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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)

**(1) INSIDE INFORMATION;  
(2) RESUMPTION OF TRADING;  
AND  
(3) ANNUAL RESULTS ANNOUNCEMENT  
FOR THE EIGHT MONTHS ENDED 31 AUGUST 2021**

This announcement is made by Tianli Education International Holdings Limited pursuant to Rule 13.09(2)(a) and Rule 13.49(3)(i) of Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

**ANNUAL RESULTS FOR THE EIGHT MONTHS ENDED 31 AUGUST 2021**

The Board of Directors of Tianli Education International Holdings Limited is pleased to announce the audited consolidated results of the Group for the eight months ended 31 August 2021, together with comparative figures for the twelve months ended 31 December 2020.

**FINANCIAL HIGHLIGHTS**

	<b>For the eight months ended 31 August 2021 RMB'000</b>	<b>For the year ended 31 December 2020 RMB'000</b>
Revenue	<b>345,184</b>	426,564
Gross profit	<b>60,489</b>	73,225
(Loss)/profit for the period/year	<b>(1,331,739)</b>	379,635
Adjusted (loss)/profit for period/year from continuing operations (Note 3)	<b>(41,233)</b>	12,044
<b>Continuing and discontinued operations</b>		
Adjusted revenue (Note 2)	<b>924,765</b>	1,297,672
Adjusted net profit (Note 3)	<b>226,389</b>	380,184

*Notes:*

1. 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. The Board considers that the change of financial year end date will follow more closely with the business cycle in which the Group operates, and better reflect the operational results of the Group for the financial year.
2. The adjusted revenue from continuing and discontinued operations for the eight months ended 31 August 2021 and the twelve months ended 31 December 2020 are calculated as revenue for the year presented in the consolidated financial statements, plus the revenue from the schools providing compulsory education (the “**Affected Business**”) in the PRC. The financial results of the Affected Business have been classified as discontinued operations upon deconsolidation on 31 August 2021 and the prior year comparative results have been restated throughout the consolidated financial statements.
3. The adjusted (loss)/profit for period/year from continuing operations and adjusted net profit for the eight months ended 31 August 2021 and year ended 31 December 2020 was derived from loss/profit for the year excluding share of losses of a joint venture and associates, impairment loss on non-current assets 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 (loss)/profit for period/year from continuing operations” and “Calculation of the adjusted net profit” below for further details.

### **Non-IFRS Measures**

To supplement the Group’s presentation of consolidated financial statements, the Company also uses, among others, adjusted revenue and adjusted net profit as additional financial measures, which are not required by, or presented in accordance with, IFRS. The Company believes that these non-IFRS measures facilitate comparisons of operating performance by eliminating potential impacts of items that the management do not consider to be indicative of the Group’s operating performance. The Company believes that these measures provide useful information to Shareholders and potential investors in understanding and evaluating the Group’s consolidated results of operations in the same manner as they help the Group’s management. However, the Company’s presentation of such adjusted figures may not be comparable to a similarly titled measure presented by other companies. The use of these non-IFRS measures have limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, the Company’s results of operations or financial condition as reported under IFRS.

## Calculation of the adjusted (loss)/profit for period/year from continuing operations

	For the eight months ended 31 August 2021 <i>RMB'000</i>	For the year ended 31 December 2020 <i>RMB'000</i>
(Loss)/Profit for the period/year from continuing operations	<b>(1,109,112)</b>	11,495
Add/(Less):		
Share of losses of a joint venture ( <i>Note 4</i> )	<b>103,071</b>	–
Share of losses/(profits) of associates ( <i>Note 4</i> )	<b>27,529</b>	(678)
Impairment loss on non-current assets	<b>1,085,236</b>	–
Income tax impact arising from transaction between continued and discontinued operations	<b>108,401</b>	–
Equity-settled share award scheme expenses	<b>7,512</b>	2,803
Foreign exchange losses	<b>7,439</b>	13,316
Deferred tax recognised in respect of impairment loss on non- current assets	<b>(271,309)</b>	–
Gain on disposal of a subsidiary	–	(2,661)
Gain on deemed disposal of subsidiaries and gain on fair value re-measurement of the existing equity in subsidiaries	–	(12,231)
Adjusted (loss)/profit for period/year from continuing operations	<b><u>(41,233)</u></b>	<b><u>12,044</u></b>

## Calculation of the adjusted net profit from continuing and discontinued operations

	For the eight months ended 31 August 2021 <i>RMB'000</i>	For the year ended 31 December 2020 <i>RMB'000</i>
(Loss)/Profit for the period/year	(1,331,739)	379,635
Add/(Less):		
Share of losses of a joint venture ( <i>Note 4</i> )	103,071	–
Share of losses/(profits) of associates ( <i>Note 4</i> )	27,529	(678)
Impairment loss on non-current assets	1,085,236	–
Income tax and VAT impact arising from transaction between continued and discontinued operations	166,021	–
One-off losses recognised upon the deconsolidation of the Affected Business attributable to owners of the Company ( <i>Note 5</i> )	432,629	–
Equity-settled share award scheme expenses	7,512	2,803
Foreign exchange losses	7,439	13,316
Deferred tax recognised in respect of impairment loss on non-current assets	(271,309)	–
Gain on disposal of a subsidiary	–	(2,661)
Gain on deemed disposal of subsidiaries and gain on fair value re-measurement of the existing equity in subsidiaries	–	(12,231)
	<u>226,389</u>	<u>380,184</u>
Adjusted net profit	<u>226,389</u>	<u>380,184</u>

### Notes:

- Due to the impact of the Implementation Regulations (as defined hereinafter) which became effective from 1 September 2021, share of losses of a joint venture and share of losses of associates, which resulted from the one-off impairment losses of long-term assets held by the joint venture and associates, were recognised by the Group during eight months ended 31 August 2021.
- Due to the impact of the Implementation Regulations (as defined hereinafter) which became effective from 1 September 2021, the assets and liabilities related to the Affected Business were deconsolidated from the consolidated financial statements of the Group and one-off losses upon deconsolidation of the Affected Business amounting to RMB432,629,000 were recognised and included in the losses from discontinued operations for the eight months ended 31 August 2021. For further details, please refer to Note 8 Discontinued Operations to the financial statement of the Company.

## MANAGEMENT DISCUSSION AND ANALYSIS

*The information in this section of Business Review contains information relating to both the continuing operations and discontinued operations of the Group. Shareholders of the Company and potential investors should exercise caution when evaluating the business review of the Group for the eight months ended 31 August 2021.*

### 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 the end of the 2020/2021 academic year, we provide comprehensive education service to 58,190 students, representing an increase of 42.5% comparing with approximately 40,833 students as at the end of the 2019/2020 academic year.

#### 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 May 2021, the Group was named as an outstanding enterprise in "10,000 enterprises assisting 10,000 villages (萬企幫萬村)" national poverty relief campaign.

#### 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. For the Reporting Period, 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.

## 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. As at 31 August 2021, the Group principally provided students with comprehensive education services in 40 schools.

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:

	<b>As at 31 August 2021</b>	As at 31 August 2020
Self-owned schools	<b>4,780</b>	3,431
Self-owned tutorial centers	<b>33</b>	43
<b>Total</b>	<b><u>4,813</u></b>	<b><u>3,474</u></b>

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.

As at the end of the 2020/2021 academic year, we have approximately 58,190 students enrolled in the self-owned and entrusted schools in our school network, representing a year-on-year increase of 42.5%. This increase is driven by the increase in the number of students enrolled in existing schools, which utilization rates will continue to increase and the increase in the number of students enrolled in the newly opened self-owned schools.

### 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 31 August 2021:

### ***Tutorial Centers***

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

### ***Early Childhood Education Centers***

<b>Location</b>	<b>Program</b>	<b>Nature</b>	<b>Number of centers</b>
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. In 2020/2021 school year, there was an addition of 2 entrusted schools.

## REGULATORY UPDATES

### Latest updates on the Implementation Regulations

In May 2021, the State Council of the People's Republic of China announced the Implementation Rules for the Law for Promoting Privation Education (《中華人民共和國民辦教育促進法實施條例》) (the “**Implementation Regulations**”) 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 31 August 2021:

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 Pidun 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 Pidun 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.

## **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**

### **A. Review of Audited Financial Information for the Eight Months Ended 31 August 2021**

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. The Board considers that the change of financial year end date will follow more closely with the business cycle in which the Group operates, and better reflect the operational results of the Group for the financial year.

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 financial results of the Affected Business were classified to discontinued operations for the year ended 31 August 2021 and the prior year comparative results were re-stated throughout the consolidated financial statements.

As a result of the aforesaid, the audited financial information of the Company herein covers a period of eight months from 1 January 2021 to 31 August 2021, while the audited comparative figures covers a period of twelve months from 1 January 2020 to 31 December 2020, which may therefore not be entirely comparable due to the different length of the reporting periods.

Set out below includes the key highlights for the audited financial results for the eight months ended 31 August 2021 and the year ended 31 December 2020.

