天 立 国 际 控 股 有 限 公 司
Tianli International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1773)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 AUGUST 2022

FINANCIAL HIGHLIGHTS

	For the year ended 31 August 2022	For the eight months ended 31 August 2021
	RMB'000	*RMB'000*
Revenue	**884,372**	345,184
Gross Profit	**293,539**	60,489
Profit/(loss) for the year/period	**96,160**	(1,331,739)
Adjusted profit/(loss) for the year/period from continuing operations *(Note)*	**98,431**	(41,233)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY		
	RMB	*RMB*
Basic	**4.58 cents**	(62.69) cents
Diluted	**4.56 cents**	(62.69) cents
	RMB	*RMB*
Final dividend per Share	**2.29 cents**	– cents
Dividend payout ratio	**50%**	–%

Note: The adjusted profit/(loss) for the year from continuing operations was derived from profit/loss for the year excluding share of (profit)/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 profit/(loss) for the year/period from continuing operations" below for further details.

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

	For the year ended 31 August 2022 *RMB'000*	For the eight months ended 31 August 2021 *RMB'000*
Profit/(loss) for the year/period from continuing operations	**96,160**	(1,109,112)
Add/(Less):		
Share of (profit)/loss of a joint venture	**(1,222)**	103,071
Share of losses of associates	**271**	27,529
Impairment loss on non-current assets	**–**	1,085,236
Income tax impact arising from transaction between continued and discontinued operations	**–**	108,401
Equity-settled share award scheme expenses	**5,779**	7,512
Foreign exchange (gains)/losses	**(3,846)**	7,439
Deferred tax recognised in respect of non-current assets	**1,289**	(271,309)
Adjusted profit/(loss) for the year/period from continuing operations	**98,431**	(41,233)

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

Established in 2002, the Group is a leading comprehensive education service operator in Western region of the PRC. We provide customers with comprehensive education management and diversified services. As at the end of the 2021/2022 academic year, we provide comprehensive education service to 17,185 high school students. At the beginning of the fall semester of 2022, the number of high school students enrolled in the Group's school network was 25,524, representing an increase of 48.5%.

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. We design and develop our educational programs to reflect this concept, emphasizing the importance of solid academic performance in core subject areas such as Mathematics, Science, Language and History, at the same time encouraging our students to explore individual interests and enhance physical fitness, and nurturing students' creativity, communication skills, independent thinking and social responsibility. In December 2021, the Group successively won the honorary titles such as the "2021 Comprehensive Strength Education Group", "2021 Influential Education Brand", and "2021 Industry Benchmark Education Group".

Student Placement and Education Quality

Since our inception, our students have consistently achieved outstanding results in various academic examinations and contests, as well as in extra-curricular activities. During the Reporting Year, 23 students won the first prize in the National League Competition in Physics, Chemistry, Mathematics and Biology, 3 students won gold medals in the finals of the National Subjects Competition, 1 student was selected for the National Training Team and was directly guaranteed to be sent to Tsinghua University, and 3 students were selected as members of the Sichuan Provincial Competition Team. In addition, one of the middle school students in Tianli School was admitted to the Xi'an Jiaotong University Youth Honored Program. For the Reporting Year, 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. Approximately 90% of our Gaokao candidates in 2022 attained entry requirements of universities in the PRC, and approximately 60% attained the entry requirements of first-tier universities in the PRC. Students who attained entry requirements of universities in the PRC and attained the entry requirements of first-tier universities in the PRC accounted for approximately 93% and 66% of our Gaokao candidates in our self-owned schools in Sichuan Province, respectively.

In the 2022 Gaokao, 79 of our high school graduates were enrolled into the world's top 50 universities such as Tsinghua University and Peking University. Diversified studies have achieved initial results. 1 student with sports specialty was recommended for admission to Tsinghua University, 4 students with arts specialty were enrolled into the Academy of Arts & Design, Tsinghua University, 1 student was enrolled into the University of London, and 3 students were enrolled into Nanyang Technological University, Singapore.

Our Schools

With a strong presence in Sichuan province where the Group is based in, our school spans across 33 cities in Inner Mongolia, Shandong, Henan, Guizhou, Jiangxi, Zhejiang, Yunnan, Gansu, Anhui, Guangxi, Chongqing and Hubei. As at 31 August 2022, the Group principally provided students with comprehensive education services in 43 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 Year.

PRC-certified teachers are crucial to our business, allowing us to maintain the quality of our educational services while undergoing expansion. As of 31 August 2022, the number of full-time teachers employed by our self-owned schools was 1,124 (as at 31 August 2021: 725).

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 2021/2022 academic year, we have approximately 17,185 high school students enrolled in the self-owned and entrusted schools in our school network, representing a year-on-year increase of 46.5% compared with that of the end of 2021/2022 academic year. 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 for 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. In addition, we discontinued our early childhood education business with the third party and will establish a new business entity to carry out early childhood education business. The following table sets forth information about our tutorial centers in operation as at 31 August 2022:

Tutorial Centers

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

Management fees received from entrusted schools

During the Reporting Year, the Group provided school management services for 6 entrusted schools. In 2021/2022 school year, there was an addition of three entrusted schools contracted to provide management services starting in the fall semester of 2022.

