



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

2024 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

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. Chan Chit Ming, Joeie (*resigned on 18 January 2024*)*

Mr. Yu James (*appointed on 18 January 2024*)*

Authorized Representatives

Mr. Liu Xuebin

Mr. Chan Chit Ming, Joeie (*resigned on 18 January 2024*)*

Mr. Yu James (*appointed on 18 January 2024*)*

Auditors

Deloitte Touche Tohmatsu

Registered Public Interest Entity Auditors

Legal Advisers

As to Hong Kong law

ALLEN OVERY SHEARMAN STERLING

As to PRC law

Commerce & Finance Law Offices

As to Cayman Islands law

Conyers Dill & Pearman

Principal Bankers

China CITIC Bank

The Hongkong and Shanghai Banking
Corporation Limited

Bank of China (Hong Kong) Limited

CMB Wing Lung Bank

Registered Office

Cricket Square

Hutchins Drive, P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

Headquarters and Principal Place of Business in the PRC

No. 68 Guangming Da Dao

Dongcheng District

Dongguan

The PRC

* Please refer to the Company's announcement dated 18 January 2024.



Corporate Information (Continued)

Principal Place of Business in Hong Kong

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

Principal Share Registrar and Transfer Office

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

Hong Kong Share Registrar

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

Stock Code

6068

Company Website

www.wisdomeducationintl.com

Investor Relations

Ms. Mimosa Ngo
Email: ir@wisdomeducationintl.com

Operational and Financial Highlights

Selected Financial Information RMB'000 (unless otherwise stated)	For the six months ended		Change	Percentage Change
	29 February 2024 (unaudited)	28 February 2023 (unaudited)		
Revenue	79,663	113,294	-33,631	-29.7%
Profit for the period	47,174	54,975	-7,801	-14.2%
Core net profit (Note 1)	16,598	40,920	-24,322	-59.4%
Basic earnings per share (RMB cents)	2.17	2.54	-0.37	-14.6%

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

	For the six months ended	
	29 February 2024 RMB'000 (unaudited)	28 February 2023 RMB'000 (unaudited)
Profit for the period	47,174	54,975
Adjustments for:		
Change in Financial guarantee contracts (Note 2)	(29,280)	(13,232)
Exchange (gain)/loss, net	(1,889)	1,708
Share-based payment expenses, net of reversal	593	(2,531)
Core net profit	16,598	40,920

Note 2: The adjustment represented the reversal of impairment loss under expected credit loss for financial guarantee contracts of RMB16,742,000 (2023: nil) less amortised income of financial guarantee contracts of RMB12,538,000 (2023: RMB13,232,000). For details, please refer to note 18 to the condensed consolidated statement of financial position and the section headed "Contingent Liabilities" in this report.



Operational and Financial Highlights (Continued)

Selected Financial Information RMB'000 (unless otherwise stated)	As at		Change	Percentage Change
	29 February 2024 (unaudited)	31 August 2023 (audited)		
Bank balances and cash (including pledged bank deposits)	425,852	534,372	-108,520	-20.3%
Borrowings	290,098	292,151	-2,053	-0.7%
Gearing ratio (Note 3)	52.6%	47.7%		

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



Corporate Profile

Overview

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

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

Our Educational Philosophy

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



Management Discussion and Analysis

BUSINESS REVIEW

We are mainly engaged in the school-related supply chain business and provision of comprehensive educational services to students of primary, middle and high schools and other customers in the PRC. During the six months ended 29 February 2024, the performance of our business segment of comprehensive educational services was moderate. On the other hand, although the business segment of school-related supply chain encountered a mild drop in performance during the six months ended 29 February 2024, it remains a stable source of revenue for the Group. For further details, please refer to the section headed “Financial Review” in this report.

FUTURE PROSPECTS

We are well-prepared to capture the opportunities and challenges ahead for our comprehensive educational services segment. We will continue to offer high quality educational services to students as a valuable supplement to the standard curriculum provided by schools to promote all-rounded development of students.

Leveraging on the years of experience in the education industry and school-related supply chain management, we will strive to fully integrate our resources to build an educational service platform. The specific services include providing comprehensive educational management services, sales of daily necessities and other educational materials, etc.

In addition, management of the Group is continuing to explore the feasibility of spinning off the high school portion from the schools that have been deconsolidated from the Group since 31 August 2021 as a separate for-profit high school entity, to resume its control over such high school entity, in a manner that is in compliance with the applicable laws and regulations.



Management Discussion and Analysis (Continued)

FINANCIAL REVIEW

For the six months ended 29 February 2024, total revenue decreased by 29.7% to RMB79.7 million and profit decreased by 14.2% to RMB47.2 million, as compared with that of the corresponding period in 2023.

Revenue

During the six months ended 29 February 2024, revenue consists of (i) school-related supply chain business, sales of daily necessities and other educational materials; and (ii) comprehensive educational services. A further analysis of our revenue by each service line is presented as follows:

By service lines	For the six months ended 29 February 2024		For the six months ended 28 February 2023	
	2024	% of Total	2023	% of Total
School-related supply chain business	52,872	66.4	62,294	55.0
Comprehensive educational services	26,791	33.6	51,000	45.0
Total revenue	79,663	100	113,294	100.0

Revenue from school-related supply chain business decreased slightly from RMB62.3 million for the six months ended 28 February 2023 to RMB52.9 million for the six months ended 29 February 2024.

There was a significant decrease in revenue from comprehensive educational services by RMB24.2 million or 47.5% during the current period as compared with the prior period.

As a result of the foregoing, total revenue during the six months ended 29 February 2024 decreased by 29.7% to RMB79.7 million as compared with the prior period.

Cost of Revenue

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

Cost of revenue decreased by RMB14.9 million, or 29.5%, from RMB50.7 million for the six months ended 28 February 2023 to RMB35.8 million for the six months ended 29 February 2024. The decrease was largely due to the reduction in cost of materials for the school-related supply chain business.

