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



2022 INTERIM REPORT



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

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

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

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

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

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

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

Mr. Wang Rui
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Agricultural Bank of China
China Citic Bank

1773

http://www.tianlieducation.com

	2022 RMB'000	Change RMB'000	Percentage Change
Revenue	399,063	547,528	137.20%
Gross Profit	112,834	257,946	228.61%
Profit for the period	30,802	139,809	453.90%
Adjusted profit for the period *(Note)*	36,279	149,587	412.32%
	RMB	RMB	
Basic	1.47 cents	6.63 cents	451.02%
Diluted	1.46 cents	6.64 cents	454.79%
	RMB	RMB	
Interim dividend per Share	–	–	–
Dividend payout ratio	–	–	–

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

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

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

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

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

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.

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

Luzhou	Music, art and after school classes	Self-owned	2
Yibin	Music, art and language classes	Self-owned	1

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

（《中華人民共和國民辦教育促進法實施條例》）

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

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

The Company is of the opinion that there are substantial uncertainties regarding the interpretation and application of the Implementation Regulations. As at the date of this announcement, the national and local governments have

《中華人民共和國外商投資法》

On 15 March 2019, the Standing Committee of the National People's Congress promulgated the Foreign Investment Law which became effective on 1 January 2020. The Implementation Rules of03vd the

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

1	Luzhou Longmatan Tianli Elementary School *(Note 1)*	Elementary school

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:

	31 August 2022 RMB

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

	Six months ended 28 February 2022 RMB'000 (unaudited)
	399,063
Cost of sales	(286,229)
	112,834
Other income and gains	10,051
Selling and distribution expenses	(5,918)
Administrative expenses	(60,375)
Other expenses	(3,226)
Finance costs	(14,453)
Share of losses of:	
A joint venture	(473)
Associates	(103)
	38,337
Income tax expense	(7,535)
	30,802

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

	Six months ended 28 February 2022 RMB'000 (unaudited)
Revenue from contracts with customers	
Comprehensive educational services *(Note 1)*	171,075
Canteen operations	

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

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

	Six months ended 28 February 2022 RMB'000 (unaudited)
Material consumption	135,597
Staff costs	73,018
Depreciation and amortization	50,154
Procurement cost of products	–
Teaching activity costs	12,645
Utilities	8,723
Others	6,092
	286,229

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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.

There was no significant investment held, material acquisition and disposal of subsidiaries and associates by the Company during the six months ended 28 February 2023. The Group will make every endeavor to keep abreast of the changing market conditions, proactively identify investment opportunities in order to broaden the revenue base of the Group, enhance its future financial performance and profitability. Moreover, the Group will gradually restructup (OR(to d)27R

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

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

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

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

					(Note)
Potential future mergers and acquisitions of high quality targets at reasonable prices	200.00	200.00	11.29	188.71	31 August 2023
Expansion of self-built and self-operated projects in first-tier and core cities	194.97	84.48	16.68	67.80	31 August 2023
Repayment of bank loans	300.00	0.00	0.00	0.00	Not applicable

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

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

Shenzhen Tianli International School（深圳天立國際學校）

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

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

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

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

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.

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

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

As at 28 February 2023, the interest and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“ ”)) 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:

Mr. Luo Shi *(Note 1)*	Interest of a controlled corporation	891,566,316	
	Interest of spouse	1,956,520	
	Beneficiary of a trust	6,521,733	
		900,044,569	41.78%
Mr. Wang Rui *(Note 2)*	Beneficiary of a trust	1,956,520	0.09%

Notes:

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

(2) Mr. Wang Rui is an executive Director and has been granted 1,956,520 Shares under the Pre-IPO Restricted Share Award Scheme, all of which have been vested as at 28 February 2023.