	<b>Eight months ended 31 August 2021 RMB'000 (audited)</b>	Year ended 31 December 2020 RMB'000 (audited and restated)
<b>CONTINUING OPERATIONS</b>		
<b>Revenue</b>	<b>345,184</b>	426,564
Cost of sales	<u>(284,695)</u>	<u>(353,339)</u>
<b>GROSS PROFIT</b>	<b>60,489</b>	73,225
Other income and gains	<b>21,436</b>	39,019
Selling and distribution expenses	<b>(4,764)</b>	(4,108)
Administrative expenses	<b>(98,278)</b>	(68,792)
Impairment losses on non-current assets	<b>(1,085,236)</b>	–
Other expenses	<b>(13,138)</b>	(18,387)
Interest expenses	<b>(17,007)</b>	(8,328)
Share of losses of:		
A joint venture	<b>(103,071)</b>	–
Associates	<u>(27,529)</u>	<u>678</u>
<b>(LOSS)/PROFIT BEFORE TAX</b>	<b>(1,267,098)</b>	13,307
Income tax credit/(expense)	<u>157,986</u>	<u>(1,812)</u>
<b>(LOSS)/PROFIT FROM CONTINUING OPERATIONS FOR THE PERIOD/YEAR</b>	<b><u>(1,109,112)</u></b>	<b><u>11,495</u></b>
<b>DISCONTINUED OPERATIONS</b>		
(Loss)/profit for the period/year from discontinued operations, net of tax	<u>(222,627)</u>	<u>368,140</u>
<b>(LOSS)/PROFIT FOR THE PERIOD/YEAR</b>	<b><u>(1,331,739)</u></b>	<b><u>379,635</u></b>

## ***Continuing Operations***

Our revenue includes comprehensive educational services, canteen operations, study trip services, management and franchise and supply chain management services. Revenue of the Group decreased by RMB81.4 million, or 19.1%, from RMB426.6 million for the year ended 31 December 2020 to RMB345.2 million for the eight months ended 31 August 2021, which was primarily due to the Reporting Period being four months shorter than that of last year.

Our cost of sales consists of labor costs, teaching related costs, depreciation and amortization, material consumption, utilities and others. Cost of sales of the Group decreased by RMB68.6 million, or 19.4%, from RMB353.3 million for the year ended 31 December 2020 to RMB284.7 million for the eight months ended 31 August 2021, which was in line with the level of decrease in revenue as indicated above.

Gross profit of the Group decreased by RMB12.7 million, or 17.4%, from RMB73.2 million for the year ended 31 December 2020 to RMB60.5 million for the eight months ended 31 August 2021. The gross profit margin for the year ended 31 December 2020 and the eight months ended 31 August 2021 were 17.2% and 17.5%, respectively.

Other income and gains primarily consist of bank interest income, rental income, gain on disposal of financial assets at fair value through profit or loss and other income. Other income and gains of the Group decreased from RMB39.0 million for the year ended 31 December 2020 to RMB21.4 million for the eight months ended 31 August 2021, primarily due to (i) gain on disposal of a subsidiary amount to RMB2.7 million and (ii) gain on deemed disposal of subsidiaries and gain on fair value re-measurement of the existing equity in subsidiaries amounted to RMB12.2 million recognised during the year ended 31 December 2020 did not occur during the eight months ended 31 August 2021.

Administrative expenses of the Group increased by RMB29.5 million, or 42.9%, from RMB68.8 million for the year ended 31 December 2020 to RMB98.3 million for the eight months ended 31 August 2021, primarily as a result of an increase in administrative staff costs, research and development expense, office expenses and other expenses, as well as the resumption of ordinary operations of the Group due to the recovery from epidemic.

Other expenses of the Group decreased from RMB18.4 million for the year ended 31 December 2020 to RMB13.1 million for the eight months ended 31 August 2021, primarily due to the decrease of exchange losses.

Interest expense of the Group increased from RMB8.3 million for the year ended 31 December 2020 to RMB17.0 million for the eight months ended 31 August 2021, also primarily because of the increase in the average balances of bank loans.

During the Reporting Period, there were certain property, plant and equipment and right-of-use assets held by the consolidated affiliated entities of the Group (other than the Affected Business). Such property, plant and equipment were continuously occupied by the deconsolidated Affected Business. Due to the Implementation Regulations which prohibit the Group to conduct transactions with the Affected Business, the Group is not able to charge rental from the Affected Business for the use of these assets after the Implementation Regulations came into force on 1 September 2021, and impairment losses on non-current assets amounted to RMB1,085.2 million was recognised based on the impairment assessment performed. For further details, please refer to Note 11 Property, Plant and Equipment to the financial statement of the Company. In addition, share of losses of a joint venture amounted to RMB103.1 million and share of losses of associates amounted to RMB27.5 million were recognised during the Reporting Period, as certain property, plant and equipment and right-of-use assets were continuously occupied by schools that were deconsolidated from the joint venture/associates as a result of the Implementation Regulation, and impairments were made on the financial statements of the joint venture and associates based on the impairment assessment performed.

Income tax credit of RMB158.0 million was recognised for the eight months ended 31 August 2021 as compared to the income tax expense of RMB1.8 million for the year ended 31 December 2020, primarily due to the deferred tax recognised in respect of impairment loss on non-current assets during 2021.

### ***Discontinued Operations***

As mentioned above, the financial results of the Affected Business have been classified as discontinued operations upon deconsolidation on 31 August 2021 and the prior year comparative results have been restated throughout the consolidated financial statements. A profit of approximately RMB368.1 million was recognised for the year ended 31 December 2020, and a loss of approximately 222.6 million was recognised for the Reporting Period. The decrease is mainly due to (i) the Reporting Period being four months shorter than that of last year, which resulted in the revenue and profit from discontinued operations during the Reporting Period proportionately lower than that for the year ended 31 December 2020; and (ii) a one-off loss amounted to approximately RMB432.6 million was recognized upon the deconsolidation of the Affected Business attributable to owners of the Company. For further details, please refer to Note 8 Discontinued Operations to the financial statement of the Company.

## B. Review of Adjusted Unaudited Financial Information for the Twelve Months Ended 31 August 2021

For the purpose of providing meaningful comparative information and presenting the operating positions of the Group more clearly, the Group has voluntarily prepared adjusted unaudited financial information covering a period of twelve months from 1 September 2020 to 31 August 2021, while the adjusted unaudited comparative figures cover a period of twelve months from 1 September 2019 to 31 August 2020 (as detailed in the table below), including the operations from Affected Business classified as discontinued operations and excluding the impact from: (i) share of profits/(losses) of a joint venture and associates; (ii) impairment loss on non-current assets and deferred tax recognised; (iii) one-off losses recognised in respect of Affected Business; (iv) the tax effect arising from transaction between continued and discontinued operations.

Set out below includes the key highlights for the adjusted unaudited financial results for the twelve months from 1 September 2020 to 31 August 2021 and the twelve months from 1 September 2019 to 31 August 2020.

	<b>Twelve months ended</b>	
	<b>31 August 2021</b>	31 August 2020
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(adjusted and unaudited)</b>	(adjusted and unaudited)
<b>REVENUE</b>	<b>1,609,820</b>	1,077,053
Cost of sales	<b>(879,576)</b>	(608,998)
<b>GROSS PROFIT</b>	<b>730,244</b>	468,055
Other income and gains	<b>38,624</b>	19,318
Selling and distribution expenses	<b>(30,461)</b>	(25,137)
Administrative expenses	<b>(205,178)</b>	(120,886)
Other expenses	<b>(28,642)</b>	(10,240)
Interest expenses	<b>(32,418)</b>	(17,828)
<b>PROFIT BEFORE TAX</b>	<b>472,169</b>	313,282
Income tax expense	<b>(5,830)</b>	(7,594)
<b>PROFIT FOR THE YEAR</b>	<b>466,339</b>	305,688

## Revenue (adjusted and unaudited) for the twelve months ended 31 August 2021

Our revenue includes comprehensive educational services, canteen operations, study trip services, management and franchise and supply chain management services. The following table sets forth the components of our revenue for the twelve months from 1 September 2020 to 31 August 2021 and the twelve months from 1 September 2019 to 31 August 2020.

	<b>Twelve months ended</b>	
	<b>31 August</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
	<b>(adjusted and unaudited)</b>	(adjusted and unaudited)
Comprehensive education services	<b>1,207,878</b>	830,913
Canteen operations	<b>333,398</b>	207,102
Training services	<b>38,509</b>	31,020
Study trip services	<b>17,435</b>	–
Early childhood education services	<b>4,094</b>	4,640
Supply chain management services	<b>2,211</b>	–
Management and franchise	<b>6,295</b>	3,378
	<hr/>	<hr/>
<b>Total</b>	<b>1,609,820</b>	1,077,053
	<hr/> <hr/>	<hr/> <hr/>

Our revenue increased by 49.5% from RMB1,077.1 million for the twelve months ended 31 August 2020 to RMB1,609.8 million for the twelve months ended 31 August 2021, primarily driven by increase of revenue from comprehensive educational services. The revenue from comprehensive educational services of the Group increased by 45.4% from RMB830.9 million for the twelve months ended 31 August 2020 to RMB1,207.9 million for the twelve months ended 31 August 2021, which is driven by an increase in student enrollment of our self-owned schools.

The revenue from canteen operations increased by 61.0% from RMB207.1 million for the twelve months ended 31 August 2020 to RMB333.4 million for the twelve months ended 31 August 2021, primarily as a result of increased student enrollment and resumption of canteen operation following to the improved conditions of the epidemic.

The revenue from training services increased by 24.1% from RMB31.0 million for the twelve months ended 31 August 2020 to RMB38.5 million for the twelve months ended 31 August 2021, which is mainly due to the increase in the number of training participants.

The revenue from study trip services and supply chain management services are RMB17.4 million and RMB2.2 million respectively for the the twelve months ended 31 August 2021. The study trip services include the Group's experiential learning programmes that combine study tours and research studies during weekends and summers, 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 increased by 86.4% from RMB3.4 million for the twelve months ended 31 August 2020 to RMB6.3 million for the twelve months ended 31 August 2021, primarily because of the addition of two schools into our entrusted school network during the twelve months ended 31 August 2021.