Gross Profit

Gross profit decreased by 29.9% from RMB62.6 million for the six months ended 28 February 2023 to RMB43.9 million for the six months ended 29 February 2024, and gross profit margin was slightly decreased from 55.3% for the six months ended 28 February 2023 to 55.1% for the six months ended 29 February 2024. The gross profit margin has been stable during the corresponding period in 2024.

Other Income

Other income mainly includes amortised income from financial guarantee contracts and government grants, which represents subsidies granted by certain local governments for encouraging domestic business development and unconditional subsidies for the purpose of giving financial support to the Group's operations. There are no unfulfilled conditions or contingencies relating to the above subsidies.

The decrease in other income is mainly due to the amortised income of financial guarantee contracts of RMB12.5 million for the six months ended 29 February 2024 (for the six months ended 28 February 2023: RMB13.2 million).

Other Gains and Losses

Other gains and losses primarily consist of (i) reversal of expected credit loss for financial guarantee contracts of RMB16.7 million; (ii) net exchange gain of RMB1.9 million resulting from the depreciation of Hong Kong dollars (HK\$) against RMB during the six months ended 29 February 2024; (iii) loss on change in fair value of financial assets at fair value through profit or loss ("FVTPL") of RMB16.6 million; and (iv) dividend income from financial assets at FVTPL of RMB1.1 million.

Administrative Expenses

Administrative expenses primarily consist of (i) salaries and other benefits for general and administrative staff; (ii) travel expenses; (iii) entertainment expenses; and (iv) other expenses, which mainly consist of repair and maintenance expenses, utilities, legal and professional fees, and other administrative expenses.

Administrative expenses increased by 14.0% from RMB14.0 million for the six months ended 28 February 2023 to RMB16.0 million for the six months ended 29 February 2024 primarily due to the increase of staff costs in the current period.

Finance Income

Finance income primarily consists of interest income from bank deposits, pledged bank deposits, loans to third parties and amounts due from Guangdong Guangzheng Educational Group Co., Ltd. (廣東光正教育集團有限公司) and its subsidiaries (collectively referred to as the "Affected Entities"). Finance income increased from RMB4.6 million for the six months ended 28 February 2023 to RMB14.9 million for the six months ended 29 February 2024 primarily due to the increase in interest income from Affected Entities during the current period.

Finance Costs

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

Profit before Taxation

As a result of the foregoing, profit before taxation decreased from RMB65.5 million for the six months ended 28 February 2023 to RMB57.4 million for the six months ended 29 February 2024.

Taxation

Income tax expense of the Group decreased by 3.2% from RMB10.6 million for the six months ended 28 February 2023 to RMB10.2 million for the six months ended 29 February 2024. The effective tax rate of the Group for the six months ended 29 February 2024 and the six months ended 28 February 2023 was 17.8% and 16.1%, respectively.



Management Discussion and Analysis (Continued)

Profit for the Period

As a result of the above factors, profit for the period decreased from RMB55.0 million for the six months ended 28 February 2023 to RMB47.2 million for the six months ended 29 February 2024.

Core Net Profit

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

	For the six months ended	
	29 February 2024 RMB'000	28 February 2023 RMB'000
Profit for the period	47,174	54,975
Adjustments for:		
Change in financial guarantee contracts (Note 1)	(29,280)	(13,232)
Exchange (gain)/loss, net	(1,889)	1,708
Share-based payment expenses, net of reversal	593	(2,531)
Core net profit	16,598	40,920

Note 1: The adjustment represented the reversal of impairment loss under expected credit loss for financial guarantee contracts of RMB16,742,000 (2023: nil) less amortised income of financial guarantee contracts of RMB12,538,000 (2023: RMB13,232,000). For details, please refer to note 18 to the condensed consolidated statement of financial position and the section headed "Contingent Liabilities" in this report.

Core net profit for the period decreased by RMB24.3 million, or 59.4%, from RMB40.9 million for the six months ended 28 February 2023 to RMB16.6 million for the six months ended 29 February 2024. Core net profit margin decreased from 36.1% for the six months ended 28 February 2023 to 20.8% for the six months ended 29 February 2024.

Capital Expenditure

We operate under an asset-light model. During the six months ended 29 February 2024, the Group paid approximately RMB0.5 million for the acquisition of property, plant and equipment.

Liquidity, Financial Resources and Capital Structure

The Group recorded net cash outflow from operating activities of RMB24.2 million for the six months ended 29 February 2024.

The Group's cash flow used in investing activities for the six months ended 29 February 2024 primarily consists of (i) loans of RMB35.0 million to third parties; (ii) deposit of RMB15.0 million for acquisition of an entity; and (iii) cash inflow of RMB12.1 million, being repayment from Affected Entities.

The Group's cash flow used in financing activities for the six months ended 29 February 2024 was mainly repayment to Affected Entities of RMB45.5 million.

Primarily due to the above activities, the Group recorded a net decrease in cash and cash equivalents of RMB111.7 million during the six months ended 29 February 2024.

As at 29 February 2024, the Group's total pledged bank deposits, cash and cash equivalents amounted to RMB425.9 million, of which the majority were denominated in HK\$ and RMB (as at 31 August 2023: RMB534.4 million).

As at 29 February 2024, the Group's total bank borrowings amounted to RMB290.1 million repayable within one year. The Group's bank borrowings carried interest rates ranging from 2.5% to 7.5% per annum. Bank borrowings of RMB280.6 million were denominated in HK\$.

In order to have better use of our unutilised financial resources, the Group has purchased certain investment products to enhance return. These investment products are classified as financial assets at FVTPL as at 29 February 2024.

The Group recorded net current assets of RMB234.9 million as at 29 February 2024 (as at 31 August 2023: RMB272.7 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 29 February 2024 was 52.6% (as at 31 August 2023: 47.7%). The increase in gearing ratio was mainly due to the decrement of total equity during the six months ended 29 February 2024.

Taking into consideration the total pledged bank deposits, cash and cash equivalents of RMB425.9 million, the Group does not have any net borrowings balance as at 29 February 2024 which is calculated as total bank borrowings, net of pledged bank deposits, cash and cash equivalent (as at 31 August 2023: nil of net borrowings balance).

