



天立教育国际控股有限公司
Tianli Education International Holdings Limited

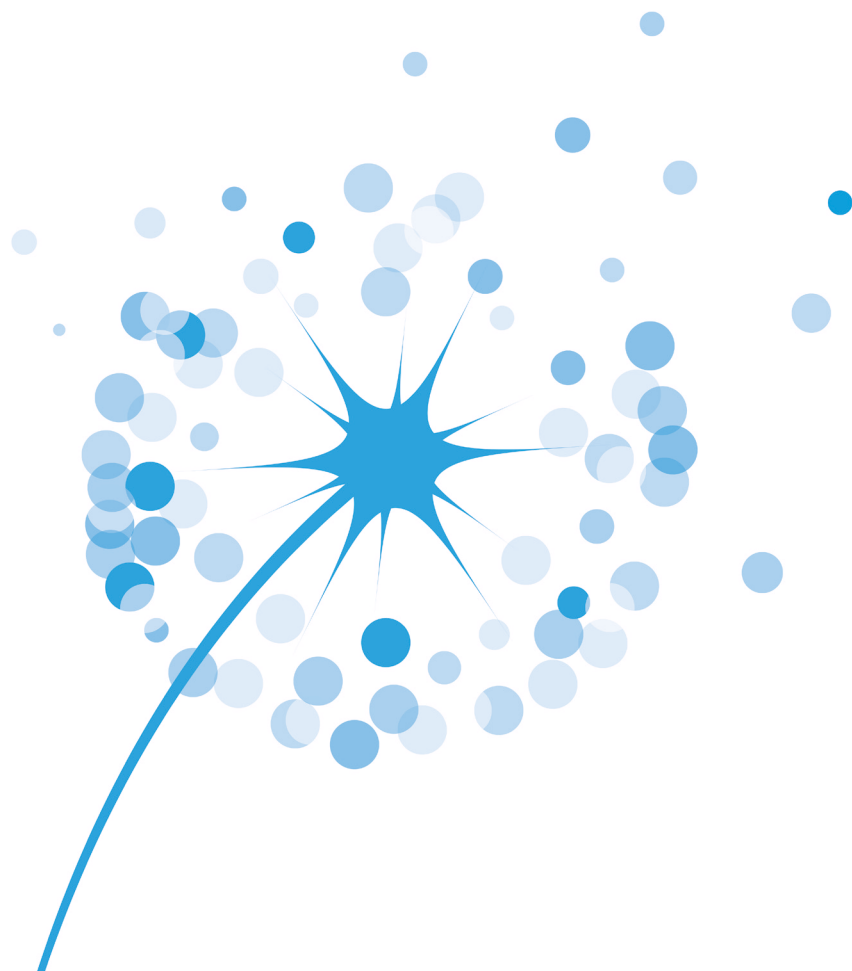
(Incorporated in the Cayman Islands with limited liability)
Stock Code : 1773



2022
INTERIM REPORT

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Director

Mr. Tian Mu

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

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Certified Public Accountants
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Cayman Islands

HONG KONG SHARE REGISTRAR

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JOINT COMPANY SECRETARIES

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

AUTHORISED REPRESENTATIVES

Mr. Wang Rui
Ms. Zhang Xiao

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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 2022 RMB'000 (Unaudited)	For the six months ended 30 June 2021 RMB'000 (Unaudited and restated)
Revenue	399,063	329,299
Gross profit	112,834	96,765
Profit for the period	30,802	29,118

Note:

On 24 May 2021, the Company announced to change its financial year-end date from 31 December to 31 August so as to align the financial year of the Group with the academic year of the schools operated by the Group in the PRC, which ends in August each year. Accordingly, the current accounting period covers a period of six months from 1 September 2021 to 28 February 2022. The corresponding comparative amounts shown in condensed consolidated statement of profit or loss and other comprehensive income covered a period of six months from 1 January 2021 to 30 June 2021, to be used as comparable with those of the current period. Therefore, the comparative amounts may not be entirely comparable with the amounts shown in the Reporting Period.



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. As at 28 February 2022, we provide comprehensive education service to tens of thousands of students.

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 the communities. In December 2021, the Group successively won honorary titles such as the "2021 Comprehensive Strength Education Group", "2021 Influential Education Brand", and "2021 Industry Benchmark Education Group".

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 2021, our graduating high school students of our schools participated in the National Higher Education Entrance Examination (known as "Gaokao") in the relevant cities where the schools are located. 93.2% of our Gaokao candidates in 2021 attained entry requirements of universities in the PRC, and approximately 67.1% attained the entry requirements of first-tier universities in the PRC, including 10 enrolled at Tsinghua University and 3 enrolled into Peking University. In addition, there were 6 our high school graduates enrolled into the world's top 50 universities. During the Reporting Period, 2 students from the Deyang Tianli School won national gold medals of the 35th Chinese Chemistry Olympiad (Final), and one of the middle school students in Guangyuan Tianli School was admitted to the Xi'an Jiaotong University Youth Honored Program.

Our Schools

With a strong presence in Sichuan province where the Group is based in, our school spans across 27 cities in Inner Mongolia, Shandong, Henan, Guizhou, Jiangxi, Zhejiang, Yunnan, Gansu, Anhui, Guangxi and Hubei.

Apart from our principal operation in comprehensive education services, the Group has also provided extra-curricular classes in music, arts, sports and language in our Luzhou and Yibin tutorial centers, and licensed the right to use our brand to early childhood education centers in Chongqing and Luzhou 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. The table below sets forth a breakdown of the number of full-time teachers employed by us as at the dates indicated:

	As at 28 February 2022	As at 31 August 2021
Self-owned schools	790	725
Self-owned tutorial centers	11	33
Total	801	758

We recruit teachers through different channels and methods, including campus recruitment, general public recruitment, and assessment of candidates who apply through our recruitment procedures and the use of online recruiting websites. We offer internships 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 and early childhood education centers

The Group has also provided extra-curricular classes in music, arts, sports and language in self-owned tutorial centers, and licensed the right to use our brand to early childhood education centers during the Reporting Period. The following table sets forth information about our tutorial centers and early childhood education centers in operation as at 28 February 2022:

Tutorial Centers

Location	Program	Nature	Number of centers
Luzhou	Music, art and after school classes	Self-owned	3
Yibin	Music, art and language classes	Self-owned	2

Early Childhood Education Centers

Location	Program	Nature	Number of centers
Chongqing	Pre-school education	Franchised	1
Luzhou	Pre-school education	Self-owned	2
		Franchised	2



Management and franchise fees received from entrusted and franchised schools

During the Reporting Period, the Group provided school management services for 6 entrusted schools and licensed the right to use our brand to 3 franchised early childhood education centers.