REGULATORY UPDATES

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

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

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

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

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

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

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

The Affected Business

The table below sets out the names of entities and their principal business related to the Affected Business as at 31 August 2022:

Number	School name	Principal business
1	Luzhou Longmatan Tianli Elementary School *(Note 1)*	Elementary school
2	Yibin Cuiping District Tianli School	Integrated school
3	Guangyuan Tianli School	Elementary school and Middle school
4	Neijiang Shizhong District Tianli School	Integrated school
5	Liangshan Xichang Tianli School	Integrated school
6	Ya'an Tianli School	Elementary school and Middle school
7	Cangxi Tianli School	Elementary school and Middle school
8	Deyang Tianli School	Integrated school
9	Ziyang Tianli School	Integrated school
10	Yichun Tianli School	Elementary school and Middle school
11	Baoshan Tianli School	Elementary school and Middle school
12	Dazhou Tianli School	Integrated school
13	Weifang Tianli School	Integrated school
14	Yiliang Tianli School	Elementary school and Middle school
15	Ulanqab Jining District Tianli School	Elementary school and Middle school
16	Zhoukou Tianli School	Elementary school and Middle school
17	Zunyi 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 *(Note 2)*	Elementary school and Middle school
30	Chengdu Pidu Tianli School *(Note 2)*	Integrated school

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

Notes:

1. Approximately 83.34% of equity interest of Luzhou Longmatan Tianli Elementary School was attributable to the Company.

2. 49% of equity interest of Chengdu Longquanyi Tianli School and Chengdu Pidu Tianli School were indirectly attributable to the Company.

3. All other schools were wholly-owned by the Group.

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

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

	31 August 2022	31 August 2021
	RMB '000	*RMB '000*
	(unaudited)	(audited)
Current assets	**2,923,716**	2,667,861
Non-current assets	**1,878,506**	1,952,358
Total assets	**4,802,222**	4,620,219
Current liabilities	**2,790,775**	3,067,520
Non-current liabilities	**997,188**	1,109,601
Total liabilities	**3,787,963**	4,177,121
Net assets	**1,014,259**	443,098

Prospects

In order to safeguard the sustainable development of the Group and to protect the long-term interests of the Company and its shareholders, (i) the Group will adopt measures to optimize its operational structure, including separating the high schools with independent operating licenses from integrated schools. After obtaining the individual operating licences, the financial results of these high schools are expected to be consolidated in the consolidated financial statements of the Group; and (ii) the Group will progressively reduce the enrolment scale of elementary and middle schools affected.

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

FINANCIAL REVIEW

On 24 May 2021, the Company announced to change its financial year-end date from 31 December to 31 August so as to align the financial year of the Group with the academic year of the schools operated by the Group in the PRC, which ends in August each year. Accordingly, the current accounting period covers a period of twelve months from 1 September 2021 to 31 August 2022. The corresponding comparative figures covered a period of eight months from 1 January 2021 to 31 August 2021 are therefore not entirely comparable with those of the current accounting period.

REVENUE

The following table sets forth an analysis of revenue for the eight months ended 31 August 2021 and the year ended 31 August 2022:

	Year ended 31 August 2022 *RMB'000*	Eight months ended 31 August 2021 *RMB'000*
Revenue from contracts with customers		
Canteen operations	**432,089**	201,876
Comprehensive educational services	**276,117**	118,778
Sales of student necessities	**59,232**	–
Study trip services	**37,620**	17,435
Comprehensive quality services	**31,958**	–
Supply chain management services	**25,314**	2,211
Management and franchise fees	**22,042**	4,884
Total revenue	**884,372**	345,184

Our revenue mainly includes canteen operations, comprehensive educational and quality services, study trip services, sales of student necessities, etc.

Our revenue increased by 156.2% from approximately RMB345.2 million for the eight months ended 31 August 2021 to approximately RMB884.4 million for the Reporting Year, primarily driven by increase of revenue from our canteen operations, comprehensive educational services and sales of student necessities.

The revenue from canteen operations increased by 114.0% from approximately RMB201.9 million for the eight months ended 31 August 2021 to approximately RMB432.1 million for the Reporting Year, primarily due to the Reporting Year being four months longer than that of last year and as a result of increased student enrollment.

The revenue from comprehensive educational services of the Group increased by 132.5% from approximately RMB118.8 million for the eight months ended 31 August 2021 to approximately RMB276.1 million for the Reporting Year, which is primarily due to the Reporting Year being four months longer than that of last year and driven by an increase in student enrollment of our self-owned schools and an increase in average revenue per student.

The revenue from study trip services increased by 115.8% from approximately RMB17.4 million for the eight months ended 31 August 2021 to approximately RMB37.6 million for the Reporting Year, primarily due to the Reporting Year being four months longer than that of last year and an increase in the number of participants of study tours in the year. The study trip services include the Group's experiential learning programmes that combine study tours and research studies during weekends and summer and winter vacations, in order to nurture our students into well-rounded builders and successors of socialist cause, morally, intellectually, physically, aesthetically and diligently.

The revenue from supply chain management services increased by 1,044.9% from approximately RMB2.2 million for the eight months ended 31 August 2021 to approximately RMB25.3 million for the Reporting Year, primarily because during the Reporting Year, we generated service revenues from centralized procurement of major canteen supplies and student necessities for schools under our management, and provided management services such as planning, procurement and shipping to various suppliers..

The revenue from management and franchise fees increased by 351.3% from approximately RMB4.9 million for the eight months ended 31 August 2021 to approximately RMB22.0 million for the Reporting Year, primarily due to the management services revenue extracted by us because we supported some of our entrusted schools through group education management and integrated operational services to generate more profit.