Save as disclosed above, as at 28 February 2023, none of the Directors and chief executive of the Company has any interests or short positions in any Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or c 0 0.5 ( )0.7r.7 (t)0.7 o0.7r.7 hare under ich i ions ofthh)or which were icorthh g(i)0.5 (t)0.7 wer021 ( )

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

Sky Elite Limited *(Note 1)*	Beneficial interest	891,566,316	41.39%
Ms. Tu Mengxuan *(Note 2)*	Beneficiary of a trust	1,956,520	
	Interest of spouse	898,088,049	
		900,044,569	41.78%
First Beijing Investment Limited	Investment manager	151,050,000	7.01%

Notes:

(1) Mr. Luo holds 100% of the issued share capital of Sky Elite Limited and therefore Mr. Luo is deemed or taken to be interested in the Shares held by Sky Elite Limited under Part XV of the SFO.

(2) Ms. Tu Mengxuan has been granted 1,956,520 Shares under the Pre-IPO Restricted Share Award Scheme, 1,565,216 Shares of which have been vested as at 28 February 2023. Ms. Tu Mengxuan is the spouse of Mr. Luo. Under the SFO, Ms. Tu Mengxuan is deemed to be interested in the same number of Shares in which Mr. Luo is interested.

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

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

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

None of the Directors or the controlling shareholders (as defined in the Listing Rules) of the Company (the "") 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

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

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

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

The Company adopted a restricted share award scheme (the “ ”) on 17 December 2018.

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

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

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

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

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

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

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

The Board believes that it is in the interest of the Company and its Shareholders for Mr. Luo Shi to assume the responsibilities of such positions, given that Mr. Luo Shi is the founder of the Company and has extensive experience in the operation and management of the Company. The Board also considers that such arrangement will not impair the balance of power and authority between the Board and the management as the Board comprises six other experienced individuals including one other executive Director, two non-executive Directors and three independent non-executive Directors. In addition, for major decisions of the Group, the Company will consult Board committees and senior management as and when appropriate. The Board will review such arrangement from time to time and will continue to review and monitor the corporate governance practices of the Company for the purpose of maintaining high corporate governance standards.

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

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

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “

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

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

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



For the six months ended 28 February 2023

28 February 2023

	Notes	31 August 2022 RMB'000
Property, plant, and equipment	8	3,640,254
Right-of-use assets	9	1,655,213
Goodwill	10	7,572
Other intangible assets		24,091
Investment in a joint venture		163,042
Investments in associates		69,499
Prepayments, deposits and other receivables	12	95,387
Deferred tax assets		270,020
Total non-current assets		5,925,078
Inventories		18,817
Trade receivables	11	10,953
Prepayments, deposits and other receivables	12	59,111
Amounts due from related parties	21(b)	1,085,667
Financial assets at fair value through profit or loss		100,010
Restricted deposits		1,573
Cash and cash equivalents		929,902
Total current assets		2,206,033
Trade payables	13	46,571
Other payables and accruals		222,041
Contract liabilities	14	842,940
Interest-bearing bank loans	15	240,450
Amounts due to related parties	21(b)	2,138,962
Tax payable		120,755
Lease liabilities	9	11,612
Deferred income		191,249
Total current liabilities		3,814,580
	1	(1,608,547)
		4,316,531

	Notes	31 August 2022 RMB'000

For the six months ended 28 February 2023

As at 1 September 2022	
Profit for the period	
Other comprehensive income for the period:	
Exchange differences on translation of foreign operation	
Total comprehensive income for the period	
Transfer from retained profits	
Final 2022 dividend declared	
Capital contribution from non-controlling shareholders	
Acquisition of subsidiaries with non-controlling interests	
Vested shares under share award scheme	

For the six months ended 28 February 2023

	Notes	2022 RMB'000 (unaudited)
Profit before tax		38,337
Adjustments for:		
Depreciation of property, plant and equipment		36,883
Depreciation of right-of-use assets		21,175
Amortisation of intangible assets		618
Share of losses of a joint venture and associates		576
Gain on disposal of financial assets at fair value through profit or loss		(6,535)
Gain on disposal of a subsidiary		–
Unrealised foreign exchange loss, net		903
Equity-settled share award scheme expenses		3,823
Gain 1,443.8 (Unrealised)al of subsidiary		(2,357)

