

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 1773

2023

INTERIM REPORT

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Luo Shi (*Chairman*)
Mr. Wang Rui

Non-executive Directors

Mr. Tian Mu (*resigned as a non-executive Director on 22 November 2022*)
Mr. Pan Ping (*appointed as a non-executive Director on 25 April 2023*)
Mr. Zhang Wenzao (*appointed as a non-executive Director on 25 April 2023*)

Independent Non-executive Directors

Mr. Liu Kai Yu Kenneth
Mr. Yang Dong
Mr. Cheng Yiqun

BOARD COMMITTEES

Audit Committee

Mr. Liu Kai Yu Kenneth (*Chairman*)
Mr. Cheng Yiqun
Mr. Yang Dong

Remuneration Committee

Mr. Cheng Yiqun (*Chairman*)
Mr. Wang Rui
Mr. Yang Dong

Nomination Committee

Mr. Luo Shi (*Chairman*)
Mr. Cheng Yiqun
Mr. Liu Kai Yu Kenneth

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square
Grand Cayman KY1-1102
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

JOINT COMPANY SECRETARIES

Mr. Wang Rui
Ms. Zhang Xiao *ACG, HKACG*

AUTHORISED REPRESENTATIVES

Mr. Wang Rui
Ms. Zhang Xiao

LEGAL ADVISOR AS TO HONG KONG LAW

Jingtian & Gongcheng LLP
Suites 3203-3207, Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

REGISTERED OFFICE IN CAYMAN ISLANDS

PO Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

HEADQUARTER IN THE PRC

Tower T25
Qinyang Industrial Zone
Chengdu
Sichuan Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKS

Industrial and Commercial Bank of China
Agricultural Bank of China
China Citic Bank

STOCK CODE

1773

COMPANY WEBSITE

<http://www.tianlieducation.com>

Financial Highlights

	For the six months ended 28 February			Percentage
	2023 RMB'000	2022 RMB'000	Change RMB'000	Change
Revenue	946,591	399,063	547,528	137.20%
Gross Profit	370,780	112,834	257,946	228.61%
Profit for the period	170,611	30,802	139,809	453.90%
Adjusted profit for the period (<i>Note</i>)	185,866	36,279	149,587	412.32%
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY				
	RMB	RMB	RMB	
Basic	8.10 cents	1.47 cents	6.63 cents	451.02%
Diluted	8.10 cents	1.46 cents	6.64 cents	454.79%
	RMB	RMB	RMB	
Interim dividend per Share	2.43 cents	–	–	–
Dividend payout ratio	30%	–	–	–

Note: The adjusted profit for the period was derived from profit for the period excluding share of losses of a joint venture and associates, depreciation and amortisation arising from valuation appreciation and other items which are not indicative of the Group's operating performance. These are not International Financial Reporting Standard ("IFRS") measures. Please see the tables headed "Calculation of the adjusted profit for the period" below for further details.

Calculation of the adjusted profit for the period

	For the six months ended 28 February 2023 RMB'000	For the six months ended 28 February 2022 RMB'000
Profit for the period	170,611	30,802
Add:		
Share of loss of a joint venture	3,748	473
Share of losses of associates	685	103
Equity-settled share award scheme expenses	2,122	3,527
Foreign exchange losses	3,216	1,374
Depreciation and amortisation arising from valuation appreciation	5,484	–
Adjusted profit for the period	185,866	36,279

Management Discussion and Analysis

BUSINESS REVIEW

Overview

Established in 2002, the Group is a leading comprehensive education service operator in Western region of the PRC. We provide customers with comprehensive education management and diversified services. At the beginning of the fall semester of 2022, the number of high school students enrolled in the Group's school network was 25,524.

Our Education Philosophy

Our fundamental educational philosophy is premised on the development of each child's strengths and potential and promotion of life-long learning and growth. The core of our educational philosophy is "Six Establishments and One Accomplishment" (六立一達), which represents the seven crucial objectives we encourage our students to achieve "sound health, morality, wisdom, behavior, mind and creativity and a positive influence on society in addition to self-realization" (立身, 立德, 立學, 立行, 立心, 立異, 達人). We are committed to being the role model among our students through continuous contribution to society. In December 2022, the Group was rewarded the "2022 Benchmark Education Group" (2022 年度標桿教育集團).

Student Placement and Education Quality

Since our inception, our students have consistently achieved outstanding results in various academic examinations and contests, as well as in extra-curricular activities. In 2022, our graduating high school students participated in the National Higher Education Entrance Examination (known as "Gaokao") in the relevant cities where the schools are located. 90% of our Gaokao candidates in 2022 attained entry requirements of universities in the PRC, and approximately 60% attained the entry requirements of first-tier universities in the PRC. In the 2022 Gaokao, 79 of our high school graduates were enrolled into the world's top 50 universities such as Tsinghua University and Peking University. Diversified studies have achieved initial results, where 1 student with sports specialty was recommended for admission to Tsinghua University, 4 students with arts specialty were enrolled into the Academy of Arts & Design, Tsinghua University, 1 student was enrolled into the University of London, and 3 students were enrolled into Nanyang Technological University, Singapore.

Our Schools

With a strong presence in Sichuan province where the Group is based in, our schools span across 33 cities in Inner Mongolia, Shandong, Henan, Guizhou, Jiangxi, Zhejiang, Yunnan, Gansu, Anhui, Guangxi, Guang dong, Chongqing and Hubei. During the Reporting Period, the Group principally provided students with comprehensive education services in 44 schools.

Apart from our principal operation in comprehensive education services, the Group has also provided extra-curricular classes in music, arts, sports, languages, etc. in our Luzhou and Yibin tutorial centers during the Reporting Period.

PRC-certified teachers are crucial to our business, allowing us to maintain the quality of our educational services while undergoing expansion. As at 28 February 2023, the number of full-time teachers employed by our high schools was 1,654 (as at 31 August 2022: 1,124).

We recruit teachers through different channels and means, including campus recruitment, general public recruitment and the use of online recruiting websites, and we conduct assessment on candidates who apply through our recruitment procedures. We offer internship opportunities to undergraduate students who major in education or related subjects and show promising potential during our recruiting process. We also actively recruit teachers with extensive experiences from public schools and other private schools to expand our talent pool.

Self-owned Schools

All of our schools except kindergartens are boarding schools. We charge students enrolled in our self-owned schools comprehensive education services fees, which are generally paid in advance prior to the beginning of each school year. For our self-owned kindergartens, the fees are generally paid in advance at the beginning of every semester.

Information about our tutorial centers

The Group has also provided extra-curricular classes in music, arts, sports, languages, etc. in self-owned tutorial centers. The following table sets forth information about our tutorial centers in operation as at 28 February 2023:

Location	Program	Nature	Number of centers
Luzhou	Music, art and after school classes	Self-owned	2
Yibin	Music, art and language classes	Self-owned	1

Management and franchise fees received from entrusted schools

During the Reporting Period, the Group provided school management and franchise services for 7 entrusted schools.

REGULATORY UPDATES

The Implementation Rules for the Law for Promoting Privation Education (《中華人民共和國民辦教育促進法實施條例》) (the “Implementation Regulations”)

In May 2021, the State Council of the People’s Republic of China announced the Implementation Regulations which came into effect on 1 September 2021. The Implementation Regulations set out more detailed regulations over the operation and management of private schools, which, among other things, required that (i) social organizations and individuals are prohibited from controlling private schools that provide compulsory education and non-profit private schools that provide pre-school education by means of merger, acquisition or agreement control; and (ii) private schools providing compulsory education are prohibited from conducting transactions with the related parties.

As the Implementation Regulations prohibit private schools which provide compulsory education from conducting transactions with the related parties, the management team of our Group has assessed its impact on our Group and concluded that, based on the existing relevant facts and situation, the Group’s ability to acquire variable returns through Exclusive Business Cooperation Agreement from certain operating schools (the “Affected Business”) has been terminated immediately before the Implementation Regulations came into effect on 1 September 2021. Therefore, the Group has decided to exclude its Affected Business from the scope of the consolidated financial statements since 31 August 2021. For details, please refer to the annual report of the Company for the eight months ended 31 August 2021 published on 22 March 2022.

The Company is of the opinion that there are substantial uncertainties regarding the interpretation and application of the Implementation Regulations. As at the date of this announcement, the national and local governments have not yet issued corresponding classification management regulations and rules in respect of the Implementation Regulations. We will continue to monitor the implementation of the Implementation Regulations in different regions and continue to assess its subsequent impact on the Company and will make further announcement(s) as and when appropriate.

The Foreign Investment Law of the PRC 《中華人民共和國外商投資法》 (the “Foreign Investment Law”)

On 15 March 2019, the Standing Committee of the National People’s Congress promulgated the Foreign Investment Law which became effective on 1 January 2020. The Implementation Rules of the Foreign Investment Law came into effect on the same date as well. The Foreign Investment Law and its implementation rules defines foreign investment as direct or indirect investment activities in the PRC by one or more foreign natural persons, enterprises or other organizations (“Foreign Investors”), and clearly stipulates four types of investment activities would fall within the definition of foreign investment, including (a) Foreign Investors alone or cooperate with other investors to establish foreign-invested enterprises in the PRC; (b) Foreign Investors acquire shares, equities, property shares or other similar rights of Chinese domestic enterprises; (c) Foreign Investors alone or cooperate with other investors invest new projects in the PRC; and (d) other means of investment prescribed by laws, administrative regulations and rules promulgated by the State Council. Furthermore, the law prescribes that the PRC applies the pre-establishment national treatment and negative list management system against foreign investment. The negative list of prohibited investment sectors prescribes areas which foreign investors are not allowed to invest upon; the negative list of restricted investment sectors prescribes areas which foreign investors are required to abide to the conditions as imposed under the regulations of the negative list; and all other areas excluded from the negative list would be handled according to the general principles applicable for both domestic and foreign enterprises. The Foreign Investment Law further stipulates that laws such as the Company Law of the PRC and the Partnership Enterprise law of the PRC shall apply to the organizational form, corporate governance and activities standards of foreign invested enterprises. For foreign invested enterprises established before the implementation of the Foreign Investment Law may maintain their original organizational form for five years from 1 January 2020. Specific measures for implementation shall be formulated by the State Council. The Foreign Investment Law does not explicitly include clauses involving “actual control” or “contractual arrangements.”

Nevertheless, the Company does not rule out the possibility that there will be further laws and regulations governing the same. Therefore, it remains uncertain as to whether the structure under contractual arrangements will be included in the supervisory regime for foreign investment, and if so, the ways under which it is governed. As at the date of this announcement, the Company’s operation remained unaffected by the Foreign Investment Law. The Company will closely monitor the development of the Foreign Investment Law and related legislations.