Foreign Exchange Exposure

The majority of the Group's revenue and expenditures are denominated in RMB, the functional currency of the Company, except that certain income and expenditures are denominated in HK\$. As at 29 February 2024, certain bank balances and cash and investment products were denominated in HK\$ or United States Dollars. The Group did not enter into any financial instrument for hedging purpose. The Group will continue to monitor the foreign exchange rate risk and consider hedging significant foreign currency exposure should the need arises.



Management Discussion and Analysis (Continued)

Contingent Liabilities

Save for the financial guarantee provided to the Affected Entities in support of bank borrowings of the Affected Entities as disclosed in note 18 to the condensed consolidated statement of financial position, the Group did not have any material contingent liabilities that are required to be disclosed. Prior to 31 August 2021, the Affected Entities were regarded as subsidiaries of the Group and the financial guarantee contracts were initially recognised upon the deconsolidation of the Affected Entities on 31 August 2021.

During the six months ended 29 February 2024, no additional new financial guarantees have been provided by the Group to the Affected Entities. As at 29 February 2024, the aggregate amount of outstanding financial guarantees issued to banks in respect of banking facilities granted to the Affected Entities that the Group could be required to be paid has been reduced from RMB4,300.8 million as at 31 August 2023 to RMB4,118.1 million as at 29 February 2024 followed by certain repayments of the existing loan balances by the Affected Entities during the period.

Pledge of Assets

As at 29 February 2024, the Group's bank borrowings were secured by pledged bank deposits and investment in unlisted private funds that were recognised as financial assets at FVTPL.

REGULATORY UPDATE

There has been no significant update since the publication of the Company's annual report for the year ended 31 August 2023 (the "2023 Annual Report"). Please refer to the 2023 Annual Report for details of the regulatory update.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There has been no material acquisition and disposal of subsidiaries, associates or joint ventures during the six months ended 29 February 2024.

INVESTMENTS HELD

As at 29 February 2024, the Group held certain investment products which were classified as financial assets at FVTPL of approximately RMB119.6 million in aggregate. For the reasons for holding these investment products, please refer to the section headed "Liquidity, Financial Resources and Capital Structure" above.

EMPLOYEE BENEFITS

As at 29 February 2024, the Group had approximately 46 employees. The Group participates in various employee benefit plans, including provident fund, housing, pension, medical insurance and unemployment insurance. The Company has also adopted a pre-IPO share option scheme, a share option scheme and a share award scheme for its employees and other eligible persons. Salaries and other benefits of the Groups' employees are generally reviewed on a regular basis in accordance with individual qualifications and performance, result performance of the Group and other relevant market conditions. The Group also provides internal and external training programs to its employees.

Total employee remuneration (including directors' remuneration) for the six months ended 29 February 2024 amounted to approximately RMB9.7 million (for the six months ended 28 February 2023: RMB6.2 million). Total employee remuneration for the six months ended 29 February 2024 included an amount of RMB0.6 million of share-based payment expenses.

CHANGES IN INFORMATION OF DIRECTORS

During the six months ended 29 February 2024, 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

On 19 April 2024, the Company entered into a sale and purchase agreement with Glorious Maple Limited (the “**Glorious Maple**”), a company incorporated in British Virgin Islands with limited liability, pursuant to which the Company agreed to dispose to Glorious Maple and Glorious Maple agreed to purchase from the Company 117,000 Class A Participating Shares in the GLAM-HKCFC MBS FUND (the “**Glam Fund**”) at a consideration of HK\$101 million (the “**Disposal**”). The investment in the Glam Fund is recognised as financial assets at FVTPL as at 29 February 2024. Up to the date of these condensed consolidated financial statements are authorised for issue, the Disposal has been completed and the Company has ceased to hold any interest in the Glam Fund. Details of the Disposal, please refer to the Company’s announcement dated 19 April 2024.

USE OF PROCEEDS

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

As a result of the deconsolidation of the Group’s schools operated through the Affected Entities as of 31 August 2021, the Company believes that there is currently no longer an immediate need to apply any remaining net proceeds for construction and development of the schools in the PRC. Therefore, the Company has reallocated the unutilised Net Placing Proceeds in the amount of approximately RMB95.1 million to be used for subscription of the Glam Fund during the year ended 31 August 2022. For details, please refer to the Company’s announcement dated 14 April 2022 and the Company’s annual report for the year ended 31 August 2022.

Management Discussion and Analysis (Continued)

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

	Intended use of Net Placing Proceeds	Revised use of unutilised Net Placing Proceeds	Unutilised balance as at 1 September 2023	Utilised amount during the six months ended 29 February 2024	Total utilised amount as at 29 February 2024	Unutilised balance as at 29 February 2024	Expected timeline for full utilisation of the unutilised balance as previously disclosed
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	
Construction and development of schools	150.0	46.7	—	—	46.7	—	Not applicable
General corporate purpose	337.7	345.9	18.6	18.6	345.9	—	31 August 2024
Subscription of the Glam Fund	—	95.1	—	—	95.1	—	Not applicable
Total:	487.7	487.7	18.6	18.6	487.7	—	

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



Other Information

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 29 February 2024.

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 to be awarded (“**Award Shares**”) 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 29 February 2024, the Trustee has purchased a total of 11,704,000 Shares (as at 31 August 2023: 11,704,000 Shares) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). On 6 September 2018, the Board resolved to grant a total of not more than 8,400,000 Shares (the “**Awarded Shares**”) to 12 Selected Participants. The Awarded Shares represent approximately 0.39% of the total issued shares of the Company as at the date of this report. The Awarded Shares granted to the Selected Participants have been purchased by the Trustee from the open market pursuant to the Share Award Scheme. Accordingly, no shares will be issued in respect of the Awarded Shares. There was no granted share award for the six months ended 28 February 2024. Under the scheme limit stipulated under the Share Award Scheme, as of 1 September 2023 and 29 February 2024, the maximum number of further Award Shares permitted to be granted thereunder was 204,296,400 Shares, representing approximately 9.38% of the number of total issued shares of the Company. Subject to the acceptance of grant of the Awarded Shares by the Selected Participants and the terms and conditions of the Scheme, the Awarded Shares will be vested in full in ten years according to the respective vesting schedule for the grant. Save for Mr. Li Jiuchang, executive Director of the Company, who has been granted not more than 1,500,000 Awarded Shares, none of the Selected Participants is a Director, chief executive or substantial shareholder of the Company, nor an associate (as defined in the Listing Rules) of a Director, chief executive or substantial shareholder of the Company. Details of the awards granted or to be granted under the Scheme are as follows:

Name of grantees	Number of unvested Award Shares as at 1 September 2023 ¹	Number of Award Shares granted during the six months ended 29 February 2024	Number of Award Shares vested during the six months ended 29 February 2024	Number of Award Shares cancelled during the six months ended 29 February 2024	Number of Award Shares forfeited during the six months ended 29 February 2024	Number of Award Shares unvested as at 29 February 2024
Director						
Mr. Li Jiuchang	900,000	—	—	—	—	900,000
Employees	1,620,000	—	—	—	—	1,620,000
	2,520,000	—	—	—	—	2,520,000

¹ On 6 September 2018, 1,500,000 Award Shares were granted to Mr. Li Jiuchang and 5,700,000 Award Shares were granted to the relevant employees (none of whom are among the five highest paid individuals of the Company) with a vesting period from 6 September 2018 to 31 August 2028. 1,200,000 Award Shares were granted to a director who retired on 6 February 2023 and all 1,200,000 Award Shares granted to the director lapsed on the same day. Selected Participants are not required to pay any purchase price for the Award Shares.

Other Information (Continued)

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

As at 29 February 2024, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), Chapter 571 of the Laws of Hong Kong) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken, or are deemed to have taken, under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be recorded in the register required to be kept by the Company; or (c) were required, pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions in Shares and underlying Shares of the Company

Name of Director/ chief executive	Capacity	Interest in Shares	Interest in underlying Shares	Total interest in Shares and underlying Shares	Approximate percentage of shareholding
Mr. Liu Xuebin ("Mr. Liu") (Note 1)	Interest of controlled corporation	930,000,000 (Note 2)	—	930,000,000	42.70%
	Beneficial interest	3,498,000	—	3,498,000	0.16%
Ms. Li Suwen ("Ms. Li") (Note 1)	Interest of controlled corporation	570,000,000 (Note 3)	—	570,000,000	26.17%
	Beneficial interest	3,428,000	—	3,428,000	0.16%
Mr. Li Jiuchang (Note 5)	Beneficial interest	600,000	—	600,000	0.03%

Notes:

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

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

As at 29 February 2024, 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 29 February 2024, 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 2023 and 29 February 2024, 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 29 February 2024.

The total number of options available for grant under the scheme mandate limit of the Pre-IPO Share Option Scheme as at 1 September 2023 and 29 February 2024 should be the remainder of the scheme limit, representing nil of the share capital of the Company respectively.

The total number of shares available for grant under the scheme mandate limit of the Share Option Scheme as at 1 September 2023 and 29 February 2024 is 197,000,000 shares, representing approximately 9.04% of the total issued share capital of the Company.

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

During the six months ended 29 February 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.



Other Information (Continued)

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 C3 to the Listing Rules as the Company’s code for dealings in securities of the Company by the Directors. Having made specific enquiry of all the Directors, they have confirmed that they have complied with the Model Code during the six months ended 29 February 2024.

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 C1 to the Listing Rules and has complied with all the applicable code provisions, save and except for code provision C.2.1 which stipulates that the roles of chairman and chief executive (“**CEO**”) should not be performed by the same individual.

Ms. Li Suwen (“**Ms. Li**”) was appointed as the chairperson of the Board (“**Chairperson**”) following the step down of Mr. Liu Xuebin from the position of chairman of the Board on 28 September 2018. Ms. Li performs the dual roles of both Chairperson and CEO. The Board believes that it is in the interest of the Company and its Shareholders for Ms. Li to assume the responsibilities of such positions, given that Ms. Li is one of the co-founders of the Group and has extensive experience in the operation and management of the Group as an executive Director and CEO. The Board also considers that such arrangement will not impair the balance of power and authority between the Board and the management as the Board comprises five other experienced individuals including two other executive Directors and three independent non-executive Directors. In addition, for major decisions of the Group, the Company will consult Board committees and senior management as and when appropriate. The Board will review such arrangement from time to time and will continue to review and monitor the corporate governance practices of the Company for the purpose of maintaining high corporate governance standards.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in accordance with the Listing Rules and the CG Code. The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control procedures and risk management system of the Group, overseeing the audit process and performing other duties and responsibilities as assigned by the Board. The Audit Committee comprises three members, namely, Mr. Tam King Ching Kenny, Prof. Sun Kai Lit Cliff, BBS, J.P., and Mr. Huang Weiguo, all being independent non-executive Directors of the Company. Mr. Tam King Ching Kenny is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 29 February 2024. 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 29 February 2024.

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

Dongguan, 26 April 2024

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 29 February 2024

	NOTES	Six months ended	
		29 February 2024 RMB'000 (unaudited)	28 February 2023 RMB'000 (unaudited)
Revenue	3	79,663	113,294
Cost of revenue		(35,750)	(50,693)
Gross profit		43,913	62,601
Other income	4	15,788	19,766
Other gains and losses	5	3,186	(925)
Administrative expenses		(16,006)	(14,044)
Finance income		14,906	4,635
Finance costs		(4,397)	(6,508)
Profit before taxation		57,390	65,525
Taxation	6	(10,216)	(10,550)
Profit and total comprehensive income for the period	7	47,174	54,975
EARNINGS PER SHARE			
Basic (RMB cents)	9	2.17	2.54
Diluted (RMB cents)	9	2.17	2.54