	2022 RMB'000 (unaudited)
Purchases of items of property, plant and equipment	(396,362)
Purchases of other intangible assets	(7,311)
Purchase of leasehold land	(109,280)
Proceeds from disposal of items of property, plant and equipment	1,579
Proceeds from disposal of financial assets at fair value through profit or loss	1,143,080
Purchase of financial assets at fair value through profit or loss	(932,465)
Proceeds from acquisition of subsidiaries	–
Redemption of restricted deposits	–
Repayment of advances given to related parties	–
Advances given to related parties	(1,134)

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28 February 2023

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

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

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

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

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

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

An analysis of revenue is as follows:

	2022 RMB'000 (unaudited)
Revenue from contracts with customers	
Comprehensive educational services	171,075
Canteen operations	212,647
Sale of products	–
Management and franchise fees	15,341
Total revenue	399,063

(i) Disaggregated revenue information

	2022 RMB'000 (unaudited)
Timing of revenue recognition	
Products transferred at a point in time	212,647
Services transferred over time	186,416
Total revenue from contracts with customers	399,063

(ii) Performance obligations

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

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

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

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

An analysis of other income and gains is as follows:

Gain on disposal of financial assets at fair value through profit or loss	6,535
Rental income	1,709
Bank interest income	1,268
Government grants	–
Others	539
Total other income and gains	10,051

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

	2022 RMB'000 (unaudited)
Interest on bank loans	32,842
Less: Interest capitalised under property, plant and equipment	(24,288)
	8,554
Interest on lease liabilities	5,899
	14,453
Interest rate of borrowing costs capitalised (%)	5.39-7.35

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

	2022 RMB'000 (unaudited)
Cost of inventories consumed	135,857
Cost of services provided	150,372
	286,229
Loss on disposal of property, plant and equipment, net	–
Equity-settled share award scheme expenses	150,372

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:

	2022 RMB'000 (unaudited)
Current – Mainland China	7,535
Deferred	–
Total tax charge for the period	7,535

Notes:

(a) Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and British Virgin Islands.

(b) The applicable corporate income tax () and3 1 Tf11eTJun and3 1 T411eTJun a HodurKodu-ate e corpod .6 sidiebr wup 1 T

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

	2022 RMB'000 (unaudited)
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculations	31,077

	2022 (unaudited)
Weighted average number of ordinary shares in issue	2,166,000,000
Effect of the weighted average number of ordinary shares repurchased under the share award scheme	(56,548,000)
Weighted average number of vested ordinary shares granted under the share award plan	2,043,300
Adjusted weighted average number of ordinary shares used in the basic earnings per share calculation	2,111,495,300
Effect of dilution:	
Weighted average number of unvested ordinary shares granted under the share award scheme	10,763,700
Adjusted weighted average number of ordinary shares used in the diluted earnings per share calculation	2,122,259,000

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

Carrying amounts at 1 September 2022	
Additions	
Acquisition of subsidiaries (Note 19)	
Disposals	
Depreciation charged for the Period	
Carrying amounts at 28 February 2023	

Notes:

(a) As at 28 February 2023, the Group was in the customary process of obtaining the relevant property ownership certificates for certain buildings with a net carrying amount of approximately RMB421,403,000 (31 August 2022: RMB738,642,000). The Group's buildings can only be sold, transferred or mortgaged when the relevant certificates have been obtained.

(b) Interest expenses capitalised as part of the property, plant and equipment by the Group during the Period amounted to RMB17,703,000 (six months ended 28 February 2022: RMB24,288,000).

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

As at 1 September 2022	
Additions	
Acquisition of subsidiaries (Note 19)	
Depreciation charge	
Interest expense	
Payments	
As at 28 February 2023	

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

	31 August 2022 RMB'000
Current portion:	
Security deposits related to construction of schools	3,509
Other deposits	10
Prepayments	11,263
Advances to staff	16,572
Loans to third parties	14,268
Deductible input value-added tax	8,068
Other receivables	5,421
	59,111
Non-current portion:	
Prepayments for property, plant and equipment	6,352
Deductible input value added tax	81,968
Prepayment for other intangible assets	2,067
Prepayment for the acquisition of land use rights	5,000
	95,387
Total	154,498