The Affected Business

The table below sets out the names of entities and their principal business related to the Affected Business as at 28 February 2023:

Number	School name	Principal business
1	Luzhou Longmatan Tianli Elementary School (<i>Note 1</i>)	Elementary school
2	Yibin Cuiping District Tianli School	Elementary school and Middle school
3	Guangyuan Tianli School	Elementary school and Middle school
4	Neijiang Shizhong District Tianli School	Integrated school
5	Liangshan Xichang Tianli School	Integrated school
6	Ya'an Tianli School	Elementary school and Middle school
7	Cangxi Tianli School	Elementary school and Middle school
8	Deyang Tianli School	Integrated school
9	Ziyang Tianli School	Integrated school
10	Yichun Tianli School	Elementary school and Middle school
11	Baoshan Tianli School	Elementary school and Middle school
12	Dazhou Tianli School	Integrated school
13	Weifang Tianli School	Integrated school
14	Yiliang Tianli School	Elementary school and Middle school
15	Ulanqab Jining District Tianli School	Elementary school and Middle school
16	Zhoukou Tianli School	Elementary school and Middle school
17	Zunyi Xipu New District Tianli School	Elementary school and Middle school
18	Dongying Kenli District Tianli School	Elementary school and Middle school
19	Jiange Jianmenguan Tianli School	Elementary school and Middle school
20	Luzhou Longmatan Tianli Chunyu School	Elementary school and Middle school
21	Wulian Tianli School	Elementary school and Middle school
22	Baise Tianli School	Elementary school and Middle school
23	Jining Tianli School	Elementary school and Middle school
24	Weihai Nanhai New Area District Tianli School	Elementary school and Middle school
25	Chongqing Fuling Lida School	Elementary school and Middle school
26	Honghu Tianli School	Elementary school and Middle school
27	Tongren Wanshan District Tianli School	Elementary school and Middle school
28	Lanzhou Tianli School	Elementary school and Middle school
29	Chengdu Longquanyi Tianli School (<i>Note 2</i>)	Elementary school and Middle school
30	Chengdu Pidu Tianli School (<i>Note 2</i>)	Integrated school

* Integrated school included elementary school, middle school and high school.

Notes:

1. Approximately 83.34% of equity interest of Luzhou Longmatan Tianli Elementary School was attributable to the Company.
2. 49% of equity interest of Chengdu Longquanyi Tianli School and Chengdu Pidu Tianli School were indirectly attributable to the Company.
3. All other schools were wholly-owned by the Group.

Although the aforementioned schools were deconsolidated from the Group due to the Implementation Regulations, with an accountable and responsible attitude to students, parents and the society, the Group will maintain continuous and stable enrollment and operation for the schools that have been opened and operated nationwide. We will continue to provide high quality teaching services to students and parents.

The financial information relating to the Affected Business are as below:

	28 February 2023 RMB '000 (management account)	31 August 2022 RMB '000 (management account)
Current assets	3,280,802	2,923,716
Non-current assets	1,448,783	1,878,506
Total assets	4,729,585	4,802,222
Current liabilities	2,861,867	2,790,775
Non-current liabilities	894,403	997,188
Total liabilities	3,756,270	3,787,963
Net assets	973,315	1,014,259

Prospects

In order to safeguard the sustainable development of the Group and to protect the long-term interests of the Company and its shareholders, (i) the Group will adopt measures to optimize its operational structure, including separating the high schools with independent operating licenses from integrated schools. As at 28 February 2023, the Group had successfully separated 4 for-profit high schools with independent operating licences from integrated schools. The financial results of these high schools have been consolidated in the consolidated financial statements of the Group; and (ii) the Group will progressively reduce the enrolment scale of elementary and middle schools affected. There are 25,524 high school students enrolled in the Company's school network as at the beginning of the 2022 fall semester, representing an increase of approximately 48.9% compared to 17,139 student enrollments as at the beginning of the 2021 fall semester, among which the enrollment number of freshman of high school is 11,045, representing an increase of approximately 76.6% as compared with the enrollment number of freshman of high school as at the beginning of the 2021 fall semester.

Looking forward, the Group will adhere to its strategic expansion nationwide through expansion of optimization with a focus of for-profit high schools, providing students with comprehensive operational services, including but not limited to a series of other value-added services such as online campus store, logistical integrated services, study guidance for arts and sports oriented schools, international education, overseas studies consulting and study tours to promote the overall development of the students.

FINANCIAL REVIEW

Set out below includes the key highlights for the financial results for the six months ended 28 February 2022 and the six months ended 28 February 2023.

	Six months ended 28 February 2023 RMB'000 (unaudited)	Six months ended 28 February 2022 RMB'000 (unaudited)
Revenue	946,591	399,063
Cost of sales	(575,811)	(286,229)
GROSS PROFIT	370,780	112,834
Other income and gains	9,526	10,051
Selling and distribution expenses	(12,340)	(5,918)
Administrative expenses	(100,095)	(60,375)
Other expenses	(8,779)	(3,226)
Finance costs	(25,633)	(14,453)
Share of losses of:		
A joint venture	(3,748)	(473)
Associates	(685)	(103)
PROFIT BEFORE TAX	229,026	38,337
Income tax expense	(58,415)	(7,535)
PROFIT FOR THE PERIOD	170,611	30,802

Revenue

Our revenue mainly includes comprehensive educational services, canteen operations, sale of products, and management and franchise fees. The following table sets forth the components of our revenue for the periods indicated.

	Six months ended 28 February 2023 RMB'000 (unaudited)	Six months ended 28 February 2022 RMB'000 (unaudited)
Revenue from contracts with customers		
Comprehensive educational services <i>(Note 1)</i>	517,780	171,075
Canteen operations	245,384	212,647
Sale of products	164,109	–
Management and franchise fees <i>(Note 2)</i>	19,318	15,341
Total revenue	946,591	399,063

Notes:

- 1: It includes comprehensive education and quality services, and study trip services.
- 2: It includes supply chain management services, consulting management fees, and management and franchise fees.

Our revenue increased by 137.2% from approximately RMB399.1 million for the six months ended 28 February 2022 to approximately RMB946.6 million for the six months ended 28 February 2023, primarily driven by the increase of revenue from comprehensive educational services and sale of products, respectively.

The revenue from comprehensive educational services of the Group increased by 202.7% from approximately RMB171.1 million for the six months ended 28 February 2022 to approximately RMB517.8 million for the six months ended 28 February 2023, which was mainly due to: 1) the natural growth in the number of students enrolled in high schools; 2) the separation of four for-profit high schools with independent operating licenses from the integrated schools and the corresponding consolidation of the financial results of these high schools into the Group's consolidated financial statements during the Reporting Period; 3) the Group's provision of comprehensive quality services to more than 50,000 school-age individuals, including but not limited to national studies, technology, sports and arts programs, with the aim of promoting all-round development of students and cultivating comprehensive talents.

During the Reporting Period, the Group had generated sales revenue of approximately RMB164.1 million, including revenue of approximately RMB63.1 million from the sale of student supplies, such as school uniforms, bedding, daily necessities and stationery provided to students through the online campus store; and revenue of approximately RMB101.0 million from the supply and sales of agricultural and sideline products through the integration of channel resources and logistics system.

The revenue from canteen operations increased by 15.4% from approximately RMB212.6 million for the six months ended 28 February 2022 to approximately RMB245.4 million for the six months ended 28 February 2023, which was mainly driven by the increase in the number of students served by the Group.

The revenue from management and franchise fees increased by 25.9% from approximately RMB15.3 million for the six months ended 28 February 2022 to approximately RMB19.3 million for the six months ended 28 February 2023, mainly due to the increase in revenue from the Group's provision of study abroad consulting services to students and smart education services such as online marking and personalized assignments to external schools.

Costs of Principal Activities

Our costs of sales consists of staff costs, teaching activity costs, depreciation and amortization, material consumption, procurement cost of products, utilities and others. The following table sets forth the components of our costs of sales for the periods indicated.

	Six months ended 28 February 2023 RMB'000 (unaudited)	Six months ended 28 February 2022 RMB'000 (unaudited)
Material consumption	181,116	135,597
Staff costs	154,887	73,018
Depreciation and amortization	86,126	50,154
Procurement cost of products	113,724	–
Teaching activity costs	21,707	12,645
Utilities	8,033	8,723
Others	10,218	6,092
	575,811	286,229

Material consumption costs increased by 33.6% from approximately RMB135.6 million for the six months ended 28 February 2022 to approximately RMB181.1 million for the six months ended 28 February 2023, mainly due to the increase in the number of diners in the restaurants operated by the Group.

Staff costs increased by 112.1% from approximately RMB73.0 million for the six months ended 28 February 2022 to approximately RMB154.9 million for the six months ended 28 February 2023, mainly due to the increase in staff costs for hiring new teachers to meet the increase in the number of high school students and the Group's provision of comprehensive quality services and product sales business.

Depreciation and amortization costs increased by 71.7% from approximately RMB50.2 million for the six months ended 28 February 2022 to approximately RMB86.1 million for the six months ended 28 February 2023, primarily due to increased depreciation from the opening of the new high school in September 2022 and the completion of the spin-off and consolidation of four high schools during the Reporting Period.

Teaching activity costs increased by 71.7% from approximately RMB12.6 million for the six months ended 28 February 2022 to approximately RMB21.7 million for the six months ended 28 February 2023. This is mainly due to the increase in the number of students served by the Group.

Utilities costs decreased by 7.9% from approximately RMB8.7 million for the six months ended 28 February 2022 to approximately RMB8.0 million for the six months ended 28 February 2023, mainly due to the Group's promotion of green office, diligence and frugality, and the integration of environmental awareness and green actions into daily management work.

The Group incurred procurement costs of products of approximately RMB113.7 million for the six months ended 28 February 2023, due to the procurement costs incurred from the sale of student supplies and the sale of agricultural and sideline products.

Gross Profit and Gross Profit Margin

The Group's gross profit for the six months ended 28 February 2023 was approximately RMB370.8 million, representing an increase of 228.7% from approximately RMB112.8 million for the six months ended 28 February 2022, mainly due to the increase in gross profit as a result of the increase in the number of high school students enrolled and the Group's provision of comprehensive quality services and revenue from product sales. The Group's gross profit margin for the six months ended 28 February 2023 was approximately 39.2%, an increase of 10.9 percentage points as compared to 28.3% for the six months ended 28 February 2022, mainly due to the improved operational efficiency of the high school with the increase in enrollment.