During the Reporting Year, the Group established an online campus store to provide school uniforms, beddings, daily necessities and stationery and other related student necessities, resulting in an increase in revenue of RMB59.2 million from sales of student products.

The revenue from comprehensive quality services is RMB32.0 million for the Reporting Year, which was generated from interest training courses, including but not limited to sinology, technology, sports, art, etc, which aimed at facilitating all round development of students and cultivating comprehensive talented personnel.

Costs of Sales

The following table sets forth the components of our cost of sales for the eight months ended 31 August 2021 and the year ended 31 August 2022.

	Year ended 31 August 2022 *RMB'000*	Eight months ended 31 August 2021 *RMB'000*
Material consumption	**252,905**	115,596
Staff costs	**119,622**	75,149
Depreciation and amortization	**117,052**	61,031
Procurement cost of student necessities	**45,352**	–
Teaching activity costs	**33,076**	21,885
Utilities	**15,114**	7,844
Others	**7,712**	3,190
Total	**590,833**	284,695

Our cost of sales consists of material consumption, staff costs, depreciation and amortization, procurement cost of student necessities, teaching activity costs, utilities and others.

Our cost of sales increased by 107.5% from approximately RMB284.7 million for the eight months ended 31 August 2021 to approximately RMB590.8 million for the Reporting Year, primarily due to the Reporting Year being four months longer than that of last year and the increased student enrollment.

Material consumption costs increased by 118.8% from RMB115.6 million for the eight months ended 31 August 2021 to RMB252.9 million for the Reporting Year, primarily due to the Reporting Year being four months longer than that of last year and the increased student enrollment.

Staff costs increased by 59.2% from RMB75.1 million for the eight months ended 31 August 2021 to RMB119.6 million for the Reporting Year, primarily due to the Reporting Year being four months longer than that of last year and the hiring of new teachers due to the increased student enrollment and expansion of our school network.

Depreciation and amortization costs increased by 91.8% from RMB61.0 million for the eight months ended 31 August 2021 to RMB117.1 million for the Reporting Year, primarily due to the Reporting Year being four months longer than that of last year and increased depreciation costs as we opened six new high schools in September 2021.

Procurement cost of student necessities is RMB45.4 million for the Reporting Year, which are costs generated from the procurement of school uniforms, beddings, daily necessities and stationery and other related student necessities.

Teaching activity costs increased by 51.1% from RMB21.9 million for the eight months ended 31 August 2021 to RMB33.1 million for the Reporting Year, primarily due to the Reporting Year being four months longer than that of last year.

Utilities cost increased by 92.7% from RMB7.8 million for the eight months ended 31 August 2021 to RMB15.1 million for the Reporting Year, primarily due to the Reporting Year being four months longer than that of last year.

Other costs increased by 141.8% from approximately RMB3.2 million for the eight months ended 31 August 2021 to RMB7.7 million for the Reporting Year, primarily due to the Reporting Year being four months longer than that of last year.

Gross Profit and Gross Profit Margin

The Group's gross profit for the Reporting Year was approximately RMB293.5 million, representing an increase of 385.3% from approximately RMB60.5 million for the eight months ended 31 August 2021, primarily due to the Reporting Year being four months longer than that of last year and the increased student enrollment. The Group's gross profit margin for the Reporting Year was approximately 33.2%, representing an increase of 15.7 percentage points as compared with 17.5% for the eight months ended 31 August 2021. On the one hand, it is due to the increase in consolidated education service revenue per student in the Reporting Year, and on the other hand, it is due to the characteristics of the school operating cycle, revenue from comprehensive educational services of schools and canteen operations were mainly amortized over the period of service (i.e. nine months), but the actual period of service provided for the eight months ended August 31, 2021 was five months, therefore a total of related revenue for five months was amortised and recognised, but fixed operating expenses were incurred for eight months, resulting in a low gross margin in the prior period as revenue did not fully match costs.

Other Income and Gains

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

Other income and gains decreased from approximately RMB21.4 million for the eight months ended 31 August 2021 to approximately RMB17.0 million for the Reporting Year, primarily because of the decrease in rental income. The Group are prohibited from receiving rental fees from the Affected Business since the Implementation Regulations came into effect on 1 September 2021.

Administrative Expenses

Administrative expenses primarily consist of (i) administrative staff costs, and (ii) office administration expenses, which primarily consist of office supply and utilities and travelling, and meal and training expenses incurred in connection with administrative activities.

Administrative expenses increased by 35.1% from approximately RMB98.3 million for the eight months ended 31 August 2021 to approximately RMB132.8 million for the Reporting Year ended 31 August 2022, primarily as a result of an increase in administrative staff costs, research and development expenses, office expenses and other expenses.

Interest Expenses

Interest expenses increased from RMB17.0 million for the eight months ended 31 August 2021 to RMB27.5 million for the Reporting Year, primarily due to the Reporting Year being four months longer than that of last year.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

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

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

As at 31 August 2022, we had net current liabilities of approximately RMB1,608.5 million, as compared with net current liabilities of approximately RMB2,163.3 million as at 31 August 2021. Such decrease in net current liabilities was primarily attributable to the Group extended the repayment term of approximately RMB998.6 million by 2 to 5 years, resulting in a decrease in the amount due to related parties for current liabilities.

