



# 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

## 2022 INTERIM REPORT



以誠心服務社會

以愛心培育人才



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# Corporate Information

## Board of Directors

### Executive Directors

Ms. Li Suwen (*Chairperson of the Board*)  
Mr. Liu Xuebin  
Mr. Li Jiuchang  
Mr. Wang Yongchun

### Independent Non-executive Directors

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

### Audit Committee

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

### Remuneration Committee

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

### Nomination Committee

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

### Company Secretary

Mr. Zhang Xian

### Authorized Representatives

Mr. Liu Xuebin  
Mr. Zhang Xian

## Auditors

Deloitte Touche Tohmatsu  
*Registered Public Interest Entity Auditors*

## Legal Advisers

*As to Hong Kong law*  
Allen & Overy

*As to PRC law*

Commerce & Finance Law Offices

*As to Cayman Islands law*

Conyers Dill & Pearman

## Principal Bankers

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

## Registered Office

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

## Headquarters and Principal Place of Business in the PRC

No. 68 Guangming Da Dao  
Dongcheng District  
Dongguan  
The PRC



## Corporate Information (Continued)

### Principal Place of Business in Hong Kong

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

### Principal Share Registrar and Transfer Office

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

### Hong Kong Share Registrar

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

### Stock Code

6068

### Company Website

[www.wisdomeducationintl.com](http://www.wisdomeducationintl.com)

### Investor Relations

Ms. Mimosa Ngo

Email: [ir@wisdomeducationintl.com](mailto:ir@wisdomeducationintl.com)

## Operational and Financial Highlights

Selected Financial Information RMB'000 (unless otherwise stated)	For the six months ended 28 February			Percentage Change
	2022 (unaudited)	2021 (unaudited)	Change	
Revenue				
— Remaining Business	115,773	58,667	+57,106	+97.3%
— Affected Entities	—	1,032,137	-1,032,137	-100.0%
	115,773	1,090,804	-975,031	-89.4%
Profit for the period				
— Remaining Business	54,685	1,158	+53,527	+4,622.4%
— Affected Entities	—	322,049	-322,049	-100.0%
	54,685	323,207	-268,522	-83.1%
Core net profit from Remaining Business (Note 1)	52,226	23,287	+28,939	+124.3%
Basic earnings per share (RMB cents)	2.52	15.00	-12.48	-83.2%

Note 1: Core net profit from Remaining Business was derived from profit for the period excluding the results of the Affected Entities, and after adjusting for items that are not indicative of the Group's operating performance. This is not an International Financial Reporting Standards ("IFRSs") measure. For details, please refer to the following reconciliation and the section headed "Financial Review" in this report.

	For the six months ended 28 February	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Profit for the period	54,685	323,207
Less:		
Profit for the period from Affected Entities	—	(322,049)
Profit for the period from Remaining Business	54,685	1,158
Adjustments for:		
Exchange (gain)/loss from Remaining Business	(4,004)	21,146
Share-based payments	1,545	983
Core net profit from Remaining Business	52,226	23,287

## Operational and Financial Highlights (Continued)

Selected Financial Information RMB'000 (unless otherwise stated)	As at		Change	Percentage Change
	28 February 2022 (unaudited)	31 August 2021 (audited)		
Bank balances and cash (including pledged bank deposits)	571,731	485,184	+86,547	+17.8%
Borrowings	378,700	174,258	+204,442	+117.3%
Gearing ratio (Note)	93.6%	30.1%		

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



# Corporate Profile

## Overview

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

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

## Our Educational Philosophy

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



# Management Discussion and Analysis

## BUSINESS REVIEW

As a result of the issuance of 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. Please refer to the annual report for the year ended 31 August 2021 (the “**2021 Annual Report**”) for details. 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, the Group will expand its business through the following three business lines:

### (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.

### (2) School-related Supply Chain Business

The Group sells daily necessities, e.g. school uniforms, bedding products, stationery products, and other educational materials. In the previous years, sales of daily necessities mostly occurred during the summer break before the new school year commenced. 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 will commence this business in the second half of the financial year ended 31 August 2022 and it is expected to have positive impact on the Group’s revenue and profits.

### (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 advisors 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.

## Management Discussion and Analysis (Continued)

### FINANCIAL REVIEW

Profit for the six months ended 28 February 2022 of the Group amounted to RMB54.7 million (profit for the six months ended 28 February 2021: RMB323.2 million), which is all from Remaining Business (profit from Remaining Business for the six months ended 28 February 2021: RMB1.2 million and profit from Affected Entities for the six months ended 28 February 2021: RMB322.0 million). As disclosed in the 2021 Annual Report, 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 generated from Affected Entities for the current period. The Company sets out the financial review of the Remaining Business as below:

### Financial Review of the Remaining Business

#### Revenue

During the six months ended 28 February 2022, revenue of the Remaining Business was all from ancillary services (revenue from ancillary services during the six months ended 28 February 2021: RMB55.8 million and revenue of management service fees during the six months ended 28 February 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:

By service lines	For the six months ended 28 February 2022		For the six months ended 28 February 2021	
		% of Total		% of Total
Comprehensive educational services	100,518	86.8	46,851	79.9
School-related supply chain	15,255	13.2	8,985	15.3
Management service fees	—	—	2,831	4.8
Total revenue	115,773	100.0	58,667	100.0

During the six months ended 28 February 2022, the Group has experienced substantial growth of revenue by RMB57.1 million or 97.3% as compared with the same period of last year which is primarily due to the significant increase of the various activities we organised during the winter break of 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 RMB21.2 million, or 145.0%, from RMB14.6 million for the six months ended 28 February 2021 to RMB35.9 million for the six months ended 28 February 2022. The increase was largely due to the increases in staff costs to support the expansion of the Group's business.



## Management Discussion and Analysis (Continued)

### Gross Profit

As a result of the foregoing, gross profit increased by 81.5% from RMB44.0 million for the six months ended 28 February 2021 to RMB79.9 million for the six months ended 28 February 2022.

### Other Income

Other income mainly includes 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 increase in government grants.

### Other Gains and Losses

Other gains and losses primarily consist of (i) loss on change in fair value of financial assets at fair value through profit or loss ("FVTPL") of RMB1.7 million, and (ii) net exchange gain of RMB4.0 million resulting from the depreciation of Hong Kong dollars (HK\$) against RMB during the six months ended 28 February 2022.

### Selling Expenses

Selling expenses primarily consist of expenses in relation to the marketing and promotion of our services. Selling expenses increased by 100.5% from RMB2.2 million for the six months ended 28 February 2021 to RMB4.4 million for the six months ended 28 February 2022.

### 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 34.1% from RMB35.1 million for the six months ended 28 February 2021 to RMB23.1 million for the six months ended 28 February 2022, primarily due to the Remaining Business ceased to provide any management services to the Affected Entities since 1 September 2021 as a result of the Implementation Regulations.

### Finance Income

Finance income primarily consists of interest income from bank deposits and investments in debt securities. Finance income increased from RMB1.2 million for the six months ended 28 February 2021 to RMB7.6 million for the six months ended 28 February 2022.

### Finance Costs

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

### Profit before Taxation

As a result of the foregoing, profit before taxation increased from RMB24.1 million for the six months ended 28 February 2021 to RMB69.1 million for the six months ended 28 February 2022.