## Costs of Principal Activities (adjusted and unaudited) for the twelve months ended 31 August 2021

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 twelve months from 1 September 2020 to 31 August 2021 and the twelve months from 1 September 2019 to 31 August 2020.

	<b>Twelve months ended</b>	
	<b>31 August 2021</b>	31 August 2020
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(adjusted and unaudited)</b>	(adjusted and unaudited)
Staff costs	438,634	318,254
Teaching activity costs	44,904	31,634
Depreciation and amortization	149,980	107,576
Material consumption	200,473	120,961
Utilities	30,518	21,493
Service procurement cost	7,764	—
Others	7,303	9,080
	<hr/>	<hr/>
<b>Total</b>	<b>879,576</b>	<b>608,998</b>
	<hr/> <hr/>	<hr/> <hr/>

Staff costs increased by 37.8% from RMB318.3 million for the twelve months ended 31 August 2020 to RMB438.6 million for the twelve months ended 31 August 2021, 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 41.9% from RMB31.6 million for the twelve months ended 31 August 2020 to RMB44.9 million for the twelve months ended 31 August 2021, primarily because of the growth in our teaching activities resulting from the increased student enrollment and the costs in provision of study trip services.

Depreciation and amortization costs increased by 39.4% from RMB107.6 million for the twelve months ended 31 August 2020 to RMB150.0 million for the twelve months ended 31 August 2021, primarily because we newly opened six self-owned schools in 2020/2021 school year.

Material consumption costs increased by 65.7% from RMB121.0 million for the twelve months ended 31 August 2020 to RMB200.5 million for the twelve months ended 31 August 2021, primarily because of the increased student enrollment and resumption of canteen operation following to improved conditions of the epidemic.

Utilities cost increased by 42.0% from RMB21.5 million for the twelve months ended 31 August 2020 to RMB30.5 million for the twelve months ended 31 August 2021, primarily because we incurred additional utility for the self-owned schools opened in the 2020/2021 school year.

Other costs decreased by 19.6% from approximately RMB9.1 million for the twelve months ended 31 August 2020 to RMB7.3 million for the twelve months ended 31 August 2021, primarily due to the decreased maintenance costs for the existing campuses.



## **Gross Profit and Gross Profit Margin (adjusted and unaudited) for the twelve months ended 31 August 2021**

The Group's gross profit for the twelve months ended 31 August 2021 were approximately RMB730.2 million, representing an increase of 56.0% from approximately RMB468.1 million for the twelve months ended 31 August 2020. The Group's gross profit margin for the twelve months ended 31 August 2021 was approximately 45.4%, representing an increase from 43.5% for the twelve months ended 31 August 2020 due to the increase in revenue from comprehensive educational services per student.

## **Other Income and Gains (adjusted and unaudited) for the twelve months ended 31 August 2021**

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 increased from RMB19.3 million for the twelve months ended 31 August 2020 to RMB38.6 million for the twelve months ended 31 August 2021, primarily because of the gain on disposal of subsidiaries in December 2020.

## **Administrative Expenses (adjusted and unaudited) for the twelve months ended 31 August 2021**

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.

Administrative expenses increased by 69.7% from RMB120.9 million for the twelve months ended 31 August 2020 to RMB205.2 million for the twelve months ended 31 August 2021, primarily as a result of an increase in administrative staff costs, research and development expenses, office expenses and other expenses. The Group has gradually resumed ordinary operation as the epidemic continued to improve, driving an increase of operational expenses such as reimbursement of travelling costs of the executives of the Group.

Administrative staff costs increased by 77.1% from RMB69.2 million for the twelve months ended 31 August 2020 to RMB122.5 million for the twelve months ended 31 August 2021. As the scale of the Group's operation continued to expand, the Group prepared to set up management teams for the new operations which become in place in the forthcoming school year and enhanced the remuneration scheme for the existing management.

In order to reflect the core of our education philosophy "Six Establishments and One Accomplishment (六立一達)", we design and develop our education programs, namely the "Lida Program". Pursuant to the overall construction plan of Lida Program, the Group is conducting researches and will develop the products of Lida Program, including teaching materials, repositories, examination databases, courses and other resources, and the related expenses will be recognized as research expenditure or development expenditure, respectively, according to the research stage of the project. As such, the Group recorded research expenditure of approximately RMB7.9 million for the twelve months ended 31 August 2021 (the twelve months ended 31 August 2020: RMB1.5 million).

## **Interest Expenses (adjusted and unaudited) for the twelve months ended 31 August 2021**

Interest expenses increased from RMB17.8 million for the twelve months ended 31 August 2020 to RMB32.4 million for the twelve months ended 31 August 2021, primarily because of the increase in the average balances of bank loans.

## **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 31 August 2021, we had net current liabilities of approximately RMB2,163.3 million, as compared with net current liabilities of approximately RMB467.8 million as at 31 December 2020. Such increase in net current liabilities was primarily attributable to (i) the increase in amount due to related parties of approximately RMB2,958.7 million, partially offset by the increase in amounts due from related parties of approximately RMB998.9 million; and (ii) the decrease in current contract liabilities and deferred income of approximately RMB512.6 million.

As at 31 August 2021, amounts due from related parties mainly comprise advances given to the Affected Business of approximately RMB1,092.7 million, and amount due to related parties mainly comprises construction fees payable to Sichuan Nanyuan Construction Co., Ltd., a company controlled by Mr. Luo, of approximately RMB563.8 million, and advances received from the Affected Business of approximately RMB2,665.3 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 31 August 2021, the Group had cash and cash equivalents of approximately RMB1,273.3 million (31 December 2020: approximately RMB1,563.1 million). The following table sets forth a summary of our cash flows for the year or period indicated:

	<b>Eight months ended 31 August 2021 (Audited) RMB'000</b>	Year ended 31 December 2020 (Audited) RMB'000
Net cash flow from operating activities	<b>1,596,717</b>	1,720,025
Net cash flow used in investing activities	<b>(2,123,882)</b>	(1,891,187)
Net cash flow from financing activities	<b>242,745</b>	1,294,641
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	<b>(284,420)</b>	1,123,479
Net effect of foreign exchange rates	<b>(5,457)</b>	(11,339)
Cash and cash equivalents at beginning of period/year	<b>1,563,135</b>	450,995
	<hr/>	<hr/>
Cash and cash equivalents at end of period/year	<b>1,273,258</b>	1,563,135
	<hr/> <hr/>	<hr/> <hr/>

## **BORROWINGS AND GEARING RATIO**

As at 31 August 2021, the Group had borrowings of approximately RMB1,233.7 million (31 December 2020: RMB1,293.3 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 31 August 2021, the gearing ratio of the Group, calculated as the total interest-bearing borrowings divided by the total assets, was approximately 15.8% (31 December 2020: approximately 17.4%).

## **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 31 August 2021, 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 eight months ended 31 August 2021. 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 eight months ended 31 August 2021, our capital expenditures were RMB2,593.2 million (the year ended 31 December 2020: RMB2,150.8 million), which we funded primarily through cash generated from operations, bank facilities, and net proceeds received from the global offering in July 2018.

## **CONTINGENT LIABILITIES**

As at 31 August 2021, the Group did not have any material contingent liabilities (31 December 2020: Nil).

## **CAPITAL COMMITMENTS**

As at 31 August 2021, the Group had capital commitments contracted but not provided for property, plant and equipment amounting to RMB142.6 million (31 December 2020: RMB1,172.2 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 LISTING, PLACING AND SUBSCRIPTION

The net proceeds from the listing (after deducting the underwriting fees and other listing expenses borne by the Company) amounted to approximately HKD1,478.63 million which was used for the intended purposes as set out in the section headed “Future Plans and Use of Proceeds” of the prospectus dated 28 June 2018. As at 31 August 2021, the net proceeds from the listing were fully utilised.

Items	Net proceeds ( <i>HKD million</i> )				Expected Time for the Use of Unutilized Proceeds
	Percentage	Available	Utilized	Unutilized	
Expansion of our school network	60%	887.18	887.18	0	Completed
Repayment of bank loans	30%	443.59	443.59	0	Completed
Working capital and general corporate purposes	10%	147.86	147.86	0	Completed

The following table illustrates the net proceeds utilized for expansion of our school network as at 31 August 2021:

	<b>As at 31 August 2021 (<i>HKD million</i>)</b>
<b>Net proceeds utilized for expansion of our school network</b>	
Ya'an Tianli School (雅安天立學校)	<b>27.71</b>
Deyang Tianli School (德陽天立學校)	<b>131.39</b>
Dazhou Tianli School (達州市天立學校)	<b>114.41</b>
Zunyi Xinpu Tianli School (遵義市新浦新區天立學校)	<b>187.81</b>
Yiliang Tianli School (彝良縣天立學校)	<b>113.79</b>
Chengdu Longquanyi Tianli School (成都市龍泉驛區天立學校)	<b>46.67</b>
Chengdu Pidu Tianli School (成都郫都天立學校)	<b>132.35</b>
Dongying Tianli School (東營天立學校)	<b>133.05</b>
<b>Total</b>	<b>887.18</b>

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 December 2020 (HKD million)	Net proceeds utilised during the eight months ended	Unutilised as at 31 August 2021 (HKD million)	Expected time for the use of unutilised proceeds (Note)
			31 August 2021 (HKD million)		
Potential future mergers and acquisitions of high quality targets at reasonable prices	500.00	500.00	–	500.00	31 August 2023
Expansion of self-built and self-operated projects in first-tier and core cities	194.97	194.97	29.39	165.58	31 August 2023