Other Income and Gains

Other income and gains primarily consist of bank interest income, government grants, gain on disposal of financial assets at fair value through profit or loss and rental income. Other income and gains for the six months ended 28 February 2023 amounted to approximately RMB9.5 million, representing a slight decrease from the amount for the six months ended 28 February 2022.

Administrative Expenses

Administrative expenses primarily consist of (i) administrative staff costs, and (ii) office administration expenses, which primarily consist of office supply and utilities and travelling, and meal and training expenses incurred in connection with administrative activities. The Group's administrative expenses of approximately RMB100.1 million for the six months ended 28 February 2023 increased as compared to approximately RMB60.4 million for the six months ended 28 February 2022 mainly due to the increase in administrative staff costs, office administration expenses and other expenses.

Finance costs

Finance costs increased from approximately RMB14.5 million for the six months ended 28 February 2022 to approximately RMB25.6 million for the six months ended 28 February 2023, primarily because of the increase in the interest on bank loans and the decrease in capitalized interest expense due to a decrease in schools under construction compared to the six months ended 28 February 2022.

Income tax

Income tax increased by 675.2% from approximately RMB7.5 million for the six months ended 28 February 2022 to approximately RMB58.4 million for the six months ended 28 February 2023, primarily because of the increase in profit before tax generated from taxable subsidiaries, specifically our high schools and the Group's major subsidiaries established in the PRC were subject to the income tax at a rate of 25%.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The Shares were successfully listed on Main Board of the Stock Exchange on 12 July 2018. There has been no change in the capital structure of the Group since then. The capital of the Company only comprises of ordinary Shares.

The Group finances its liquidity and capital requirements primarily through cash generated from operations, bank borrowings and equity contribution from shareholders.

As at 28 February 2023, we had net current liabilities of approximately RMB1,760.0 million (31 August 2022: approximately RMB1,608.5 million). The increase in net current liabilities was mainly attributable to the increase in tax payable as a result of profit for the period and increase in other payables due to the purchase of property, plant and equipment during the Reporting Period.

In view of the net current liabilities position, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. Having considered the cash flows from operations and unutilised banking facilities, the Directors are of the opinion that the Group is able to meet in full its financial obligations as they fall due for the foreseeable future and it is appropriate to prepare the Financial Information as a going concern basis.

As at 28 February 2023, the Group had cash and cash equivalents of approximately RMB704.7 million (28 February 2022: approximately RMB469.6 million). The following table sets forth a summary of our cash flows for the periods indicated:

	Six months ended 28 February 2023 (Unaudited) RMB'000	Six months ended 28 February 2022 (Unaudited) RMB'000
Net cash flow from operating activities	67,486	83,915
Net cash flow used in investing activities	(353,523)	(300,625)
Net cash flow from/(used in) financing activities	61,934	(585,876)
Net decrease in cash and cash equivalents	(224,103)	(802,586)
Net effect of foreign exchange rates	69	(1,047)
Cash and cash equivalents at beginning of period	919,902	1,273,258
Time deposits with maturity over 3 months	8,860	–
Cash and cash equivalents at end of period	704,728	469,625

BORROWINGS AND GEARING RATIO

As at 28 February 2023, the Group had borrowings of approximately RMB1,505.4 million (31 August 2022: RMB1,131.8 million). The Group's bank borrowings, which were all at fixed interest rates, were primarily used in financing the working capital requirement of its operations and school constructions.

As at 28 February 2023, the gearing ratio of the Group, calculated as the total interest-bearing borrowings divided by the total assets, was approximately 17.7% (31 August 2022: approximately 13.9%).

FOREIGN CURRENCY RISK

The functional currency of the Company is RMB, except that the functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at 28 February 2023, certain cash and bank balances and time deposits are denominated in RMB, HKD and USD, which would expose the Group to foreign currency risk. The Group has not used any foreign currency swap contracts to reduce the exposure to USD and HKD arising from bank balances. The Company also currently does not have any foreign exchange hedging policy.

TREASURY POLICIES

The Directors will continue to follow a prudent policy in managing the Group's cash and cash equivalents and maintain a strong and healthy liquidity position to ensure that the Group is well placed to take advantage of future growth opportunities.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no significant investment held, material acquisition and disposal of subsidiaries and associates by the Company during the six months ended 28 February 2023. The Group will make every endeavor to keep abreast of the changing market conditions, proactively identify investment opportunities in order to broaden the revenue base of the Group, enhance its future financial performance and profitability. Moreover, the Group will gradually restructure its business into the provision of integrated operational services in relation to the development of people of the appropriate age, and seek generic strategic expansions through acquisitions of suitable targets. We are confident in the future and committed to continuous growth of the Company.

CAPITAL EXPENDITURES

Our capital expenditures primarily related to the construction of new self-owned schools, the maintenance and upgrade of our existing self-owned schools, and the purchase of additional educational facilities and equipment for our self-owned schools. The Group's capital expenditures consisted of purchase or construction costs relating to property, equipment, prepaid land lease payments and other intangible assets. For the six months ended 28 February 2023, our capital expenditures were RMB111.19 million, which we funded primarily through cash generated from operations and bank facilities.

CONTINGENT LIABILITIES

As at 28 February 2023, the Group did not have any material contingent liabilities (31 August 2022: Nil).

CAPITAL COMMITMENTS

As at 28 February 2023, the Group had capital commitments contracted but not provided for property, plant and equipment amounting to approximately RMB99.7 million (31 August 2022: approximately RMB263.4 million).

SEGMENT INFORMATION

The Group has determined that it only has one operating segment which is the provision of comprehensive education and related management services.

USE OF PROCEEDS FROM PLACING AND SUBSCRIPTION

The Company sold a total of 91,000,000 existing ordinary Shares at HKD7.72 by way of placing (the “**Placing**”) on 18 December 2020 and allotted and issued a total of 91,000,000 new ordinary Shares at HKD7.72 (the “**Subscription**”) on 30 December 2020. For details, please refer to the announcements of the Company dated 16 December 2020 and 30 December 2020, respectively. The aggregate net proceeds from the Placing and the Subscription amounted to approximately HKD694.97 million. The intended purposes for the net proceeds from the Placing and the Subscription are set out on the following table:

Items	Allocation of net proceeds (HKD million)	Unutilised as at 31 August 2022 (HKD million)	Net proceeds utilised during the six months ended 28 February 2023 (HKD million)	Unutilised as at 28 February 2023 (HKD million)	Expected time for the use of unutilised proceeds (Note)
Potential future mergers and acquisitions of high quality targets at reasonable prices	200.00	200.00	11.29	188.71	31 August 2023
Expansion of self-built and self-operated projects in first-tier and core cities	194.97	84.48	16.68	67.80	31 August 2023
Repayment of bank loans	300.00	0.00	0.00	0.00	Not applicable

Note: The expected timeline for utilising the remaining proceeds is based on the best estimation made by the Group. It will be subject to change based on the current and future development of the market condition.

The following table illustrates the net proceeds utilised for expansion of self-built and self-operated projects in first-tier and core cities as at 28 February 2023:

	As at 28 February 2023 (HKD million)
Net proceeds utilised for expansion of self-built and self-operated projects	
Shenzhen Tianli International School (深圳天立國際學校)	127.17

PLAN TO COMPLY WITH THE QUALIFICATION REQUIREMENT

We have adopted a specific plan and have commenced taking concrete steps which we reasonably believe are meaningful endeavors to demonstrate compliance with the relevant qualification and high quality of education held by a foreign investor of Sino-foreign joint venture private school for PRC students under the Regulations on Sino-foreign Cooperation in Operating Schools of the PRC 《中華人民共和國中外合作辦學條例》 (“**Qualification Requirement**”). These include (i) entering into cooperation agreements with reputable international education institutions; and (ii) communicating or negotiating with certain experienced and reputable overseas education service providers exploring potential opportunities of further cooperation.

In anticipation of potential overseas expansion of our business, we are negotiating for cooperation opportunities with educational institutions in United Kingdom, Hong Kong, and other overseas regions. The existing management team of the target educational institution will be retained to take the lead in the daily operation and management with the participation of our representatives so that we can gain the relevant overseas experience.

We expect to acquire schools or to cooperate with well-known schools in the top 20 local schools in United Kingdom, Hong Kong and other overseas regions, which will be financed by our internal resources and/or external financing, depending on the cash flow position and the size of the acquisition(s). It is our acquisition and cooperation strategy that the acquisition and cooperation should not be of such size which may have any material adverse impact on our Group’s normal business, financial condition, results of operations and specifically our cost structure, whether we are obtaining a controlling stake in the schools or not.

The Company is of the view that the steps taken by our Group, that is, the overseas expansion plan is reasonable and appropriate to demonstrate compliance with the Qualification Requirement.

OVERALL PERFORMANCE AND COMPLIANCE WITH THE STRUCTURED CONTRACTS

The Group has adopted certain measures to ensure the effective operation of the Group with the implementation of the Structured Contracts (defined in the prospectus of the Company dated 28 June 2018 issued by the Company in relation to its listing of its Shares on the Main Board of the Stock Exchange) which we obtain control over and derive the economic benefits from our operating entities in PRC as the laws, regulations and regulatory practice generally prohibit or restrict foreign ownership in the private education. Except for the Affected Business as mentioned in the section headed “Regulatory Updates”, economic benefits arising from other business activities of our operating entities in the PRC are transferred to the Group via the Structured Contracts. The Company is not aware of any non-performance of the Structured Contracts or non-compliance with such aforementioned measures as at the date of this interim report.

INTERIM DIVIDEND

The Board resolved the payment of an interim dividend of RMB2.43 cents (equivalent to HKD2.77 cents, according to the central parity rate of Renminbi to Hong Kong dollars as announced by the People's Bank of China on 25 April 2023, i.e. RMB0.87715 equivalent to HKD1.00) (six months ended 28 February 2022: Nil) per share for the six months ended 28 February 2023 to be paid on Monday, 17 July 2023 to the Shareholders whose names appear on the register of members of the Company on Wednesday, 21 June 2023, representing a dividend payout of RMB52.34 million (equivalent to approximately HKD59.67 million) and dividend payout ratio of 30% for the six months ended 28 February 2023 (six months ended 28 February 2022: Nil).

The register of members of the Company will be closed from Monday, 19 June 2023 to Wednesday, 21 June 2023, both days inclusive, during which period no transfer of shares will be registered. In order to be qualified for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai for registration not later than 4:30 p.m. on Friday, 16 June 2023.

Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 28 February 2023, the interest and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which will have to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or which will be required pursuant to the Model Code to be notified to the Company and the Stock Exchange are set out as follows:

Long position in Shares of the Company

Name	Capacity/Nature of interest	Number of Shares held/ interested	Approximate percentage of interest
Mr. Luo Shi (<i>Note 1</i>)	Interest of a controlled corporation	891,566,316	
	Interest of spouse	1,956,520	
	Beneficiary of a trust	<u>6,521,733</u>	
		900,044,569	41.78%
Mr. Wang Rui (<i>Note 2</i>)	Beneficiary of a trust	1,956,520	0.09%

Notes:

- (1) Mr. Luo Shi is an executive Director, the chairman and the chief executive officer of the Company and holds 100% of the issued share capital of Sky Elite Limited. In addition, Ms. Tu Mengxuan has been granted 1,956,520 Shares under the Pre-IPO Restricted Share Award Scheme, 1,565,216 Shares of which have been vested as at 28 February 2023. Ms. Tu Mengxuan is the spouse of Mr. Luo Shi. By virtue of the SFO, Mr. Luo is deemed or taken to be interested in the Shares in which Sky Elite Limited and Ms. Tu Mengxuan are interested. Furthermore, Mr. Luo has been granted 6,521,733 Shares under the Pre-IPO Restricted Share Award Scheme, all of which have been vested as at 28 February 2023.
- (2) Mr. Wang Rui is an executive Director and has been granted 1,956,520 Shares under the Pre-IPO Restricted Share Award Scheme, all of which have been vested as at 28 February 2023.

Save as disclosed above, as at 28 February 2023, none of the Directors and chief executive of the Company has any interests or short positions in any Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 28 February 2023, to the best knowledge of the Directors, the following persons (other than being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in Shares of the Company

Name	Capacity/Nature of interest	Number of Shares held/ interested	Approximate percentage of interest
Sky Elite Limited (<i>Note 1</i>)	Beneficial interest	891,566,316	41.39%
Ms. Tu Mengxuan (<i>Note 2</i>)	Beneficiary of a trust	1,956,520	
	Interest of spouse	<u>898,088,049</u>	
		900,044,569	41.78%
First Beijing Investment Limited	Investment manager	151,050,000	7.01%

Notes:

- (1) Mr. Luo holds 100% of the issued share capital of Sky Elite Limited and therefore Mr. Luo is deemed or taken to be interested in the Shares held by Sky Elite Limited under Part XV of the SFO.
- (2) Ms. Tu Mengxuan has been granted 1,956,520 Shares under the Pre-IPO Restricted Share Award Scheme, 1,565,216 Shares of which have been vested as at 28 February 2023. Ms. Tu Mengxuan is the spouse of Mr. Luo. Under the SFO, Ms. Tu Mengxuan is deemed to be interested in the same number of Shares in which Mr. Luo is interested.

Save as disclosed above, as at 28 February 2023, none of the substantial or significant shareholders or other persons, other than the Directors and chief executives of the Company whose interest are set out in the section "Other information – Directors' and chief executives' interests and short positions in Shares, underlying shares and debentures of the Company" above, had any interest or a short position in the Shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

CHANGE IN DIRECTORS' INFORMATION

Mr. Tian Mu resigned as a non-executive Director of the Company with effect from 22 November 2022 due to his personal pursuits.

Save as disclosed above, as at 28 February 2023, there were no other changes in the information of the Directors which shall be disclosed under Rule 13.51B(1) of the Listing Rules.

COMPETITION AND CONFLICT OF INTEREST

None of the Directors or the controlling shareholders (as defined in the Listing Rules) of the Company (the “**Controlling Shareholders**”) or their respective close associates has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group or has or may have any other conflict of interests with the Group during the six months ended 28 February 2023.

EMPLOYEES AND REMUNERATION POLICIES

As at 28 February 2023, the Group employed approximately 4,412 employees (31 August 2022: 3,018).

The Group promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high-calibre staff, competitive remuneration package is offered to employees (with reference to market norms and individual employees’ performance, qualification and experience). On top of basic salaries, bonuses may be paid with reference to the Group’s performance as well as individual’s performance.

The Company has also adopted a Pre-IPO Restricted Share Award Scheme, Share Option Scheme and Restricted Share Award Scheme for its employees and other eligible persons.

SHARE SCHEMES

Pre-Ipo Restricted Share Award Scheme

The Company adopted a pre-IPO restricted share award scheme (the “**Pre-IPO Restricted Share Award Scheme**”) on 26 January 2018.

The Company has adopted the said scheme to align the interests of eligible persons with those of the Group through ownership of Shares, to support value creation oriented performance culture and, in part, to replace those certain interests of certain eligible persons in Shenzhou Tianli Education Investment Co, Ltd. transferred in connection with the reorganization transaction of the Group.

The basis of eligibility of any selected person for the grant of share awards was determined by the Board from time to time on the basis of the selected person’s contribution to the development and growth of the Group or such other factors as the Board may deem appropriate and in particular the reorganization transaction of the Group.

The maximum number of share awards that may be granted under the Pre-IPO Restricted Share Award Scheme in aggregate (excluding share awards that have lapsed or been cancelled in accordance with the rules of the scheme) shall be such number of Shares held or to be held by the trustee for the purpose of the scheme from time to time, and which shall in any event, be no more than 107,178,158 Shares. The Company will not make further grants of share awards under the scheme.

As at 28 February 2023, a total of 107,565,634 Shares, representing approximately 4.99% of the total issued Shares of the Company, have been granted to the selected persons pursuant to the Pre-IPO Restricted Share Award Scheme. No share awards were granted under the Pre-IPO Restricted Share Award Scheme during the six months ended 28 February 2023.

Share Option Scheme

The Company has also adopted a share option scheme on 24 June 2018 (the “**Share Option Scheme**”). The purpose of the Share Option Scheme is to give the eligible persons an opportunity to have a personal stake in our Company and help motivate them to optimise their future contributions to our Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of our Group, and additionally in the case of executives, to enable our Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

Eligible participants of the Share Option Scheme include, among others, any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of our Group, any proposed employee, any full-time or part-time employee, or a person for the time being seconded to work full-time or part-time for any member of our Group, a direct or indirect shareholder of any member of our Group, a supplier of goods or services to any member of our Group, a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of our Group, a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of our Group; and an associate of any of the persons referred to the above.

Subject to the terms of this Share Option Scheme, the scheme shall be valid and effective for a period of 10 years from the date on which it becomes unconditional, after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in force and effect in all other respects. All options granted prior to such expiry and not then exercised shall continue to be valid and exercisable subject to and in accordance with the Share Option Scheme. Share options in respect of 200,000,000 Shares were available for grant under the Share Option Scheme as at 1 September 2022 and 28 February 2023, respectively.

For the six months ended 28 February 2023, no share option was granted, exercised, cancelled, expired or lapsed and there is no outstanding share option under the scheme. The remaining life of the scheme is five years and three months.

Restricted Share Award Scheme

The Company adopted a restricted share award scheme (the “**Restricted Share Award Scheme**”) on 17 December 2018.

The purpose and objective of the said scheme is (i) to recognise and motivate the contribution of the key management personnel and core employees of the Group; (ii) to help the Group retain and attract the Selected Participants in attaining the long term business objectives of the Company; and (iii) to further align the interests of the Selected Participants directly to the Shareholders through ownership of Shares.

The eligible participants of the scheme include Directors, senior management, managerial staff, school district principals (學區校長), school sector principals (學段校長) and school reserve senior executive (學校後備高管) of the Group.

The maximum number of award shares that may be granted under the scheme in aggregate shall be no more than 75,000,000 Shares.

As at 28 February 2023, under the Restricted Share Award Scheme, the trustee purchased a total of 56,548,000 Shares, representing approximately 2.63% of the total issued Shares of the Company. A total of 14,864,000 Shares, representing approximately 0.69% of the total issued Shares of the Company, have been granted to Selected Participants under the scheme. No share awards were granted under the Restricted Share Award Scheme during the six months ended 28 February 2023.

The number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the six months ended 28 February 2023 divided by the weighted average number of Shares in issue for the six months ended 28 February 2023 is nil.

CORPORATE GOVERNANCE

During the six months ended 28 February 2023, the Company has complied with all applicable code provisions set out in the CG Code contained in Appendix 14 to the Listing Rules, save and except for the following deviation.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should not be performed by the same individual. Mr. Luo Shi was appointed as the chairman of the Board and the chief executive officer of the Company on 24 June 2018.

The Board believes that it is in the interest of the Company and its Shareholders for Mr. Luo Shi to assume the responsibilities of such positions, given that Mr. Luo Shi is the founder of the Company and has extensive experience in the operation and management of the Company. The Board also considers that such arrangement will not impair the balance of power and authority between the Board and the management as the Board comprises six other experienced individuals including one other executive Director, two non-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.

As at the date of this report, the Board comprises seven Directors (Mr. Tian Mu resigned on 22 November 2022, and Mr. Zhang Wenzao and Mr. Pan Ping were appointed as non-executive Directors on 25 April 2023), of whom all of them are male. According to Rule 13.92, the Stock Exchange will not consider diversity to be achieved for a single gender board. Henceforth, the Board is planning to improve the gender diversity at board level and across the workforce, and are in the process of seeking one or more suitable candidates of different gender to join the Board as Director(s) on or before 31 December 2024.

CONSTITUTIONAL DOCUMENTS

The Company has adopted the second amended and restated memorandum and articles of association of the Company by way of a special resolution passed on 30 December 2022 and effective on the same date, in order to, among other things, bring the memorandum and articles of association of the Company in line with the latest legal and regulatory requirements including the core shareholder protection standards set out in Appendix 3 to the Listing Rules which became effective on 1 January 2022. For details of the second amended and restated memorandum and articles of association of the Company, please refer to the announcement of the Company dated 22 November 2022, and the circular of the Company dated 8 December 2022, respectively. Save as disclosed above, there has been no change in the memorandum and articles of association of the Company during the six months ended 28 February 2023.

The second amended and restated memorandum and articles of association of the Company is available on the websites of the Company and the Stock Exchange, respectively.

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**”) set out in Appendix 10 of the Listing Rules as the guidelines for the Directors’ dealings in the securities of the Company. Upon specific enquiries being made with all Directors, each of them confirmed that they have complied with the required standards set out in the Model Code during the six months ended 28 February 2023.

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

For the six months ended 28 February 2023, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

EVENTS AFTER THE REPORTING PERIOD

On 10 March 2023, the Company granted an aggregate of 61,000,000 share options to eligible participants pursuant to the Share Option Scheme, subject to their acceptance of such share options. In particular, the grant of share options to Mr. Luo Shi was approved by the Shareholders at the extraordinary general meeting held on 26 April 2023. For further details, please refer to the announcements of the Company dated 10 March 2023 and 26 April 2023, and the circular of the Company dated 6 April 2023.