Condensed Consolidated Statement of Financial Position

As at 29 February 2024

	NOTES	At 29 February 2024 RMB'000 (unaudited)	At 31 August 2023 RMB'000 (audited)
Non-current Assets			
Property, plant and equipment	10	2,531	2,992
Right-of-use assets	10	103,215	104,742
Trade receivables, deposits, prepayments and other receivables	11	209,700	194,700
Financial assets at fair value through profit or loss ("FVTPL")	12	100	100
Pledged bank deposits	13	—	292,146
Deferred tax assets		721	540
		316,267	595,220
Current Assets			
Inventories — goods for sale		23,660	4,935
Trade receivables, deposits, prepayments and other receivables	11	499,600	461,030
Financial assets at FVTPL	12	119,531	136,127
Pledged bank deposits	13	295,488	—
Cash and cash equivalents	14	130,364	242,226
		1,068,643	844,318
Current Liabilities			
Contract liabilities	15	27,426	23,819
Trade and other payables and accrued expenses	16	161,281	230,760
Income tax payable		44,483	49,182
Lease liabilities		942	920
Borrowings	17	290,098	36,980
Financial guarantee contracts	18	200,663	229,943
Dividend payables	8	108,872	—
		833,765	571,604
Net Current Assets		234,878	272,714
Total Assets Less Current Liabilities		551,145	867,934

Condensed Consolidated Statement of Financial Position (Continued)

As at 29 February 2024

	NOTE	At 29 February 2024 RMB'000 (unaudited)	At 31 August 2023 RMB'000 (audited)
Capital and Reserves			
Share capital	19	19,263	19,263
Reserves		531,805	592,946
		551,068	612,209
Non-current Liabilities			
Lease liabilities		77	554
Borrowings		—	255,171
		77	255,725
		551,145	867,934

Condensed Consolidated Statement of Changes in Equity

For the six months ended 29 February 2024

	Share capital RMB'000	Share premium RMB'000	Merger reserve RMB'000 (Note i)	Statutory surplus reserve RMB'000 (Note ii)	Shares held for share award scheme reserve RMB'000	Accumulated profits RMB'000	Total RMB'000
At 1 September 2022	19,263	228,106	—	8,486	(24,315)	216,151	447,691
Profit and total comprehensive income for the period	—	—	—	—	—	54,975	54,975
Reversal of share-based payment expenses (note 20)	—	—	—	—	(2,531)	—	(2,531)
At 28 February 2023 (unaudited)	19,263	228,106	—	8,486	(26,846)	271,126	500,135
At 1 September 2023	19,263	228,106	5,000	8,128	(26,989)	378,701	612,209
Profit and total comprehensive income for the period	—	—	—	—	—	47,174	47,174
Recognition of share-based payment expenses (note 20)	—	—	—	—	593	—	593
Dividend recognised as distribution (note 8)	—	(108,908)	—	—	—	—	(108,908)
At 29 February 2024 (unaudited)	19,263	119,198	5,000	8,128	(26,396)	425,875	551,068

Notes:

- i. On 30 August 2023, Dongguan Ruixing Business Services Co., Ltd. (東莞瑞興商務服務有限公司) (“**Dongguan Ruixing**”), a wholly-owned subsidiary of the Company, had entered into contractual arrangements with Guangdong Guangzheng Educational Group Co., Ltd. (廣東光正教育集團有限公司) (“**Guangdong Guangzheng**”) and Zhongshan Wenrui Education Investment Co., Ltd. (中山市文睿教育投資有限公司) (“**Zhongshan Wenrui**”) (the “**Zhongshan Contractual Arrangement**”), which enabled Dongguan Ruixing and the Company to have control over Zhongshan Wenrui though the Company did not have any equity interest in Zhongshan Wenrui. Merger reserve represents the paid-in capital of Zhongshan Wenrui upon the Company becoming the holding company of Zhongshan Wenrui which was effective from the date of the Zhongshan Contractual Arrangement.
- 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. 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.

Condensed Consolidated Statement of Cash Flows

For the six months ended 29 February 2024

	Six months ended	
	29 February 2024 RMB'000 (unaudited)	28 February 2023 RMB'000 (unaudited)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(24,154)	76,685
INVESTING ACTIVITIES		
Interest received	6,235	1,505
Placement of pledged bank deposits	(6,155)	—
Withdrawal of pledged bank deposits	—	62,943
Payments for acquisition of property, plant and equipment	(466)	(44)
Proceeds from disposal of property, plant and equipment	4	—
Proceeds from disposal of investments in debt securities	—	20,983
Dividends received from financial assets at FVTPL	1,055	1,071
Loans to third parties	(35,000)	—
Repayment from Affected Entities (as defined in note 11)	12,087	8,771
Deposit paid for acquisition of an entity	(15,000)	—
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(37,240)	95,229
FINANCING ACTIVITIES		
Repayments of bank borrowings	(9)	(94,162)
Repayments of lease liabilities	(485)	(1,713)
Interest paid	(4,367)	(6,471)
Repayment to Affected Entities	(45,457)	(8,083)
NET CASH USED IN FINANCING ACTIVITIES	(50,318)	(110,429)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(111,712)	61,485
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	242,226	328,744
Effect of foreign exchange rate changes	(150)	801
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash	130,364	391,030



Notes to the Condensed Consolidated Financial Statements

For the six months ended 29 February 2024

1. Basis of Preparation

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

These condensed financial statements should be read in conjunction with the 2023 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 2023.

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 new and 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 29 February 2024 are the same as those presented in the Group’s annual financial statements for the year ended 31 August 2023.

Application of new and amendments to IFRSs

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

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

The application of the new and amendments to IFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

The Group will apply Amendments to IFRS 1 and IFRS Practice Statement 2 *Disclosure of Accounting Policies* which are mandatorily effective for the Group’s annual period beginning on 1 September 2023 for the preparation of the Group’s consolidated financial statements for the year ending 31 August 2024.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 29 February 2024

3. Revenue and Segment Information

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

Revenue represent income from school-related supply chain business and comprehensive educational services less returns and sales related tax.

The Group's chief operating decision maker ("CODM") has been identified as the chief executive officer who reviews revenue analysis of the Group as a whole. For the purposes of resource allocation and assessment of segment performance, the CODM reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and no other discrete financial information is provided to the CODM. Accordingly, the Group has only one operating and reportable segment and no further analysis of this single segment is presented.

