

【 For Immediate Release 】

26 April 2018



Wisdom Education International Holdings Company Limited

(Stock code: 6068.HK)

Announces 2018 Interim Results

Revenue Surged by 18.8% yoy to RMB592.0 Million
 Core Net Profit Increased by 34.8% yoy to RMB162.7 Million
 Sustainable Expansion Led by Acquisitions, New Schools, and Capacity Expansion
 Opportunities Captured from the Rapid Development of Guangdong-Hong Kong-Macau
 Greater Bay Area

Financial Highlights

RMB'000	For the six months ended 28 February		Change
	2018	2017	
Revenue	591,995	498,142	+18.8%
Gross profit	261,785	230,861	+13.4%
Profit for the period	145,620	107,280	+35.7%
Core net profit	162,701	120,662	+34.8%
Earnings per share (RMB cents)	7.0	7.0	--
Interim dividend (HKD cents)	4.0	2.7	+48.1%

(Hong Kong – 26 April 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 the interim results for the six months ended 28 February 2018 (the “Period”).



Wisdom Education is the largest private education provider in South China, running premium primary and secondary boarding schools. On 1 September 2017, the Group completed the acquisition of Huanan Shida Yuedong Preparatory School (華南師大粵東實驗學校)(“Jieyang School”) in Jieyang, Guangdong at a total consideration of RMB224 million. Upon completion of the acquisition, the Group operates 7 premium private schools in 6 campuses, situated in Dongguan, Huizhou and Jieyang of Guangdong province, Panjin of Liaoning province, and Weifang of Shandong province, providing grade 1 to grade 12 PRC curriculum education as well as international programmes to high school students who aim to pursue overseas education with a total enrolment of 41,180 students.

During the Period, the Group’s total revenue increased by 18.8% year-on-year (“yoy”) to RMB592.0 million (2017: RMB498.1 million). The increase was attributable to the surge in organic growth in tuition and boarding fees, as well as the contribution from the newly acquired Jieyang School. The overall gross profit of the Group rose from RMB230.9 million to RMB261.8 million, representing a growth of 13.4% yoy. When netting of all one-off and non-cash items, core net profit surged by 34.8% to RMB162.7 million (2017: RMB:120.7 million). Core net profit margin increased by 3.3 percentage points (“p.p.”) from 24.2% to 27.5%.

Earnings per share amounted to RMB7.0 cents (2017: RMB7.0 cents). The Board of Directors recommends an interim dividend of HKD4.0 cents per share.

Student enrolment

As at 28 February 2018, the total number of students has increased by 29.5% yoy to 41,180. This was primarily due to a 15.4% organic growth in student enrolment and a 14.1% growth through the acquisition of Jieyang School. The enrolment was largely dominated by students of primary and middle schools programmes, representing 33.1% and 44.2% respectively of total enrolment.

Tuition

For the six months ended 28 February 2018, revenue from tuition and boarding fees increased by 24.3% yoy, from RMB335.8 million to RMB417.4 million, contributing 70.5% of total revenue. The average tuition and boarding fees per student without taking into consideration of the acquisition of Jieyang School increased by 1.7% to RMB10,747, as a result of the increase in tuition and boarding



fees for new students in Panjin Guangzheng Preparatory School and Weifang Guangzheng Preparatory School.

Acquisitions of Jieyang School and Weifang Weizhou Foreign Language School (潍坊市潍州外国语學校)

On 1 September 2017, the Group completed the acquisition of 70% interest in Jieyang School, as well as the land, buildings, and facilities with an area of approximately 190 mu (畝) (equivalent to approximately 127,000 square metres), at a total consideration of RMB224 million. The acquisition allows the Group to further strengthen its foothold in Guangdong province, a major market of the Group's operation and future development strategy, while providing additional students to enhance the Group's revenue base.

In addition, on 16 April 2018, the Group entered into a sale and purchase agreement with an independent third party in relation to the acquisition of the entire sponsor's interest in Weifang Weizhou Foreign Language School (潍坊市潍州外国语學校) at a cash consideration of RMB111 million. With a parcel of land of approximately 38 mu (equivalent to approximately 25,300 square metres) as well as being one of the best primary schools in the area, the Group believes that Weifang Weizhou Foreign Language School will be a good match as a feeder school to the middle school section of Weifang Guangzheng Preparatory School, offering strong synergistic effect upon completion.