On 25 April 2023, the Board appointed Mr. Zhang Wenzao and Mr. Pan Ping as non-executive Directors. For further details, please refer to the announcement of the Company dated 25 April 2023.

Save as disclosed above, there were no other significant events of the Group after 28 February 2023 and up to the date of this announcement.

REVIEW OF INTERIM RESULTS

The independent auditors of the Company, namely, Ernst & Young, have carried out a review of the interim condensed financial information in accordance with the Hong Kong Standard on Review Engagement 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

The audit committee of the Company (the “**Audit Committee**”) has jointly reviewed with the management and the independent auditors of the Company, the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters (including the review of the unaudited interim results for the six months ended 28 February 2023) of the Group. The Audit Committee considered that the interim results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

By order of the Board
Tianli International Holdings Limited
Luo Shi
Chairman, Executive Director and Chief Executive Officer

The PRC, 25 April 2023

Independent Review Report



Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

To the board of directors of Tianli International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim condensed financial information set out on pages 25 to 52, which comprises the condensed consolidated statement of financial position of Tianli International Holdings Limited (the “Company”) and its subsidiaries (the “Group”) as at 28 February 2023 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim condensed financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* (“IAS 34”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim condensed financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim condensed financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. A review of interim condensed financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong

25 April 2023

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

For the six months ended 28 February 2023

	Notes	For the six months ended 28 February	
		2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
REVENUE	3	946,591	399,063
Cost of sales		(575,811)	(286,229)
Gross profit		370,780	112,834
Other income and gains	3	9,526	10,051
Selling and distribution expenses		(12,340)	(5,918)
Administrative expenses		(100,095)	(60,375)
Other expenses		(8,779)	(3,226)
Finance costs	4	(25,633)	(14,453)
Share of losses of:			
A joint venture		(3,748)	(473)
Associates		(685)	(103)
PROFIT BEFORE TAX	5	229,026	38,337
Income tax expense	6	(58,415)	(7,535)
PROFIT FOR THE PERIOD		170,611	30,802
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of a foreign operation		44	(141)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		170,655	30,661
Profit attributable to:			
Owners of the Company		170,147	31,077
Non-controlling interests		464	(275)
		170,611	30,802
Total comprehensive income attributable to:			
Owners of the Company		170,191	30,936
Non-controlling interests		464	(275)
		170,655	30,661
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic	7	RMB8.10 cents	RMB1.47 cents
Diluted	7	RMB8.10 cents	RMB1.46 cents

Interim Condensed Consolidated Statement of Financial Position

28 February 2023

	Notes	28 February 2023 RMB'000 (unaudited)	31 August 2022 RMB'000
NON-CURRENT ASSETS			
Property, plant, and equipment	8	4,075,111	3,640,254
Right-of-use assets	9	1,924,736	1,655,213
Goodwill	10	16,413	7,572
Other intangible assets		34,986	24,091
Investment in a joint venture		159,294	163,042
Investments in associates		68,814	69,499
Prepayments, deposits and other receivables	12	108,476	95,387
Deferred tax assets		278,808	270,020
Total non-current assets		6,666,638	5,925,078
CURRENT ASSETS			
Inventories		28,873	18,817
Trade receivables	11	8,528	10,953
Prepayments, deposits and other receivables	12	62,624	59,111
Amounts due from related parties	21(b)	955,554	1,085,667
Financial assets at fair value through profit or loss		82,510	100,010
Restricted deposits		–	1,573
Cash and cash equivalents		704,728	929,902
Total current assets		1,842,817	2,206,033
CURRENT LIABILITIES			
Trade payables	13	57,321	46,571
Other payables and accruals		299,637	222,041
Contract liabilities	14	767,824	842,940
Interest-bearing bank loans	15	467,196	240,450
Amounts due to related parties	21(b)	1,620,929	2,138,962
Tax payable		160,059	120,755
Lease liabilities	9	13,875	11,612
Deferred income		216,018	191,249
Total current liabilities		3,602,859	3,814,580
NET CURRENT LIABILITIES	1	(1,760,042)	(1,608,547)
TOTAL ASSETS LESS CURRENT LIABILITIES		4,906,596	4,316,531

	Notes	28 February 2023 RMB'000 (unaudited)	31 August 2022 RMB'000
NON-CURRENT LIABILITIES			
Lease liabilities	9	206,661	178,931
Deferred tax liabilities		53,784	–
Deferred income		328,095	368,729
Interest-bearing bank loans	15	1,038,179	891,375
Amounts due to related parties	21(b)	1,281,830	998,581
Total non-current liabilities		2,908,549	2,437,616
NET ASSETS		1,998,047	1,878,915
EQUITY			
Equity attributable to owners of the Company			
Issued capital	16	183,022	183,022
Reserves		1,781,803	1,668,774
		1,964,825	1,851,796
Non-controlling interests		33,222	27,119
Total equity		1,998,047	1,878,915

Luo Shi
Director

Wang Rui
Director

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 28 February 2023

	Attributable to owners of the Company											
	Issued capital	Share premium	Shares repurchased for the share award scheme	Share award scheme reserve	Capital reserve	Difference arising from acquisition of non-controlling interests	Statutory surplus reserves	Exchange fluctuation reserve	Retained profits/ losses (accumulated)	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	(note 16)	(note 17)	(note 17)	(note 17)								
As at 1 September 2022	183,022	1,319,159*	(74,479)*	11,633*	563,558*	(1,122)*	90,313*	(226)*	(240,062)*	1,851,796	27,119	1,878,915
Profit for the period	-	-	-	-	-	-	-	-	170,147	170,147	464	170,611
Other comprehensive income for the period:												
Exchange differences on translation of foreign operation	-	-	-	-	-	-	-	44	-	44	-	44
Total comprehensive income for the period	-	-	-	-	-	-	-	44	170,147	170,191	464	170,655
Transfer from retained profits	-	-	-	-	-	-	6,820	-	(6,820)	-	-	-
Final 2022 dividend declared	-	-	-	-	(43,439)	-	-	-	-	(43,439)	-	(43,439)
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	200	200
Acquisition of subsidiaries with non-controlling interests	-	-	-	-	-	-	-	-	-	-	5,439	5,439
Vested shares under share award scheme	-	2,774	408	(3,182)	-	-	-	-	-	-	-	-
Unvested shares under share award scheme	-	-	(17,076)	-	-	-	-	-	-	(17,076)	-	(17,076)
Offsetting with dividends	-	-	1,231	-	-	-	-	-	-	1,231	-	1,231
Equity-settled share award scheme expenses	-	-	-	2,122	-	-	-	-	-	2,122	-	2,122
As at 28 February 2023 (unaudited)	183,022	1,321,933*	(89,916)*	10,573*	520,119*	(1,122)*	97,133*	(182)*	(76,735)*	1,964,825	33,222	1,998,047

* These reserve accounts comprise the reserves of RMB1,781,803,000 (31 August 2022: RMB1,668,774,000) in the interim condensed consolidated statement of financial position.

Attributable to owners of the Company

	Issued capital RMB'000 (unaudited) (note 16)	Share premium RMB'000 (unaudited)	Shares repurchased for the	Share award scheme reserve RMB'000 (unaudited)	Capital reserve RMB'000 (unaudited)	Difference arising from acquisition of non-	Statutory surplus reserves RMB'000 (unaudited)	Exchange fluctuation reserve RMB'000 (unaudited)	Retained profits/ losses) RMB'000 (unaudited)	Total RMB'000 (unaudited)	Non-controlling interests RMB'000 (unaudited)	Total equity RMB'000 (unaudited)
			share award scheme RMB'000 (unaudited) (note 17)			controlling interests RMB'000 (unaudited)						
As at 1 September 2021	184,042	1,322,455	(67,678)	9,441	563,558	(1,122)	86,065	(432)	(332,353)	1,763,976	23,891	1,787,867
Profit for the period	-	-	-	-	-	-	-	-	31,077	31,077	(275)	30,802
Other comprehensive loss for the period:												
Exchange differences on translation of foreign operation	-	-	-	-	-	-	-	(141)	-	(141)	-	(141)
Total comprehensive income for the period	-	-	-	-	-	-	-	(141)	31,077	30,936	(275)	30,661
Transfer from retained profits	-	-	-	-	-	-	2,201	-	(2,201)	-	-	-
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	5,000	5,000
Shares awarded under the share award scheme	-	-	(2,859)	-	-	-	-	-	-	(2,859)	-	(2,859)
Vested shares under share award scheme	-	4,295	(708)	(3,587)	-	-	-	-	-	-	-	-
Offsetting with dividends	-	-	(17)	-	-	-	-	-	-	(17)	-	(17)
Equity-settled share award scheme expenses	-	-	-	3,527	-	-	-	-	-	3,527	-	3,527
As at 28 February 2022 (unaudited)	184,042	1,326,750	(71,262)	9,381	563,558	(1,122)	88,266	(573)	(303,477)	1,795,563	28,616	1,824,179

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 28 February 2023

	Notes	For the six months ended 28 February	
		2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		229,026	38,337
Adjustments for:			
Depreciation of property, plant and equipment		63,762	36,883
Depreciation of right-of-use assets		29,070	21,175
Amortisation of intangible assets		1,877	618
Share of losses of a joint venture and associates		4,433	576
Gain on disposal of financial assets at fair value through profit or loss		(2,617)	(6,535)
Gain on disposal of a subsidiary		(86)	–
Unrealised foreign exchange loss, net		(25)	903
Equity-settled share award scheme expenses		2,122	3,527
Bank interest income		(1,446)	(1,268)
Deferred income released to profit or loss		(62,509)	(44,871)
Finance costs	4	25,633	14,453
Loss on disposal of items of property, plant and equipment, net	5	1,246	–
		290,486	63,798
Increase in inventories		(9,985)	(1,940)
Decrease/(increase) in trade receivables		2,547	(4,644)
Increase in prepayments, deposits and other receivables		(1,799)	(25,160)
Increase in trade and bills payables		10,673	16,690
Decrease in contract liabilities		(234,023)	(85,251)
Receipt of government grants		46,644	153,372
Decrease in other payables and accruals		(7,787)	(25,209)
Cash generated from operations		96,756	91,656
Income tax paid		(29,270)	(7,741)
Net cash flows from operating activities		67,486	83,915

