

【For Immediate Release】

21 November 2017



## Wisdom Education International Holdings Company Limited

(Stock code: 6068.HK)

### Announces 2017 Annual Results

Revenue Rose by 39.7% yoy to RMB979 Million

Core Net Profit Surged by 33.8% yoy to RMB249 Million

Multi-drivers Growth Through Acquisitions, New Schools and Capacity Expansion

Seize the opportunities from the rapid development of Guangdong-Hong Kong-Macau  
Greater Bay Area

#### Financial Highlights

RMB'000	For the year ended 31 August		Change
	2017	2016	
Revenue	979,140	700,741	+39.7%
Gross profit	449,851	330,389	+36.2%
Profit for the year	200,195	154,363	+29.7%
Core net profit	248,517	185,775	+33.8%
Earnings per share (RMB cents)	11.0	10.0	--
Interim dividend (HKD)	0.027		
Final dividend (HKD)	0.030	--	--

(Hong Kong – 21 November 2017) **Wisdom Education International Holdings Company Limited** (“Wisdom Education” or the “Company” together with its subsidiaries, the “Group”, stock code: 6068.HK) is pleased to announce its annual results for year ended 31 August 2017 (the “Year”).



Wisdom Education International Holdings Company Limited is one of the largest private education provider in South China, offering premium primary and secondary boarding schools. During the Year, the Group has 6 premium private schools in 5 campuses, with a total enrolment of approximately 31,788 students. Among which, 4 schools are located in Guangdong province, 1 school is located in Liaoning and 1 school is located in Shandong province, providing grade 1 to grade 12 PRC curriculum education as well as international programmes for high school students who aim to pursue overseas education.

During the Year, the Group recorded a 39.7% year-on-year (“yoy”) growth in revenue, reaching RMB979.1 million (2016: RMB700.7 million). The increase in revenue was brought by the increase in overall student enrolment, the increase in tuition and boarding fees for new students in certain schools, as well as the increasing utilization of ancillary services due to an expanding service portfolio. The overall gross profit of the Group rose from RMB330.4 million to RMB449.9 million, representing a growth of 36.2% yoy. When netting off all one-off and non-cash items, core net profit surged by 33.8% to RMB248.5 million (2016:RMB185.8 million).

The Board has resolved to recommend the payment of a final dividend of RMB0.026 (equivalent to HK\$0.030) per share. Together with the interim dividend paid of RMB0.024 (equivalent to HK\$0.027) per share, total dividend will be RMB0.05 (equivalent to HK\$0.057) per share for the year ended 31 August 2017.

### **Student enrolment**

During the Year, total number of students has increased by 15.0% yoy to 31,788, primarily due to the expansion of capacity for Dongguan Guangzheng Preparatory School and Huizhou Guangzheng Preparatory School, and the commencement of primary and middle school operation of Weifang Guangzheng Preparatory School with effect from 1 September 2016. The enrolment was largely dominated by students of primary and middle schools programmes, representing 35.2% and 39.4% of total enrolment. In terms of student withdrawal, for each of the school years of 2014/2015, 2015/2016 and 2016/2017, the withdrawal rate was maintained at less than 1%.



As at 1 September 2017 (beginning of 2017/2018 school year), there were 41,180 enrolled students, indicating an increase of 29.5% as compared to that of 1 September 2016. The increase in student enrolment was partly due to a 15.4% organic growth in student enrolment of the original schools, and partly due to 14.1% growth as a result of the acquisition of Huanan Shida Yuedong Preparatory School (“Jieyang School”).

### **Tuition**

During the Year, revenue from tuition and boarding fees surged by 22.0% yoy, from RMB550.1 million to RMB671.2 million, contributing 68.5% of total revenue. The average tuition and boarding fee per student also increased by 6.1% yoy, rising from RMB19,900 to RMB21,114. In particular, the tuition and boarding fees of high school category increased the most, with a 9.9% yoy increase to RMB22,115, while middle school and primary school categories also enjoyed an increase of 6.6% yoy and 2.9% yoy to RMB21,021 and RMB19,110 respectively.