*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 31 August 2021:

	<b>As at 31 August 2021 (HKD million)</b>
<b>Net proceeds utilised for expansion of self-built and self-operated projects</b>	
Shenzhen Tianli International School (深圳天立國際學校)	<b>29.39</b>

## FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the eight months ended 31 August 2021.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

FOR THE EIGHT MONTHS ENDED 31 AUGUST 2021

	<i>Notes</i>	Eight months ended 31 August 2021 <i>RMB'000</i>	Year ended 31 December 2020 <i>RMB'000</i> Restated
<b>Continuing operations</b>			
<b>Revenue</b>	4	345,184	426,564
Cost of sales		<u>(284,695)</u>	<u>(353,339)</u>
Gross profit		60,489	73,225
Other income and gains	4	21,436	39,019
Selling and distribution expenses		(4,764)	(4,108)
Administrative expenses		(98,278)	(68,792)
Impairment losses on non-current assets	11	(1,085,236)	–
Other expenses		(13,138)	(18,387)
Interest expenses	5	(17,007)	(8,328)
Share of (losses)/profits of:			
A joint venture		(103,071)	–
Associates		<u>(27,529)</u>	<u>678</u>
<b>(LOSS)/PROFIT BEFORE TAX</b>	6	(1,267,098)	13,307
Income tax credit/(expense)	7	<u>157,986</u>	<u>(1,812)</u>
<b>(LOSS)/PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<u>(1,109,112)</u>	<u>11,495</u>
<b>DISCONTINUED OPERATIONS</b>			
(Loss)/profit for the period/year from discontinued operations, net of tax	8	<u>(222,627)</u>	<u>368,140</u>
<b>(LOSS)/PROFIT FOR THE PERIOD/YEAR</b>		<u><u>(1,331,739)</u></u>	<u><u>379,635</u></u>
<b>OTHER COMPREHENSIVE LOSS FOR THE PERIOD/YEAR</b>			
Other comprehensive loss that will be reclassified to profit or loss in subsequent periods:			
Exchange differences related to translation of a foreign operation		<u>(94)</u>	<u>(489)</u>
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD/YEAR</b>		<u><u>(1,331,833)</u></u>	<u><u>379,146</u></u>

	<i>Notes</i>	<b>Eight months ended 31 August 2021 RMB'000</b>	Year ended 31 December 2020 RMB'000 Restated
<b>(Loss)/profit attributable to:</b>			
Owners of the Company			
– Continuing operations		(1,110,420)	12,837
– Discontinued operations		(223,944)	365,954
		<u>(1,334,364)</u>	<u>378,791</u>
<b>Non-controlling interests</b>			
– Continuing operations		1,308	(1,342)
– Discontinued operations		1,317	2,186
		<u>2,625</u>	<u>844</u>
<b>Total comprehensive (loss)/income attributable to:</b>			
Owners of the Company			
– Continuing operations		(1,110,514)	12,348
– Discontinued operations		(223,944)	365,954
		<u>(1,334,458)</u>	<u>378,302</u>
<b>Non-controlling interests</b>			
– Continuing operations		1,308	(1,342)
– Discontinued operations		1,317	2,186
		<u>2,625</u>	<u>844</u>
<b>(LOSS)/EARNINGS PER SHARE</b>			
<b>ATTRIBUTABLE TO ORDINARY</b>			
<b>EQUITY HOLDERS OF THE COMPANY</b>			
	10		
<b>Basic</b>			
– For profit/(loss) for the period/year		<b>RMB(62.69) cents</b>	RMB18.56 cents
– For profit/(loss) from continuing operations		<b>RMB(52.17) cents</b>	RMB0.63 cents
<b>Diluted</b>			
– For profit/(loss) for the period/year		<b>RMB(62.69) cents</b>	RMB18.49 cents
– For profit/(loss) from continuing operations		<b>RMB(52.17) cents</b>	RMB0.63 cents



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**31 AUGUST 2021**

		<b>31 August 2021</b>	31 December 2020
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant, and equipment	<i>11</i>	<b>2,915,536</b>	3,801,800
Right-of-use assets	<i>12</i>	<b>1,601,918</b>	1,261,552
Goodwill	<i>13</i>	<b>7,572</b>	7,572
Other intangible assets		<b>7,660</b>	5,622
Investment in a joint venture		<b>161,820</b>	264,891
Investments in associates		<b>69,770</b>	97,299
Prepayments, deposits and other receivables		<b>142,265</b>	201,155
Deferred tax assets	<i>7</i>	<b>271,309</b>	–
		<hr/>	<hr/>
Total non-current assets		<b>5,177,850</b>	5,639,891
<b>CURRENT ASSETS</b>			
Inventories		<b>3,797</b>	9,010
Trade receivables	<i>14</i>	<b>3,550</b>	739
Prepayments, deposits and other receivables	<i>15</i>	<b>35,224</b>	49,066
Amounts due from related parties		<b>1,094,614</b>	95,692
Financial assets at fair value through profit or loss		<b>205,090</b>	68,550
Cash and cash equivalents	<i>16</i>	<b>1,273,258</b>	1,563,135
		<hr/>	<hr/>
Total current assets		<b>2,615,533</b>	1,786,192
<b>CURRENT LIABILITIES</b>			
Trade payables	<i>17</i>	<b>11,419</b>	30,030
Other payables and accruals	<i>18</i>	<b>300,679</b>	372,885
Contract liabilities		<b>395,737</b>	672,559
Interest-bearing bank loans		<b>491,471</b>	520,056
Amount due to related parties		<b>3,229,149</b>	270,444
Tax payable		<b>115,938</b>	4,011
Lease liabilities	<i>12(b)</i>	<b>13,662</b>	7,477
Dividends payable		<b>80,064</b>	–
Deferred income		<b>140,670</b>	376,491
		<hr/>	<hr/>
Total current liabilities		<b>4,778,789</b>	2,253,953
<b>NET CURRENT LIABILITIES</b>			
	<i>2.1</i>	<b>(2,163,256)</b>	(467,761)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<b>3,014,594</b>	5,172,130

		<b>31 August 2021</b>	31 December 2020
	<i>Notes</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>NON-CURRENT LIABILITIES</b>			
Contract liability		–	48,399
Lease liabilities	<i>12(b)</i>	<b>157,362</b>	90,202
Deferred income		<b>327,115</b>	907,145
Interest-bearing bank loans		<b>742,250</b>	773,250
		<hr/>	<hr/>
Total non-current liabilities		<b>1,226,727</b>	1,818,996
		<hr/>	<hr/>
<b>NET ASSETS</b>			
		<b>1,787,867</b>	3,353,134
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Issued capital		<b>184,042</b>	184,042
Reserves		<b>1,579,934</b>	3,128,053
		<hr/>	<hr/>
		<b>1,763,976</b>	3,312,095
		<hr/>	<hr/>
Non-controlling interests		<b>23,891</b>	41,039
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>			
		<b>1,787,867</b>	3,353,134
		<hr/> <hr/>	<hr/> <hr/>

# NOTES TO FINANCIAL STATEMENTS

31 AUGUST 2021

## 1. CORPORATE AND GROUP INFORMATION

Tianli Education International Holdings Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands on 24 January 2017 as an exempted company with limited liability under the laws of the Cayman Islands. The registered office address of the Company is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The principal place of business of the Company is located at 40th Floor, Dah Sing Financial Centre, No. 248 Queen’s Road East, Wanchai, Hong Kong.

During the eight months ended 31 August 2021 (the “Period”), the Company and its subsidiaries (collectively referred to as the “Group”) were principally engaged in the provision of education and related management services in the People’s Republic of China (the “PRC”). There were no significant changes in the nature of the Group’s principal activities during the Period.

In the opinion of the directors of the Company (the “Directors”), the parent company and the ultimate holding company of the Company is Sky Elite Limited, a company incorporated in the British Virgin Islands (“BVI”). The ultimate controlling shareholder of the Company is Mr. Luo Shi (“Mr. Luo”).

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 aforesaid contractual agreements of private schools providing compulsory education (the “Affected Business”) were no longer enforceable from 1 September 2021. Management assessed the implications of this 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 most significantly affect 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 results of the discontinued operations were presented separately in the consolidated statement of profit or loss and other comprehensive income for the period ended 31 August 2021. The comparative information relating to the discontinued operations has been re-presented to conform to the current period’s presentation.

### 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”), which comprise all standards and interpretations approved by the International Accounting Standards Board (the “IASB”) and International Accounting Standards (“IASs”) and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect, and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

#### Going concern

As at 31 August 2021, the Group recorded net current liabilities of approximately RMB2,163,256,000. Included in the current liabilities as at 31 August 2021 were contract liabilities and deferred income of RMB395,737,000 and RMB140,670,000, respectively; and amounts due to related parties of RMB3,229,149,000, of which RMB2,418,579,000 were amounts due to the Affected Business. The Group had cash and cash equivalents of RMB1,273,258,000 as at 31 August 2021.

The Directors believed that the Group has adequate cash flows to maintain the Group's operation and continue as a going concern for the following reasons:

- (a) Based on the arrangements and confirmations received from the licensed banks in Mainland China, the Group has undrawn banking facilities of RMB199,000,000 and available for drawdown within the 6 to 9 years from 31 August 2021. Meanwhile, the Group has received total new bank loans of RMB168,500,000 and repaid total bank loans of RMB320,145,000 subsequent to 31 August 2021;
- (b) Subsequent to 31 August 2021, the Group has entered into repayment arrangements with the respective Affected Business and a joint venture to extend the repayment term of the amounts due to the Affected Business and the amount due to a joint venture totalled RMB1,030,205,000 and RMB246,721,000, respectively, for the next 2 to 5 years;
- (c) 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; and
- (d) The Group expects cash inflows from the remaining education and ancillary services to students.