## Management Discussion and Analysis (Continued)

### Taxation

Income tax expense of the Group decreased by 37.2% from RMB23.0 million for the six months ended 28 February 2021 to RMB14.4 million for the six months ended 28 February 2022. The effective tax rate of the Group for the six months ended 28 February 2022 and the six months ended 28 February 2021 was 20.9% and 95.2%, respectively. A higher effective tax rate for the six months ended 28 February 2021 was primarily due to the income tax expense incurred on the management fee income received from the Affected Entities (such management fee income of the Remaining Business had been eliminated against the expenses of the Affected Entities during the six months ended 28 February 2021), and there was no such management fee income since 1 September 2021 after the effective of the Implementation Regulations.

### Profit for the Period from Remaining Business

As a result of the above factors, profit for the period from Remaining Business increased significantly from RMB1.2 million for the six months ended 28 February 2021 to RMB54.7 million for the six months ended 28 February 2022.

### Core Net Profit from Remaining Business

The Group defines its core net profit from Remaining Business as its profit for the period from Remaining Business after adjusting for those items which are not indicative of the Group's operating performances as presented in the table below. This is not an IFRSs measure. The Group has presented this item because the Group considers it an important supplemental measure of the Group's operational performance used by the Group as well as analysts or investors. The following table reconciles the profit for the period to core net profit from Remaining Business for the two financial periods presented below:

	For the six months ended 28 February	
	2022 RMB'000	2021 RMB'000
Profit for the period	54,685	323,207
Less:		
Profit for the period from Affected Entities	—	(322,049)
Profit for the period from Remaining Business	54,685	1,158
Adjustments for:		
Exchange (gain)/loss from Remaining Business	(4,004)	21,146
Share-based payments	1,545	983
Core net profit from Remaining Business	52,226	23,287



## Management Discussion and Analysis (Continued)

### Capital Expenditure

During the six months ended 28 February 2022, the Group did not incur any capital expenditure.

### Liquidity, Financial Resources and Capital Structure

The Group recorded net cash inflow from operating activities of RMB14.8 million for the six months ended 28 February 2022.

The Group's cash flow used in investing activities for the six months ended 28 February 2022 primarily consists of (i) cash outflow of RMB280.0 million for placement of pledged bank deposit, which is to raise bank borrowings, and partly set-off by (ii) cash inflow of RMB74.8 million from the settlement of amounts due from/to Affected Entities.

Primarily due to the above activities, the Group generated a net decrease in cash and cash equivalents of RMB190.2 million during the six months ended 28 February 2022.

As at 28 February 2022, the Group's total pledged bank deposits, bank balances and cash amounted to RMB571.7 million, of which the majority were denominated in HK\$ and RMB (as at 31 August 2021: RMB485.2 million).

As at 28 February 2022, the Group's total bank borrowings amounted to RMB378.7 million comprising RMB153.5 million repayable within one year and RMB225.2 million repayable more than one year. The Group's bank borrowings carried interest rates ranging from 1.5% to 2.9% per annum. All the bank borrowings were denominated in HKD. During the six months ended 28 February 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. The Group held these investment products for short-term cash management purpose, which are classified as financial assets at FVTPL or investments in debt securities as at 28 February 2022.

The Group recorded net current assets of RMB345.0 million as at 28 February 2022 (as at 31 August 2021: RMB573.3 million).

### Gearing Ratio

The Group's gearing ratio is calculated as total bank borrowings divided by total equity at the end of the relevant period/year. The Group's gearing ratio as at 28 February 2022 was 93.6% (as at 31 August 2021: 30.1%).

The increase in gearing ratio was mainly due to the increase of bank borrowings balance as at 28 February 2022.

Despite the increase in gearing ratio, taking into consideration the total pledged bank deposits, bank balances and cash of RMB571.7 million, the Group does not have any net borrowings balance as at 28 February 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).



## Management Discussion and Analysis (Continued)

### Foreign Exchange Exposure

The majority of the Group's revenue and expenditures are denominated in RMB, the functional currency of the Company, except that certain income and expenditures are denominated in HK\$. As at 28 February 2022, certain bank balances and cash and investment products were denominated in HK\$ or United States Dollars. The Group did not enter into any financial instrument for hedging purpose. The Group will continue to monitor the foreign exchange rate risk and consider hedging significant foreign currency exposure should the need arises.

### Contingent Liabilities

Save for the financial guarantee provided to the Affected Entities in support of bank borrowings of the Affected Entities as disclosed in note 19 to the condensed consolidated financial statements, the Group did not have any material contingent liabilities that are required to be disclosed.

During the six months ended 28 February 2022, no additional new financial guarantees have been provided by the Group to the Affected Entities. The management of the Affected Entities is using its best endeavours to negotiate with the banks with a view to exploring the feasibility of modifying the terms of the financial guarantee contracts, and is in discussions with additional banks to secure new banking facilities to replace the existing guarantees. As at 28 February 2022, the aggregate amount of outstanding financial guarantees issued to banks in respect of banking facilities granted to the Affected Entities that the Group could be required to be paid has been reduced to RMB4,838.7 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 period.

### Pledge of Assets

As at 28 February 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. Because students and parents look for systematic noncurriculum activities during after-school hours 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 came into effect, the Company 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 different education option for the community.



## Management Discussion and Analysis (Continued)

### OUTLOOK

Leveraging on our years of experience in supply chain management, the Group will strive to grow the school-related supply chain business in the second half of the financial year ended 31 August 2022 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 are confident that we can continue 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

There has been no significant update since the publication of the 2021 Annual Report. Please refer to the 2021 Annual Report for details of the regulatory update.



## Management Discussion and Analysis (Continued)

### **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

There has been no material acquisition and disposal of subsidiaries, associates or joint ventures during the six months ended 28 February 2022.

### **INVESTMENTS HELD**

As at 28 February 2022, the Group held certain investment products which were classified as financial assets at FVTPL or investments in debt securities of approximately RMB180.7 million in aggregate. For the reasons for holding and details of these investment products, please refer to the section headed “Liquidity, Financial Resources and Capital Structure” above and notes 12 and 13 to the condensed consolidated financial statements.

### **EMPLOYEE BENEFITS**

As at 28 February 2022, the Group had approximately 808 employees (as at 28 February 2021: approximately 6,594). The Group participates in various employee benefit plans, including provident fund, housing, pension, medical insurance and unemployment insurance. The Company has also adopted a pre-IPO share option scheme, a share option scheme and a share award scheme for its employees and other eligible persons. Salaries and other benefits of the Groups’ employees are generally reviewed on a regular basis in accordance with individual qualifications and performance, result performance of the Group and other relevant market conditions. The Group also provides internal and external training programs to its employees.

Total employee remuneration (including directors’ remuneration) for the six months ended 28 February 2022 amounted to approximately RMB30.2 million (for the six months ended 28 February 2021: RMB392.8 million).

### **CHANGES IN INFORMATION OF DIRECTORS**

During the six months ended 28 February 2022, there were no changes to information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### **EVENTS AFTER THE REPORTING PERIOD**

Save for the Subscription of the Fund as disclosed in the section headed “Use of Proceeds” in this report, the Group had no significant events after the reporting period that are required to be disclosed.