With effect from 1 September 2017, new primary and middle school students of Weifang Guangzheng Preparatory School are subject to new tuition and boarding fees increments of more than 25% increase, whereas new primary and middle school students of Panjin Guangzheng Preparatory School are subject to new tuition and board fees increments of more than 6%.

### **Acquisition of Jieyang School (華南師大粵東實驗學校)**

On 19 June 2017, a consolidated affiliated entity of the Company has entered into an agreement with an independent third party regarding the acquisition of 70% sponsor’s interest in Jieyang School at a consideration of RMB91 million. On the same day, it has also entered into another agreement regarding the acquisition of 70% interest in the land, buildings and facilities thereon currently occupied by Jieyang School (“Assets”) at a consideration of RMB133 million. Upon the acquisitions, the financial statements of Jieyang School and the Assets were consolidated in the consolidated financial statements of the Group with effect from 1 September 2017.

Jieyang School is a private school located in Jieyang city, Guangdong province providing primary, middle and high school education, with approximately 3,200 students during the Year.



### Expansion of Schools' Capacity and New High Schools Opened

As the overall schools' utilization was about 95.9% during the Year, the Group expanded its student capacity in order to cope with the growth in student enrolment in the next two school years. Specifically, the overall student capacity has increased from 33,152 as at 1 September 2016, to 49,804 as at 1 September 2017, representing a yoy growth of approximately 50.2%. During the Year, a new high school was opened in each of Panjin Guangzheng Preparatory School and Weifang Guangzheng Preparatory School with effect from 1 September 2017.

### Prospects

**Mr. Liu Xuebin, the Chairman of Wisdom Education**, said, "Driven by the implementation of Two-child policy as well as the growth in middle-and-high income families in China, the increase in spending on premium private fundamental education is expected to continue. As the largest premium private education provider in South China, the Group will benefit from the rapid development of Guangdong-Hong Kong-Macau Greater Bay Area, where the infrastructure and community facilities would bring talents, and hence their needs, such as premium educational services, to the area. In order to capture such opportunity, we will continue to consolidate our presence in Guangdong with a primary focus on the Greater Bay Area, while acting as a supplement to public schools but with more educational resources and enrolment flexibility."

**Mr. Liu** continued, "One of our key strategies is to establish our own schools through collaborations with local government. For example, we have entered into a cooperation agreement with the Yunfu government for the construction of a new school, which will offer primary, middle and high school education with a target maximum capacity of 10,680 students. We have also entered into an agreement with the Guang'an government with a target maximum capacity of approximately 9,280 students, and both projects commencing operation in September 2018. Looking ahead, we will seek the possibility of capacity expansion, as well as local private schools acquisitions, to further fuel our business growth. With our operational know-how, proven track record, and strong government support, we are confident that Wisdom Education can nurture elites for the society, and eventually generate fruitful returns for our shareholders and stakeholders." **Mr. Liu** concluded.

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### **About Wisdom Education International Holdings Company Limited**

Wisdom Education International Holdings Company Limited focuses on providing high quality PRC curriculum programmes for primary and secondary school students, with “serving the society with honesty and integrity through our services” and “cultivating talents with a warm and loving heart” as its educational objectives. As measured by student enrolment as of 1 September 2015, the group is the largest private education group in South China operating premium primary and secondary schools. As of 1 September 2016, the group operated six premium private schools located in Guangdong, Liaoning and Shandong province, with a total enrolment of 31,788 students. As of 1 September 2017, total enrolment of the Group reached 41,180 students. For each of the 2013/2014, 2014/2015 and 2015/2016 school years, nearly 95% of the high school graduates were admitted to universities in China.

This press release is issued by DLK Advisory Limited on behalf of **Wisdom Education International Holdings Company Limited**.

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