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 2022, the Group had cash and cash equivalents of approximately RMB929.9 million (31 August 2021: approximately RMB1,273.3 million). The following table sets forth a summary of our cash flows for the year or period indicated:

	Year ended 31 August 2022 (Audited) ***RMB'000***	Eight months ended 31 August 2021 (Audited) *RMB'000*
Net cash flow from operating activities	**736,527**	1,596,717
Net cash flow used in investing activities	**(796,494)**	(2,123,882)
Net cash flow (used in)/from financing activities	**(290,711)**	242,745
Net decrease in cash and cash equivalents	**(350,678)**	(284,420)
Net effect of foreign exchange rates	**(2,678)**	(5,457)
Cash and cash equivalents at beginning of year/period	**1,273,258**	1,563,135
Time deposits with maturity over 3 months	**10,000**	–
Cash and cash equivalents at end of year/period	**929,902**	1,273,258

BORROWINGS AND GEARING RATIO

As at 31 August 2022, the Group had borrowings of approximately RMB1,131.8 million (31 August 2021: RMB1,233.7 million). The Group's bank borrowings, which were all at fixed interest rates, were primarily used in financing the working capital requirement of its operations and school constructions.

As at 31 August 2022, the gearing ratio of the Group, calculated as the total interest-bearing borrowings divided by the total assets, was approximately 13.9% (31 August 2021: approximately 15.8%).

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 2022, certain cash and bank balances and time deposits are denominated in RMB, HKD and USD, which would expose the Group to foreign currency risk. The Group has not used any foreign currency swap contracts to reduce the exposure to USD and HKD arising from bank balances. The Company also currently does not have any foreign exchange hedging policy.

TREASURY POLICIES

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

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

There was no significant investment held, material acquisition and disposal of subsidiaries and associates by the Company for the year ended 31 August 2022. The Group will make every endeavor to keep abreast of the changing market conditions, proactively identify investment opportunities in order to broaden the revenue base of the Group, enhance its future financial performance and profitability. Moreover, the Group will gradually restructure its business into the provision of integrated operational services in relation to the development of people of the appropriate age, and seek generic strategic expansions through acquisitions of suitable targets. We are confident in the future and committed to continuous growth of the Company.

CAPITAL EXPENDITURES

Our capital expenditures primarily related to the construction of new self-owned schools, the maintenance and upgrade of our existing self-owned schools, and the purchase of additional educational facilities and equipment for our self-owned schools. The Group's capital expenditures consisted of purchase or construction costs relating to property, equipment, prepaid land lease payments and other intangible assets. For the year ended 31 August 2022, our capital expenditures were approximately RMB929.4 million (the eight months ended 31 August 2021: approximately RMB2,593.2 million), which we funded primarily through cash generated from operations, bank facilities, and net proceeds received from the Placing and the Subscription in December 2020.

CONTINGENT LIABILITIES

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

CAPITAL COMMITMENTS

As at 31 August 2022, the Group had capital commitments contracted but not provided for property, plant and equipment amounting to approximately RMB263.4 million (31 August 2021: approximately RMB142.6 million).

SEGMENT INFORMATION

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

USE OF PROCEEDS FROM PLACING AND SUBSCRIPTION

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

Items	**Allocation of net proceeds** *(HKD million)*	**Unutilised as at 31 August 2021** *(HKD million)*	**Net proceeds utilised during the year ended 31 August 2022** *(HKD million)*	**Unutilised as at 31 August 2022** *(HKD million)*	**Expected time for the use of unutilised proceeds** *(Note)*
Potential future mergers and acquisitions of high quality targets at reasonable prices	200.00	200.00	0	200.00	31 August 2023
Expansion of self-built and self-operated projects in first-tier and core cities	194.97	165.58	81.10	84.48	31 August 2023
Repayment of bank loans	300.00	300.00	300.00	0.00	Not applicable

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

The following table illustrates the net proceeds utilised for expansion of self-built and self-operated projects in first-tier and core cities as at 31 August 2022:

	As at 31 August 2022 ***(HKD million)***
Net proceeds utilised for expansion of self-built and self-operated projects	
Shenzhen Tianli International School (深圳天立國際學校)	**110.49**

The Board of Tianli International Holdings Limited is pleased to announce the audited consolidated results of the Group for the year ended 31 August 2022.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	**Year ended 31 August 2022** ***RMB'000***	Eight months ended 31 August 2021 *RMB'000*
CONTINUING OPERATIONS			
Revenue	*4*	**884,372**	345,184
Cost of sales		**(590,833)**	(284,695)
Gross profit		**293,539**	60,489
Other income and gains	*4*	**16,966**	21,436
Selling and distribution expenses		**(12,197)**	(4,764)
Administrative expenses		**(132,822)**	(98,278)
Impairment losses on non-current assets		**–**	(1,085,236)
Other expenses		**(13,586)**	(13,138)
Interest expenses	*5*	**(27,502)**	(17,007)
Share of profits/(losses) of:			
A joint venture		**1,222**	(103,071)
Associates		**(271)**	(27,529)
PROFIT/(LOSS) BEFORE TAX	*6*	**125,349**	(1,267,098)
Income tax (expense)/credit	*7*	**(29,189)**	157,986
Profit/(loss) for the year/period from continuing operations		**96,160**	(1,109,112)
Discontinued operations			
Loss for the year/period from discontinued operations, net of tax		**–**	(222,627)
PROFIT/(LOSS) FOR THE YEAR/PERIOD		**96,160**	(1,331,739)
OTHER COMPREHENSIVE LOSS FOR THE YEAR/PERIOD			
Other comprehensive loss that will be reclassified to profit or loss in subsequent periods:			
Exchange differences related to translation of a foreign operation		**206**	(94)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD		**96,366**	(1,331,833)