## Management Discussion and Analysis (Continued)

### 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 long-term investment with an expected 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	Utilised amount of Net Placing Proceeds as at 28 February 2022 RMB million	Unutilised amount of the Net Placing Proceeds as at 28 February 2022 RMB million	Revised use of the unutilised Net Placing Proceeds RMB million
Construction and development of schools	150.0	46.7	103.3	—
General corporate purpose	337.7	303.8	33.9	42.1
Subscription of the Fund	—	—	—	95.1
Total:	487.7	350.5	137.2	137.2

We plan to fully utilise the unutilised net proceeds from the Placing within 2 years from the completion date of the Placing.

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



## Other Information

### INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 28 February 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 (“**Shares**”) to be awarded under the Scheme will be purchased by a trustee (the “**Trustee**”) from the open market or subscribed from the Company as new Shares out of cash contributed by the Group and be held on trust for the selected participants (“**Selected Participants**”) until such Shares are vested with the relevant Selected Participants in accordance with the provisions of the Scheme. The Scheme shall be subject to administration of the Board and the Trustee in accordance with the Scheme rules and the trust deed dated 7 June 2017.

As at 28 February 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 of Hong Kong Limited (the “**Stock Exchange**”). On 6 September 2018, the Board resolved to grant a total of not more than 8,400,000 Shares (the “**Awarded Shares**”) to 12 Selected Participants. The Awarded Shares represent approximately 0.39% of the total issued shares of the Company as at the date of this announcement. Subject to the acceptance of grant of the Awarded Shares by the Selected Participants and the terms and conditions of the Scheme, the Awarded Shares will be vested in full in ten years according to the respective vesting schedule for the grant. Save for Mr. Li Jiuchang and Mr. Wang Yongchun, both 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.

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

As at 28 February 2022, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“**SFO**”), Chapter 571 of the Laws of Hong Kong) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken, or are deemed to have taken, under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be recorded in the register required to be kept by the Company; or (c) were required, pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

## Other Information (Continued)

### Long positions in Shares and underlying Shares of the Company

Name of Director/ chief executive	Capacity	Interest in Shares	Interest in underlying Shares	Total interest in Shares and underlying Shares	Approximate percentage of shareholding
Mr. Liu Xuebin ("Mr. Liu") (Note 1)	Interest of controlled corporation	930,000,000 (Note 2)	—	930,000,000	42.70%
	Beneficial interest	3,498,000	—	3,498,000	0.16%
Ms. Li Suwen ("Ms. Li") (Note 1)	Interest of controlled corporation	570,000,000 (Note 3)	—	570,000,000	26.17%
	Beneficial interest	3,428,000	—	3,428,000	0.16%
Mr. Li Jiuchang (Note 5)	Beneficial interest	300,000	—	300,000	0.01%
Mr. Wang Yongchun (Note 5)	Beneficial interest	240,000	—	240,000	0.01%

Notes:

- (1) Mr. Liu and Ms. Li are co-founders of the Group and are parties acting in concert with each other.
- (2) Mr. Liu holds the entire issued capital of Bright Education (Holdings) Co. Limited ("**Bright Education Holdings**"), a company incorporated in the British Virgins Islands, and is therefore deemed to be interested in 930,000,000 Shares held by Bright Education Holdings.
- (3) Ms. Li holds the entire issued capital of Bright Education Investment Co. Limited ("**Bright Education Investment**"), a company incorporated in the British Virgins Islands, and is therefore deemed to be interested in 570,000,000 Shares held by Bright Education Investment.
- (4) Mr. Liu is director of Bright Education Holdings and Ms. Li is director of Bright Education Investment.
- (5) Mr. Li Jiuchang and Mr. Wang Yongchun, executive Directors of the Company, were granted not more than 1,500,000 Shares and not more than 1,200,000 Shares respectively under the share award scheme of the Company as adopted on 7 June 2017 subject to vesting conditions.

## Other Information (Continued)

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

As at 28 February 2022, the following persons or corporations, other than the Directors or the chief executive of the Company, had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

#### Long positions

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

Notes:

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

Save as disclosed above, as at 28 February 2022, no other person or corporation, other than the Directors or the chief executive of the Company, had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

### SHARE OPTION SCHEME

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

As at 1 September 2021 and 28 February 2022, there are no outstanding options granted under the Pre-IPO Share Option Scheme or the Share Option Scheme. No share options were granted, exercised, cancelled or lapsed under the Pre-IPO Share Option Scheme or the Share Option Scheme during the six months ended 28 February 2022.

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

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

During the six months ended 28 February 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 six months ended 28 February 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 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 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 unaudited condensed consolidated financial statements of the Group for the six months ended 28 February 2022. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Company.

### SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company has maintained the prescribed public float under the Listing Rules for the six months ended 28 February 2022.

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

Dongguan, 29 April 2022

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 28 February 2022

	NOTES	Six months ended 28 February			Total 2021 RMB'000 (unaudited)
		2022 RMB'000 (unaudited)	Remaining Business* 2021 RMB'000 (unaudited)	Affected Entities* 2021 RMB'000 (unaudited)	
Revenue	3	<b>115,773</b>	58,667	1,032,137	1,090,804
Cost of revenue		<b>(35,888)</b>	(14,649)	(568,020)	(582,669)
Gross profit		<b>79,885</b>	44,018	464,117	508,135
Other income	4	<b>10,858</b>	1,212	10,209	11,421
Other gains and losses	5	<b>2,340</b>	15,140	17,136	32,276
Selling expenses		<b>(4,447)</b>	(2,218)	(19,891)	(22,109)
Administrative expenses		<b>(23,118)</b>	(35,056)	(108,983)	(144,039)
Finance income		<b>7,591</b>	1,202	856	2,058
Finance costs		<b>(4,015)</b>	(188)	(38,219)	(38,407)
Profit before taxation		<b>69,094</b>	24,110	325,225	349,335
Taxation	6	<b>(14,409)</b>	(22,952)	(3,176)	(26,128)
Profit and total comprehensive income for the period	7	<b>54,685</b>	1,158	322,049	323,207
Attributable to:					
Owners of the Company		<b>54,685</b>			324,914
Non-controlling interests		—			(1,707)
		<b>54,685</b>			323,207
<b>EARNINGS PER SHARE</b>					
Basic (RMB cents)	9	<b>2.52</b>			15.00
Diluted (RMB cents)	9	<b>2.52</b>			14.99

\* Affected Entities and Remaining Business are defined in the annual financial statements for the year ended 31 August 2021. The profit or loss of Affected Entities and Remaining Business for the six months ended 28 February 2021 is additional information that the Directors of the Company consider useful and necessary to better understand the Group's results.

