



【For Immediate Release】

27 November 2018



Wisdom Education International Holdings Company Limited

(Stock code: 6068.HK)

Announces 2018 Annual Results

Revenue Increased by 27.3% YoY to RMB1,246.9 Million
Core Net Profit Surged by 29.6% YoY to RMB322.0 Million
Aims to Achieve Full Coverage in the Greater Bay Area in order to
Capture Future Opportunities

Financial Highlights

RMB'000	For the year ended 31 August		
	2018	2017	Change
Revenue	1,246,920	979,140	+27.3%
Gross profit	544,866	449,851	+21.1%
Profit for the year	307,182	200,195	+53.4%
Core net profit	321,967	248,517	+29.6%
Earnings per share (RMB cents)	15.0	11.0	--
Interim dividend (HK\$ cents)	4.0	2.7	--
Final dividend (HK\$ cents)	4.0	3.0	--

(Hong Kong – 27 November 2018) **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 the year ended 31 August 2018 (the “Year”).



During the Year, the Group's total student enrolment increased by 36.0% year-on-year ("YoY") to 43,230. Total revenue increased by 27.3% YoY to RMB1,246.9 million (2017: RMB979.1 million) on the organic growth in tuition and boarding fees, as well as the addition of the newly acquired Huanan Shida Yuedong Preparatory School (華南師大粵東實驗學校)("Jieyang School") and Weifang Weizhou Foreign Language School (濰坊市濰州外國語學校)("Weifang Weizhou School"). Gross profit rose from RMB449.9 million to RMB544.9 million, representing a growth of 21.1% YoY. When netting of all one-off and non-cash items, core net profit surged by 29.6% to RMB322.0 million (2017: RMB248.5 million), while core net profit margin slightly increased to 25.8% from 25.4% last year.

Earnings per share amounted to RMB15.0 cents (2017: RMB11.0 cents). The Board of Directors recommends a final dividend of HK\$4.0 cents per share. Together with the interim dividend paid of HK\$4.0 cents per share, total dividend for the Year reached HK\$8.0 cents per share.

Tuition and boarding fees

During the Year, revenue from tuition and boarding fees increased by 25.3% YoY, from RMB671.2 million to RMB841.2 million, contributing 67.5% of the total revenue. The average annual tuition and boarding fees per student without taking into consideration of the acquisitions of Jieyang School and Weifang Weizhou School increased by 1.9% to RMB21,512.

Acquisitions of Jieyang School, Weifang Weizhou School, and Zhang Pu Longcheng Schools

During the Year, the Group acquired 70% interest in Jieyang School and the entire interest in Weifang Weizhou School. The acquisition of Jieyang School allows the Group to further strengthen its foothold in Guangdong province while Weifang Weizhou School will be a good feeder school to the Group's Weifang Guangzheng Preparatory School.

In its latest transaction, the Group entered into an agreement on 20 August 2018 to purchase the entire sponsor's interests in Zhang Pu Longcheng School (漳浦龍成中學) and Zhang Pu Longcheng Primary School (漳浦龍成中學附屬小學)(collectively, "Zhang Pu Longcheng Schools"), and the entire interest in a parcel of land with a site area of approximately 100 mu occupied by the schools. The Group completed the necessary registration procedures and obtained the relevant licences on 21 November 2018. Other conditions precedent for the transaction have also been completed. Currently, Zhang Pu Longcheng Schools are operated in nearly full capacity with a total student enrolment of approximately 2,900.



Expanding Capacity and Opening of High School Sections

In July 2018, the Group entered into an agreement with an independent third party, in which the Group agreed to acquire all of the land, buildings and related facilities on an existing school campus in close proximity to the Group's flagship Dongguan Guangming School and Dongguan Guangming Primary School (together, "Dongguan Guangming Secondary and Primary Schools"). The campus will add a total of approximately 1,500 in student capacity to the two schools from the 2018/2019 school year.

Total student capacity increased from 51,924 as at 1 September 2017 (for the 2017/2018 school year) to 63,000 as at 1 September 2018 (for the 2018/2019 school year). The Group is targeting to further increase the student capacity to 123,624 in the future to cope with growth in student enrolment.