	Note	Year ended 31 August 2022 RMB'000	Eight months ended 31 August 2021 RMB'000
Profit/(loss) attributable to:			
Owners of the Company			
– Continuing operations		**96,539**	(1,110,420)
– Discontinued operations		**–**	(223,944)
		96,539	(1,334,364)
Non-controlling interests			
– Continuing operations		**(379)**	1,308
– Discontinued operations		**–**	1,317
		(379)	2,625
Total comprehensive income/(loss) attributable to:			
Owners of the Company			
– Continuing operations		**96,745**	(1,110,514)
– Discontinued operations		**–**	(223,944)
		96,745	(1,334,458)
Non-controlling interests			
– Continuing operations		**(379)**	1,308
– Discontinued operations		**–**	1,317
		(379)	2,625
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*9*		
Basic			
– For profit/(loss) for the year/period		**RMB4.58 cents**	RMB(62.69) cents
– For profit/(loss) from continuing operations		**RMB4.58 cents**	RMB(52.17) cents
Diluted			
– For profit/(loss) for the year/period		**RMB4.56 cents**	RMB(62.69) cents
– For profit/(loss) from continuing operations		**RMB4.56 cents**	RMB(52.17) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 AUGUST 2022

	Notes	2022 RMB'000	2021 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	**3,640,254**	2,915,536
Right-of-use assets	11(a)	**1,655,213**	1,601,918
Goodwill	12	**7,572**	7,572
Other intangible assets		**24,091**	7,660
Investment in a joint venture		**163,042**	161,820
Investments in associates		**69,499**	69,770
Prepayments, deposits and other receivables		**95,387**	142,265
Deferred tax assets		**270,020**	271,309
Total non-current assets		**5,925,078**	5,177,850
CURRENT ASSETS			
Inventories		**18,817**	3,797
Trade receivables	13	**10,953**	3,550
Prepayments, deposits and other receivables	14	**59,111**	35,224
Amounts due from related parties		**1,085,667**	1,094,614
Financial assets at fair value through profit or loss		**100,010**	205,090
Restricted deposits		**1,573**	–
Cash and cash equivalents		**929,902**	1,273,258
Total current assets		**2,206,033**	2,615,533
CURRENT LIABILITIES			
Trade payables	15	**46,571**	11,419
Other payables and accruals	16	**222,041**	300,679
Contract liabilities		**842,940**	395,737
Interest-bearing bank loans		**240,450**	491,471
Amounts due to related parties		**2,138,962**	3,229,149
Tax payable		**120,755**	115,938
Lease liabilities		**11,612**	13,662
Dividends payable		**–**	80,064
Deferred income		**191,249**	140,670
Total current liabilities		**3,814,580**	4,778,789
NET CURRENT LIABILITIES		**(1,608,547)**	(2,163,256)
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,316,531**	3,014,594

	Notes	**2022**	2021
		RMB'000	*RMB'000*
NON-CURRENT LIABILITIES			
Lease liabilities	*11(b)*	**178,931**	157,362
Deferred income		**368,729**	327,115
Interest-bearing bank loans		**891,375**	742,250
Amounts due to related parties		**998,581**	–
Total non-current liabilities		**2,437,616**	1,226,727
NET ASSETS		**1,878,915**	1,787,867
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**183,022**	184,042
Reserves		**1,668,774**	1,579,934
		1,851,796	1,763,976
Non-controlling interests		**27,119**	23,891
Total equity		**1,878,915**	1,787,867

NOTES TO FINANCIAL STATEMENTS
31 AUGUST 2022

1. CORPORATE AND GROUP INFORMATION

Tianli International Holdings Limited (formerly known as "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 year ended 31 August 2022, the Company and its subsidiaries (collectively referred to as the "**Group**") were principally engaged in the provision of comprehensive education management and diversified 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 year.

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. The ultimate controlling shareholder of the Company is Mr. Luo Shi.

On 14 May 2021, the 2021 Implementation Regulations for Private Education Laws 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. 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 eight months ended 31 August 2021.

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.

As set out in the announcement of the Company issued on 24 May 2021, the financial year end date of the Company and the Group has been changed from 31 December to 31 August to align the financial year end date of the Group with the academic year of the schools operated by the Group in the PRC, which ends in August each year. The corresponding comparative amounts shown for the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes covered a period of eight months from 1 January 2021 to 31 August 2021 are therefore not entirely comparable with those of the current accounting period.

Going concern

As at 31 August 2022, the Group recorded net current liabilities of approximately RMB1,608,547,000 (2021: RMB2,163,256,000). Included in the current liabilities as at 31 August 2022 were contract liabilities and deferred income of RMB842,940,000 (2021: RMB395,737,000) and RMB191,249,000 (2021: RMB140,670,000), respectively. The Group had cash and cash equivalents of RMB929,902,000 as at 31 August 2022 (2021: RMB1,273,258,000).