Having considered the cash flows from operations and unutilised bank facilities and the future positive operating results from the continuing operations, 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 consolidated financial statements on a going concern basis.

### **Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the eight months ended 31 August 2021. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies except where adjustments are made to certain subsidiaries established in the PRC to adjust the annual reporting year end with 31 December to 31 August to ensure the conformity with the Group's reporting period. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investments retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

## 2.2 CHANGE OF FINANCIAL YEAR END DATE

On 24 May 2021, the board of 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”). Accordingly, the current financial year end date of the Group is 31 August 2021. The Change is to align the financial year end date of the Group with the academic year of the schools operated by the Group in the People’s Republic of China, which ends in August each year. The Board considers that the Change will facilitate the preparation of the consolidated financial statements of the Group and to better reflect the operational results of the Group for the financial year.

In view of the change of financial year end date, the consolidated financial statements and the related notes presented for the current period cover an eight-month period from 1 January 2021 to 31 August 2021 while the corresponding comparative amounts shown for the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows, and the related notes cover a twelve-month period from 1 January 2020 to 31 December 2020. As a result, the comparative amounts may not be entirely comparable with the amounts shown for the current period.

## 3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of education services in the PRC.

IFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to segments and to assess their performance. The information reported to the Directors, who are the chief operating decision-makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. On this basis, the Group has determined that it only has one operating segment which is engaged in the provision of education services. Therefore, no further information about the operating segment is presented other than the entity-wide disclosures.

### Entity-wide disclosures

#### Geographical information

During the Period, the Group operated within one geographical location because all of its revenue was generated in the PRC and all of its long-term assets/capital expenditure were located/incurred in the PRC. Accordingly, no further geographical information is presented.

#### Information about major customers

No revenue from a single customer amounted to 10% or more of the total revenue of the Group during the Period and the year ended 31 December 2020.

## 4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the values of services rendered after deducting scholarships and refunds during the Period and the year ended 31 December 2020.

An analysis of revenue from continuing operations is as follows:

	Eight months ended 31 August 2021 RMB’000	Year ended 31 December 2020 RMB’000 Restated
<i>Revenue from contracts with customers</i>		
Educational services	118,778	174,201
Canteen operations	201,876	248,409
Study trip services	17,435	–
Management and franchise fees	4,884	3,954
Supply chain management services	2,211	–
	<hr/>	<hr/>
Total revenue	<b>345,184</b>	<b>426,564</b>

## Revenue from contracts with customers

### (i) Disaggregated revenue information

	<b>Eight months ended 31 August 2021 RMB'000</b>	Year ended 31 December 2020 RMB'000 Restated
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	201,876	248,409
Services transferred over time	143,308	178,155
	<hr/>	<hr/>
Total revenue from contracts with customers	<b>345,184</b>	426,564
	<hr/> <hr/>	<hr/> <hr/>

### (ii) Performance obligations

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

Goods transferred at a point in time

The performance obligation of the on-school canteen operations is satisfied at the point in time when the control of goods has been transferred, being the time when the goods are accepted by the customers.

Services transferred over time

Other than the canteen operations, the performance obligations for services are satisfied over time because a customer simultaneously receives and consumes the benefits provided by the Group.

At 31 August 2021, 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 from continuing operations is as follows:

	<b>Eight months ended 31 August 2021 RMB'000</b>	Year ended 31 December 2020 RMB'000 Restated
Rental income	8,358	9,225
Gain on disposal of financial assets at fair value through profit or loss	9,441	3,589
Bank interest income	2,081	5,328
Other service income	81	4,922
Gain on disposal of a subsidiary		2,661
Gain on disposal of subsidiaries and gain on fair value re-measurement of the existing equity in subsidiaries	–	12,231
Others	1,475	1,063
	<hr/>	<hr/>
Total other income and gains	<b>21,436</b>	39,019
	<hr/> <hr/>	<hr/> <hr/>

## 5. INTEREST EXPENSES

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

	<b>Eight months ended 31 August 2021 RMB'000</b>	Year ended 31 December 2020 RMB'000 Restated
Interest on bank loans	45,174	28,015
Less: Interest capitalised ( <i>note 11(b)</i> )	<u>(30,924)</u>	<u>(20,936)</u>
	<u>14,250</u>	<u>7,079</u>
Interest on lease liabilities ( <i>note 12(b)</i> )	<u>2,757</u>	<u>1,249</u>
	<u><b>17,007</b></u>	<u><b>8,328</b></u>
Interest rate of borrowing costs capitalised (%)	<u><b>5.39-7.35</b></u>	<u><b>5.29-7.35</b></u>

## 6. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax from continuing operations is arrived at after charging/(crediting):

	<b>Eight months ended 31 August 2021 RMB'000</b>	Year ended 31 December 2020 RMB'000 Restated
Cost of inventories sold	115,596	142,419
Cost of services provided	169,099	210,920
Employee benefit expense (excluding Directors' and chief executive's remuneration)		
Wages and salaries	145,463	158,114
Pension scheme contributions (defined contribution scheme)	10,632	8,400
Welfare	12,299	15,728
Housing fund (defined contribution scheme)	3,627	4,606
Less: Government grants released	(34,814)	(30,053)
Subsidies received*	<u>(1,254)</u>	<u>(876)</u>
	<u><b>135,953</b></u>	<u><b>155,919</b></u>

		<b>Eight months ended</b>	Year ended
		<b>31 August</b>	31 December
		<b>2021</b>	2020
		<b>RMB'000</b>	RMB'000
			Restated
Depreciation of items of property, plant and equipment**	11	44,615	55,764
Depreciation of right-of-use assets**	12	21,751	19,690
Amortisation of other intangible assets		529	379
Impairment loss on non-current assets	11	(1,085,236)	–
Loss on disposal of items of property, plant and equipment, net		21	162
Auditor's remuneration		5,200	4,650
Lease payments not included in the measurement of lease liabilities**	12(c)	1,625	1,047
Bank interest income		(2,081)	(5,328)
Research expenses		6,672	2,646
Equity-settled share award scheme expenses		7,512	2,803
Foreign exchange losses, net		7,439	13,316
Gain on disposal of a subsidiary		–	(2,661)
Gain on deemed disposal of subsidiaries and gain on fair value re-measurement of the existing equity in subsidiaries		–	(12,231)
Gain on disposal of financial assets at fair value through profit or loss		(9,441)	(3,589)
Rental income		(8,358)	(9,225)
		<u><u>          </u></u>	<u><u>          </u></u>

\* Various government grants have been received to subsidise the school's operating expenditure. The government grants received have been deducted from the employee costs to which they relate. Government grants received for which related expenditure has not yet been undertaken are included in deferred income in the statement of financial position. There are no unfulfilled conditions or contingencies relating to these grants.

\*\* The depreciation of items of property, plant and equipment and depreciation of right-of-use assets and expenses relating to leases of low-value assets for the Period of RMB39,979,000 (For the year ended 31 December 2020: RMB43,071,000), RMB20,523,000 (For the year ended 31 December 2020: RMB19,363,000) and RMB698,000 (For the year ended 31 December 2020: RMB261,000), respectively are recorded in "Cost of sales" in profit or loss.

## 7. INCOME TAX

### Continuing operations

Corporate income tax from continuing operations of the Group has been provided at the applicable tax rates on the estimated taxable profits arising in Mainland China during the Period and the year ended 31 December 2020:

	<b>Eight months ended</b>	Year ended
	<b>31 August</b>	31 December
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
		Restated
Current – Mainland China Charge/(credit) for the period/year	113,323	1,812
Deferred	(271,309)	–
	<u><u>          </u></u>	<u><u>          </u></u>
	<u><u>(157,986)</u></u>	<u><u>1,812</u></u>



A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdiction in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

		<b>Eight months ended 31 August 2021 RMB'000</b>	Year ended 31 December 2020 RMB'000 Restated
Profit/(loss) before tax		<b>(1,267,098)</b>	13,307
Less: Non-deductible losses generated by the Company	(a)	<b>30,847</b>	71,596
Profit before tax generated by subsidiaries in Hong Kong and Mainland China		<b>(1,236,251)</b>	84,903
Tax at the applicable tax rates:			
16.5%	(b)	<b>2,416</b>	8,917
25%		<b>(312,723)</b>	7,715
Lower tax rates enacted by local authorities	(c)	<b>(1,345)</b>	(1,119)
Tax effect on income not subject to tax	(d)	<b>(12,735)</b>	(18,706)
Tax losses utilised from previous periods		<b>(24,170)</b>	–
Losses/(profits) attributable to a joint venture and associates		<b>32,650</b>	(169)
Income not subject to tax		<b>(2,416)</b>	(8,917)
Expenses not deductible for tax		<b>692</b>	156
Tax losses not recognised		<b>24,521</b>	13,935
Effect of corporate income tax on the management service fees charged by the Group under the Structured Contracts		<b>135,124</b>	–
Tax (credit)/charge at the Group's effective rate		<b>(157,986)</b>	1,812

*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% during the Period and the year ended 31 December 2020. 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 year ended 31 December 2020.
- (c) Pursuant to the People’s Republic of China (the “PRC”) Income Tax Law and the respective regulations, except for Tibet Yongshi, 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 year ended 31 December 2020.