REGULATORY UPDATES

Latest updates on the Implementation Regulations

In May 2021, the State Council of the People's Republic of China announced the Implementation Regulations 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**”) 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 and the carrying amount related to the net assets of such Affected Business for the year ended 31 August 2021 have been deconsolidated from the consolidated financial statements of the Group. The business operations of the Affected Business have been classified as discontinued operations for the period ended 31 August 2021.

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 Affected Business

The table below sets out the names of entities and their principal business related to the Affected Business as at 28 February 2022:

Number	School name	Principal business
1	Luzhou Longmatan Tianli Elementary School (<i>Note 1</i>)	Elementary school
2	Yibin Cuiping District Tianli School	Integrated school
3	Guangyuan Tianli School	Integrated school
4	Neijiang Shizhong District Tianli School	Integrated school
5	Liangshan Xichang Tianli School	Integrated school
6	Ya'an Tianli School	Integrated school
7	Cangxi Tianli School	Integrated 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	Elementary school and Middle school
16	Zhoukou Tianli School	Elementary school and Middle school
17	Zunyi Xinpu 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 Tianli Yangjia Tianli 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 2022 RMB'000 (unaudited)	31 August 2021 RMB'000 (audited)
Current assets	2,537,520	2,667,861
Non-current assets	1,918,684	1,952,358
Total assets	4,456,204	4,620,219
Current liabilities	2,607,543	3,067,520
Non-current liabilities	1,148,292	1,109,601
Total liabilities	3,755,835	4,177,121
Net assets	700,369	443,098

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. After obtaining the individual operating licences, the financial results of these high schools are expected to be 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.

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 art and sports oriented schools, international education, overseas studies consulting and study tours to promote the overall development of the students.

FINANCIAL REVIEW

On 24 May 2021, the Company announced to change its financial year-end date from 31 December to 31 August so as to align the financial year of the Group with the academic year of the schools operated by the Group in the PRC, which ends in August each year. Accordingly, the current accounting period covers a period of six months from 1 September 2021 to 28 February 2022. The corresponding comparative amounts shown in condensed consolidated statement of profit or loss and other comprehensive income covered a period of six months from 1 January 2021 to 30 June 2021, to be used as comparable with those of the current period. Therefore, the comparative amounts may not be entirely comparable with the amounts shown in the Reporting Period.

Following the promulgation of the Implementation Regulations, the Group's management assessed the impact and concluded that (i) the assets and liabilities related to the Affected Business were deconsolidated from the consolidated financial statements of the Group from the end of 31 August 2021; and (ii) the operations relating to the Affected Business were classified as discontinued operations and the consolidated statement of profit or loss and other comprehensive income for the period ended 30 June 2021 has been re-stated to conform to the current period's presentation.

As a result of the aforesaid, the unaudited financial information of the Company herein covers a period of six months from 1 September 2021 to 28 February 2022, while the unaudited and restated comparative figures covers a period of six months from 1 January 2021 to 30 June 2021.

Set out below includes the key highlights for the financial results for the six months ended 30 June 2021 and the six months ended 28 February 2022.

	Six months ended 28 February 2022 RMB'000 (unaudited)	Six months ended 30 June 2021 RMB'000 (unaudited and restated)
Revenue	399,063	329,299
Cost of sales	(286,229)	(232,534)
GROSS PROFIT	112,834	96,765
Other income and gains	10,051	18,344
Selling and distribution expenses	(5,918)	(3,320)
Administrative expenses	(60,375)	(61,741)
Other expenses	(3,226)	(12,458)
Interest expenses	(14,453)	(6,760)
Share of (losses)/profits of:		
A joint venture	(473)	3,405
Associates	(103)	1,630
PROFIT BEFORE TAX	38,337	35,865
Income tax expense	(7,535)	(6,747)
PROFIT FOR THE PERIOD	30,802	29,118



Revenue

Our revenue mainly includes canteen operations, comprehensive educational and quality services, etc. The following table sets forth the components of our revenue for the periods indicated.

	Six months ended 28 February 2022 RMB'000 (unaudited)	Six months ended 30 June 2021 RMB'000 (unaudited and restated)
Canteen operations	212,647	192,845
Comprehensive educational services	148,241	107,401
Comprehensive quality services	16,373	–
Study trip services	6,461	4,740
Supply chain management services	7,503	1,816
Management and franchise fees	7,838	22,497
Total	399,063	329,299

Our revenue increased by 21.2% from RMB329.3 million for the six months ended 30 June 2021 to RMB399.1 million for the six months ended 28 February 2022, primarily driven by the increase of revenue from comprehensive educational services. The revenue from comprehensive educational services of the Group increased by 38.0% from RMB107.4 million for the six months ended 30 June 2021 to RMB148.2 million for the six months ended 28 February 2022, which is driven by an increase in student enrollment of our self-owned schools. During the Reporting Period, the Group also initiated the provision of comprehensive quality services, which aimed at facilitating all round development of students and cultivating comprehensive talented personnel.

The revenue from canteen operations increased by 10.3% from RMB192.8 million for the six months ended 30 June 2021 to RMB212.6 million for the six months ended 28 February 2022, primarily as a result of increased student enrollment.

The revenue from study trip services and supply chain management services are RMB6.5 million and RMB7.5 million respectively for the six months ended 28 February 2022. The study trip services include the Group's experiential learning programmes that combine study tours and research studies during weekends and winter vacations, in order to nurture our children into well-rounded builders and successors of socialist cause, morally, intellectually, physically, aesthetically and diligently.

The revenue from management and franchise fees decreased by 65.2% from RMB22.5 million for the six months ended 30 June 2021 to RMB7.8 million for the six months ended 28 February 2022, primarily because as stated above, the Group are prohibited from receiving management fees from the Affected Business since the Implementation Regulations came into effect on 1 September 2021.

Costs of Principal Activities

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

	Six months ended 28 February 2022 RMB'000 (unaudited)	Six months ended 30 June 2021 RMB'000 (unaudited and restated)
Material consumption	135,597	103,784
Staff costs	73,018	68,237
Teaching activity costs	12,645	3,842
Depreciation and amortization	50,154	44,135
Utilities	8,723	7,210
Service procurement cost	3,110	3,726
Others	2,982	1,600
Total	286,229	232,534

Material consumption costs increased by 30.7% from RMB103.8 million for the six months ended 30 June 2021 to RMB135.6 million for the six months ended 28 February 2022, primarily because of the increased student enrollment.

Staff costs increased by 7.0% from RMB68.2 million for the six months ended 30 June 2021 to RMB73.0 million for the six months ended 28 February 2022, primarily because we hired new teachers as a result of the increased student enrollment and the expansion of our school network while raising the salaries and wages of our teachers to attract and retain well-qualified teaching staff.