# Condensed Consolidated Statement of Financial Position

As at 28 February 2022

	NOTES	At 28 February 2022 RMB'000 (unaudited)	At 31 August 2021 RMB'000 (audited)
<b>Non-current Assets</b>			
Property, plant and equipment	10	1,646	2,215
Right-of-use assets	10	3,786	5,409
Pledged bank deposits	14	280,000	—
		<b>285,432</b>	7,624
<b>Current Assets</b>			
Inventories — goods for sale		36,221	—
Trade receivables, deposits, prepayments and other receivables	11	533,154	710,942
Financial assets at fair value through profit or loss	12	68,130	73,254
Investments in debt securities	13	112,586	128,513
Pledged bank deposits	14	80,819	82,995
Bank balances and cash	15	210,912	402,189
		<b>1,041,822</b>	1,397,893
<b>Current Liabilities</b>			
Contract liabilities	16	3,929	18,051
Trade and other payables and accrued expenses	17	190,921	272,175
Income tax payable		73,338	85,067
Lease liabilities		3,312	3,234
Borrowings	18	153,482	174,258
Financial guarantee contracts	19	271,841	271,841
		<b>696,823</b>	824,626
<b>Net Current Assets</b>		<b>344,999</b>	573,267
<b>Total Assets Less Current Liabilities</b>		<b>630,431</b>	580,891

## Condensed Consolidated Statement of Financial Position (Continued)

As at 28 February 2022

	NOTES	At 28 February 2022 RMB'000 (unaudited)	At 31 August 2021 RMB'000 (audited)
<b>Capital and Reserves</b>			
Share capital	20	19,263	19,263
Reserves		385,383	559,385
		<b>404,646</b>	578,648
<b>Non-current Liabilities</b>			
Lease liabilities		567	2,243
Borrowings		225,218	—
		<b>225,785</b>	2,243
		<b>630,431</b>	580,891

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 28 February 2022

	Attributable to owners of the Company											
	Shares capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Merger reserve RMB'000	Share option reserve RMB'000	Discretionary special reserve RMB'000 (Note i)	Statutory surplus reserve RMB'000 (Note ii)	Share held for award scheme RMB'000	Accumulated profits RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total RMB'000
At 1 September 2020	19,255	722,497	119,875	83,400	811	659,200	319,362	(29,955)	1,066,081	2,960,526	128,727	3,089,253
Profit (loss) and total comprehensive income for the period	—	—	—	—	—	—	—	—	324,914	324,914	(1,707)	323,207
Transfer	—	—	—	—	—	249,587	48,590	—	(298,177)	—	—	—
Recognition of share-based payment expenses (note 21)	—	—	—	—	—	—	—	983	—	983	—	983
Exercise of share options (note 20)	8	2,442	—	—	(811)	—	—	—	—	1,639	—	1,639
Dividend recognised as distribution	—	(127,002)	—	—	—	—	—	—	—	(127,002)	—	(127,002)
Capital contribution from a non-controlling shareholder	—	—	—	—	—	—	—	—	—	—	2,427	2,427
Non-controlling interests arising from acquisitions (note 22)	—	—	—	—	—	—	—	—	—	—	27,664	27,664
At 28 February 2021 (unaudited)	19,263	597,937	119,875	83,400	—	908,787	367,952	(28,972)	1,092,818	3,161,060	157,111	3,318,171
At 1 September 2021	19,263	458,338	—	—	—	—	7,466	(27,264)	120,845	578,648	—	578,648
Profit and total comprehensive income for the period	—	—	—	—	—	—	—	—	54,685	54,685	—	54,685
Recognition of share-based payment expenses (note 21)	—	—	—	—	—	—	—	1,545	—	1,545	—	1,545
Dividend recognised as distribution (note 8)	—	(230,232)	—	—	—	—	—	—	—	(230,232)	—	(230,232)
At 28 February 2022 (unaudited)	19,263	228,106	—	—	—	—	7,466	(25,719)	175,530	404,646	—	404,646



## Condensed Consolidated Statement of Changes in Equity (Continued)

For the six months ended 28 February 2022

Notes:

- i. Discretionary special reserve represents the accumulated surplus in the school campus canteen operations specifically set aside by the Group for the improvement and enhancement of the services and conditions of the school campus canteens and accumulated profits earned by not-for-profit schools, whose school sponsors do not require reasonable returns, for the construction or maintenance of the schools or procurement or upgrading of educational equipment. This reserve is non-distributable to equity holders during the school operating period. Upon liquidation or wind-up of the schools, the underlying assets of the special reserve shall be used for the operation of other not-for profit schools after the settlement of the school's indebtedness. Also, pursuant to certain amendments made to the Law for Promoting Private Education of the People's Republic of China (中華人民共和國民辦教育促進法) which become effective on 1 September 2017, upon liquidation or wind-up of the schools, when the schools are registered as not-for-profit schools, school sponsors may apply for compensation or awards from the school's remaining assets after the settlement of the school's indebtedness. During the six months ended 28 February 2021, surplus in the school campus canteen operations and education operation of not-for-profit schools amounted to RMB103,816,000 and RMB145,771,000 respectively, had been transferred to the discretionary special reserve. Discretionary special reserve was all relating to the 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") which have been deconsolidated from the Group as of 31 August 2021.
- ii. Pursuant to the relevant laws in the People's Republic of China (the "PRC"), the Company's subsidiaries in the PRC shall make appropriations from after-tax profit to non-distributable reserve funds as determined by the board of directors of the relevant PRC subsidiaries. These reserves include (a) general reserve of the limited liabilities companies and (b) the development fund of schools.
  - (a) For PRC subsidiaries with limited liability, it is required to make annual appropriations to general reserve of 10% of after-tax profits as determined under the PRC laws and regulations at each year-end until the balance reaches 50% of the relevant PRC entity's registered capital.
  - (b) According to the relevant PRC laws and regulations, for private school that does not require reasonable return, it is required to appropriate to development fund of not less than 25% of the annual increase of the net assets of the relevant schools as determined in accordance with generally accepted accounting principles in the PRC. The development fund shall be used for the construction or maintenance of the schools or procurement or upgrading of educational equipment. The development fund was all relating to the Affected Entities which have been deconsolidated from the Group as of 31 August 2021.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 28 February 2022

	Six months ended	
	28 February 2022 RMB'000 (unaudited)	28 February 2021 RMB'000 (unaudited)
Net cash from operating activities	<b>14,838</b>	350,495
INVESTING ACTIVITIES		
Interest received	<b>8,075</b>	813
Placement of pledged bank deposits	<b>(280,025)</b>	—
Payments for acquisition of property, plant and equipment	—	(704,144)
Payments for right-of-use assets	—	(2,273)
Deposits paid for acquisition of leasehold lands	—	(87,515)
Payment for rental deposits	—	(127)
Payment for purchase of financial assets at fair value through profit or loss	—	(592,054)
Payment for purchase of investments in debt securities	—	(32,600)
Proceeds from disposal of financial assets at fair value through profit or loss	—	576,781
Proceeds from disposal of property, plant and equipment	—	318
Proceeds from disposal of investments in debt securities	<b>12,566</b>	—
Dividends received from financial assets at fair value through profit or loss	<b>3,460</b>	—
Net cash outflow for acquisition of a subsidiary	—	(60,066)
Deposit paid for acquisition of a private school	—	(35,000)
Decrease in amounts due from/to Affected Entities	<b>74,800</b>	—
NET CASH USED IN INVESTING ACTIVITIES	<b>(181,124)</b>	(935,867)
FINANCING ACTIVITIES		
Proceeds from bank borrowings	<b>228,257</b>	429,200
Repayments of bank borrowings	<b>(16,374)</b>	(87,500)
Repayments of lease liabilities	<b>(1,712)</b>	(13,249)
Advances from a non-controlling shareholder	—	12,900
Interest paid	<b>(3,901)</b>	(88,118)
Issued costs paid	—	(283)
Dividend paid	<b>(230,232)</b>	(127,002)
Proceeds from exercise of share options	—	1,639
Capital injection by a non-controlling shareholder	—	2,427
NET CASH (USED IN) FROM FINANCING ACTIVITIES	<b>(23,962)</b>	130,014
NET DECREASE IN CASH AND CASH EQUIVALENTS	<b>(190,248)</b>	(455,358)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<b>402,189</b>	1,122,778
Effect of foreign exchange rate changes	<b>(1,029)</b>	(14,884)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash	<b>210,912</b>	652,536



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2022

## 1. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* issued by the International Accounting Standards Board (“IASB”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed financial statements should be read in conjunction with the 2021 annual financial statements. The accounting policies (including the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 August 2021.