During the Period, Tibet Yongshi 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”. Simultaneously, under the “Western Development Policy” at Tibet Yongshi 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.

Tutoring schools of the Group, except for Luzhou Longmatan Tutoring School that is 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 are qualifying entities under the preferential income tax reduction policy for small-scaled minimal profit enterprises. Under the preferential tax policy, the first RMB1 million of taxable income of these schools is taxed at 2.5% and the taxable income within RMB1 million to RMB3 million is taxed at 10%.

- (d) According to the Implementation Regulations for the Law for Promoting Private Education, private schools for which the school sponsors do not require reasonable returns are eligible to enjoy preferential tax treatments as public schools. As a result, the Group's education and ancillary services income from the non-for-profit schools and schools for which the sponsors do not require reasonable return are applicable to the above-mentioned preferential tax treatments. In accordance with the historical tax returns filed with the relevant tax authorities and the confirmations obtained therefrom, there was no corporate income tax imposed in respect of education and ancillary services income from these schools which are treated as not-for-profit schools. As a result, no income tax expense was recognised for these schools during the Period and the year ended 31 December 2020.

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

### Deferred tax

The movements in deferred tax assets during the eight months ended 31 August 2021 are as follows:

	<b>Impairment losses on non-current assets RMB'000</b>
At 1 January 2020, 31 December 2020 and 1 January 2021	–
Deferred tax credited to profit or loss during the period	271,309
	<hr/>
At 31 August 2021	271,309
	<hr/> <hr/>

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

As at 31 August 2021, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the Directors, the Group's fund will be retained in Mainland China for the expansion of the Group's operation, so it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. As at 31 August 2021, the aggregate amounts of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB843,314,000 (31 December 2020: RMB299,114,000).

As at 31 August 2021, the Group has tax losses arising in Mainland China of RMB252,078,000 (31 December 2020: RMB153,994,000), which will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these temporary differences and tax losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

## 8. DISCONTINUED OPERATIONS

As stated in Note 1, due to the 2021 Implementation Regulations, 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 net assets relating to the Affected Business were RMB432,629,000 upon deconsolidation as at 31 August 2021 and an aggregate one-off loss upon deconsolidation of the Affected Business was recognised during the period and included in the losses from discontinued operations.

The results relating to the Affected Business as for the eight months ended 31 August 2021 are presented below:

	<b>Eight months ended 31 August 2021 RMB'000</b>
Revenue	579,581
Expenses	(362,711)
Finance costs	(6,248)
	<hr/>
Profit before tax from the discontinued operation	210,622
Income tax expense*	(620)
	<hr/>
Profit for the period from the discontinued operation	<b>210,002</b>
	<hr/> <hr/>
One-off losses recognised upon the deconsolidation of the Affected Business attributable to owners of the Company	(432,629)
	<hr/>
Loss for the period from discontinued operations, net of tax	<b>(222,627)</b>
	<hr/> <hr/>

\* According to the Implementation Regulations for the Law for Promoting Private Education, the Group's formal education services income from elementary schools, middle schools and existing not-for-profit high schools are eligible to enjoy the same preferential tax treatment as public schools. In accordance with the historical tax returns filed with the relevant tax authorities and the confirmations obtained therefrom, there was no corporate income tax imposed on the Group's private schools in respect of the education services income from these schools. As a result, no income tax expense was recognised for these schools during the Period and the year ended 31 December 2020.

The major classes of assets and liabilities relating to the Affected Business as at 31 August 2021 were set out below:

	<b>31 August 2021 RMB'000</b>
<i>Assets</i>	
Property, plant and equipment ( <i>note 11</i> )	1,554,278
Right-of-use assets ( <i>note 12</i> )	388,078
Other intangible assets	104
Prepayments, deposits and other receivables	9,898
Inventories	5,151
Trade receivables	19
Prepayments, other receivables and other assets	27,689
Amounts due from related parties	2,469,120
Cash and cash equivalents	165,882
	<hr/>
Deconsolidated assets	<b>4,620,219</b>
	<hr/> <hr/>

**31 August 2021**  
**RMB'000**

*Liabilities*

Trade payables	(3,614)
Other payables and accruals	(324,406)
Contract liabilities	(1,191,418)
Interest-bearing bank loans	(256,000)
Amount due to related parties	(1,179,125)
Tax payable	(620)
Lease liabilities ( <i>note 12(b)</i> )	(85,288)
Deferred income	(1,136,650)

Deconsolidated liabilities	(4,177,121)
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Deconsolidated net assets	443,098
Deconsolidated net assets attributable to non-controlling interests	(10,469)

Deconsolidated net assets attributable to owners of the Company	432,629
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The net cash flows incurred relating to the Affected Business for the eight months ended at 31 August 2021 are as follows:

**Eight months ended**  
**31 August 2021**  
**RMB'000**

Operating activities	1,089,873
Investing activities	(93,139)
Financing activities	(919,616)

Net cash inflow	77,118
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Loss per share:	
Basic, from the discontinued operation	RMB(10.52) cents

Diluted, from the discontinued operation	RMB(10.52) cents
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The calculations of basic and diluted loss per share from the discontinued operation are based on:

	<b>Eight months ended 31 August 2021 RMB'000</b>
Loss attributable to ordinary equity holders of the parent from the discontinued operation	<b>(223,944)</b>
Adjusted weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation ( <i>note 10</i> )	<b><u>2,128,396</u></b>

## 9. DIVIDEND

	<b>Eight months ended 31 August 2021 RMB'000</b>	Year ended 31 December 2020 RMB'000
Interim – HK4.56 cent (equivalent to approximately RMB3.79 cents) (2020: Nil) per ordinary share	<b>82,091</b>	–
Proposed final – Nil (2020: HK6.27 cents (equivalent to approximately RMB5.26 cents)) per ordinary share	<b><u>–</u></b>	<b><u>113,932</u></b>

At the meeting of the board of directors held on 3 March 2022, the Directors resolved not to pay dividend for the Period.

## 10. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

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

	<b>Eight months ended 31 August 2021 RMB'000</b>	Year ended 31 December 2020 RMB'000 Restated
<b>(Loss)/earnings</b>		
(Loss)/profit attributable to ordinary equity holders of the Company, used in the basic and diluted (loss)/earnings per share calculations:		
From continuing operations	<b>(1,110,420)</b>	12,837
From discontinued operations	<b><u>(223,944)</u></b>	<b><u>365,954</u></b>
	<b><u>(1,334,364)</u></b>	<b><u>378,791</u></b>

	<b>Number of shares ('000)</b>	
	<b>Eight months ended 31 August 2021 RMB'000</b>	<b>Year ended 31 December 2020 RMB'000</b>
<b>Shares</b>		
Weighted average number of ordinary shares in issue	<b>2,166,000</b>	2,075,499
Effect of the weighted average number of ordinary shares repurchased under the share award scheme	<b>(38,376)</b>	(34,355)
Weighted average number of vested ordinary shares granted under the share award plan	<u>772</u>	<u>256</u>
Adjusted weighted average number of ordinary shares used in the basic (loss)/earnings per share calculation	<u><b>2,128,396</b></u>	<u>2,041,400</u>
Effect of dilution:		
Weighted average number of unvested ordinary shares granted under the share award plan	<u><b>12,680</b></u>	<u>7,468</u>
Adjusted weighted average number of ordinary shares used in the diluted (loss)/earnings per share calculation	<u><b>2,141,076*</b></u>	<u>2,048,868</u>

\* Because the diluted loss per share amount is decreased when taking into account the unvested ordinary shares granted under the share award plan, the unvested ordinary shares had an anti-dilutive effect on the loss per share for the Period and were ignored in the calculation of diluted loss per share. Therefore, the diluted loss per share amount for the Period is based on the loss for the Period and the loss attributable to continuing operations of RMB1,334,364,000 and RMB1,110,420,000, respectively, and the adjusted weighted average number of ordinary shares of 2,128,396,000 in issue during the Period.

## 11. PROPERTY, PLANT AND EQUIPMENT

	Buildings and structures RMB'000	Furniture and fixtures RMB'000	Leasehold improvements RMB'000	Devices and equipment RMB'000	Construction in progress RMB'000	Total RMB'000
As at 1 January 2020						
Cost:	2,748,806	142,854	29,890	70,982	229,166	3,221,698
Accumulated depreciation:	(128,412)	(54,637)	(14,227)	(25,026)	–	(222,302)
Net carrying amount	<u>2,620,394</u>	<u>88,217</u>	<u>15,663</u>	<u>45,956</u>	<u>229,166</u>	<u>2,999,396</u>
As at 1 January 2020						
net of accumulated depreciation:	2,620,394	88,217	15,663	45,956	229,166	2,999,396
Additions	86	41,169	6,869	30,386	1,370,072	1,448,582
Disposals	–	(295)	–	(96)	–	(391)
Disposal of subsidiaries	(504,118)	(4,134)	(1,030)	(5,206)	(24,123)	(538,611)
Depreciation provided during the year (note 6)	(61,772)	(26,019)	(5,917)	(13,468)	–	(107,176)
Continuing operations	(35,864)	(10,856)	(2,804)	(6,240)	–	(55,764)
Discontinued operations	(25,908)	(15,163)	(3,113)	(7,228)	–	(51,412)
Transfer from construction in progress	1,292,381	–	–	–	(1,292,381)	–
As at 31 December 2020	<u>3,346,971</u>	<u>98,938</u>	<u>15,585</u>	<u>57,572</u>	<u>282,734</u>	<u>3,801,800</u>
As at 31 December 2020						
Cost:	3,530,032	178,638	35,053	94,931	282,734	4,121,388
Accumulated depreciation:	(183,061)	(79,700)	(19,468)	(37,359)	–	(319,588)
Net carrying amount	<u>3,346,971</u>	<u>98,938</u>	<u>15,585</u>	<u>57,572</u>	<u>282,734</u>	<u>3,801,800</u>