The Directors have prepared these consolidated financial statements on going concern basis notwithstanding the net current liabilities position because based on the arrangements and confirmations received from the licensed banks in Mainland China, the Group has total unutilised banking facilities of RMB770,250,000 (2021: RMB199,000,000) which are available for drawdown within the next 1.5 to 8 years from 31 August 2022.

Having considered the cash flows from operations and unutilised bank facilities, the Directors are of the opinion that the Group is able to meet in full its financial obligations as they fall due for the foreseeable future and it is appropriate to prepare the 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 year ended 31 August 2022. 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 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the year's financial statements.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021*

The nature and the impact of the revised IFRSs are described below:

(a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 *Interest Rate Benchmark Reform – Phase 2*

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("**RFR**"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 and shall be applied retrospectively, but entities are not required to restate the comparative information. The adoption of the above amendments has had no significant impact on the Group's results of operations and financial position.

(b) Amendment to IFRS 16 *Covid-19-Related Rent Concessions beyond 30 June 2021*

Amendment to IFRS 16 issued in March 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. During the year, the Group has not received Covid-19 related rent concessions and the amendment did not have any significant impact on the financial position and performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 3	*Reference to the Conceptual Framework*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
IFRS 17	*Insurance Contracts*[2]
Amendments to IFRS 17	*Insurance Contracts*[2,5]
Amendment to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 – Comparative Information*[2]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[3]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[3]
Amendments to IAS 1	*Disclosure of Accounting Policies*[2]
Amendments to IAS 1	*Classification of Liabilities with Covenants*[3]
Amendments to IAS 8	*Definition of Accounting Estimates*[2]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[1]
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[1]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Annual Improvements to IFRS Standards 2018-2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41[1]

1 Effective for annual periods beginning on or after 1 January 2022
2 Effective for annual periods beginning on or after 1 January 2023
3 Effective for annual periods beginning on or after 1 January 2024
4 No mandatory effective date yet determined but available for adoption
5 As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

Further information about those IFRSs that are expected to be applicable to the Group is described below:

Amendments to IFRS 3 are intended to replace a reference to the previous *Framework for the Preparation* and *Presentation of Financial Statements* with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to IAS 1 clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 1 provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments replace the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and add guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments are effective for annual periods beginning on or after 1 January 2023 and are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 1 clarify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current. The amendments do not require an entity to present separately non-current liabilities for which the entity's right to defer settlement is subject to compliance with future covenants within twelve months. Instead, the amendments require entities to disclose information about such covenants and related liabilities in the notes. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual periods beginning on or after 1 January 2023 and are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 12 narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted.

The Group has applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group will recognise a deferred tax asset and a deferred tax liability for deductible and taxable temporary differences associated with right-of-use assets and lease liabilities, and recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained profits at the beginning of the earliest comparative period presented.

Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to IFRS Standards 2018-2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.

- IFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

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 information about the operating segment is presented other than the entity-wide disclosures.

Entity-wide disclosures

Geographical information

During the year, the Group operated within one geographical location because all of its revenues were generated in the PRC and all of its long-term assets/capital expenditure were located/incurred in the PRC. Accordingly, no 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 year and the eight months ended 31 August 2021.

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the values of services rendered after deducting scholarships and refunds during the year and the eight months ended 31 August 2021.

An analysis of revenue is as follows:

	Year ended 31 August 2022 *RMB'000*	Eight months ended 31 August 2021 *RMB'000*
Revenue from contracts with customers		
Canteen operations	**432,089**	201,876
Comprehensive educational services	**308,075**	118,778
Sales of student necessities	**59,232**	–
Study trip services	**37,620**	17,435
Supply chain management services	**25,314**	2,211
Management and franchise fees	**22,042**	4,884
Total revenue	**884,372**	345,184

Revenue from contracts with customers

(i) Disaggregated revenue information

	Year ended 31 August 2022 *RMB'000*	Eight months ended 31 August 2021 *RMB'000*
Timing of revenue recognition		
Goods transferred at a point in time	**133,840**	36,335
Services transferred over time	**750,532**	308,849
Total revenue from contracts with customers	**884,372**	345,184

(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 Menu-ordering Canteen Operations and revenue from sales of student necessities are 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 Menu-ordering Canteen Operations and sales of student necessities, 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 2022, all amounts of transaction prices related to performance obligations are expected to be recognised as revenue within one year and as permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts (or partially unsatisfied) is not disclosed.

An analysis of other income and gains is as follows:

	Year ended 31 August 2022 *RMB'000*	Eight months ended 31 August 2021 *RMB'000*
Gain on disposal of financial assets at fair value through profit or loss	**6,779**	9,441
Rental income	**2,424**	8,358
Foreign exchange gains, net	**3,846**	–
Bank interest income	**1,924**	2,081
Gain on disposal of subsidiaries	**172**	–
Others	**1,821**	1,556
Total other income and gains	**16,966**	21,436

5. INTEREST EXPENSES

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

	Year ended 31 August 2022 *RMB'000*	Eight months ended 31 August 2021 *RMB'000*
Interest on bank loans	**68,044**	45,174
Less: Interest capitalised (note 10(b))	**(51,141)**	(30,924)
	16,903	14,250
Interest on lease liabilities (note 11(b))	**10,599**	2,757
	27,502	17,007
Interest rate of borrowing costs capitalised (%)	**5.39-7.35**	5.39-7.35