## 2. Principal Accounting Policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards (“IFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 28 February 2022 are the same as those presented in the Group’s annual financial statements for the year ended 31 August 2021.

### Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by IASB, for the first time, which are mandatorily effective for the annual period beginning on or after 1 September 2021 for the preparation of the Group’s condensed 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 interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in the condensed consolidated financial statements.



## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 28 February 2022

### 2. Principal Accounting Policies (continued)

#### 2.1 Impacts and accounting policies on application of Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform — Phase 2”

##### 2.1.1 Accounting policies

###### *Financial instruments*

###### Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (ie the basis immediately preceding the change).

###### Hedge accounting

For changes made to the hedged risk, hedged item or hedging instrument required by interest rate benchmark reform, the Group amends the formal designation of a hedging relationship to reflect the changes by the end of the reporting period during which the relevant changes were made. Such an amendment to the formal designation of the hedging relationship constitutes neither the discontinuation of the hedging relationship nor the designation of a new hedging relationship.

###### Cash flows hedges

When a hedged item in a cash flow hedge is amended to reflect the changes that are required by the interest rate benchmark reform, the amount accumulated in the cash flow hedge reserve is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.



## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 28 February 2022

### 2. Principal Accounting Policies (continued)

#### 2.1 Impacts and accounting policies on application of Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform — Phase 2” (continued)

##### 2.1.1 Accounting policies (continued)

###### *Leases*

###### The Group as a lessee

Changes in the basis for determining the future lease payments as a result of interest rate benchmark reform

For changes in the basis for determining the future lease payments as a result of interest rate benchmark reform, the Group applies the practical expedient to remeasure the lease liabilities by discounting the revised lease payments using the unchanged discount rate and makes a corresponding adjustment to the related right-of-use assets. A lease modification is required by interest rate benchmark reform if, and only if, both of these conditions are met:

- the modification is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the lease payments is economically equivalent to the previous basis (i.e. the basis immediately preceding the modification).

If lease modifications are made in addition to those lease modifications required by interest rate benchmark reform, the Group applies the applicable requirements in IFRS 16 to account for all lease modifications made at the same time, including those required by interest rate benchmark reform.

###### The Group as a lessor

Changes in the basis for determining the future lease payments as a result of interest rate benchmark reform

For changes in the basis for determining the future lease payments as a result of interest rate benchmark reform for a finance lease that is not accounted for as a separate lease, the Group applies the same accounting policies as those applicable to financial instruments.



## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 28 February 2022

### 2. Principal Accounting Policies (continued)

#### 2.1 Impacts and accounting policies on application of Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform — Phase 2” (continued)

##### 2.1.2 Transition and summary of effects

As at 1 September 2021, the Group has several financial liabilities, the interest of which are indexed to benchmark rates that will or may be subject to interest rate benchmark reform. The Group intends to apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for bank borrowings measured at amortised cost. The amendments have had no impact on the condensed consolidated financial statements as none of the above contracts has been transitioned to the relevant replacement rates during the interim period. The impacts on application of the amendments, if any, including additional disclosures, will be reflected in the Group’s consolidated financial statements for the year ending 31 August 2022.

### 3. Revenue and Segment Information

The Group was mainly engaged in the provision of full spectrum private fundamental education, including primary, middle and high schools in the PRC and ancillary services to students. As a result of the issuance of the Implementation Regulations of the People’s Republic of China (the “PRC”) on the Law Regarding the Promotion of Private Education (the “Implementation Regulations”) which came into effect on 1 September 2021, the business of provision of full spectrum private fundamental education conducted through Affected Entities in the PRC were deconsolidated on 31 August 2021 and the Group is no longer engaged in the operation of private schools providing compulsory education since 1 September 2021. The Remaining Business is mainly engaged in the provision of ancillary services to students of 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, discounts 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.

During the six months ended 28 February 2021, information reported to the CODM, for the purposes of resource allocation and assessment of segment performance is on a school by school basis. Each individual school constitutes an operating segment. The 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, the Group commenced the business engaging in provision of management services to certain private schools owned by independent third parties in the PRC, which is included as “Others” as the segment does not meet the quantitative thresholds for the reportable segment.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 28 February 2022

### 3. Revenue and Segment Information (continued)

During the six months ended 28 February 2022, 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 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 period of the Group as presented in the condensed consolidated statement of profit or loss and other comprehensive income. The accounting policies of the reportable segment are the same as the Group's accounting policies. No analysis of the Group's assets and liabilities is regularly provided to the management of the Group for review.

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

	Six months ended	
	28 February 2022 RMB'000 (unaudited)	28 February 2021 RMB'000 (unaudited)
Tuition and boarding fees	—	786,535
Ancillary services	<b>115,773</b>	301,438
Management service fees	—	2,831
	<b>115,773</b>	1,090,804

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 28 February 2022

### 3. Revenue and Segment Information (continued)

#### Disaggregation of revenue

	Six months ended	
	28 February 2022 RMB'000 (unaudited)	28 February 2021 RMB'000 (unaudited)
<b>Timing of revenue recognition</b>		
<i>Recognised at a point of time</i>		
— Ancillary services	15,255	187,466
<i>Recognised over time</i>		
— Tuition and boarding fees	—	786,535
— Ancillary services	100,518	113,972
— Management services fees	—	2,831
<b>Total</b>	<b>115,773</b>	<b>1,090,804</b>

### 4. Other Income

	Six months ended	
	28 February 2022 RMB'000 (unaudited)	28 February 2021 RMB'000 (unaudited)
Rental income from investment properties	—	814
Government grants (Note)	10,085	5,838
Staff quarter income	—	2,252
Others	773	2,517
	<b>10,858</b>	<b>11,421</b>

Note: Government grants mainly represent 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.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 28 February 2022

### 5. Other Gains and Losses

	Six months ended	
	28 February 2022 RMB'000 (unaudited)	28 February 2021 RMB'000 (unaudited)
Exchange gain (loss)	4,004	(21,146)
(Loss) gain on change in fair value of financial assets at fair value through profit or loss ("FVTPL") (Note)	(1,664)	36,161
Recovery of receivables written off prior to acquisition of a subsidiary	—	18,172
Others, net	—	(911)
	<b>2,340</b>	<b>32,276</b>

Note: The (loss) gain on change in fair value of financial assets at FVTPL is arising from the dividends and interest income from investment in unlisted private funds (2021: unlisted private funds, unlisted trust plans and asset management plans and structure deposits) and change in fair value at the end of the reporting period as set out in note 12.