	Buildings and structures RMB'000	Furniture and fixtures RMB'000	Leasehold improvements RMB'000	Devices and equipment RMB'000	Construction in progress RMB'000	Total RMB'000
As at 1 January 2021						
Cost:	3,530,032	178,638	35,053	94,931	282,734	4,121,388
Accumulated depreciation:	(183,061)	(79,700)	(19,468)	(37,359)	–	(319,588)
Net carrying amount	<u>3,346,971</u>	<u>98,938</u>	<u>15,585</u>	<u>57,572</u>	<u>282,734</u>	<u>3,801,800</u>
As at 1 January 2021						
Net of accumulated depreciation:	3,346,971	98,938	15,585	57,572	282,734	3,801,800
Additions	46,309	7,754	6,922	4,587	1,767,344	1,832,916
Disposals	–	(180)	–	(271)	–	(451)
Disposal of subsidiaries						
Depreciation provided during the period ( <i>note 6</i> )	(46,437)	(17,819)	(3,518)	(11,441)	–	(79,215)
<i>Continuing operations</i>	(28,648)	(9,373)	(766)	(5,828)	–	(44,615)
<i>Discontinued operations</i>	(17,789)	(8,446)	(2,752)	(5,613)	–	(34,600)
Impairment loss on property, plant and equipment	(1,022,452)	–	–	–	(62,784)	(1,085,236)
Transfer from construction	1,890,701	24,679	(1,050)	7,861	(1,922,191)	–
Loss upon the deconsolidation of the Affected Business ( <i>note 8</i> )	<u>(1,460,873)</u>	<u>(45,057)</u>	<u>(14,561)</u>	<u>(14,290)</u>	<u>(19,497)</u>	<u>(1,554,278)</u>
As at 31 August 2021						
net of accumulated depreciation:	<u>2,754,219</u>	<u>68,315</u>	<u>3,378</u>	<u>44,018</u>	<u>45,606</u>	<u>2,915,536</u>
As at 31 August 2021						
Cost:	3,874,020	103,862	16,002	65,234	108,390	4,167,508
Accumulated depreciation and impairment:	(1,119,801)	(35,547)	(12,624)	(21,216)	(62,784)	(1,251,972)
Net carrying amount	<u>2,754,219</u>	<u>68,315</u>	<u>3,378</u>	<u>44,018</u>	<u>45,606</u>	<u>2,915,536</u>

**Notes:**

- (a) As at 31 August 2021, the Group was in the process of obtaining the relevant property ownership certificates for certain buildings with a net carrying amount of approximately RMB2,141,385,000 (31 December 2020: RMB1,339,402,000). 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 RMB30,924,000 (2020: RMB20,936,000).
- (c) Impairment assessment on property, plant and equipment and right-of-use assets

In accordance with the Group's accounting policies, each asset or CGU is evaluated annually at the end of the reporting period to determine whether there are any indicators of impairment. The Group has derecognised the Affected Business on 31 August 2021. Certain property, plant and equipment and right-of-use assets held by the Consolidated Affiliated Entities of the Group (other than the Affected Business) were occupied by the Affected Business before the deconsolidation and are expected to be continuously occupied by the Affected Business subsequent to the deconsolidation. The Group concluded that impairment indicators existed in relation to such assets due to the 2021 Implementation Regulations and deconsolidation of the Affected Business as the 2021 Implementation Regulations prohibit the Group from conducting transactions with the Affected Business and the Group could not charge rental from the Affected Business for the use of these assets when the 2021 Implementation Regulations become effective on 1 September 2021.



In assessing whether there is an impairment, the carrying value of each of the CGU is compared with its recoverable amount. The recoverable amount is the higher of the CGU's fair value less costs of disposal and value-in-use ("VIU"). For the purpose of the impairment assessment, the property, plant and equipment and right-of-use assets of each school of the Affected Business are treated as a separate CGU which represented 18 separate CGU. The Group performed impairment assessments on such assets by determining the VIU of each CGU to which such assets belong based on the discounted cash flow model. The VIU of each asset is determined based on the calculation using cash flow projections with a pre-tax discount rates ranging from 18.00% to 19.95% for each CGU.

As a result of the impairment assessment, a total impairment loss on property, plant and equipment of RMB1,085,236,000 was recognised during the eight months ended 31 August 2021.

Based on the above-mentioned impairment assessment, the recoverable amounts, carrying amounts as at 31 August 2021 and the impairment provisions for the eight months ended 31 August 2021 allocated to the each CGU are as follows:

	<b>Recoverable amount RMB'000</b>	<b>Carrying amount RMB'000</b>	<b>Impairment provision RMB'000</b>
CGU 1	102,620	389,534	286,914
CGU 2	52,106	144,265	92,159
CGU 3	61,718	136,445	74,727
CGU 4	58,109	133,477	75,368
CGU 5	31,238	118,208	86,970
Remaining 13 CGUs	396,095	865,193	469,098
	<u>701,886</u>	<u>1,787,122</u>	<u>1,085,236</u>

## 12. LEASES

### The Group as a lessee

The Group has lease contracts for various items of buildings and other premises used in its operations. Lump sum payments were made upfront to acquire the leased land from the government with lease periods of 40 to 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings and other premises generally have lease terms between 2 and 20 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the Period and the year ended 31 December 2020 are as follows:

	<b>Buildings and other premises RMB'000</b>	<b>Leasehold land RMB'000</b>	<b>Total RMB'000</b>
As at 1 January 2020	85,144	658,009	743,153
Additions	3,714	697,934	701,648
Lease cancellation	(1,374)	–	(1,374)
Depreciation charge	(7,429)	(23,121)	(30,550)
<i>Continuing operations (note 6)</i>	<i>(3,613)</i>	<i>(16,077)</i>	<i>(19,690)</i>
<i>Discontinued operations</i>	<i>(3,816)</i>	<i>(7,044)</i>	<i>(10,860)</i>
Deemed disposal of subsidiaries	–	(151,325)	(151,325)
As at 31 December 2020 and 1 January 2021	80,055	1,181,497	1,261,552
Additions	175,447	582,125	757,572
Depreciation charge	(8,834)	(20,294)	(29,128)
<i>Continuing operations (note 6)</i>	<i>(6,290)</i>	<i>(15,461)</i>	<i>(21,751)</i>
<i>Discontinued operations</i>	<i>(2,544)</i>	<i>(4,833)</i>	<i>(7,377)</i>
Loss upon the deconsolidation of the Affected Business (note 8)	(62,046)	(326,032)	(388,078)
As at 31 August 2021	<u>184,622</u>	<u>1,417,296</u>	<u>1,601,918</u>

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the Period and the year ended 31 December 2020 are as follows:

	<b>Eight months ended 31 August 2021 RMB'000</b>	<b>Year ended 31 December 2020 RMB'000</b>
<b>Carrying amount at 1 January</b>	<b>97,679</b>	93,994
New leases	<b>158,643</b>	3,714
Accretion of interest recognised during the period/year	<b>6,164</b>	6,168
<i>Continuing operations (note 5)</i>	<i>2,757</i>	<i>1,249</i>
<i>Discontinued operations</i>	<i>3,407</i>	<i>4,919</i>
Payments	<b>(6,174)</b>	(4,937)
Cancellation	–	(1,260)
Loss upon the deconsolidation of the Affected Business	<b>(85,288)</b>	–
Carrying amount at 31 August/December	<u><b>171,024</b></u>	<u>97,679</u>
Analysed into:		
Current portion	<b>13,662</b>	7,477
Non-current portion	<b>157,362</b>	90,202

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	<b>Eight months ended 31 August 2021 RMB'000</b>	Year ended 31 December 2020 RMB'000
Interest on lease liabilities	2,757	1,249
Depreciation charge of right-of-use assets	21,751	19,690
Expense relating to leases of low-value assets (included in cost of sales and administrative expenses)	<u>1,625</u>	<u>1,047</u>
Total amount recognised in profit or loss	<u><u>26,133</u></u>	<u><u>21,986</u></u>

### The Group as a lessor

The Group leases certain schools' spaces under operating lease arrangements. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the Period was RMB8,358,000 (2020: RMB9,225,000), details of which are included in note 4 to the financial statements.

As at 31 August 2021, the undiscounted minimum lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	<b>31 August 2021 RMB'000</b>	31 December 2020 RMB'000
Within one year	3,691	9,161
After one year but within two years	1,765	2,050
After two years but within three years	1,717	1,321
After three years but within four years	1,040	1,129
After four years but within five years	1,027	600
After five years	<u>8,183</u>	<u>8,400</u>
	<u><u>17,423</u></u>	<u><u>22,661</u></u>

## 13. GOODWILL

	<b>31 August 2021 RMB'000</b>	31 December 2020 RMB'000
Cost and net carrying amount	<u><u>7,572</u></u>	<u><u>7,572</u></u>

### Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the Kinderworld Kindergarten cash-generating unit ("Kinderworld Kindergarten CGU").

The recoverable amount of Kinderworld Kindergarten CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by the directors. The long-term growth rate used to extrapolate the cash flows of the above CGU beyond the five-year period is 0% and the inflation rate is 3%. The pre-tax discount rate applied to the cash flow projections is 17.1%.