New greenfield schools

On 4 May 2016, the Group entered into a cooperation agreement with the local government of Guang'an city in Sichuan province, as well as the management committee of Guang'an Zaoshan Logistics and Trade Park, to establish a boarding school in Guang'an with a target maximum capacity of approximately 9,280 students, offering primary, middle and high school education and international programmes. Moreover, the Group entered agreements with the local government of Yunfu city in Guangdong province and Chaozhou city in Guangdong province on 19 July 2016 and 30 November 2017 to establish boarding schools in the two cities respectively. The target maximum capacity of the two boarding schools will reach approximately 10,680 students and 8,000 students respectively. The establishment of the new school projects will further consolidate the Group's brand and presence in the Guangdong province.



Capturing opportunities in the Greater Bay Area

To tie in with the development of the Greater Bay Area, the Group entered into a cooperation agreement with the local government of Kaiping, Jiangmen city in Guangdong province to establish a boarding school in Kaiping by providing primary, middle and high school education. With a target maximum capacity of approximately 7,500 students and a site area of approximately 200 mu (equivalent to approximately 133,000 square metres), the school is expected to commence operation after the 2018/2019 school year.

Capacity expansion

The Group will continue to increase its student capacity in order to cope with the future growth in student enrolment and to capture the opportunities brought by the development of the Greater Bay Area. Total student capacity increased from 33,152 as at 1 September 2016 (for the 2016/2017 school year) to 49,804 as at 1 September 2017 (for the 2017/2018 school year). The Group is targeting to further increase the student capacity of the existing schools to 60,304 by 1 September 2018.

Tax rate reduction benefited from the revised law for promoting private education in China

The effective tax rate of the Group was reduced from 27.4% to 8.0% for the six months ended 28 February 2018, primarily because all schools of the Group are classified as not-for-profit schools, where tuition and boarding fees are entitled to the same EIT exemption as public schools.

Prospects

According to the Chinese government statistics, the gross domestic product (“GDP”) of Guangdong province reached about RMB7.9 trillion and the population was about 109 million in 2016, both of which were ranked first in China. In March 2017, the Chinese government announced a plan for the development of a city cluster in the Guangdong-Hong Kong-Macau Greater Bay Area (“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. The combined GDP of the Greater Bay Area reached USD1.36 trillion in 2016, with an estimated population of 66.7 million.



Mr. Liu Xuebin, the Chairman of Wisdom Education said, “Wisdom Education is committed to contribute to China’s national scheme in coordinating the economic and infrastructure development of the Guangdong-Hong Kong-Macau Greater Bay. With our core business basing in Guangdong, the initiative is going to bring positive synergy to the Group’s future development. As the Hong Kong-Zhuhai-Macao Bridge and the Guangzhou-Shenzhen-Hong Kong Express Rail will soon be opened, it is expected that more talents, along with their children, will relocate and contribute to the development of the Great Bay Area from other provinces in China, further driving the huge demand of premium private education. Going forward, we will actively explore opportunities in second or third-tier cities, which will be the major contributors to China’s economic growth in the future.”

In light of the growing number of middle and high income families in China, it is expected that about 35% of China’s population will belong to the upper-middle income class and high income class by 2030. It is expected that the growth in the number of middle and high income class families, as well as the rise in their corresponding disposable income will drive their spending on premium, private, fundamental education.

At the same time, as a result of the two-child policy, there was an increase in the total number of live births in China. According to the National Bureau of Statistics of China, the total number of live births in China in 2016 was approximately 17.9 million, representing an increase of more than 1 million when compared with that of 2015. It is expected that the policy change will benefit premium, private primary and secondary schools in the medium and long term, as middle and high income class families will generally be able to afford two children under the two-child policy. With such favorable operating environment, the Group will continue to strengthen its leading position in the Pearl River Delta economic zone, by expanding its school network through acquisition of local private schools; establishing more greenfield schools, and increasing the capacity of our existing schools.

Mr. Liu concluded, “Riding on Wisdom’s Education educational philosophy, we are confident that our development strategies will enable the Group to be one of the leading education providers in the Guangdong-Hong Kong-Macau Greater Bay. Looking forward, the Group will continue in striving to nurture elites for the society and generate fruitful results for shareholders.”

- End -



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 the educational objective. 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 2017, the group operated seven premium private schools located in Guangdong, Liaoning and Shandong province, with a total enrolment of 41,180 students. For each of the 2014/2015, 2015/2016 and 2016/2017 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**.

For enquiries, please contact:



DLK Advisory

Tel: +852 2857 7101

Fax: +852 2857 7103