### 6. Taxation

	Six months ended	
	28 February 2022 RMB'000 (unaudited)	28 February 2021 RMB'000 (unaudited)
Taxation comprises		
Current tax:		
PRC Enterprise Income Tax ("PRC EIT")	14,382	26,128
Hong Kong Profits Tax	27	—
	<b>14,409</b>	<b>26,128</b>

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

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits in Hong Kong during the six months ended 28 February 2022. No provision for Hong Kong Profits Tax has been made as the Group derived no assessable profits in Hong Kong during the six months ended 28 February 2021.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 28 February 2022

### 6. Taxation (continued)

Pursuant to the Caishui (2013) No.4 issued by the Ministry of Finance, the General Administration of Customs of China and the State Administration of Taxation effective from 1 January 2012, the Announcement of (2020) No.23 promulgated by the Ministry of Finance, the State Administration of Taxation and the National Development and Reform Commission in April 2020, the subsidiaries of the Group incorporated in Ganzhou, Jiangxi province, the PRC, are eligible to enjoy a reduced enterprise income tax rate of 15% and the relevant preferential tax policies will end on 31 December 2030.

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

During the six months ended 28 February 2021, according to the Law for Promoting Private Education (the "Law"), with effective from 1 September 2017, private schools treated as not-for-profit schools, for which the school sponsors are not allowed to distribute or receive any profits from schools, are eligible to enjoy the same preferential tax treatment as public schools. As a result, qualified income obtained by not-for-profit schools, which are providing academic qualification education, are eligible to enjoy income tax exemption treatment. In the opinion of legal counsel, according to the amendments of the memorandum and article of associations, the school sponsors do not request for reasonable returns from the schools under the Group, including Dongguan Guangming School (東莞市光明中學), Dongguan Guangming Primary School (東莞市光明小學), Dongguan Guangzheng Preparatory School (東莞市光正實驗學校), Huizhou Guangzheng Preparatory School (惠州市光正實驗學校), Panjin Guangzheng Preparatory School (盤錦市光正實驗學校), Weifang Guangzheng Preparatory School (濰坊光正實驗學校), Jieyang Jiedong Guangzheng Preparatory School (揭陽市揭東區光正實驗學校), Weifang Weizhou Foreign Language School (濰坊市濰州外國語學校), Weifang Weicheng Weizhou Foreign Language Kindergarten (濰坊市濰城區濰州外國語幼稚園), Zhang Pu Longcheng School (漳浦龍成中學), Zhang Pu Longcheng Primary School (漳浦龍成中學附屬小學), Yunfu Guangming Foreign Language School (雲浮市光明外國語學校), Bazhong Guangzheng Preparatory School (巴中光正實驗學校), Foshan Shunde Guangzheng Preparatory School (佛山市順德區光正實驗學校) and Huiyang Experimental Primary School (惠州市惠陽區實驗小學) ("Huiyang Primary School") which are treated as not-for-profit schools under the Law and accordingly, all not-for-profit schools for the Group are exempt from income tax on the tuition and boarding fees. For the six months ended 28 February 2021, the non-taxable income amounted to RMB778,910,000.

Other than disclosed above, all other subsidiaries of the Company established in the PRC are subject to the PRC EIT of 25% (2021: 25%) for the six months ended 28 February 2022.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 28 February 2022

### 7. Profit for the Period

	Six months ended	
	28 February 2022 RMB'000 (unaudited)	28 February 2021 RMB'000 (unaudited)
Profit for the period has been arrived at after charging (crediting):		
Staff costs, including directors' remuneration (Note)		
— salaries and other allowances	25,725	359,988
— retirement benefits scheme contributions	2,944	31,835
— share-based payment expenses	1,545	983
Total staff costs	30,214	392,806
Depreciation of property, plant and equipment	569	73,368
Depreciation of right-of-use assets	1,623	32,329
Amortisation of intangible assets arising from the acquisition of schools (included in cost of revenue)	—	4,066
Total depreciation and amortisation	2,192	109,763
Capitalised in construction in progress	—	(5,550)
	2,192	104,213
Bank interest income	(177)	(817)

Note: For the six months ended 28 February 2021, the novel coronavirus related government assistance amounting to RMB2,047,000 have been offset against staff costs.

### 8. Dividends

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

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 28 February 2022

### 9. Earnings Per Share

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

	Six months ended	
	28 February 2022 RMB'000 (unaudited)	28 February 2021 RMB'000 (unaudited)
<b>Earnings</b>		
Profit for the period attributable to owners of the Company for the purposes of basic and diluted earnings per share	<b>54,685</b>	324,914
	Six months ended	
	28 February 2022 '000 (unaudited)	28 February 2021 '000 (unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>2,167,959</b>	2,166,384
Effect of dilutive potential ordinary shares:		
Share options	—	338
Share award scheme	<b>115</b>	1,454
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>2,168,074</b>	2,168,176

For the six months ended 28 February 2022 and 2021, 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.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 28 February 2022

### 10. Movements in Property, Plant and Equipment/Right-of-use Assets

No additions of property, plant and equipment were recognised for the six months ended 28 February 2022 (2021: RMB678,184,000).

No significant disposal was made during the six months ended 28 February 2022 and 28 February 2021.

During the the six months ended 28 February 2021, in addition to the right-of-use assets of RMB20,680,000 arising from acquisition of a business as set out in note 22, the Group entered into several new lease agreements for the use of leased properties and leasehold lands, the lease terms are range from 1 to 50 years. On lease commencement, the Group recognised right-of-use assets of RMB110,569,000, including leasehold lands and leased properties amounted to RMB67,013,000 and RMB43,556,000, respectively, and lease liabilities of RMB51,100,000.

### 11. Trade Receivables, Deposits, Prepayments and Other Receivables

	At 28 February 2022 RMB'000 (unaudited)	At 31 August 2021 RMB'000 (audited)
Trade receivables (Note i)	5,268	4,331
Deposits	1,196	1,042
Staff advances	357	491
Loan to a third party (Note ii)	—	8,298
Other receivables	285	204
Amounts due from Affected Entities (Note iii)	509,675	664,591
Prepayments (Note iv)	13,894	31,985
Value-added tax recoverable	2,479	—
	<b>533,154</b>	<b>710,942</b>

Notes:

- i The amounts mainly represent receivables from customers, which were from contracts for provision of ancillary services. Services fee is received in accordance with the terms of the relevant agreements, the customers are allowed a credit period of 30 to 60 days from date of revenue recognition.
- ii At 31 August 2021, the amount represents a loan to a third party amounting to RMB8,298,000 that carry interest 18% per annum repayable within 6 months, which is non-trade in nature, unsecured. During the six months ended 28 February 2022, the amount has been repaid by the third party.
- iii At 28 February 2022 and 31 August 2021, the amounts are non-trade in nature, unsecured, interest-free and repayable on demand.
- iv Prepayments mainly represent the advances paid to suppliers for purchasing of school supplies, school uniform, daily necessities and foods that have not been received.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 28 February 2022

### 11. Trade Receivables, Deposits, Prepayments and Other Receivables (continued)

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

	At 28 February 2022 RMB'000 (unaudited)	At 31 August 2021 RMB'000 (audited)
Within 3 months	3,641	4,331
3 to 6 months	1,627	—
	<b>5,268</b>	4,331

### 12. Financial Assets at Fair Value through Profit or Loss

	At 28 February 2022 RMB'000 (unaudited)	At 31 August 2021 RMB'000 (audited)
Unlisted private funds (Note ii)	<b>68,130</b>	73,254

Notes:

- i. Details of the fair value measurement for the financial assets at FVTPL are set out in note 24.
- ii. The unlisted private funds as at 28 February 2022 and 31 August 2021 were funds managed by financial institutions incorporated in Hong Kong. They were mandatorily classified as investments at FVTPL as its contractual cash flows are not solely payments of principal and interest. The funds are classified as current at the period ended since it will be matured within one year. Subsequent to the end of the reporting period, financial asset at FVTPL amounting to RMB38,558,000 has been redeemed.