Teaching activity costs increased by 229.1% from RMB3.8 million for the six months ended 30 June 2021 to RMB12.6 million for the six months ended 28 February 2022. This is primarily because of the Group's initiatives in launching "Project No. 1" in 2021 with a view to better enhance the learning efficiency and academic performance of students at different levels, and the Group has accordingly increased its investment in the three-tier (ABC) teaching resources and development of the curriculum system, so that each child can be his/her best self through the substantive layered teaching.

Depreciation and amortization costs increased by 13.6% from RMB44.1 million for the six months ended 30 June 2021 to RMB50.2 million for the six months ended 28 February 2022, primarily because we newly opened six self-owned schools in September 2021.

Utilities cost increased by 21.0% from RMB7.2 million for the six months ended 30 June 2021 to RMB8.7 million for the six months ended 28 February 2022, primarily because we incurred additional utility for the self-owned schools opened in the 2021/2022 school year.



Gross Profit and Gross Profit Margin

The Group's gross profit for the six months ended 28 February 2022 were approximately RMB112.8 million, representing an increase of 16.6% from approximately RMB96.8 million for the six months ended 30 June 2021. The Group's gross profit margin for the six months ended 28 February 2022 was approximately 28.3%, which remains relatively stable as compared to 29.4% for the six months ended 30 June 2021.

Other Income and Gains

Other income and gains primarily consist of bank interest income, other service income, gain on disposal of financial assets at fair value through profit or loss and rental income.

Other income and gains decreased from RMB18.3 million for the six months ended 30 June 2021 to RMB10.1 million for the six months ended 28 February 2022, primarily because of the decrease in rental income. The Group are prohibited from receiving rental fees from the Affected Business since the Implementation Regulations came into effect on 1 September 2021.

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 RMB60.4 million for the six months ended 28 February 2022 decreased slightly as compared to RMB61.7 million for the six months ended 30 June 2021 due to improvement of management efficiency.

Interest Expenses

Interest expenses increased from RMB6.8 million for the six months ended 30 June 2021 to RMB14.5 million for the six months ended 28 February 2022, primarily because of the increase in interest on lease liabilities and decrease in interest expenses capitalised as fewer schools under construction compared to for the six months ended 30 June 2021.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The shares of the Company 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 2022, we had net current liabilities of approximately RMB1,160.0 million (31 August 2021: RMB2,163.3 million). The decrease in net current liabilities was mainly attributable to the decrease in amounts due to related parties in current liabilities as the Group extended the repayment term of approximately RMB1,080.9 million to 2 to 5 years.

As at 28 February 2022, amounts due from related parties mainly comprised advances given to the Affected Business of approximately RMB1,293.0 million, and amount due to related parties mainly comprised construction fees payable to Sichuan Nanyuan Construction Co., Ltd., a company controlled by Mr. Luo, of approximately RMB370.3 million, and advances received from the Affected Business of approximately RMB2,578.1 million. Those amounts due to and amounts due from the Affected Business represent balances between the Group and the Affected Business. Prior to 31 August 2021, these balances were eliminated upon consolidation of the Affected Business by the Group. As mentioned aforesaid, the Affected Business was deconsolidated on 31 August 2021, and these balances were no longer eliminated and shown as amounts due to or amounts due from the Affected Business.

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 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 2022, the Group had cash and cash equivalents of approximately RMB469.6 million (30 June 2021: approximately RMB791.9 million). The following table sets forth a summary of our cash flows for the periods indicated:

	Six months ended 28 February 2022 (Unaudited) RMB'000	Six months ended 30 June 2021 (Unaudited and restated) RMB'000
Net cash flow from operating activities	83,915	190,221
Net cash flow used in investing activities	(300,625)	(1,611,380)
Net cash flow (used in)/from financing activities	(585,876)	743,970
Net decrease in cash and cash equivalents	(802,586)	(677,189)
Net effect of foreign exchange rates	(1,047)	(5,310)
Cash and cash equivalents at beginning of period	1,273,258	1,474,380
Cash and cash equivalents at end of period	469,625	791,881

The Company has not adopted financial instruments for hedging purposes.

BORROWINGS AND GEARING RATIO

As at 28 February 2022, the Group had borrowings of approximately RMB1,051.3 million (31 August 2021: RMB1,233.7 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 2022, the gearing ratio of the Group, calculated as the total interest-bearing borrowings divided by the total assets, was approximately 14.4% (31 August 2021: approximately 15.8%).

CHARGE OVER ASSETS AND RIGHTS

Save as disclosed in note 15 under the section of "Notes to Interim Condensed Consolidated Financial Information", the Group did not have additional assets or rights pledged as at 28 February 2022 and 31 August 2021.

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 2022, 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 2022. 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 2022, our capital expenditures were RMB297.1 million, which we funded primarily through cash generated from operations and bank facilities.

CONTINGENT LIABILITIES

As at 28 February 2022, the Group did not have any material contingent liabilities (31 August 2021: Nil).

CAPITAL COMMITMENTS

As at 28 February 2022, the Group had capital commitments contracted but not provided for property, plant and equipment amounting to RMB237.2 million (31 August 2021: RMB142.6 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. 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 Subscription are set out on the following table:

Items	Allocation of net proceeds (HKD million)	Unutilised as at 31 August 2021 (HKD million)	Net proceeds utilised during the six months ended		Expected time for the use of unutilised proceeds (Note)
			28 February 2022 (HKD million)	28 February 2022 (HKD million)	
Potential future mergers and acquisitions of high quality targets at reasonable prices	200.00	200.00	0	200.00	31 August 2023
Expansion of self-built and self-operated projects in first-tier and core cities	194.97	165.58	15.61	149.97	31 August 2023
Repayment of bank loans	300.00	300.00	300.00	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 2022:

	As at 28 February 2022 (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)	45.0

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 does not recommend the payment of an interim dividend for the six months ended 28 February 2022.



Other Information

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

As at 28 February 2022, 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	871,341,316	
	Interest of spouse	1,956,520	
	Beneficiary of a trust	6,521,733	
		<u>879,819,569</u>	40.62%
Mr. Wang Rui (<i>Note 2</i>)	Beneficiary of a trust	1,956,520	0.09%
Mr. Tian Mu (<i>Note 3</i>)	Interest of a controlled corporation	3,700,737	0.17%

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, 1,173,912 shares of which have been vested as at 28 February 2022. 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, 5,217,384 shares of which have been vested as at 28 February 2022.
- (2) Mr. Wang Rui is an executive Director and 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 2022.
- (3) Mr. Tian Mu is a non-executive Director and wholly-owns 100% of the issued share capital of Healthy and Peaceful Limited.