The management of the Group assesses the performance of the reportable segment based on the revenue and gross profit for the year of the Group as presented in the 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	
	29 February 2024 RMB'000 (unaudited)	28 February 2023 RMB'000 (unaudited)
School-related supply chain business	52,872	62,294
Comprehensive educational services	26,791	51,000
	79,663	113,294

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 29 February 2024

3. Revenue and Segment Information (Continued)

Disaggregation of revenue from contracts with customers

The following is an analysis of the Group's revenue from its major services:

	Six months ended	
	29 February 2024 RMB'000 (unaudited)	28 February 2023 RMB'000 (unaudited)
<i>Recognised at a point of time</i>		
— School-related supply chain business	48,994	54,561
<i>Recognised over time</i>		
— School-related supply chain business	3,878	7,733
— Comprehensive educational services	26,791	51,000
	79,663	113,294

4. Other Income

	Six months ended	
	29 February 2024 RMB'000 (unaudited)	28 February 2023 RMB'000 (unaudited)
Amortised income of financial guarantee contracts (note 18)	12,538	13,232
Government grants (Note)	3,093	5,679
Others	157	855
	15,788	19,766

Note: Government grants mainly represent unconditional subsidies granted by certain local governments for encouraging domestic business development and giving financial support to the Group's operations. There are no unfulfilled conditions or contingencies relating to the above subsidies.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 29 February 2024

5. Other Gains and Losses

	Six months ended	
	29 February 2024 RMB'000 (unaudited)	28 February 2023 RMB'000 (unaudited)
Exchange gain (loss), net	1,889	(1,708)
Reversal of expected credit loss ("ECL") for financial guarantee contracts (note 18)	16,742	—
Loss on change in fair value of financial assets at FVTPL	(16,596)	(208)
Dividend income from financial assets at FVTPL	1,055	1,071
Others, net	96	(80)
	3,186	(925)

6. Taxation

	Six months ended	
	29 February 2024 RMB'000 (unaudited)	28 February 2023 RMB'000 (unaudited)
Taxation comprises		
Current tax:		
PRC Enterprise Income Tax ("PRC EIT")	10,400	10,544
Overprovision in prior years — Hong Kong Profits Tax	(4)	(20)
Deferred tax (credit) expenses	(180)	26
	10,216	10,550

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

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 29 February 2024

6. Taxation (Continued)

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

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

Other than disclosed above, all other subsidiaries of the Company established in the PRC are subject to the PRC EIT of 25% (2023: 25%) for the six months ended 29 February 2024.

7. Profit for the Period

	Six months ended	
	29 February 2024 RMB'000 (unaudited)	28 February 2023 RMB'000 (unaudited)
Profit for the period has been arrived at after charging (crediting):		
Staff costs, including directors' remuneration		
— salaries and other allowances	8,328	8,106
— retirement benefits scheme contributions	785	643
— share-based payment expenses, net of reversal	593	(2,531)
Total staff costs	9,706	6,218
Depreciation of property, plant and equipment	923	448
Depreciation of right-of-use assets	1,527	1,623
Total depreciation	2,450	2,071
Bank interest income	(3,421)	(4,046)

8. Dividends

During the six months ended 29 February 2024, a final dividend in respect of the year ended 31 August 2023 of RMB0.05 per share (equivalent to HK\$0.055 per share) (2023: nil) amounting to RMB108,908,000 (equivalent to HK\$119,798,000) (2023: nil) was declared to the shareholders of the Company.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 29 February 2024

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	
	29 February 2024 RMB'000 (unaudited)	28 February 2023 RMB'000 (unaudited)
Earnings		
Profit for the period attributable to owners of the Company for the purposes of basic and diluted earnings per share	47,174	54,975
	Six months ended	
	29 February 2024 RMB'000 (unaudited)	28 February 2023 RMB'000 (unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	2,168,969	2,167,959

For the six months ended 29 February 2024 and 28 February 2023, the weighted average number of ordinary shares for the purpose of basic earnings per share shown above have been arrived at after deducting shares held by a share award scheme trust.

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

Additions of property, plant and equipment amounted to RMB466,000 for the six months ended 29 February 2024 (2023: RMB44,000).

No significant disposal of property, plant and equipment or right-of-use assets was made during the six months ended 29 February 2024 and 28 February 2023.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 29 February 2024

11. Trade Receivables, Deposits, Prepayments and Other Receivables

	At 29 February 2024 RMB'000 (unaudited)	At 31 August 2023 RMB'000 (audited)
Trade receivables (Note i)	11,182	2,172
Less: Allowance for credit losses	(1,725)	(1,498)
	9,457	674
Deposits paid for the acquisitions of an entity (Note ii)	15,000	—
Loans to third parties (Note iii)	66,010	30,000
Other receivables from a third party (Note iv)	8,429	9,053
Amounts due from Affected Entities (Note v)	397,785	403,023
Prepayments to a third party for leasehold improvements (Note vi)	14,610	14,610
Prepayments for construction of proposed zhongshan high school (Note vii)	180,090	180,090
Prepayments (Note viii)	19,598	19,451
Others	515	514
	702,037	656,741
Less: Allowance for credit losses	(2,194)	(1,685)
	699,843	655,056
Total trade receivables, deposits, prepayments and other receivables	709,300	655,730
Current	499,600	461,030
Non-current	209,700	194,700
	709,300	655,730

Notes:

- i The amounts mainly represent receivables from customers, which were from contracts for provision of goods and services. Receivables from sales of goods and services fee is received in accordance with the terms of the relevant agreements, the customers are allowed a credit period of 30 to 60 days from date of revenue recognition.
- ii As at 29 February 2024, deposits of RMB15,000,000 have been paid to an independent third party in relation to the acquisition of an entity in Dongguan, Guangdong province.
- iii As at 29 February 2024, the amounts represent loans to third parties amounting to RMB66,010,000 (as at 31 August 2023: RMB30,000,000) that carry interest ranged from 4% to 5% (as at 31 August 2023: 5%) per annum and repayable within 12 months, which is non-trade in nature and unsecured.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 29 February 2024

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

Notes: (Continued)

- iv Other receivables from a third party represent the amounts held in a third party who manage the prepaid charge cards of consumers. The balance will be transferred back to the bank accounts of the Group upon the Group's instruction and based on the balance in the statement mutually agreed by the Group and the third party.
- v During the six months period ended 29 February 2024, interest income in respect of the cash advances made by the Group to the Guangdong Guangzheng and its subsidiaries (collectively referred to as the "Affected Entities") during 1 September 2021 to 28 November 2023 amounting to RMB10,474,000 has been recognised in finance income. Details of the transaction and the calculation basis of interest payment, please refer to the Company's announcement dated 23 February 2024.