6. PROFIT/(LOSS) BEFORE TAX

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

	Notes	**Year ended 31 August 2022** *RMB'000*	Eight months ended 31 August 2021 *RMB'000*
Cost of inventories sold		**298,257**	115,596
Cost of services provided		**292,576**	169,099
Employee benefit expense (excluding Directors' and chief executive's remuneration)			
Wages and salaries		**252,709**	145,463
Pension scheme contributions (defined contribution scheme)^		**10,932**	10,632
Welfare		**22,319**	12,299
Housing fund (defined contribution scheme)		**5,825**	3,627
Less: Government grants released*		**(101,164)**	(34,814)
Subsidies received*		**(178)**	(1,254)
		190,443	135,953
Depreciation of items of property, plant and equipment**	*10*	**79,996**	44,615
Depreciation of right-of-use assets**	*11(a)*	**51,102**	21,751
Amortisation of other intangible assets		**1,709**	529
Impairment loss on non-current assets		**–**	1,085,236
Loss on disposal of items of property, plant and equipment, net	*10*	**556**	21
Loss on cancellation of operating leases as a lessee		**38**	–
Auditor's remuneration		**5,500**	5,200
Lease payments not included in the measurement of lease liabilities**	*11(c)*	**1,318**	1,625
Research expenses		**14,238**	6,672
Equity-settled share award scheme expenses		**5,779**	7,512
Bank interest income		**(1,924)**	(2,081)
Foreign exchange (gains)/losses, net		**(3,846)**	7,439
Loss on disposal of a subsidiary		**(126)**	–
Gain on disposal of subsidiaries		**172**	–
Gain on disposal of financial assets at fair value through profit or loss		**(6,779)**	(9,441)
Rental income		**(2,424)**	(8,358)

* Various government grants and subsidies 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, depreciation of right-of-use assets and expenses relating to leases of low-value assets for the year of RMB68,209,000 (For the eight months ended 31 August 2021: RMB39,979,000), RMB47,135,000 (For the eight months ended 31 August 2021: RMB20,523,000) and RMB425,000 (For the eight months ended 31 August 2021: RMB698,000), respectively are recorded in "Cost of sales" in profit or loss.

^ There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

7. INCOME TAX

Corporate income tax of the Group has been provided at the applicable tax rates on the estimated taxable profits arising in Mainland China during the year and the eight months ended 31 August 2021:

	Year ended 31 August 2022 *RMB'000*	Eight months ended 31 August 2021 *RMB'000*
Current – Mainland China Charge for the year/period	**27,618**	113,323
Under-provision in prior years	**282**	–
Deferred	**1,289**	(271,309)
	29,189	(157,986)

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

	Notes	**Year ended 31 August 2022** *RMB'000*	Eight months ended 31 August 2021 *RMB'000*
Profit/(loss) before tax		**125,349**	(1,267,098)
Tax/(notional tax) at the applicable tax rates:			
16.5%	*(b)*	**(454)**	2,416
25%		**32,025**	(320,435)
Lower tax rates enacted by local authorities	*(c)*	**(3,347)**	(1,345)
Tax effect on income not subject to tax	*(d)*	**(29,994)**	(12,735)
Tax losses utilised from previous periods		**(7,017)**	(24,170)
Losses/(profits) attributable to a joint venture and associates		**(238)**	32,650
Income not subject to tax		**(16,802)**	(2,416)
Expenses not deductible for tax		**199**	8,404
Adjustments in respect of current tax of previous years		**282**	–
Tax losses not recognised		**54,535**	24,521
Effect of corporate income tax on the management service fees charged by the Group under the Structured Contracts		**–**	135,124
Tax charge/(credit) at the Group's effective rate		**29,189**	(157,986)

Notes:

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

(b) The applicable corporate income tax ("**CIT**") rate for a Hong Kong-incorporated subsidiary was 16.5% during the year and the eight months ended 31 August 2021. 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 year and the eight months ended 31 August 2021.

(c) Pursuant to the PRC Income Tax Law and the respective regulations, except for Tibet Yongsi Technology Co., Ltd. ("**Tibet Yongsi**"), Shenzhou Hongyu (Zhuhai Hengqin) Management Consulting Co., Ltd ("**Shenzhou Hongyu**") and Dayan Zhiguang (Zhuhai Hengqin) Educational Consulting Co., Ltd ("Dayan Zhiguang), all of the Group's non-school subsidiaries established in the PRC were subject to the PRC CIT at a rate of 25% during the year and the eight months ended 31 August 2021.

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

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

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%, by providing 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 5%.

(d) According to the Implementation Regulations for the Law for Promoting Private Education, not-for-profit schools are eligible to enjoy preferential tax treatments as public schools. As a result, the Group's income from canteen operations on not-for-profit schools 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 canteen operations 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 year and the eight months ended 31 August 2021.

For high schools registered as for-profit private schools and canteen operations on these schools, the assessable profits are taxed at 25%.

The share of tax attributable to a joint venture and associates amounting to RMB863,000 (For the eight months ended 31 August 2021: RMB1,000) and RMB58,000 (For the eight months ended 31 August 2021: RMB314,000), respectively, is included in "Share of profits of a joint venture and associates" in the profit or loss.