Save as disclosed above, as at 28 February 2022, 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 2022, 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	871,341,316	40.23%
Ms. Tu Mengxuan <i>(Note 2)</i>	Beneficiary of a trust Interest of spouse	1,956,520	
		877,863,049	
		879,819,569	40.62%
TCT (BVI) Limited <i>(Note 3)</i>	Other	109,485,158	5.05%
THE CORE TRUST COMPANY LIMITED <i>(Note 3)</i>	Trustee	109,485,158	5.05%

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, 1,173,912 shares of which have been vested as at 28 February 2022. 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.
- (3) The Core Trust Company Limited controlled TCT (BVI) Limited as to 100% and hence was deemed to be interested in the shares or interests held by TCT (BVI) Limited in the Company.

Save as disclosed above, as at 28 February 2022, 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

Ms. Yang Zhaotao resigned as an executive Director of the Company with effect from 26 January 2022 due to her need to devote more time to focus on education operation and management.

Mr. Cheng Yiqun ceased to be the chairman of the Nomination Committee since 26 January 2022 but remains a member of the Nomination Committee and Mr. Luo Shi has been appointed as the chairman of the Nomination Committee on the same date.

Save as disclosed above, 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 2022.

EMPLOYEES AND REMUNERATION POLICIES

As at 28 February 2022, the Group employed approximately 2,519 employees (31 August 2021: 2,268).

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.

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 Pre-IPO Restricted Share Award Scheme is not a share option scheme and is not subject to the provisions of Chapter 17 of the Listing Rules.

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 2022, a total of 107,565,634 shares, representing approximately 4.97% of the total issued shares of the Company, have been granted to the selected persons.

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.

For the six months ended 28 February 2022, 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 six 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 Restricted Share Award Scheme is not a share option scheme and is not subject to the provisions of Chapter 17 of the Listing Rules.

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 of the Company 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 2022, under the Restricted Share Award Scheme, the trustee purchased a total of 56,548,000 shares, representing approximately 2.61% 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.

CORPORATE GOVERNANCE

The Directors are committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholders' value. The corporate governance principles of the Company emphasise a quality Board, sound internal controls, and transparency and accountability to all shareholders. The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) contained in Appendix 14 of the Listing Rules. In the opinion of the Board, the Company has complied with the CG Code during the six months ended 28 February 2022, except for the deviation from provision A.2.1 of the CG Code (which has been re-arranged as code provision C.2.1 since 1 January 2022) which is explained below:



According to provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Luo is the chairman of the Board and chief executive officer of the Company, responsible for strategic development, overall operational management and major decision making of the Group.

Mr. Luo is the founder of the Group and has been managing the Group's business and overall strategic planning since its establishment, the Directors thereby consider that the vesting of the roles of chairman and chief executive officer in Mr. Luo is beneficial to the business prospects and management of the Group by ensuring consistent leadership within the Group, aligning the directions and approaches on the board level and execution level and enabling more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. Accordingly, the Company had not segregated the roles of its chairman and chief executive officer. The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company at an appropriate time if necessary, taking into account the circumstances of the Group as a whole.

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 2022.

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

For the six months ended 28 February 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

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 2022) 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 Education International Holdings Limited
Luo Shi
Chairman, Executive Director and Chief Executive Officer

The PRC, 26 April 2022

Independent Review Report



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

Introduction

We have reviewed the interim financial information set out on pages 22 to 46, which comprises the condensed consolidated statement of financial position of Tianli Education International Holdings Limited (the “Company”) and its subsidiaries (the “Group”) as at 28 February 2022 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 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 financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim 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 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 financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong

26 April 2022



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

For the six months ended 28 February 2022

	Notes	Six months ended 28 Feb 2022 RMB'000 (unaudited)	Six months ended 30 Jun 2021 RMB'000 (unaudited and restated)
REVENUE	3	399,063	329,299
Cost of sales		(286,229)	(232,534)
Gross profit		112,834	96,765
Other income and gains	3	10,051	18,344
Selling and distribution expenses		(5,918)	(3,320)
Administrative expenses		(60,375)	(61,741)
Other expenses		(3,226)	(12,458)
Interest expenses	4	(14,453)	(6,760)
Share of (losses)/profits of:			
A joint venture		(473)	3,405
Associates		(103)	1,630
PROFIT BEFORE TAX	5	38,337	35,865
Income tax expense	6	(7,535)	(6,747)
PROFIT FOR THE PERIOD		30,802	29,118
OTHER COMPREHENSIVE INCOME FOR THE PERIOD			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences related to translation of a foreign operation		(141)	(85)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		30,661	29,033
Profit attributable to:			
Owners of the Company		31,077	26,726
Non-controlling interests		(275)	2,392
		30,802	29,118
Total comprehensive income attributable to:			
Owners of the Company		30,936	26,641
Non-controlling interests		(275)	2,392
		30,661	29,033
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic	7	RMB1.47 cents	RMB1.25 cents
Diluted	7	RMB1.46 cents	RMB1.25 cents

Interim Condensed Consolidated Statement of Financial Position

28 February 2022

	Notes	28 Feb 2022 RMB'000 (unaudited)	31 Aug 2021 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant, and equipment	8	3,130,340	2,915,536
Right-of-use assets	9	1,618,903	1,601,918
Goodwill	10	7,572	7,572
Other intangible assets		12,704	7,660
Investment in a joint venture		161,347	161,820
Investments in associates		69,667	69,770
Prepayments, deposits and other receivables	12	198,025	142,265
Deferred tax assets		271,309	271,309
Total non-current assets		5,469,867	5,177,850
CURRENT ASSETS			
Inventories		5,737	3,797
Trade receivables	11	8,194	3,550
Prepayments, deposits and other receivables	12	46,584	35,224
Amounts due from related parties	20(b)	1,295,991	1,094,614
Financial assets at fair value through profit or loss		1,010	205,090
Cash and cash equivalents		469,625	1,273,258
Total current assets		1,827,141	2,615,533
CURRENT LIABILITIES			
Trade payables	13	28,109	11,419
Other payables and accruals		250,593	300,679
Contract liabilities	14	310,486	395,737
Interest-bearing bank loans	15	243,250	491,471
Amount due to related parties	20(b)	1,867,556	3,229,149
Tax payable		115,732	115,938
Lease liabilities	9	12,501	13,662
Dividends payable		–	80,064
Deferred income		158,898	140,670
Total current liabilities		2,987,125	4,778,789
NET CURRENT LIABILITIES	1.1	(1,159,984)	(2,163,256)
TOTAL ASSETS LESS CURRENT LIABILITIES		4,309,883	3,014,594