Other than that, as at 29 February 2024 and 31 August 2023, the amounts represent the amounts due from Affected Entities, which are non-trade in nature, unsecured, interest-free and repayable on demand.
- vi The prepayments for leasehold improvements are mainly arising from amounts paid to a third party in relation to in relation to the design, decoration and construction works to the Group's retail service centers served for students located in different schools.
- vii Prepayments for construction of proposed zhongshan high school represents the amounts paid to Affected Entities which would pay to relevant contractors on behalf of the Group for the construction of the proposed zhongshan high school. As at 29 February 2024, RMB107,471,000 has been paid to relevant contractors.
- viii Other prepayments mainly represent the advances paid to suppliers for purchasing of school supplies, school uniform, daily necessities and foods that have not been received.

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

	At 29 February 2024 RMB'000 (unaudited)	At 31 August 2023 RMB'000 (audited)
Within 3 months	9,429	—
6 months to 1 year	—	13
Over 1 year	28	661
	9,457	674

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 29 February 2024

12. Financial Assets at FVTPL

	At 29 February 2024 RMB'000 (unaudited)	At 31 August 2023 RMB'000 (audited)
Current (Note i)	119,531	136,127
Non-current (Note ii)	100	100
	119,631	136,227

Notes:

- (i) The amounts represent the Group's investment in unlisted private funds as at 29 February 2024 and 31 August 2023, which were managed by financial institutions incorporated in Hong Kong. They were mandatorily classified as financial assets at FVTPL as its contractual cash flows are not solely payments of principal and interest. The funds are classified as current at the period ended as the investments are redeemable within 12 months after the end of the reporting period.
- (ii) On 25 March 2023, Xiamen Wisdom Private Fund Management Co., Ltd. (廈門市睿見私募基金管理有限公司) ("**Xiamen Wisdom**"), a subsidiary of the Company entered into a partnership agreement and a supplemental agreement ("**Partnership Agreement**") with an independent third party to establish a private fund (the "**Fund**") with a 5-year expected investment period in the PRC. According to the Partnership Agreement, Xiamen Wisdom subscribed for equity interest in the Fund as general partner at a consideration of RMB100,000. The Fund is classified as non-current and measured at fair value as at 29 February 2024 and 31 August 2023.

As at 29 February 2024, financial assets at FVTPL amounting to RMB27,744,000 (as at 31 August 2023: RMB27,999,000) has been pledged as security for the Group's borrowings as set out in note 17.

As at 29 February 2024, financial assets at FVTPL amounting to RMB119,531,000 (as at 31 August 2023: RMB136,127,000) is denominated in HK\$.

Details of the fair value measurement for the financial assets at FVTPL are set out in note 22.

13. Pledged Bank Deposits

Pledged bank deposits represent deposits pledged to banks to secure bank facilities granted to the Group. The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

As at 29 February 2024, the pledged bank deposits carried a weighted-average interest rate of 2.15% (as at 31 August 2023: 2.15%) per annum.

14. Cash and Cash Equivalents

Cash and cash equivalents of the Group are comprise of cash on hand and bank balances. As at 29 February 2024, the Group's bank balances carried a weighted-average interest rate of 0.20% (as at 31 August 2023: 0.20%) per annum.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 29 February 2024

15. Contract Liabilities

	At 29 February 2024 RMB'000 (unaudited)	At 31 August 2023 RMB'000 (audited)
School-related supply chain business	12,050	7,830
Comprehensive educational services	15,376	15,989
	27,426	23,819

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

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

	Six months ended	
	29 February 2024 RMB'000 (unaudited)	28 February 2023 RMB'000 (unaudited)
Revenue recognised that was included in the contract liability balance at the beginning of the period	11,630	14,020

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

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

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 29 February 2024

16. Trade and Other Payables and Accrued Expenses

	At 29 February 2024 RMB'000 (unaudited)	At 31 August 2023 RMB'000 (audited)
Trade payables (Note i)	55,608	68,626
Accrued staff benefits and payroll	6,297	4,456
Other tax payables	2,278	11,614
Deposits received	1,136	2,372
Amounts due to Affected Entities (Note ii)	81,803	126,817
Other payables	14,159	16,875
	161,281	230,760

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 29 February 2024 and 31 August 2023, the trade payables were aged within 180 days based on invoice date.
- ii. At 29 February 2024 and 31 August 2023, the amounts are non-trade in nature, unsecured, interest-free and repayable on demand.

17. Borrowings

The borrowings carry interest with reference to the Hong Kong Interbank Offered Rate ranged from 2.5% to 7.5% (as at 31 August 2023: 2.5% to 8.3%) as at 29 February 2024.

As at 29 February 2024 and 31 August 2023, the Group's bank borrowings are secured by pledged bank deposits, properties of Guangdong Guangzheng and investment in unlisted private funds that is recognised as financial assets at FVTPL.

Certain borrowings are also guaranteed by the Company, Dongguan Ruixing, Guangdong Guangzheng and Mr. Liu Xuebin ("Mr. Liu"), the ultimate controlling party of the Company at no cost. The guarantee amounts provided by the related party at 29 February 2024 and 31 August 2023 are as follows:

Name of related party	At 29 February 2024 RMB'000 (unaudited)	At 31 August 2023 RMB'000 (audited)
Mr. Liu	27,263	27,462
Guangdong Guangzheng	9,500	9,500

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 29 February 2024

18. Financial Guarantee Contracts

	At 29 February 2024 RMB'000 (unaudited)	At 31 August 2023 RMB'000 (audited)
Financial guarantee contracts	200,663	229,943

The financial guarantee contracts provided to Affected Entities that were recognised as at 29 February 2024 and 31 August 2023. As at 29 February 2024, the aggregate amount of outstanding financial guarantees issued to banks in respect of banking facilities granted to Affected Entities that the Group could be required to pay upon amounted to RMB4,118,105,000 (as at 31 August 2023: RMB4,300,777,000) if the guarantees were called upon in entirety. As at 29 February 2024, RMB2,693,875,000 (as at 31 August 2023: RMB2,876,547,000) of the outstanding financial guarantees has been utilised by the Affected Entities.