	For the six months ended 28 February	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(329,536)	(396,362)
Purchases of other intangible assets	(3,080)	(7,311)
Purchase of leasehold land	(8,636)	(109,280)
Proceeds from disposal of items of property, plant and equipment	1,879	1,579
Proceeds from disposal of financial assets at fair value through profit or loss	682,617	1,143,080
Purchase of financial assets at fair value through profit or loss	(662,500)	(932,465)
Proceeds from acquisition of subsidiaries	(6,351)	–
Redemption of restricted deposits	1,573	–
Repayment of advances given to related parties	22,986	–
Advances given to related parties	(55,061)	(1,134)
Redemption of time deposits with original maturity over three months	10,000	–
Increase in time deposits with original maturity over three months	(8,860)	–
Bank interest received	1,446	1,268
Net cash flows used in investing activities	(353,523)	(300,625)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend received from shares held for the share award scheme	1,231	(17)
Repurchase of shares held for the share award scheme	(1,078)	(2,859)
Capital contribution from a non-controlling shareholder of a subsidiary	200	5,000
Proceeds from bank loans	490,000	188,500
Repayment of bank loans	(116,450)	(370,896)
Advances received from related parties	332,477	11,058
Repayment of advances from related parties	(553,701)	(298,454)
Dividends paid	(43,439)	(80,064)
Principal portion of lease payments	(7,146)	(1,093)
Interest portion of lease liabilities	(1,347)	(979)
Interest paid	(38,813)	(36,072)
Net cash flows from/(used in) financing activities	61,934	(585,876)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(224,103)	(802,586)
Effect of foreign exchange rate changes, net	69	(1,047)
Cash and cash equivalents at beginning of period	919,902	1,273,258
CASH AND CASH EQUIVALENTS AT END OF PERIOD	695,868	469,625
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as stated in the consolidated statement of financial position	704,728	469,625
Time deposits with original maturity over three months	(8,860)	–
Cash and cash equivalents as stated in the consolidated statement of cash flows	695,868	469,625

Notes to Interim Condensed Financial Information

28 February 2023

1. BASIS OF PREPARATION

The interim condensed financial information for the six months ended 28 February 2023 (the “Period”) has been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*. The interim condensed financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 August 2022.

Going concern

As at 28 February 2023, the Group recorded net current liabilities of approximately RMB1,760,042,000 (31 August 2022: RMB1,608,547,000). Included in the current liabilities as at 28 February 2023 were contract liabilities and deferred income of RMB767,824,000 (31 August 2022: RMB842,940,000) and RMB216,018,000 (31 August 2022: RMB191,249,000), respectively. As at 28 February 2023, the Group had cash and cash equivalents of RMB704,728,000 (31 August 2022: RMB929,902,000).

The Directors have prepared this interim condensed financial information on a going concern basis notwithstanding the net current liabilities position because based on the arrangements and confirmations received from the licensed banks in Mainland China, the Group has total unutilised banking facilities of RMB857,125,000 (31 August 2022: RMB770,250,000) which are available for drawdown within the next 1 to 7.5 years from 28 February 2023.

Having considered the cash flows from operations, the positive operating results and unutilised bank facilities, the Directors are of the opinion that the Group is able to meet in full its financial obligations as they fall due for the foreseeable future, and it is appropriate to prepare the interim condensed financial information of the Group for the Period on a going concern basis.

2. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this interim condensed financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 August 2022, except for the adoption of the amendments to IFRS 3, IAS 16 and IAS 37, and *Annual improvements to IFRSs 2018-2020* for the first time for the current period’s condensed financial information.

The Group has assessed the impact of the adoption of these amendments and concluded that these amendments did not have any significant financial impact on the financial position and performance of the Group for the Period.

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 28 February	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Revenue from contracts with customers		
Comprehensive educational services	517,780	171,075
Canteen operations	245,384	212,647
Sale of products	164,109	–
Management and franchise fees	19,318	15,341
Total revenue	946,591	399,063

Revenue from contracts with customers

(i) Disaggregated revenue information

	For the six months ended 28 February	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Timing of revenue recognition		
Products transferred at a point in time	197,154	212,647
Services transferred over time	749,437	186,416
Total revenue from contracts with customers	946,591	399,063

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Products transferred at a point in time

The performance obligations of the Menu-ordering Canteen Operations and revenue from sale of products, including student necessities and agricultural and sideline products, are satisfied at the point in time when the control of products has been transferred, being the time when the products are accepted by the customers.

Services transferred over time

Other than the Menu-ordering Canteen Operations and sale of products, the performance obligations for services are satisfied over time because a customer simultaneously receives and consumes the benefits provided by the Group.

At 28 February 2023, all amounts of transaction prices related to performance obligations are expected to be recognised as revenue within one year and as permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts (or partially unsatisfied) is not disclosed.

3. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

An analysis of other income and gains is as follows:

	For the six months ended 28 February	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Gain on disposal of financial assets at fair value through profit or loss	2,617	6,535
Rental income	297	1,709
Bank interest income	1,446	1,268
Government grants	2,644	–
Others	2,522	539
Total other income and gains	9,526	10,051

4. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	For the six months ended 28 February	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Interest on bank loans	37,303	32,842
Less: Interest capitalised under property, plant and equipment	(17,703)	(24,288)
	19,600	8,554
Interest on lease liabilities	6,033	5,899
	25,633	14,453
Interest rate of borrowing costs capitalised (%)	5.53-7.15	5.39-7.35

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	For the six months ended 28 February	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Cost of inventories consumed	291,158	135,857
Cost of services provided	284,653	150,372
	575,811	286,229
Loss on disposal of property, plant and equipment, net	1,246	–
Equity-settled share award scheme expenses	2,122	3,527
Foreign exchange losses, net	3,216	1,374

6. INCOME TAX

Corporate income tax of the Group has been provided at the applicable tax rates on the estimated taxable profits arising in Mainland China during the Period:

	For the six months ended 28 February	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Current – Mainland China	68,574	7,535
Deferred	(10,159)	–
Total tax charge for the period	58,415	7,535

Notes:

- (a) Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and British Virgin Islands.
- (b) The applicable corporate income tax (“CIT”) rate for a Hong Kong-incorporated subsidiary was 16.5% and no provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the Period.
- (c) Pursuant to the People’s Republic of China (the “PRC”) Income Tax Law and the respective regulations, except for Tibet Yongsi Technology Co., Ltd. (“Tibet Yongsi”), Shenzhou Hongyu (Zhuhai Hengqin) Management Consulting Co., Ltd. (“Shenzhou Hongyu”) and Dayan Zhiguang (Zhuhai Hengqin) Educational Consulting Co., Ltd. (“Dayan Zhiguang”), all the Group’s non-school subsidiaries established in the PRC were subject to the PRC CIT at a rate of 25% during the Period.

During the Period, Tibet Yongsi was entitled to an effective preferential PRC CIT rate of 9% as its business scope falls within the scope of the encouraged industries, one of which is the education industry, under the “Western Development Policy”, and simultaneously as Tibet Yongsi absorbed more than 70% of the total number of employees of the employment of the permanent population in Tibet, it can have the local part of CIT (40% of 15%) exempted.

Shenzhou Hongyu and Dayan Zhiguang were recognised as qualified entities under the preferential income tax policy for the encouraged industrial enterprises in the Zhuhai Hengqin Free Trade Zone. Under the preferential tax policy, the income tax of Shenzhou Hongyu and Dayan Zhiguang was levied at a preferential PRC CIT rate of 15%.

Under the “Western Development Policy”, the income tax provision of tutoring schools, including Luzhou Longmatan Tutoring School, Sichuan Lixing Yanxue Travel Co., Ltd., and Chengdu Daren Sports Culture Development Co., Ltd., was calculated at a preferential tax rate of 15%, others which provide non-academic and non-formal educational services, are subject to PRC CIT at the rate of 25%.

Kindergartens and certain tutoring schools were qualified entities under the preferential income tax reduction policy for small-scale minimal profit enterprises. Under the preferential tax policy, the first RMB1 million of taxable income of these schools can be subject to PRC CIT at an effective rate of 2.5% and taxable income within RMB1 million to RMB3 million can be subject to PRC CIT at an effective rate of 5%.

- (d) For high schools registered as for-profit private schools, they were subject to PRC CIT at the rate of 25%.

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculations of basic and diluted earnings per share attributable to ordinary equity holders of the Company are based on the following data:

	For the six months ended 28 February	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculations	170,147	31,077
	Number of shares For the six months ended 28 February	
	2023 (unaudited)	2022 (unaudited)
Shares		
Weighted average number of ordinary shares in issue	2,154,000,000	2,166,000,000
Effect of the weighted average number of ordinary shares repurchased under the share award scheme	(56,548,000)	(56,548,000)
Weighted average number of vested ordinary shares granted under the share award plan	3,178,000	2,043,300
Adjusted weighted average number of ordinary shares used in the basic earnings per share calculation	2,100,630,000	2,111,495,300
Effect of dilution:		
Weighted average number of unvested ordinary shares granted under the share award scheme	–	10,763,700
Adjusted weighted average number of ordinary shares used in the diluted earnings per share calculation	2,100,630,000	2,122,259,000

8. PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the Period are as follows:

	RMB'000 (unaudited)
Carrying amounts at 1 September 2022	3,640,254
Additions	99,356
Acquisition of subsidiaries (Note 19)	402,388
Disposals	(3,125)
Depreciation charged for the Period	(63,762)
Carrying amounts at 28 February 2023	4,075,111

Notes:

- (a) As at 28 February 2023, the Group was in the customary process of obtaining the relevant property ownership certificates for certain buildings with a net carrying amount of approximately RMB421,403,000 (31 August 2022: RMB738,642,000). The Group's buildings can only be sold, transferred or mortgaged when the relevant certificates have been obtained.
- (b) Interest expenses capitalised as part of the property, plant and equipment by the Group during the Period amounted to RMB17,703,000 (six months ended 28 February 2022: RMB24,288,000).

9. LEASES

The carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the Period are as follows:

	Right-of-use assets			Lease liabilities RMB'000 (unaudited)
	Leasehold land RMB'000 (unaudited)	Buildings and other premises RMB'000 (unaudited)	Total RMB'000 (unaudited)	
As at 1 September 2022	1,472,937	182,276	1,655,213	190,543
Additions	8,636	-	8,636	-
Acquisition of subsidiaries (Note 19)	257,504	32,453	289,957	32,453
Depreciation charge	(18,139)	(10,931)	(29,070)	-
Interest expense	-	-	-	6,033
Payments	-	-	-	(8,493)
As at 28 February 2023	1,720,938	203,798	1,924,736	220,536

10. GOODWILL

Reconciliation of the carrying amount of the Group's goodwill at the beginning and end of the reporting period is presented below:

	RMB'000
At 1 September 2022	7,572
Acquisition of subsidiaries (Note 19)	8,841
At 28 February 2023	16,413

IAS 36 requires an entity to perform impairment tests on goodwill on an annual basis. Management did not identify any significant adverse changes in the operating results and macro environment in the Period, and the Company's management has concluded there was no impairment indicator of goodwill as at 28 February 2023. Accordingly, the Company's management did not perform impairment testing on goodwill as at 28 February 2023.