Assumptions were used in the value in use calculation of the above CGU for 31 August 2021. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

*Budgeted revenue* – The budgeted revenue are based on the historical data and management’s expectation on the future market.

*Budgeted EBIT* – The basis used to determine the value assigned to the budgeted EBIT is the average EBIT achieved in two years immediately before the budget year.

*Long-term growth rate* – The long-term growth rate of 3% is based on the historical data and management’s expectation on the future market.

*Pre-tax discount rate* – The pre-tax discount rate reflects risks relating to the CGU, which is determined using the capital asset pricing model with reference to the beta coefficient and debt ratio of certain public listed companies conducting business in the PRC education industry.

The values assigned to the key assumptions on market development of the cash-generating unit and discount rate are consistent with external information sources.

The most significant assumption on which management has based its determination of the goodwill’s recoverable amount is the budgeted educational services fees, which are dependent on the number of students and students’ unit educational services fees.

The senior management of the Company has estimated the reasonably possible changes in those factors and acknowledged that, even if the most unfavourable possible values were assigned to those factors, the recoverable amount then calculated, after incorporating any consequential effects of such assignments on the other variables used to measure the recoverable amount of the Kinderworld Kindergarten cash-generating unit, would still exceed its carrying amount.

#### 14. TRADE RECEIVABLES

	<b>31 August 2021 RMB’000</b>	31 December 2020 RMB’000
Within 3 months	<b><u>3,550</u></b>	<u>739</u>

Trade receivables mainly represented amounts of management fees due from certain entrusted schools. There is no fixed credit term for payments. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

Trade receivables as at the end of the reporting period which are based on the transaction date were aged within 3 months and were not individually nor collectively considered to be impaired. None of the above trade receivables is either past due or impaired. The receivables have no recent history of default.

No expected credit losses were provided as it is assessed that the overall expected credit loss rate for the above financial assets measured at amortised cost is minimal.

## 15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	31 August 2021 RMB'000	31 December 2020 RMB'000
<i>Current portion:</i>		
Security deposits related to construction of schools	2,576	10,911
Other deposits	10	2,211
Prepayments	7,863	7,667
Advances to staff	10,273	12,275
Loan to third parties	7,900	1,833
Deductible input value added tax	1,934	2,027
Other receivables	3,768	3,502
Investment in a subsidiary	–	8,640
Purchase of a license	900	–
	<u>35,224</u>	<u>49,066</u>
<i>Non-current portion:</i>		
Prepayments for property, plant and equipment*	16,178	29,014
Deductible input value added tax	92,654	55,576
Prepayments for other intangible assets	1,433	4,485
Prepayments for the acquisition of land use rights	32,000	112,080
	<u>142,265</u>	<u>201,155</u>
Total	<u><u>177,489</u></u>	<u><u>250,221</u></u>

\* Included in the prepayments for property, plant and equipment is a prepayment to a related party, Sichuan Nanyuan Construction Co., Ltd. (“Nanyuan Construction”), amounting to RMB2,928,000 (2020: RMB23,586,000).

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 August 2021 and 31 December 2020, the loss allowance was assessed to be minimal.

## 16. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK BALANCES

	31 August 2021 RMB'000	31 December 2020 RMB'000
Cash and bank balances	1,145,907	1,495,602
Time deposits with original maturity of:		
– less than three months	<u>127,351</u>	<u>67,533</u>
Cash and cash equivalents	<u><u>1,273,258</u></u>	<u><u>1,563,135</u></u>

The Group's cash and bank balances and time deposits denominated in the following currencies:

	<b>31 August 2021 RMB'000</b>	31 December 2020 RMB'000
RMB	1,096,753	661,017
HK\$	89,599	708,348
US\$	86,906	193,770
	<u>1,273,258</u>	<u>1,563,135</u>

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

## 17. TRADE PAYABLES

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

	<b>31 August 2021 RMB'000</b>	31 December 2020 RMB'000
Within 3 months	11,288	29,065
Over 3 months and within 6 months	71	–
Over 6 months	60	965
	<u>11,419</u>	<u>30,030</u>

The trade payables are non-interest-bearing and are normally settled on 30-day terms.

## 18. OTHER PAYABLES AND ACCRUALS

	<b>31 August 2021 RMB'000</b>	31 December 2020 RMB'000
Accrued bonuses and other employee benefits	52,118	184,820
Miscellaneous advances from students*	55,048	86,351
Payables for purchase of property, plant and equipment	36,697	51,179
Payables for land use rights	43,120	–
Deposits	22,338	17,714
Interest payable	11,914	196
Other payables and accrued expenses	79,444	32,625
	<u>300,679</u>	<u>372,885</u>

\* The balance mainly represented miscellaneous advances received from students for the purchase of uniforms and textbooks on their behalf.

The above balances are unsecured and non-interest-bearing.

## **CLOSURE OF REGISTER OF MEMBERS**

For determining the entitlement to attend and vote at the AGM to be held on Thursday, 14 April 2022, the register of members of the Company will be closed from Monday, 11 April 2022 to Thursday, 14 April 2022, both days inclusive, during which period no transfer of shares will be registered. In order to be qualified for attending and voting at the AGM, 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, 8 April 2022.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 August 2021, the Group employed approximately 8,828 employees (2020: 6,949).

The staff costs, including Directors' emoluments, net of government grant released and subsidies received, of the Group were approximately RMB524.0 million for the Reporting Period (2020: approximately 749.2 million).

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

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

## **SHARE INCENTIVE SCHEMES**

Prior to listing date, the Company adopted the Pre-IPO Restricted Share Award Scheme and Share Option Scheme on 15 January 2018 and 24 June 2018 respectively. For details of the schemes, please refer to the Prospectus of the Company.

On 17 December 2018, the Company adopted Restricted Share Award Scheme. The purpose and objective of Restricted Share Award Scheme is (i) to recognize 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.

Pursuant to Restricted Share Award Scheme, existing Shares have been purchased by the Trustee from the market out of cash contributed by the Group and be held in trust for the relevant Selected Participants until such Shares are vested with the relevant Selected Participants in accordance with the provisions of the scheme. The Restricted Share Award Scheme shall be subject to the administration of the Board and the Trustee in accordance with the scheme rules and the trust deed.

On 17 December 2018, the Board resolved to grant a total of not more than 75,000,000 Shares to Selected Participants. The Award Shares represent approximately 3.46% of the total issued shares of the Company as at the date of this announcement. Subject to the acceptance of grant of the Award Shares by the Selected Participants and the terms and conditions of the Restricted Share Award Scheme, the Award Shares will be vested in full in six years according to the respective vesting schedule for the grant.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the eight months ended 31 August 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

## **COMPLIANCE WITH THE 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") as set out in Appendix 10 to the Listing Rules as the Company's code for dealings in securities of the Company by the Directors. Having made specific enquiry to all the Directors, they have confirmed that they have complied with the Model Code during the eight months ended 31 August 2021.

## **CORPORATE GOVERNANCE**

During the eight months ended 31 August 2021, 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 A.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 an executive Director of our Company on 31 January 2018. Mr. Luo has been the chief executive officer and chairman of Tianli Education since September 2013.

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 two other 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.

## **AUDIT COMMITTEE**

The Company has established the Audit Committee comprising three members, namely, Mr. Liu Kai Yu Kenneth, Mr. Cheng Yiqun and Mr. Yang Dong. Mr. Liu Kai Yu Kenneth is the chairman of the Audit Committee.



The Audit Committee has its written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the CG Code. The primary duties of the Audit Committee are to assist the Board by providing an independent view of the financial controls, risk management and internal control systems of the Group, overseeing the audit process and performing other duties and responsibilities as assigned by the Board.

The Audit Committee, together with the management of the Company, has discussed the matters concerning risk management and internal control, auditing and financial reporting matters and reviewed the annual results and the consolidated financial statements of the Group for the eight months ended 31 August 2021.

#### **SCOPE OF WORK FOR ANNUAL RESULTS ANNOUNCEMENT BY AUDITORS**

The financial information set out in this announcement does not constitute the Group's audited accounts for the eight months ended 31 August 2021, but represents an extract from the consolidated financial statements for the eight months ended 31 August 2021 which have been audited by the auditor of the Company, Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. The financial information has been reviewed by the Audit Committee and approved by the Board.

#### **SUFFICIENCY OF PUBLIC FLOAT**

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company has maintained the prescribed public float under the Listing Rules during the eight months ended 31 August 2021.

#### **EVENTS AFTER THE REPORTING PERIOD**

Up to the date of this announcement, the Group has no subsequent event after 31 August 2021 which required disclosure.

#### **PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.tianlieducation.com](http://www.tianlieducation.com). The annual report of the Group for the eight months ended 31 August 2021 will be published on the aforesaid websites of the Stock Exchange and the Company and will be dispatched to the Shareholders in due course.

#### **RESUMPTION OF TRADING**

Trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 29 November 2021. Application has been made by the Company to the Stock Exchange for the resumption of the trading in the Shares with effect from 9:00 a.m. on 4 March 2022.

## DEFINITIONS

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

“affiliate”	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AGM”	annual general meeting
“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
“COVID-19”	the respiratory illness caused by a new form of coronavirus that emerged in 2019
“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

“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 eight months ended 31 August 2021
“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
“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
“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)

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

The PRC, 3 March 2022

*As at the date of this announcement, the Board comprises Mr. Luo Shi as chairman and executive Director and Mr. Wang Rui as executive Director, Mr. Tian Mu as non-executive Director and Mr. Liu Kai Yu Kenneth, Mr. Yang Dong and Mr. Cheng Yiqun as independent non-executive Directors.*