	Notes	28 Feb 2022 RMB'000 (unaudited)	31 Aug 2021 RMB'000 (audited)
NON-CURRENT LIABILITIES			
Lease liabilities	9	179,349	157,362
Deferred income		417,388	327,115
Interest-bearing bank loans	15	808,075	742,250
Amount due to related parties	20(b)	1,080,892	–
Total non-current liabilities		2,485,704	1,226,727
NET ASSETS		1,824,179	1,787,867
EQUITY			
Equity attributable to owners of the Company			
Issued capital	16	184,042	184,042
Reserves		1,611,521	1,579,934
		1,795,563	1,763,976
Non-controlling interests		28,616	23,891
Total equity		1,824,179	1,787,867

Luo Shi
Director

Wang Rui
Director

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 28 February 2022

	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)									
As at 1 September 2021 (audited)	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 income 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 forfeited during the period	-	-	(2,859)	-	-	-	-	-	-	(2,859)	-	(2,859)
Reduction in reserves due to shares awarded becoming vested	-	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

* These reserve accounts comprise the reserves of RMB1,611,521,000 (31 August 2021: RMB1,579,934,000) in the interim condensed consolidated statement of financial position.



Attributable to owners of the Company

	Issued capital RMB'000 (unaudited and restated) (note 16)	Share premium RMB'000 (unaudited and restated)	Shares repurchased for the share award scheme	Share award scheme reserve	Capital reserve RMB'000 (unaudited and restated)	Difference arising from acquisition of non-controlling interests	Statutory surplus reserves RMB'000 (unaudited and restated)	Exchange fluctuation reserve RMB'000 (unaudited and restated)	Retained profits/ losses	Total RMB'000 (unaudited and restated)	Non-controlling interests RMB'000 (unaudited and restated)	Total equity RMB'000 (unaudited and restated)
			RMB'000 (unaudited and restated) (note 17)	RMB'000 (unaudited and restated)		RMB'000 (unaudited and restated)			RMB'000 (unaudited and restated)			
As at 1 January 2021 (audited and restated)	184,042	1,515,989	(41,211)	2,803	563,558	(824)	58,671	(338)	115,577	2,398,267	31,888	2,430,155
Profit for the period	-	-	-	-	-	-	-	-	26,726	26,726	2,392	29,118
Other comprehensive income for the period:												
Exchange differences on translation of foreign operation	-	-	-	-	-	-	-	(85)	-	(85)	-	(85)
Total comprehensive income for the period	-	-	-	-	-	-	-	(85)	26,726	26,641	2,392	29,033
Transfer from retained profits	-	-	-	-	-	-	1,523	-	(1,523)	-	-	-
Dividends paid to non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	-	(10,453)	(10,453)
Final 2020 dividend declared	-	(112,102)	-	-	-	-	-	-	-	(112,102)	-	(112,102)
Shares awarded under the share award scheme	-	-	17,136	-	-	-	-	-	-	17,136	-	17,136
Share issue expenses in respect of placing of shares in the prior year	-	(28)	-	-	-	-	-	-	-	(28)	-	(28)
Shares repurchased for the share award scheme	-	-	(22,404)	-	-	-	-	-	-	(22,404)	-	(22,404)
Reduction in reserves due to shares awarded becoming vested	-	903	(29)	(874)	-	-	-	-	-	-	-	-
Offsetting with dividends	-	-	1,729	-	-	-	-	-	-	1,729	-	1,729
Increase in paid-up capital of a subsidiary	-	-	-	-	-	-	-	-	-	-	1,000	1,000
Equity-settled share award scheme expenses	-	-	-	5,797	-	-	-	-	-	5,797	-	5,797
Acquisition of non-controlling interests	-	-	-	-	-	(297)	-	-	-	(297)	149	(148)
As at 30 June 2021 (unaudited and restated)	184,042	1,404,762	(44,779)	7,726	563,558	(1,121)	60,194	(423)	140,780	2,314,739	24,976	2,339,715

Interim Condensed Consolidated Statement Of Cash Flows

For the six months ended 28 February 2022

	Notes	Six months ended 28 Feb 2022 RMB'000 (unaudited)	Six months ended 30 Jun 2021 RMB'000 (unaudited and restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax from continuing operations		38,337	35,865
Adjustments for:			
Depreciation of property, plant and equipment		36,883	34,165
Depreciation of right-of-use assets		21,175	13,626
Amortisation of other intangible assets		618	386
Share of (profits)/losses of a joint venture and associates		576	(5,035)
Gain on disposal of financial assets at fair value through profit or loss		(6,535)	(6,330)
Unrealised foreign exchange losses, net		903	5,220
Equity-settled share award scheme expenses	5	3,527	5,797
Bank interest income		(1,268)	(1,793)
Deferred income released to profit or loss		(44,871)	(24,090)
Interest expenses	4	14,453	6,760
Loss on disposal of items of property, plant and equipment, net	5	–	19
		63,798	64,590
Decrease/(increase) in inventories		(1,940)	1,515
Increase in trade receivables		(4,644)	(2,996)
Increase in prepayments, deposits and other receivables		(25,160)	(15,098)
Increase/(decrease) in trade payables		16,690	(12,415)
(Decrease)/increase in contract liabilities		(85,251)	19,612
Receipt of government grants		153,372	106,980
(Decrease)/increase in other payables and accruals		(25,209)	29,256
Cash generated from continuing operations		91,656	191,444
Income tax paid		(7,741)	(1,223)
Net cash flows from operating activities		83,915	190,221



	Six months ended 28 Feb 2022 RMB'000 (unaudited)	Six months ended 30 Jun 2021 RMB'000 (unaudited and restated)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(396,362)	(980,452)
Purchases of other intangible assets	(7,311)	(2,829)
Prepaid land lease payments	(109,280)	(426,874)
Prepaid building lease payment	–	(13,750)
Proceeds from disposal of items of property, plant and equipment	1,579	1,692
Purchase of financial assets at fair value through profit or loss	(932,465)	(334,770)
Proceeds from disposal of financial assets at fair value through profit or loss	1,143,080	50,000
Proceeds from disposal of a subsidiary in the prior year	–	2,010
Repayment of advances given to related parties	–	146,313
Advances given to related parties	(1,134)	(54,513)
Bank interest received	1,268	1,793
Net cash flows used in investing activities	(300,625)	(1,611,380)
CASH FLOWS FROM FINANCING ACTIVITIES		
Share issue expenses in respect of placing of shares in the prior year	–	(28)
Dividend received from shares held for the share award scheme	(17)	–
Repurchase of shares held for the share award scheme	(2,859)	(22,404)
Proceeds from shares awarded under the share award scheme	–	17,136
Capital contribution from a non-controlling shareholder of a subsidiary	5,000	1,000
Proceeds from bank loans	188,500	289,730
Repayment of bank loans	(370,896)	(84,427)
Advances received from related parties	11,058	1,141,507
Repayment of advances from related parties	(298,454)	(438,795)
Acquisition of non-controlling interests	–	(148)
Dividends paid	(80,064)	(112,102)
Dividends paid to a non-controlling shareholder of a subsidiary	–	(10,453)
Principal portion of lease payments	(1,093)	(4,016)
Interest portion of lease liabilities	(979)	(1,094)
Interest paid	(36,072)	(31,936)
Net cash flows (used in)/from financing activities	(585,876)	743,970
NET DECREASE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of period	1,273,258	1,474,380
Effect of foreign exchange rate changes, net	(1,047)	(5,310)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	469,625	791,881

Notes to Interim Condensed Consolidated Financial Information

28 February 2022

1.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 28 February 2022 (the “Period”) has been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*. The interim condensed consolidated 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 eight months ended 31 August 2021.