11. TRADE RECEIVABLES

An ageing analysis of trade receivables as at the end of the reporting period, based on the transaction date, is as follows:

	28 February 2023 RMB'000 (unaudited)	31 August 2022 RMB'000
Within 3 months	8,528	10,953

Trade receivables as at the end of the reporting period are not individually nor collectively considered to be impaired. None of the above trade receivables is either past due or impaired.

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	28 February 2023 RMB'000 (unaudited)	31 August 2022 RMB'000
<i>Current portion:</i>		
Security deposits related to construction of schools	4,497	3,509
Other deposits	10	10
Prepayments	7,830	11,263
Advances to staff	20,168	16,572
Loans to third parties	14,268	14,268
Deductible input value-added tax	5,593	8,068
Other receivables	10,258	5,421
	62,624	59,111
<i>Non-current portion:</i>		
Prepayments for property, plant and equipment	17,590	6,352
Deductible input value added tax	88,931	81,968
Prepayment for other intangible assets	1,955	2,067
Prepayment for the acquisition of land use rights	–	5,000
	108,476	95,387
Total	171,100	154,498

13. TRADE PAYABLES

An ageing analysis of trade payables as at the end of the Period, based on the invoice date, is as follows:

	28 February 2023 RMB'000 (unaudited)	31 August 2022 RMB'000
Within 3 months	54,593	46,571
Over 3 months and within 6 months	924	–
Over 6 months	1,804	–
	57,321	46,571

14. CONTRACT LIABILITIES

	28 February 2023 RMB'000 (unaudited)	31 August 2022 RMB'000
<i>Advances received from customers</i>		
Comprehensive educational services	569,020	687,740
Canteen operation fees	175,187	151,371
Sale of products	23,617	3,829
	767,824	842,940

There were no contract assets at the end of the reporting period recognised in the consolidated statement of financial position.

15. INTEREST-BEARING BANK LOANS

	28 February 2023 (unaudited)			31 August 2022		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans						
– secured	5-6.15	2023	130,000	5	2023	50,000
– unsecured	6	2023	80,000	–	–	–
Current portion of long-term bank loans						
– secured	5.04-7.25	2023	251,196	5.39-7.35	2023	190,450
– unsecured	4.2	2023	6,000	–	–	–
			467,196			240,450
Non-current						
Bank loans						
– secured	5.04-7.25	2024-2030	1,014,179	5.39-7.35	2024-2030	891,375
– unsecured	4.2	2025	24,000	–	–	–
			1,038,179			891,375
			1,505,375			1,131,825

15. INTEREST-BEARING BANK LOANS (CONTINUED)

Notes:

The Group's bank loans are secured by:

	Loan amounts	
	28 February 2023 RMB'000 (unaudited)	31 August 2022 RMB'000
Rights pertaining to comprehensive educational services fee collection of certain schools	70,000	45,000
Both equity interests and rights pertaining to comprehensive educational services fee collection	1,325,375	1,086,825
Total	1,395,375	1,131,825

16. SHARE CAPITAL

Shares

	28 February 2023 HK\$'000 (unaudited)	31 August 2022 HK\$'000
Authorised:		
10,000,000,000 ordinary shares of HK\$0.1 each	1,000,000	1,000,000
Issued and fully paid:		
2,154,000,000 ordinary shares of HK\$0.1 each	215,400	215,400
Equivalent to approximately (in RMB'000)	183,022	183,022

17. RESTRICTED SHARE AWARD SCHEME

The following awarded shares were outstanding under the restricted share award scheme at the end of the reporting period:

	Number of shares repurchased for the scheme	Number of awarded shares
At 1 September 2022	54,504,700	9,623,600
Vested during the Period	(1,134,700)	(1,134,700)
At 28 February 2023	53,370,000	8,488,900

During the Period, 1,134,700 shares were vested under the restricted share award scheme. The purchase costs and the related share-based payment expenses charged of the granted shares vested are reversed from the related share award scheme reserve. The difference of RMB2,774,000 arising from this transfer was credited to share premium.

18. DIVIDEND

At the meeting of the board of directors held on 25 April 2023, the board of directors resolved to pay an interim dividend of RMB2.43 cents per share for the Period (six months ended 28 February 2022: nil). The total interim dividend was RMB52,342,000 (six months ended 28 February 2022: nil).

19. BUSINESS COMBINATION

(a) Sichuan Fengming Niepan Education Management Co., Ltd. (“Sichuan Fengming Niepan”)

On 25 November 2022, the Group acquired a National College Entrance Examination (“Gaokao”) repetition education business in the PRC through the acquisition of 60% of the equity interests of Sichuan Fengming Niepan by way of capital injection into Sichuan Fengming Niepan. This acquisition was made with the aims to expand the Group’s existing scale of operations and enter into the Gaokao repetition education business.

The fair values of the identifiable assets and liabilities of Sichuan Fengming Niepan as at the date of acquisition were as follows:

	Fair value recognised on acquisition
	RMB'000
Property, plant, and equipment	5,233
Other intangible assets – trademark	9,580
Right-of-use assets	32,453
Cash and bank balances	3,559
Trade receivables	122
Prepayments and other receivables	2,395
Amounts due from related parties	7,000
Inventories	18
Trade payables	(10)
Other payables and accruals	(1,694)
Contract liabilities	(10,210)
Deferred tax liabilities	(2,395)
Lease liabilities	(32,453)
Total identifiable net assets at fair value	13,598
Non-controlling interests	(5,439)
Goodwill on acquisition	8,841
Satisfied by cash	17,000

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

Cash consideration paid	(10,000)
Cash and bank balances acquired	3,559
Net outflow of cash and cash equivalents included in cash flows from investing activities	(6,441)

The fair values and gross contractual amounts of trade receivables and other receivables as at the date of acquisition amounted to RMB122,000 and RMB2,395,000, respectively. All trade receivables and other receivables are expected to be recoverable.

The Group incurred transaction costs of RMB50,000 for this acquisition. These transaction costs have been expensed and are included in other expenses in the interim condensed consolidated statement of profit or loss.

19. BUSINESS COMBINATION (CONTINUED)

(a) Sichuan Fengming Niepan Education Management Co., Ltd. (“Sichuan Fengming Niepan”) (Continued)

The goodwill of RMB8,841,000, which was not deductible for tax purposes, comprised the acquired workforce and the value of expected synergies arising from the combination of the acquired business with the existing operations of the Group’s High Schools.

Since the acquisition, Sichuan Fengming Niepan contributed RMB8,603,000 to the Group’s revenue and caused losses of RMB1,996,000 to the consolidated profit for the Period.

Had the combination taken place at the beginning of the Period, the revenue from continuing operations of the Group and the profit of the Group for the Period would have been RMB951,602,000 and RMB169,106,000, respectively.

(b) For-profit schools separated from the Affected Business

On 14 May 2021, the 2021 Implementation Regulations for Private Education Laws (the “2021 Implementation Regulations”) were promulgated by the PRC State Council, and the contractual agreements of private schools providing compulsory education (the “Affected Business”) were no longer enforceable from 1 September 2021. The Directors assessed that the Group ceased to have its control over the Affected Business by 31 August 2021 and therefore the carrying amount related to the net assets of the Affected Business was deconsolidated from the consolidated financial statements of the Group as of 31 August 2021.

During the Period, the Group obtained the respective individual operating licenses of Ya’an Tianli High School (“Ya’an High School”), Guangyuan Tianli Boda High School (“Guangyuan High School”) and Guangyuan Tianli Jiaojiao Kindergarten (“Guangyuan Kindergarten”), Yibin Tianli High School (“Yibin High School”), and Yibin Tianli Kindergarten (“Yibin Kindergarten”). These for-profit schools have been successfully separated from the Affected Business and have been able to be included in the consolidated financial statements since 1 September 2022, 1 September 2022, and 1 December 2022, respectively.

The fair values of the identifiable assets and liabilities of Ya’an High School, Guangyuan High School, Guangyuan Kindergarten, Yibin High School, and Yibin Kindergarten as at the respective dates of acquisition were as follows:

	Yibin High School RMB’000	Yibin Kindergarten RMB’000	Ya’an High School RMB’000	Guangyuan High School RMB’000	Guangyuan Kindergarten RMB’000	Total RMB’000
Property, plant, and equipment	149,277	23,090	67,754	136,433	20,601	397,155
Right-of-use assets	108,141	7,595	34,844	98,717	8,207	257,504
Cash and bank balances	–	–	90	–	–	90
Prepayments and other receivables	–	–	–	1,139	143	1,282
Amounts due from related parties	–	–	12,188	–	–	12,188
Inventories	–	–	–	53	–	53
Trade payables	–	–	(32)	(35)	–	(67)
Other payables and accruals	(1,361)	(462)	(2,324)	(21,263)	(68)	(25,478)
Amounts due to related parties	(91,001)	(11,004)	–	(89,499)	(21,187)	(212,691)
Contract liabilities	(29,167)	(2,193)	(26,234)	(34,382)	(919)	(92,895)
Deferred tax liabilities	(27,722)	(3,007)	(9,572)	(11,015)	(1,444)	(52,760)
Total identifiable net assets at fair value	108,167	14,019	76,714	80,148	5,333	284,381
Satisfied by amounts due from related parties	45,000	5,000	62,188	49,000	1,000	162,188
Satisfied by amounts due to related parties	63,167	9,019	14,526	31,148	4,333	122,193

19. BUSINESS COMBINATION (CONTINUED)

(b) For-profit schools separated from the Affected Business (Continued)

An analysis of the cash flows in respect of the acquisition of schools is as follows:

	Yibin High School RMB'000	Yibin Kindergarten RMB'000	Ya'an High School RMB'000	Guangyuan High School RMB'000	Guangyuan Kindergarten RMB'000	Total RMB'000
Cash consideration	-	-	-	-	-	-
Cash and bank balances acquired	-	-	90	-	-	90
Net outflow of cash and cash equivalents included in cash flows from investing activities	-	-	90	-	-	90

The fair values and gross contractual amounts of other receivables as at the date of acquisition amounted to RMB1,282,000. All other receivables are expected to be recoverable.

Since the acquisition, the revenue and profit contributed to the Group's revenue and the consolidated profit for the Period were as follows:

	Yibin High School RMB'000	Yibin Kindergarten RMB'000	Ya'an High School RMB'000	Guangyuan High School RMB'000	Guangyuan Kindergarten RMB'000	Total RMB'000
Revenue	10,017	1,762	11,379	21,144	1,242	45,544
Consolidated profit	2,687	(953)	1,549	4,691	(219)	7,755

Had the combination of Yibin High School and Yibin Kindergarten taken place at the beginning of the Period, the revenue from continuing operations of the Group and the profit of the Group for the Period would have been RMB961,762,000 and RMB949,560,000, and RMB174,681,000 and RMB169,005,000, respectively.

20. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	28 February 2023 RMB'000 (unaudited)	31 August 2022 RMB'000
Contracted but not provided for:		
Property, plant and equipment	99,697	263,444

21. RELATED PARTY TRANSACTIONS AND BALANCES

The Directors are of the view that the following individuals/companies are related parties that had material transactions or balances with the Group during the Period.

(a) **Name and relationships of related parties**

Name	Relationships
Mr. Luo Shi	Ultimate controlling shareholder of the Company
Sichuan Nanyuan Construction Co., Ltd. ("Nanyuan Construction")	A company controlled by Mr. Luo Shi
Luzhou Tianli Property Management Co., Ltd. ("Luzhou Tianli Property")	A company controlled by Mr. Luo Shi
Chengdu Shenzhou Tianli Education Consulting Co., Ltd. ("Chengdu Shenzhou Tianli")	A joint venture of the Company
Affiliated Kindergarten of Luzhou Tianli School ("Luzhou Tianli Kindergarten")	An associate of the Company
Affected Business	Legally owned by the affiliated entities of the Group

In addition to the transactions detailed elsewhere in this interim condensed financial information, the Group had the following transactions with related parties:

(b) **Outstanding balances with related parties**

Amounts due from related parties

		28 February 2023 RMB'000 (unaudited)	31 August 2022 RMB'000
Trade in nature			
Luzhou Tianli Kindergarten	(i)	15	15
Non-trade in nature			
Luzhou Tianli Property		20	20
Affected Business	(ii)	955,519	1,085,632
		955,539	1,085,652
		955,554	1,085,667

21. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Outstanding balances with related parties (Continued)

Amounts due to related parties

	28 February 2023 RMB'000 (unaudited)	31 August 2022 RMB'000
<i>Non-trade in nature</i>		
Nanyuan Construction	248,005	528,459
Chengdu Shenzhou Tianli	128,883	183,294
Luzhou Tianli Kindergarten	670	670
Affected Business	2,525,201	2,425,120
	2,902,759	3,137,543
<i>Less: non-current portion</i>		
Chengdu Shenzhou Tianli	128,883	183,294
Affected Business	1,152,947	815,287
Current portion	1,620,929	2,138,962

Notes:

- (i) Included in the amount due from Luzhou Tianli Kindergarten were management fees receivable for the provision of kindergarten management services provided by the Group amounting to RMB15,000 as at 28 February 2023 (31 August 2022: RMB15,000).
- (ii) The amounts due from related parties were unsecured, interest-free and had no fixed terms of repayment. And the amounts due to related parties were unsecured, interest-free and would be repaid within the next 1.5 to 5 years from 28 February 2023.

21. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(c) Transactions with related parties

(1) Construction of property, plant and equipment

	For the six months ended 28 February	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Nanyuan Construction	55,012	194,619

The considerations for the construction of property, plant and equipment were determined at prices of actual costs plus a premium in the range of 9% to 11% of the actual costs, depending on the prevailing market circumstances.

(2) Provision of management services and sale of products

	For the six months ended 28 February	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Luzhou Tianli Kindergarten	134	129

The amount represented fees charged for the provision of management services to Luzhou Tianli Kindergarten at prices mutually agreed between the Group and its related party based on 1.5% of the comprehensive educational services fees.

(3) Advances given and repayment of advances given

	For the six months ended 28 February	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Advances given to:		
Luzhou Tianli Kindergarten	–	1,134
The Affected Business	55,061	–
	55,061	1,134
Repayment of advances given:		
The Affected Business	185,174	–

21. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(c) Transactions with related parties (Continued)

(4) Advances received and repayment of advances received

	For the six months ended 28 February	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Advances received from:		
Chengdu Shenzhou Tianli	50,000	11,058
The Affected Business	605,173	–
	655,173	11,058
Repayment of advances received:		
Chengdu Shenzhou Tianli	104,411	52,615
The Affected Business	505,092	245,839
	609,503	298,454

(d) Compensation of key management personnel of the Group

	For the six months ended 28 February	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Salaries, allowances and benefits in kind	1,229	1,632
Equity-settled share award scheme expenses	75	157
Pension scheme contributions	37	33
	1,341	1,822

22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts	
	28 February 2023 RMB'000 (unaudited)	31 August 2022 RMB'000
Financial assets at fair value through profit or loss	82,510	100,010
Long-term interest-bearing bank loans	1,038,179	891,375
Amounts due to related parties – non-current	1,281,830	998,581
	2,402,519	1,989,966

	Fair values	
	28 February 2023 RMB'000 (unaudited)	31 August 2022 RMB'000
Financial assets at fair value through profit or loss	82,510	100,010
Long-term interest-bearing bank loans	1,038,179	891,375
Amounts due to related parties – non-current	1,212,179	926,898
	2,332,868	1,918,283

Management has assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, and amounts due from/to related parties approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current interest-bearing bank loans have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank loans as at 28 February 2023 was assessed to be insignificant.

The fair values of financial assets at fair value through profit or loss included in other current financial assets are measured using the expected return published by licensed banks.

22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	
<i>Financial assets at fair value through profit or loss</i>				
28 February 2023	–	82,510	–	82,510
31 August 2022	–	100,010	–	100,010

Liabilities for which fair values are disclosed:

28 February 2023

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
<i>Interest-bearing bank loans, non-current portion</i>	–	–	1,038,179	1,038,179
<i>Amounts due to related parties – non-current</i>	–	–	1,212,179	1,212,179
	–	–	2,250,358	2,250,358

31 August 2022

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
<i>Interest-bearing bank loans, non-current portion</i>	–	–	891,375	891,375
<i>Amounts due to related parties – non-current</i>	–	–	926,898	926,898
	–	–	1,818,273	1,818,273

During the Period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

The Company did not have any financial liabilities measured at fair value as at 28 February 2023.

23. EVENTS AFTER THE REPORTING PERIOD

On 10 March 2023, the Directors announced that pursuant to its share option scheme adopted on 24 June 2018, the Company granted an aggregate of 61,000,000 share options (the “Share Options”) to eligible participants (the “Grantees”) on 10 March 2023 to subscribe for ordinary shares (the “Shares”) of HK\$0.1 each in the share capital of the Company, subject to acceptance of the Share Options by the Grantees.

The exercise price of the Share Options is HK\$2.48 per share, with a validity period of 10 years, calculated from the date of grant and lapse at the expiry of such period. For the vesting period of the Share Options, 40% of the Share Options granted shall be vested after the first anniversary of the date of grant; another 30% of the Share Options granted shall be vested after the second anniversary of the date of grant; and the remaining 30% of the Share Options granted shall be vested after the third anniversary of the date of grant.

24. APPROVAL OF THE INTERIM CONDENSED FINANCIAL INFORMATION

The interim condensed financial information was approved and authorised for issue by the board of directors on 25 April 2023.

Definitions

In this report, the following expressions have the meanings set out below unless the context requires otherwise:

“Audit Committee”	a committee of the Board established by the Board for the purpose of overseeing the accounting and financial reporting processes of the Company and audits of the financial statements of the Company
“Board”	the board of Directors of the Company
“Company”	Tianli International Holdings Limited (天立國際控股有限公司), a company incorporated in the Cayman Islands with limited liability on 24 January 2017, the Shares of which are listed on the Main Board of the Stock Exchange
“CG Code”	Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“Director(s)”	the director(s) of the Company
“Gaokao”	the National Higher Education Entrance Examination (普通高等學校招生全國統一考試)
“Group”, “we”, “us” or “our”	the Company, its subsidiaries and entities under the Company’s control through contractual arrangements in the PRC
“IPO”	initial public offering
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“Nomination Committee”	a committee of the Board established by the Board to assist, identify, screen and recommend to the Board appropriate candidates to serve as Directors of the Company, to oversee the process for evaluating the performance of the Board and to develop, recommend to the Board and monitor nomination guidelines for the Company
“PRC”	the People’s Republic of China which, for the purpose of this report, excludes the Hong Kong Special Administrative Region of the People’s Republic of China, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Pre-IPO Restricted Share Award Scheme”	the pre-IPO restricted share award scheme for the award of Shares to eligible participants, adopted by the Company on 26 January 2018, the principal terms of which are set out in the section headed “Statutory and General Information – D. Restricted Share Award Scheme” in Appendix V to the Prospectus
“Prospectus”	the prospectus of the Company dated 28 June 2018 issued by the Company in relation to the listing of its Shares on the Main Board of the Stock Exchange
“Reporting Period”	the period for the six months ended 28 February 2023
“Restricted Share Award Scheme”	the restricted share award scheme for the award of Shares to eligible participant, adopted by the Company on 17 December 2018, pursuant to the announcement made by the Company on 17 December 2018
“RMB”	Renminbi yuan, the lawful currency of the PRC

Definitions (Continued)

“Selected Participants”	eligible persons selected by the Board or authorized administrators to be granted the share awards under the Restricted Share Award Scheme at its sole discretion
“Share(s)”	ordinary share(s) in the capital of the Company with nominal value of HKD0.1 each
“Share Option Scheme”	the share option scheme of our Company, adopted pursuant to a resolution of our Shareholders on 24 June 2018, the principal terms of which are summarized in the section headed “Statutory and General Information – E. Share Option Scheme” in Appendix V to the Prospectus
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Structured Contracts”	collectively, the Exclusive Business Cooperation Agreement, the Exclusive Call Option Agreement, the School Sponsors’ and Directors’ Rights Entrustment Agreement, the School Sponsors’ Powers of Attorney, the Directors’ Powers of Attorney, the Shareholders’ Rights Entrustment Agreement, the Shareholders’ Powers of Attorney, the Spouse Undertakings, the Equity Pledge Agreements, and the Loan Agreement, and any subsequent amendments and supplements to such agreements, further details of which are set out in “Structured Contracts” in the Prospectus
“Tianli Education”	Shenzhou Tianli Education Investment Co., Ltd. (神州天立教育投資有限責任公司), a limited liability company established in the PRC on 19 April 2013 and our principal operating subsidiary, it was formerly known as Sichuan Shenzhou Tianli Education Investment Co., Ltd. (四川神州天立教育投資有限公司)
“Trustee”	THE CORE TRUST COMPANY LIMITED (匯聚信託有限公司) (which is independent of and not connected with the Company), being appointed by the Company for the administration of the Restricted Share Award Scheme, or any additional or replacement trustee(s)