As at 28 February 2022, financial asset at FVTPL amounting to RMB29,572,000 (as at 31 August 2021: RMB32,978,000) has been pledged as security for the Group's borrowings as set out in note 18.

The financial assets at FVTPL of carrying amount of RMB38,558,000 and RMB29,572,000 as at 28 February 2022 (as at 31 August 2021: RMB40,276,000 and RMB32,978,000) are denominated in United States Dollars and HK\$, respectively.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 28 February 2022

### 13. Investments in Debt Securities

	At 28 February 2022 RMB'000 (unaudited)	At 31 August 2021 RMB'000 (audited)
Listed debt securities	19,127	32,483
Unlisted debt securities	93,459	96,030
	<b>112,586</b>	128,513

The Group's investments in debt securities represent investment in listed and unlisted guaranteed bonds that carry fixed interest from 11.5% to 13.5% per annum (as at 31 August 2021: 11.5% to 13.5%) and will be matured within 12 months after the end of the reporting period. None of these assets has been past due at the end of the reporting period. Finance income amounted to RMB7,016,000 (2021: RMB7,534,000) was recognised during the period ended 28 February 2022.

The investment in debt securities of carrying amount of RMB112,586,000 as at 28 February 2022 (as at 31 August 2021: RMB128,513,000) is denominated in United States Dollars.

### 14. Pledged Bank Deposits

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

As at 28 February 2022, deposits amounting to RMB80,819,000 (as at 31 August 2021: RMB82,995,000) have been pledged to secure short-term borrowings and are therefore classified as current assets, and the remaining deposits amounting to RMB280,000,000 have been pledged to secure long-term borrowings and are therefore classified as non-current assets. The pledged bank deposits carried a fixed interest rate from 0.06% to 2.25% (as at 31 August 2021: 0.06%) per annum as at 28 February 2022.

The pledged bank deposits of carrying amount of RMB80,819,000 as at 28 February 2022 (as at 31 August 2021: RMB82,995,000) are denominated in HK\$.

### 15. Bank Balances and Cash

Bank balances and cash comprise cash and short-term deposits held by the Group with an original maturity of three months or less.

As at 28 February 2022, the Group's bank deposits carried a weighted-average interest rate of 0.12% (2021: 0.18%) per annum.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 28 February 2022

### 16. Contract Liabilities

	At 28 February 2022 RMB'000 (unaudited)	At 31 August 2021 RMB'000 (audited)
Ancillary services	<b>3,929</b>	18,051

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

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

	<b>Six months ended</b>	
	28 February 2022 RMB'000 (unaudited)	28 February 2021 RMB'000 (unaudited)
Revenue recognised that was included in the contract liability balance at the beginning of the period	<b>18,051</b>	838,054

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

#### — Ancillary Services

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

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 28 February 2022

### 17. Trade and Other Payables and Accrued Expenses

	At 28 February 2022 RMB'000 (unaudited)	At 31 August 2021 RMB'000 (audited)
Trade payables (Note i)	32,297	8,736
Accrued staff benefits and payroll	3,414	4,288
Receipts in advance from students on behalf of third parties providing ancillary services	93	19,228
Other tax payables	20,827	25,904
Deposits received	20	24
Amounts due to Affected Entities (Note ii)	128,656	208,772
Other payables	5,614	5,223
	<b>190,921</b>	<b>272,175</b>

Notes:

- i. The credit period granted by suppliers on purchase of goods is 30 to 180 days. The Group has financial risk management policies to settle payables within the credit timeframe. As at 28 February 2022 and 31 August 2021, the trade payables were aged within 180 days based on invoice date.
- ii. At 28 February 2022 and 31 August 2021, the amounts are non-trade in nature, unsecured, interest-free and repayable on demand.

### 18. Borrowings

During the current interim period, the Group obtained new borrowings amounting to RMB228,257,000 (2021: RMB429,200,000). The borrowings carry interest with reference to the Hong Kong Interbank Offered Rate ranged from 1.5% to 2.9% (as at 31 August 2021: 1.5% to 2.7%) as at 28 February 2022.

As at 28 February 2022 and 31 August 2021, the Group's bank borrowings are secured by pledged bank deposit and investment in unlisted private funds that recognised as financial assets at FVTPL.

Certain borrowings are also guaranteed by Bright Education Holdings, an entity controlled by Mr. Liu at no cost. The guarantee amounts provided by the related party at 28 February 2022 and 31 August 2021 are as follows:

Name of related party	At 28 February 2022 RMB'000 (unaudited)	At 31 August 2021 RMB'000 (audited)
Bright Education Holdings	121,170	124,470

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 28 February 2022

### 19. Financial Guarantee Contracts

	At 28 February 2022 RMB'000 (unaudited)	At 31 August 2021 RMB'000 (audited)
Financial guarantee contracts	<b>271,841</b>	271,841

The financial guarantee contracts provided to Affected Entities that were recognised as at 28 February 2022 and 31 August 2021. As at 28 February 2022, 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 amounted to RMB4,838,703,000 (as at 31 August 2021: RMB5,242,500,000) if the guarantees were called upon in entirety. The amount utilised by the Affected Entities under the bank facilities was RMB3,304,473,000 (as at 31 August 2021: RMB3,688,270,000) as at 28 February 2022.

At the end of the current interim period, the management has assessed the credit risk and concluded that loss allowance for financial guarantee contracts issued by the Group should be measured at an amount equal to lifetime expected credit loss ("ECL"). As at 28 February 2022, the management has performed impairment assessment under ECL model and concluded that no additional loss allowance was recognised in the profit or loss for the six months ended 28 February 2022.

### 20. Share Capital

	Par value	Number of shares	Nominal amount HK\$
<b>Ordinary shares</b>			
Authorised:			
At 1 September 2020 (audited), 31 August 2021 (audited) and 28 February 2022 (unaudited)	HK\$0.01	10,000,000,000	100,000,000

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 28 February 2022

### 20. Share Capital (continued)

	Par value	Number of shares	Nominal amount HK\$	Nominal amount equivalent to RMB	Shown in the condensed consolidated financial statements as RMB'000
Issued and fully paid:					
At 1 September 2020 (audited)	HK\$0.01	2,177,154,000	21,771,540	19,254,661	19,255
Issuance of ordinary shares on exercise of share options (Note)	HK\$0.01	1,000,000	10,000	8,363	8
At 31 August 2021 (audited) and 28 February 2022 (unaudited)	<b>HK\$0.01</b>	<b>2,178,154,000</b>	<b>21,781,540</b>	<b>19,263,024</b>	<b>19,263</b>

Note: During the year ended 31 August 2021, share options to subscribe for 1,000,000 ordinary shares of HK\$0.01 each were exercised at HK\$1.96 per share. These shares rank pari passu with other shares in issue in all respect.