Going concern

The Group recorded net current liabilities of RMB1,159,984,000 as at 28 February 2022. The Group therein recorded a current portion of contract liabilities and deferred income of RMB310,486,000 and RMB158,898,000, respectively. The Group had cash and cash equivalents of RMB469,625,000 as at 28 February 2022.

In view of the net current liability position, the directors of the Company (“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. The Directors believed that the Group has adequate cash flows to maintain the Group’s operation and continue as a going concern, mainly for the reason that, in February 2022, the Group entered into a banking facility arrangement with a licensed bank in Mainland China, pursuant to which a total banking facility with an approved limit of RMB1 billion will be made available to the Group in the next two years from February 2022. As at the date of this report, the RMB1 billion banking facility remains unutilised.

Having considered the cash flows from operations and the positive operating results, 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 consolidated financial information of the Group for the six months ended 28 February 2022 on a going concern basis.

1.2 CHANGE OF FINANCIAL YEAR END DATE

On 24 May 2021, the Directors and the Company have resolved to change the financial year end date of the Company from 31 December to 31 August (the “Change”).

In view of the Change, the interim condensed consolidated financial information and the related notes presented for the current period cover a six-month period from 1 September 2021 to 28 February 2022 while the corresponding comparative amounts shown for the interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows, and the related notes cover a six-month period from 1 January 2021 to 30 June 2021. As a result, the comparative amounts may not be entirely comparable with the amounts shown for the current period.

2. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 August 2021, except for the adoption of the Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 *Interest Rate Benchmark Reform – Phase 2* for the first time for the current period’s 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.



3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended	
	28 Feb 2022 RMB'000 (unaudited)	30 Jun 2021 RMB'000 (unaudited and restated)
Revenue from contracts with customers		
Canteen operations	212,647	192,845
Comprehensive educational services	148,241	107,401
Comprehensive quality services	16,373	–
Management and franchise fees	7,838	22,497
Supply chain management services	7,503	1,816
Study trip services	6,461	4,740
Total revenue	399,063	329,299

Revenue from contracts with customers

(i) Disaggregated revenue information

	For the six months ended	
	28 Feb 2022 RMB'000 (unaudited)	30 Jun 2021 RMB'000 (unaudited and restated)
Timing of revenue recognition		
Goods transferred at a point in time	212,647	192,845
Services transferred over time	186,416	136,454
Total revenue from contracts with customers	399,063	329,299

At 28 February 2022, 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 Feb 2022 RMB'000 (unaudited)	30 Jun 2021 RMB'000 (unaudited and restated)
Other income and gains		
Gain on disposal of financial assets at fair value through profit or loss	6,535	6,330
Rental income	1,709	9,388
Bank interest income	1,268	1,793
Others	439	707
Other service income	100	126
Total other income and gains	10,051	18,344

4. INTEREST EXPENSES

An analysis of the Group's interest expenses is as follows:

	For the six months ended	
	28 Feb 2022 RMB'000 (unaudited)	30 Jun 2021 RMB'000 (unaudited and restated)
Interest on bank loans	32,842	33,251
Less: Interest capitalised under property, plant and equipment	(24,288)	(27,585)
Interest on lease liabilities	5,899	1,094
	14,453	6,760
Interest rate of borrowing costs capitalised (%)	5.39-7.35	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 Feb 2022 RMB'000 (unaudited)	30 Jun 2021 RMB'000 (unaudited and restated)
Cost of inventories sold	135,857	103,987
Cost of services provided	150,372	128,547
	286,229	232,534
Loss on disposal of property, plant and equipment, net	–	19
Equity-settled share award scheme expenses	3,527	5,797
Foreign exchange losses, net	1,374	7,322

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 Feb 2022 RMB'000 (unaudited)	30 Jun 2021 RMB'000 (unaudited and restated)
Current - Mainland China	7,535	6,747

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. Loss generated by the Company mainly consisted of foreign exchange loss which is non-deductible for tax purposes.
- (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 and the six months ended 30 June 2021.
- (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"), 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 and the six months ended 30 June 2021.

During the Period from 1 September 2021 to 31 December 2021, 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. From 1 January 2022, under the "Western Development Policy", the income tax provision of Tibet Yongsi was calculated at a preferential tax rate of 15%.

Tutoring schools of the Group, except for Luzhou Longmatan Tutoring School that was qualified under the "Western Development Policy" enjoying a preferential tax rate of 15%, which provide non-academic and non-formal educational services, are subject to corporate income tax at a rate of 25%.

Kindergartens and certain tutoring schools were qualifying 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 is taxed at 2.5% and taxable income within RMB1 million to RMB3 million is taxed at 5%.

Shenzhou Hongyu (Zhuhai Hengqin) Management Consulting Co., Ltd (the "Shenzhou Hongyu") was recognised as a qualified entity under the preferential income tax policy for the encouraged industrial enterprises in Zhuhai Hengqin Free Trade Zone. Under the preferential tax policy, the income tax of Shenzhou Hongyu was levied at a preferential PRC CIT rate of 15%.

- (d) For high schools registered as for-profit private schools, their assessable profits are taxed at 25%.