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

	31 August 2022 RMB'000
Within 3 months	46,571
Over 3 months and within 6 months	–
Over 6 months	–
	46,571

	31 August 2022 RMB'000
Advances received from customers	
Comprehensive educational services	687,740
Canteen operation fees	151,371
Sale of products	3,829
	842,940

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

	31 August 2022		
	Effective interest rate (%)	Maturity	RMB'000
Bank loans			
– secured	5	2023	50,000
– unsecured	–	–	–
Current portion of long-term bank loans			
– secured	5.39-7.35	2023	190,450
– unsecured	–	–	–
			240,450
Bank loans			
– secured	5.39-7.35	2024-2030	891,375
– unsecured	–	–	–
			891,375
			1,131,825

Notes:

The Group's bank loans are secured by:

	31 August 2022 RMB'000
Rights pertaining to comprehensive educational services fee collection of certain schools	45,000
Both equity interests and rights pertaining to comprehensive educational services fee collection	1,086,825
Total	1,131,825

	31 August 2022 HK$'000
10,000,000,000 ordinary shares of HK$0.1 each	1,000,000
2,154,000,000 ordinary shares of HK$0.1 each	215,400
Equivalent to approximately (in RMB'000)	183,022

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

At 1 September 2022	54,504,700	9,623,600
Vested during the Period	(1,134,700)	(1,134,700)
At 28 February 2023		

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

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

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

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

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

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

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

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

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

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

Cash consideration	–	–	–	–	–	–
Cash an3 -1.5 5 12k -1.5 5 1lances acquired	–	–	90	–	–	90
Net outflow of cash an3 -1.5 5cash equivalents included in cash flows from investing activities	–	–	90	–	–	90

The fair values an3 gross contractual amounts of other receivables as at the date of acquisition amounted to RMB1,282,000. All other receivables are expected to -1.5 5 e recoverable.

Since the acquisition, the revenue an3 profit contributed to the Group'

	31 August 2022 RMB'000
Nanyuan Construction	528,459
Chengdu Shenzhou Tianli	183,294
Luzhou Tianli Kindergarten	670
Affected Business	2,425,120
	3,137,543
Less: non-current portion	
Chengdu Shenzhou Tianli	183,294
Affected Business	815,287
Current portion	2,138,962

Notes:

(i) Included in the amount due from Luzhou Tianli Kindergarten were management fees receivable for the provision of kindergarten management services provided by the Group amounting to RMB15,000 as at 28 February 2023 (31 August 2022: RMB15,000).

(ii) The amounts due from related parties were unsecured, interest-free and had no fixed terms of repayment. And the amounts due to related parties were unsecured, interest-free and would be repaid within the next 1.5 to 5 years from 28 February 2023.

	2022 RMB'000 (unaudited)
Nanyuan Construction	194,619

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

	2022 RMB'000 (unaudited)
Luzhou Tianli Kindergarten	129

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

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

	31 August 2022 RMB'000
Financial assets at fair value through profit or loss	100,010
Long-term interest-bearing bank loans	891,375
Amounts due to related parties – non-current	998,581
	1,989,966

	31 August 2022 RMB'000
Financial assets at fair value through profit or loss	100,010
Long-term interest-bearing bank loans	891,375
Amounts due to related parties – non-current	926,898
	1,918,283

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

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

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

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

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

Assets measured at fair value:

Financial assets at fair value through profit or loss				
28 February 2023				
31 August 2022	–	100,010	–	100,010

Liabilities for which fair values are disclosed:

Interest-bearing bank loans, non-current portion				
Amounts due to related parties – non-current				

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

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

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

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

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

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

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

"Audit Committee"	a committee of the Board established by the Board for the purpose of overseeing the accounting and financial reporting processes of the Company and audits of the financial statements of the Company
"Board"	the board of Directors of the Company
"Company"	Tianli International Holdings Limited (天立國際控股有限公司), a company incorporated in the Cayman Islands with limited liability on 24 January 2017, the Shares of which are listed on the Main Board of the Stock Exchange
"CG Code"	Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Director(s)"	the director(s) of the Company
"Gaokao"	the National Higher Education Entrance Examination (普通高等學校招生全國統一考試)
"Group", "we", "us"	

"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)