In September 2017, a high school section was opened in both Panjin Guangzheng Preparatory School and Weifang Guangzheng Preparatory School, further solidifying the Group's source of revenue.

New greenfield schools

With a proven track record in leveraging on its school brand to replicate the business, the Group will build more greenfield schools through cooperation with local governments in respect of the allocation of land use rights for educational purposes or through bidding more land use rights for educational use in order to sustain future growth.

The local government of Yunfu city, Guangdong province, has allocated a parcel of land to the Group for educational purposes, which will be used for the phased construction of Yunfu Guangming School. The school is going to host primary, middle, and high school sections, with a target maximum capacity of approximately 10,680 students. The first phase is expected to commence operation in the 2019/2020 school year.

In October 2018, the Group made a successful bid for a parcel of land of approximately 148 mu (畝) (equivalent to approximately 98,800 square meters) in Foshan, Guangdong province on a 50-year term for educational purposes. It will be used for the establishment of a boarding school, which can host no less than 4,440 students, and the first phase of student recruitment will commence before 1



September 2019.

The Group also entered into cooperation agreements with the local governments of Jiangmen and Chaozhou in Guangdong province, each of which agreed to allocate a parcel of land to the Group for the proposed establishment of a boarding school comprising primary, middle and high school sections. In addition, the Group has signed framework agreements with the local governments of Guangzhou and Zhaoqing in Guangdong province respectively, in respect of the proposed cooperation of the development of a primary and secondary boarding school in each of these cities.

Capturing opportunities in the Greater Bay Area

The Group will continue to focus on expanding its school network in Guangdong province to enhance its brand influence, and intends to have a comprehensive school coverage across the Greater Bay Area.

The Greater Bay Area, covering 56,500 square kilometres, includes 9 cities in Guangdong province — Guangzhou, Shenzhen, Foshan, Dongguan, Huizhou, Zhuhai, Zhongshan, Jiangmen and Zhaoqing. Its combined GDP reached USD1.51 trillion in 2017, with an estimated population of 69.6 million. It is expected that the opening of the Guangzhou-Shenzhen-Hong Kong Express Rail Link and the Hong Kong-Zhuhai-Macao Bridge will further facilitate the flow of capital and provide more business opportunities in the Greater Bay Area, attracting more talents to move with their children to Guangdong province from other regions in China.

The Board of Directors of Wisdom Education said, “Wisdom Education is committed to supporting the government’s policies. Based in Guangdong, the Group is aiming for a comprehensive coverage in the Greater Bay Area, and to contribute to the local economic and education development. Wisdom Education has already tapped into 6 out of the 9 Greater Bay Area cities. Meanwhile, the Group will also fully capture the benefits of consumption upgrades and two-child policy by exploring investment opportunities in other economically advanced provinces and cities, and further grow its business.”

It is forecast that about 35% of China’s population will belong to the upper-middle and high income classes by 2030. The growth in the number of middle and high income class families, as well as the rise in their corresponding disposable income, are expected to drive their spending on premium, private, fundamental education. Meanwhile, China’s two-child policy will encourage a higher birth



rate, offering another medium-to-long-term driver for premium, private education sector. Under such favourable environment, the Group will continue to expand its school network in order to further maintain its market-leading position.

The Board concluded, “Going forward, Wisdom Education will uphold its mission of “serving the society with honesty and integrity through our services and cultivating talent with a warm and loving heart”. Guided by government policies, the Group will continue to expand its school network and nurture more for talent the society.”

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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 talent with a warm and loving heart” as its educational objective. The Group is a leading education group in South China operating premium primary and secondary schools. The Group operates 10 premium private schools in 9 campuses, with 4 campuses located in Guangdong province, 1 in Liaoning province, 2 in Shandong province, 1 in Sichuan province and 1 in Fujian province, and a total enrolment of 51,520 students. For each of the 2014/2015, 2015/2016 and 2016/2017 school years, approximately 90% 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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