based payments	<u>1,185</u>	<u>(2,512)</u>
Core net profit	<u>40,728</u>	<u>122,590</u>

Note 1: The adjustment represented the sum of reversal of impairment loss under expected credit loss for financial guarantee contracts of RMB30,164,000 (FY2023: RMB20,162,000) and amortised income of financial guarantee contracts of RMB25,719,000 (FY2023: RMB26,868,000). For details, please refer to note 12 to the financial information and the section headed "Contingent Liabilities" in this announcement.

Core net profit decreased by RMB81.9 million, or 66.8%, from RMB122.6 million for FY2023 to RMB40.7 million for FY2024. Core net profit margin decreased from 38.4% for FY2023 to 22.5% for FY2024.

Capital Expenditure

For FY2024, the Group paid approximately RMB0.4 million for the acquisition of property, plant and equipment and RMB2.2 million for construction of Proposed Zhongshan High School and RMB5.0 million prepayment for leasehold improvement.

Liquidity, Financial Resources and Capital Structure

The Group recorded net cash outflow from operating activities of RMB13.4 million for FY2024.

The Group generated net cash outflow from investing activities of RMB7.5 million for FY2024, which primarily consists of the net effect of proceeds from disposal of financial assets at FVTPL, amounting to RMB119.0 million, and loans to third parties of RMB104.5 million.

The Group had net cash outflow from financing activities of RMB174.2 million for FY2024 which was primarily due to (i) dividend paid of RMB108.6 million, (ii) repayment made to Affected Entities of RMB42.0 million and (iii) repayment of bank borrowings of RMB36.8 million.

As a result of the above, the Group recorded a net decrease in cash and cash equivalents of RMB195.1 million during FY2024.

As at 31 August 2024, the Group's total restricted bank deposits, bank balances and cash amounted to RMB348.3 million, of which the majority were denominated in Hong Kong dollars (HK\$) and RMB (31 August 2023: RMB534.4 million).

As at 31 August 2024, the Group's total bank borrowing amounted to RMB254.3 million, which is repayable within one year. The Group's bank borrowing carried at the fixed interest rate of 2.5% per annum. All the bank borrowing was denominated in HK\$.

The Group recorded net current assets of RMB251.4 million as at 31 August 2024 (31 August 2023: RMB272.7 million).

Included in the net current assets of the Group as at 31 August 2024, amounts due from Affected Entities of RMB395.5 million (31 August 2023: RMB403.0 million) and amounts due to Affected Entities of RMB84.4 million (31 August 2023: RMB126.8 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 2024 was 46.1% (31 August 2023: 47.7%).

The decrease in gearing ratio was mainly due to the decrease in bank borrowings as at 31 August 2024 and increase in net profit generated during FY2024.

Taking into consideration the total restricted bank deposits, bank balances and cash of RMB348.3 million, the Group does not have any net borrowings balance as at 31 August 2024 and 2023 which is calculated as total bank and other borrowings, net of restricted 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 2024, 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 12 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 FY2024, no additional new financial guarantees have been provided by the Group to the Affected Entities. As at 31 August 2024, 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 RMB3,934.9 million from RMB4,300.8 million as at 31 August 2023 followed by certain repayments of the existing loan balances by the Affected Entities during FY2024.

Pledge of Assets

As at 31 August 2024, the Group's bank borrowing was secured by restricted bank deposits.

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 2024, 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 ("**2023 Annual Report**") for FY2023. Please refer to the 2023 Annual Report for details of the regulatory update.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During FY2024, the Group had no 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% 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 <i>RMB</i>	Fair value	Percentage to	Accumulated
			as at 31 August 2023 <i>RMB</i>	the Group's total assets as of 31 August 2023	fair value gain up to 31 August 2023 <i>RMB</i>
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. The Group has disposed such financial assets on 19 April 2024. For details, please refer to the Company's announcement dated 19 April 2024.

EMPLOYEE BENEFITS

As at 31 August 2024, the Group had approximately 139 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 FY2024 amounted to approximately RMB19.5 million (FY2023: RMB15.2 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 the year ended 31 August 2022. For details, please refer to the Company’s announcement dated 14 April 2022 and the 2022 Annual Report.

The revised use of the Net Placing Proceeds is set forth below:

	Intended use of Net Placing Proceeds <i>RMB million</i>	Revised use of unutilised Net Placing Proceeds <i>RMB million</i>	Unutilised balance as at 1 September 2023 <i>RMB million</i>	Utilised amount during the year ended 31 August 2024 <i>RMB million</i>	Total utilised amount as at 31 August 2024 <i>RMB million</i>	Unutilised balance as at 31 August 2024 <i>RMB million</i>	Expected timeline for full utilisation of the unutilised balance as previously disclosed
Construction and development of schools	150.0	46.7	-	-	46.7	-	Not applicable
General corporate purpose	337.7	345.9	18.6	18.6	345.9	-	31 August 2024
Subscription of the Fund	-	95.1	-	-	95.1	-	Not applicable
Total:	487.7	487.7	18.6	18.6	487.7	-	

All the Net Placing Proceeds were utilised in accordance with the expected timeline and intentions as previously disclosed by the Company.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 August 2024 (2023: RMB0.050 per share, amounting to RMB108,398,000 (equivalent to HK\$119,798,000)).

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

During FY2024, 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 FY2024.

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. Poon Ha Fung (appointed on 31 May 2024), Prof. Sun Kai Lit Cliff, *BBS, J.P.*, Mr. Huang Weiguo and Mr. Tam King Ching, Kenny (resigned on 31 May 2024), all being independent non-executive Directors of the Company. Mr. Poon Ha Fung is the chairman of the Audit Committee.

The Audit Committee has reviewed the audited consolidated financial statements of the Group for FY2024 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 FY2024 and as of the date of this announcement.

EVENTS AFTER THE REPORTING YEAR

As at the date of this announcement, there were no other significant events that may affect the Group since the end of FY2024.

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 FY2024 will be published on the aforesaid websites of the Stock Exchange and the Company and will be dispatched to Shareholders in due course.

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

Dongguan, 28 November 2024

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. Poon Ha Fung and Mr. Huang Weiguo.