### 21. Share-Based Payments

#### Share Award Scheme

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

During the six months ended 28 February 2022 and 28 February 2021, no share has been purchased by the trustee. During the six months ended 28 February 2022, share-based payment expenses amounted to RMB1,545,000 (2021: RMB983,000) was recognised under the share award scheme and no shares were vested for both periods. As at 28 February 2022, the net total number of shares held by the Trustee was 10,195,000 shares (as at 31 August 2021: 10,195,000 shares) but have not yet vested under the share award scheme.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 28 February 2022

### 22. Acquisition of a Business

#### For the six months ended 28 February 2021

On 22 January 2021, the Group entered into agreements with independent third parties to acquire 70% of the school sponsor's interest in Huiyang Primary School, at a total consideration of RMB130,900,000 (the "Acquisition"). The transaction was completed on 29 January 2021.

Huiyang Primary School was established in 2003 and occupied a site area of approximately 45 mu (equivalent to approximately 30,000 square metres) with a construction area of approximately 35,000 square metres. It is principally engaged in the provision of full spectrum private fundamental education in the PRC. The Acquisition has been accounted for using the purchase method. The Directors were of the view that with Huiyang Primary School's long standing operating history, good reputation and its close proximity to Shenzhen, the Acquisition had synergy effect with the Group's school in Huizhou and further expanded the Group's coverage in Guangdong-Hong Kong-Macao Greater Bay Area.

The excess of the total consideration over the fair value of the net identifiable assets acquired resulted in goodwill of RMB66,350,000 which is tax deductible at the time when the business is disposed of. The acquired assets and liabilities have been included in the condensed consolidated financial statements since the date of acquisition.

#### Consideration Transferred

	RMB'000 (unaudited)
Cash	130,900

#### Assets Recognised and Liabilities Recognised at the Date of Acquisition (Determined on a Provisional Basis) are as Follows:

	RMB'000 (unaudited)
Property, plant and equipment	107,146
Right-of-use assets	20,680
Intangible assets	4,900
Prepayments and other receivables	888
Bank balances and cash	12,034
Contract liabilities	(8,641)
Trade and other payables	(44,793)
	92,214

The fair value of other receivables at the date of acquisition amounted to RMB674,000, which is also the gross contractual amounts of other receivables.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 28 February 2022

### 22. Acquisition of a Business (continued)

For the six months ended 28 February 2021 (continued)

#### *Goodwill Arising on Acquisition (Determined on a Provisional Basis):*

	RMB'000 (unaudited)
Consideration transferred	130,900
Non-controlling interests	27,664
Less: fair value of net assets acquired	(92,214)
Goodwill arising on acquisition	66,350

Goodwill arose in the Acquisition because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to better geographic arrangement and networking effect as the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Huiyang Primary School. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

#### *Net Cash Outflow on Acquisition of Huiyang Primary School*

	RMB'000 (unaudited)
Cash consideration	130,900
Less: consideration payable	(58,800)
Less: cash and cash equivalents acquired	(12,034)
	60,066

Included in the profit for the period is RMB1,028,000 attributable to the additional business generated by Huiyang Primary School. Revenue for the period includes RMB3,544,000 generated from Huiyang Primary School.

Had the Acquisition been completed on 1 September 2020, total revenue of the Group for the period would have been RMB1,091 million, and Group's profit for the period would have been RMB327 million. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 September 2020, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had Huiyang Primary School been acquired at the beginning of the period, the Directors of the Company have calculated depreciation and amortisation of property, plant and equipment and intangible asset based on the recognised amounts of property, plant and equipment and intangible asset at the date of the Acquisition.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 28 February 2022

### 23. Related Party Transactions

During the periods, the Group entered into the following significant transactions with related parties:

Related parties	Relationship	Nature of transactions	Six months ended	
			28 February 2022 RMB'000 (unaudited)	28 February 2021 RMB'000 (unaudited)
東莞市富盈酒店有限公司 Dongguan Chinese Hotel Management Co., Ltd	Controlled by Mr. Liu	Hospitality expenses	—	1,435
Ms. Li Suwen	Controlling equity holder and director	Interest expenses in relation to lease liabilities	—	17

During the six months ended 28 February 2021, Ms. Li Suwen leased a property to Guangdong Guangzheng, a subsidiary of the Company, and the Group has recognised right-of-use assets and lease liabilities of RMB649,000 and RMB642,000 at the date of initial application of IFRS 16, respectively. The interest expenses in relation to the lease liabilities amounting to RMB17,000 were recognised as finance costs. As at 28 February 2021, the balances of right-of-use assets and lease liabilities were RMB424,000 and RMB459,000, respectively.

#### Amounts Due from/to Affected Entities

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

#### Guarantees in Support of Bank Borrowings

During the period ended 28 February 2022, an entity controlled by Mr. Liu provides financial guarantee to the Group in respect of borrowings which are set out in note 18.

During the period ended 28 February 2022, details of financial guarantee contracts in support of bank borrowings of the Affected Entities provided by the Group are set out in note 19.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 28 February 2022

### 23. Related Party Transactions (continued)

#### Compensation of Key Management Personnel

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

	Six months ended	
	28 February 2022 RMB'000 (unaudited)	28 February 2021 RMB'000 (unaudited)
Short-term benefits	4,521	6,265
Post-employment benefits	53	111
Share-based payment expenses	1,184	555
	5,758	6,931

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 28 February 2022

### 24. Fair Value Measurements of Financial Instruments

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

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

Financial assets/liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	28 February 2022 RMB'000 (unaudited)	31 August 2021 RMB'000 (audited)		
1). Financial assets at FVTPL (note 12)	<b>Assets</b> <b>RMB29,572,000</b>	Assets RMB32,978,000	Level 2	Quoted price based on financial institute at the end of the reporting period.
2). Financial assets at FVTPL (note 12)	<b>Assets</b> <b>RMB38,558,000</b>	Assets RMB40,276,000	Level 3	Discounted cash flow. Future cash flows are estimated based on expected return.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 28 February 2022

### 24. Fair Value Measurements of Financial Instruments (continued)

#### Reconciliation of Level 3 Fair Value Measurements

	<b>Financial assets at FVTPL RMB'000</b>
At 1 September 2020 (audited)	406,000
Purchases	592,429
Change in fair value	42,361
Disposals	(1,000,514)
At 31 August 2021 and 1 September 2021 (audited)	40,276
Change in fair value	726
Disposals	(2,444)
At 28 February 2022 (unaudited)	38,558

As at 28 February 2022, the Directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

### 25. Event after the Reporting Period

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 participating shares designated as Class A share of the Fund at a total subscription amount of HK\$117 million. For further details of the Fund, please refer to the Company's announcement dated 14 April 2022.