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

The calculations of basic diluted earnings per share attributable to ordinary equity holding of the company are based on the following data:

	For the six months ended	
	28 Feb 2022 RMB'000 (unaudited)	30 Jun 2021 RMB'000 (unaudited and restated)
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculations	31,077	26,726
	Number of shares For the six months ended	
	28 Feb 2022 (unaudited)	30 Jun 2021 (unaudited)
Shares		
Weighted average number of ordinary shares in issue	2,166,000,000	2,166,000,000
Effect of the weighted average number of ordinary shares repurchased under the share award scheme	(56,548,000)	(35,131,000)
Weighted average number of vested ordinary shares granted under the share award plan	2,043,300	772,400
Adjusted weighted average number of ordinary shares used in the basic earnings per share calculation	2,111,495,300	2,131,641,400
Effect of dilution:		
Weighted average number of unvested ordinary shares granted under the share award scheme	10,763,700	12,585,600
Adjusted weighted average number of ordinary shares used in the diluted earnings per share calculation	2,122,259,000	2,144,227,000

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 2021	2,915,536
Additions	253,266
Disposals	(1,579)
Depreciation charged for the Period	(36,883)
Carrying amounts at 28 February 2022	3,130,340

Notes:

- (a) As at 28 February 2022, the Group was in the customary process of obtaining the relevant property ownership certificates for certain buildings with a net carrying amount of approximately RMB1,213,504,000 (31 August 2021: RMB2,141,385,000). 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 property, plant and equipment by the Group during the Period amounted to RMB24,288,000 (six months ended 30 June 2021: RMB27,585,000).

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 2021	1,417,296	184,622	1,601,918	171,024
Additions	21,161	16,999	38,160	16,999
Depreciation charge	(10,624)	(10,551)	(21,175)	-
Interest expense	-	-	-	5,899
Payments	-	-	-	(2,072)
As at 28 February 2022	1,427,833	191,070	1,618,903	191,850



10. GOODWILL

IAS 36 requires an entity to perform impairment tests on goodwill on an annual basis. However, management did not identify any significant adverse changes in the operating results and macro environment in the six months ended 28 February 2022, and the Company's management has concluded there was no impairment indicator of goodwill as at 28 February 2022. Accordingly, the Company's management did not perform impairment testing on goodwill as at 28 February 2022.

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 Feb 2022 RMB'000 (unaudited)	31 Aug 2021 RMB'000 (audited)
Within 3 months	8,194	3,550

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 Feb 2022 RMB'000 (unaudited)	31 Aug 2021 RMB'000 (audited)
<i>Current portion:</i>		
Security deposits related to construction of schools	2,705	2,576
Prepayments	8,121	7,863
Advances to staff	12,275	10,273
Loan to third parties	11,268	7,900
Deductible input value-added tax	162	1,934
Other receivables	11,153	3,778
Purchase of a license	900	900
	46,584	35,224
<i>Non-current portion:</i>		
Prepayments for property, plant and equipment	11,488	16,178
Deductible input value added tax	106,655	92,654
Prepayment for other intangible assets	2,882	1,433
Prepayment for the acquisition of land use rights	77,000	32,000
	198,025	142,265
Total	244,609	177,489

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 Feb 2022 RMB'000 (unaudited)	31 Aug 2021 RMB'000 (audited)
Within 3 months	28,075	11,288
Over 3 months and within 6 months	–	71
Over 6 months	34	60
	28,109	11,419

14. CONTRACT LIABILITIES

	28 Feb 2022 RMB'000 (unaudited)	31 Aug 2021 RMB'000 (audited)
<i>Current portion</i>		
Comprehensive educational services	131,070	242,191
Canteen operations	160,234	120,659
Comprehensive quality services	15,532	29,888
Others	3,650	2,999
	310,486	395,737

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 2022 (unaudited)			31 August 2021 (audited)		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – secured	4.35%	2023	80,000	1.25%-6%	2022	322,221
Current portion of long-term bank loans – secured	5.39%-7.35%	2023	163,250	5.39%-7.35%	2022	169,250
			243,250			491,471
Non-current						
Bank loans – secured	5.39%-7.35%	2024-2030	808,075	5.39%-7.35%	2023-2030	742,250
			1,051,325			1,233,721



15. INTEREST-BEARING BANK LOANS (CONTINUED)

Notes:

The Group's bank loans are secured by:

	Loan amounts	
	28 Feb 2022 RMB'000 (unaudited)	31 Aug 2021 RMB'000 (audited)
<i>Secured by:</i>		
Equity interests in certain subsidiaries	–	142,221
Rights over comprehensive educational services fees of certain schools	45,000	175,000
Both equity interests and rights over comprehensive educational services fees*	1,006,325	916,500
Total	1,051,325	1,233,721

* In addition, Mr. Luo Shi ("Mr. Luo") has guaranteed the Group's bank loans of RMB72,000,000 and RMB81,000,000 as at 28 February 2022 and 31 August 2021, respectively.

16. SHARE CAPITAL

Shares

	28 Feb 2022 HK\$'000 (unaudited)	31 Aug 2021 HK\$'000 (audited)
Authorised:		
10,000,000,000 ordinary shares of HK\$0.1 each	1,000,000	1,000,000
Issued and fully paid:		
2,166,000,000 ordinary shares of HK\$0.1 each	216,600	216,600
Equivalent to approximately (in RMB'000)	184,042	184,042

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 purchased for the scheme	Number of awarded shares
At 1 September 2021	43,686,500	12,089,100
Vested during the Period	–	(1,270,900)
Forfeited during the Period	189,000	(189,000)
At 28 February 2022	43,875,500	10,629,200

18. DIVIDEND

At the meeting of the board of directors held on 26 April 2022, the board of directors resolved not to pay an interim dividend for the Period (six months ended 30 June 2021: HK4.56 cents per ordinary share). The total interim dividend was nil (six months ended 30 June 2021: HK\$98,770,000).

19. COMMITMENTS

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

	28 Feb 2022 RMB'000 (unaudited)	31 Aug 2021 RMB'000 (audited)
Contracted but not provided for:		
Property, plant and equipment	237,153	142,552

20. 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	Ultimate controlling shareholder of the Company
Sichuan Nanyuan Construction Co., Ltd. ("Nanyuan Construction")	A company controlled by Mr. Luo
Luzhou Tianli Property Management Co., Ltd. ("Luzhou Tianli Property")	A company controlled by Mr. Luo
Sichuan Tianli Times Aviation Technology Co., Ltd. (Sichuan Tianli Times Aviation)	A company controlled by Mr. Luo
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
Private schools providing compulsory education that excluded from the scope of consolidation (the "Affected Business")	Legally owned by the affiliated entities of the Group

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



20. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Outstanding balances with related parties

	Notes	28 Feb 2022 RMB'000 (unaudited)	31 Aug 2021 RMB'000 (audited)
Amounts due from related parties			
<i>Trade in nature</i>			
Luzhou Tianli Kindergarten	(i)	15	15
<i>Non-trade in nature</i>			
Luzhou Tianli Property		20	20
Luzhou Tianli Kindergarten	(i)	2,981	1,847
Affected Business	(ii)	1,292,975	1,092,732
		1,295,976	1,094,599
		1,295,991	1,094,614
Prepayments			
<i>Non-trade in nature</i>			
Nanyuan Construction		2,750	2,928
Amounts due to related parties			
<i>Non-trade in nature</i>			
Nanyuan Construction		370,302	563,849
Chengdu Shenzhou Tianli		205,163	246,721
Affected Business		2,372,983	2,418,579
		2,984,448	3,229,149
<i>Less: non-current portion</i>			
Chengdu Shenzhou Tianli		205,163	–
Affected Business		875,729	–
Current portion		1,867,556	3,229,149

Notes:

- (i) Included in the amount due from Luzhou Tianli Kindergarten represented management fees receivable for the provision of kindergarten management service provided by the Group amounting to RMB15,000 as at 28 February 2022 (31 August 2021: RMB15,000).
- (ii) Except for the amounts due from related parties as disclosed in note (i) above and the prepayments made to Nanyuan Construction in relation to the construction services to be provided by Nanyuan Construction, the amounts due from related parties (including the amounts due from the Affected Business) were unsecured, interest-free and had no fixed terms of repayment.
- (iii) The amounts due to related parties (including the amounts due to the Affected Business) were unsecured, interest-free and had no fixed terms of repayments.

20. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(c) Transactions with related parties

(1) Construction of property, plant and equipment

	For the six months ended	
	28 Feb 2022 RMB'000 (unaudited)	30 Jun 2021 RMB'000 (unaudited and restated)
Nanyuan Construction	194,619	698,091

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

(2) Provision of management services and sale of goods

	For the six months ended	
	28 Feb 2022 RMB'000 (unaudited)	30 Jun 2021 RMB'000 (unaudited and restated)
Luzhou Tianli Kindergarten	129	244

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 comprehensive educational services fees.

(3) Advances given and repayment of advances given

	For the six months ended	
	28 Feb 2022 RMB'000 (unaudited)	30 Jun 2021 RMB'000 (unaudited and restated)
Advances given to:		
Chengdu Shenzhou Tianli	–	54,505
Luzhou Tianli Kindergarten	1,134	8
	1,134	54,513
Repayment of advances given:		
Chengdu Shenzhou Tianli	–	144,013
Sichuan Tianli Times Aviation	–	2,300
	–	146,313



20. 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 Feb 2022 RMB'000 (unaudited)	30 Jun 2021 RMB'000 (unaudited and restated)
Advances received from:		
Chengdu Shenzhou Tianli	11,058	338,777
Affected Business	–	802,730
	11,058	1,141,507
Repayment of advances received:		
Chengdu Shenzhou Tianli	52,615	71,645
Affected Business	245,839	367,150
	298,454	438,795

(5) Others

During the Period, a bank loan of RMB72,000,000 (31 August 2021: RMB81,000,000) of the Group was guaranteed by Mr. Luo for nil consideration.

(d) Compensation of key management personnel of the Group

	For the six months ended	
	28 Feb 2022 RMB'000 (unaudited)	30 Jun 2021 RMB'000 (unaudited)
Salaries, allowances and benefits in kind	1,632	967
Equity-settled share award scheme expenses	157	240
Pension scheme contributions	33	48
	1,822	1,255

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying amounts	
	28 Feb 2022 RMB'000 (unaudited)	31 Aug 2021 RMB'000 (audited)
Financial assets at fair value through profit or loss	1,010	205,090
Long-term interest-bearing bank loans	808,075	742,250
	809,085	947,340

	Fair values	
	28 Feb 2022 RMB'000 (unaudited)	31 Aug 2021 RMB'000 (audited)
Financial assets at fair value through profit or loss	1,010	205,090
Long-term interest-bearing bank loans	808,075	742,250
	809,085	947,340

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 2022 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.



21. 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 2022	-	1,010	-	1,010
31 August 2021	-	205,090	-	205,090

Liabilities for which fair values are disclosed:

	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 2022	-	-	808,075	808,075
31 August 2021	-	-	742,250	742,250

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 2022.

22. RE-PRESENTATION OF COMPARATIVE FIGURES

On 14 May 2021, the 2021 Implementation Regulations for the Law for Promoting Privation Education (the “2021 Implementation Regulations”) were promulgated by the PRC State Council, and the aforesaid contractual agreements of the Affected Business were no longer enforceable from 1 September 2021. Management assessed the implications of these new regulations and concluded that, based on the facts and circumstances, the ability of the Group to use its power from the contractual agreements to direct the relevant activities that would have most significant effect on the returns of the Affected Business had ceased by 31 August 2021 immediately before the 2021 Implementation Regulations became effective. By 31 August 2021, it was no longer practical for the Group to make relevant decisions in order to obtain significant variable returns from the Affected Business. Accordingly, 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.

The Directors classified the operations relating to the Affected Business as discontinued operations and the consolidated statement of profit or loss and other comprehensive income for the period ended 30 June 2021 has been re-presented to conform to the current period’s presentation.

As a result of the impact of the matters as disclosed above, prior period financial information had to be re-presented. The following tables show the adjustments recognised for each individual line item. Line items were not affected by the change have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided.

	For the period ended 30 June 2021		
	As previously presented	Re-representation adjustments	Re-presented
	RMB'000	RMB'000	RMB'000
REVENUE	882,490	(553,191)	329,299
Interest expenses	(13,337)	6,577	(6,760)
Depreciation and amortisation	(78,250)	30,073	(48,177)
PROFIT BEFORE TAX	280,544	(244,679)	35,865
Income tax expense	(6,747)	–	(6,747)
Profit for the period from continuing operations	273,797	(244,679)	29,118
Profit for the period from discontinued operations	–	244,679	244,679
PROFIT FOR THE PERIOD	273,797	–	273,797
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic	RMB12.65 cents	RMB11.39 cents	RMB1.25 cents
Diluted	RMB12.57 cents	RMB11.33 cents	RMB1.25 cents



22. RE-PRESENTATION OF COMPARATIVE FIGURES (CONTINUED)

The following tables show the re-presented cash flow information of the prior period:

	For the period ended 30 June 2021		
	As previously presented RMB'000	Re-representation adjustments RMB'000	Re-presented RMB'000
Cash flows from operating activities			
Continuing operations	719,769	(529,548)	190,221
Discontinued operations	–	529,548	529,548
Net cash generated from operating activities	719,769	–	719,769
Cash flows from investing activities			
Continuing operations	(1,688,683)	77,303	(1,611,380)
Discontinued operations	–	(77,303)	(77,303)
Net cash generated from investing activities	(1,688,683)	–	(1,688,683)
Cash flows from financing activities			
Continuing operations	291,311	452,659	743,970
Discontinued operations	–	(452,659)	(452,659)
Net cash used in financing activities	291,311	–	291,311

23. EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period for which additional disclosure or adjustments are required.

24. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 26 April 2022.

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 Education International Holdings Limited (天立教育國際控股有限公司), 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 and Corporate Governance Report
“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 2022
“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)