During the six months ended 29 February 2024, amortised income of financial guarantee contracts amounting to RMB12,538,000 (2023: RMB13,232,000) is recognised in other income and ECL for financial guarantee contracts amounting to RMB16,742,000 (2023: nil) is reversed in other gains or losses, which are set out in notes 4 and 5, respectively.

19. Share Capital

	Par value	Number of shares	Nominal amount HK\$
Ordinary shares			
Authorised:			
At 1 September 2022 (audited), 28 February 2023 (unaudited), 1 September 2023 (audited) and 29 February 2024 (unaudited)	HK\$0.01	10,000,000,000	100,000,000

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 29 February 2024

19. 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 2022 (audited), 28 February 2023 (unaudited), 1 September 2023 (audited) and 29 February 2024 (unaudited)	HK\$0.01	2,178,154,000	21,781,540	19,263,024	19,263

20. Share-Based Payments

Share Award Scheme

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

During the six months ended 29 February 2024 and 28 February 2023, no share has been purchased by the trustee. During the six months ended 29 February 2024, share-based payment expenses amounted to RMB593,000 (2023: reversal of share-based payment expenses amounted to RMB2,531,000) was recognised under the share award scheme. No shares were vested for the six months ended 29 February 2024 and 28 February 2023. As at 29 February 2024, the number of shares held by the Trustee was 10,195,000 shares (as at 31 August 2023: 10,195,000 shares), of which are 1,010,000 shares (as at 31 August 2023: 1,010,000 shares) have been vested and yet to transfer to the Selected Participants, the net total number of shares held by the Trustee was 9,185,000 shares (as at 31 August 2023: 9,185,000 shares) but have not yet vested under the share award scheme.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 29 February 2024

21. Related Party Transactions

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

Relationships	Nature of transactions	Six months ended	
		29 February 2024 RMB'000 (unaudited)	28 February 2023 RMB'000 (unaudited)
An entity controlled by Mr. Liu	Hospitality expenses	15	—
An entity controlled by Ms. Li Suwen (“ Ms. Li ”)	Interest expenses on lease liabilities	31	—
Affected Entities controlled by Mr. Liu and Ms. Li	Interest income	10,474	—

Relationships	Nature of balances	At	At
		29 February 2024 RMB'000 (unaudited)	31 August 2023 RMB'000 (audited)
An entity controlled by Ms. Li	Lease liabilities	1,019	1,474
An entity controlled by Ms. Li	Rental deposits	282	285
Mr. Liu	Amount due to a director (Note)	982	989

Note: The amount due to a director is non-trade in nature, unsecured, interest-free and repayable on demand.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 29 February 2024

21. Related Party Transactions (Continued)

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

Amounts due from/to Affected Entities

Details of balances with Affected Entities are set out in notes 11 and 16.

During the six months ended 29 February 2024, Affected Entities collected amounts on behalf of the Group amounting to RMB5,473,000 (2023: RMB2,934,000) and the Group collected amounts on behalf of Affected Entities amounting to RMB2,268,000 (2023: RMB498,000).

Guarantees in support of bank borrowings

Details of financial guarantee provided by Mr. Liu and Guangdong Guangzheng in respect of the bank borrowings are set out in note 17.

Details of financial guarantee contracts in support of the bank borrowings of the Affected Entities provided by the Company and Dongguan Ruixing are set out in note 18.

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	
	29 February 2024 RMB'000 (unaudited)	28 February 2023 RMB'000 (unaudited)
Short-term benefits	3,252	3,056
Post-employment benefits	16	8
Share-based payment expenses, net of reversal	212	(1,886)
	3,480	1,178

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 29 February 2024

22. Fair Value Measurements of Financial Instruments

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

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

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	29 February 2024 (unaudited)	31 August 2023 (audited)		
1). Financial assets at FVTPL (note 12)	Assets RMB27,744,000	Assets RMB27,999,000	Level 2	Quoted price based on financial institute at the end of the reporting period.
2). Financial assets at FVTPL (note 12)	Assets RMB91,787,000	Assets RMB108,128,000	Level 3	Net asset value as stated on the quotation report issued by financial institutions.
3). Financial assets at FVTPL (note 12)	Assets RMB100,000	Assets RMB100,000	Level 3	Market approach by reference to recent financing pricing of the investments.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 29 February 2024

22. Fair Value Measurements of Financial Instruments (Continued)

Reconciliation of Level 3 fair value measurements

	Financial assets at FVTPL RMB'000
At 1 September 2022 (audited)	103,911
Change in fair value	827
At 28 February 2023 (unaudited)	104,738
At 1 September 2023 (audited)	108,228
Change in fair value	(16,341)
At 29 February 2024 (unaudited)	91,887

As at 29 February 2024, 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.

23. Events After the Reporting Period

On 19 April 2024, the Company entered into a sale and purchase agreement with Glorious Maple Limited (the "**Glorious Maple**"), a company incorporated in British Virgin Islands with limited liability, pursuant to which the Company agreed to dispose of to Glorious Maple and Glorious Maple agreed to purchase from the Company 117,000 Class A Participating Shares in the GLAM-HKCFC MBS FUND (the "**Glam Fund**") at a consideration of HK\$101 million (the "**Disposal**"). The investment in the Glam Fund is recognised as financial assets at FVTPL as at 29 February 2024 and details are set out in note 12. Up to the date of these condensed consolidated financial statements are authorised for issue, the Disposal has been completed and the Company has ceased to hold any interest in the Glam Fund. Details of the Disposal, please refer to the Company's announcement dated 19 April 2024.