Deferred tax

The movement in deferred tax assets during the year and the eight months ended 31 August 2021 is as follows:

	Impairment losses on non-current assets *RMB'000*	Unrealised profit from intra-group transaction *RMB'000*	Total *RMB'000*
At 1 January 2021	–	–	–
Deferred tax credited to profit or loss during the period	271,309	–	271,309
At 31 August 2021 and 1 September 2021	271,309	–	271,309
Deferred tax credited/(charged) to profit or loss during the year	(6,345)	5,056	(1,289)
At 31 August 2022	**264,964**	**5,056**	**270,020**

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 2022, 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 2022, 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 RMB876,995,000 (2021: RMB843,314,000).

As at 31 August 2022, the Group has tax losses arising in Mainland China of RMB468,402,000 (2021: RMB252,078,000), 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. DIVIDEND

	Year ended 31 August 2022 ***RMB'000***	Eight months ended 31 August 2021 *RMB'000*
Proposed final – HK 2.49 cents (2021: Nil) per ordinary share	**49,327**	–
Interim – Nil (2021: HK4.56 cents) per ordinary share	**–**	82,091

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

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

	Year ended 31 August 2022 *RMB'000*	Eight months ended 31 August 2021 *RMB'000*
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the Company, used in the basic and diluted earnings/(loss) per share calculations:		
From continuing operations	**96,539**	(1,110,420)
From discontinued operations	**–**	(223,944)
	96,539	(1,334,364)

	Number of shares ('000)	
	Year ended 31 August 2022	Eight months ended 31 August 2021
Shares		
Weighted average number of ordinary shares in issue	**2,160,091**	2,166,000
Effect of the weighted average number of ordinary shares repurchased under the share award scheme	**(56,548)**	(38,376)
Weighted average number of vested ordinary shares granted under the share award plan	**2,043**	772
Adjusted weighted average number of ordinary shares used in the basic earnings/(losses) per share calculation	**2,105,586**	2,128,396
Effect of dilution:		
Weighted average number of unvested ordinary shares granted under the share award plan	**10,413**	12,680
Adjusted weighted average number of ordinary shares used in the diluted earnings/(losses) per share calculation	**2,115,999**	2,141,076*

* 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 eight months ended 31 August 2021 and were ignored in the calculation of diluted loss per share. Therefore, the diluted loss per share amount for the eight months ended 31 August 2021 is based on the loss for the then period ended 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 eight months ended 31 August 2021.

10. 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*
31 August 2022						
As at 1 September 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	**2,754,219**	**68,315**	**3,378**	**44,018**	**45,606**	**2,915,536**
As at 1 September 2021						
Net of accumulated depreciation	**2,754,219**	**68,315**	**3,378**	**44,018**	**45,606**	**2,915,536**
Additions/(adjustment upon the finalisation of account)	**(11,843)**	**18,860**	**6,445**	**16,710**	**775,884**	**806,056**
Disposals	**(515)**	**(176)**	**–**	**(87)**	**–**	**(778)**
Disposal of subsidiaries	**–**	**(28)**	**(395)**	**(141)**	**–**	**(564)**
Depreciation provided during the year *(note 6)*	**(42,064)**	**(20,564)**	**(954)**	**(16,414)**	**–**	**(79,996)**
Transfer from construction, net of impairment	**662,763**	**24,440**	**–**	**39,453**	**(726,656)**	**–**
As at 31 August 2022 net of accumulated depreciation and impairment	**3,362,560**	**90,846**	**8,474**	**83,539**	**94,834**	**3,640,254**
As at 31 August 2022:						
Cost	**4,587,209**	**146,986**	**22,447**	**121,310**	**94,834**	**4,972,786**
Accumulated depreciation and impairment	**(1,224,649)**	**(56,139)**	**(13,973)**	**(37,771)**	**–**	**(1,332,532)**
Net carrying amount	**3,362,560**	**90,847**	**8,474**	**83,539**	**94,834**	**3,640,254**

	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*
31 August 2021						
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	3,346,971	98,938	15,585	57,572	282,734	3,801,800
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)
Depreciation provided during the period *(note 6)*	(46,437)	(17,819)	(3,518)	(11,441)	–	(79,215)
Continuing operations	(28,648)	(9,373)	(766)	(5,828)	–	(44,615)
Discontinued operations	(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	(1,460,873)	(45,057)	(14,561)	(14,290)	(19,497)	(1,554,278)
As at 31 August 2021 net of accumulated depreciation	2,754,219	68,315	3,378	44,018	45,606	2,915,536
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	2,754,219	68,315	3,378	44,018	45,606	2,915,536

Notes:

(a) As at 31 August 2022, the Group was in the process of obtaining the relevant property ownership certificates for certain buildings with a net carrying amount of approximately RMB738,642,000 (2021: RMB2,141,385,000). The Group's buildings can only be sold, transferred or mortgaged when the relevant certificates have been obtained.

(b) Interest expenses capitalised as part of property, plant and equipment by the Group during the year amounted to RMB51,141,000 (For the eight months ended 31 August 2021: RMB30,924,000) (note 5).

11. 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 30 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 year and the eight months ended 31 August 2021 are as follows:

	Buildings and other premises *RMB'000*	Leasehold land *RMB'000*	Total *RMB'000*
As at 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)
Continuing operations (note 6)	*(6,290)*	*(15,461)*	*(21,751)*
Discontinued operations	*(2,544)*	*(4,833)*	*(7,377)*
Loss upon the deconsolidation of the Affected Business	(62,046)	(326,032)	(388,078)
As at 31 August 2021 and 1 September 2021	184,622	1,417,296	1,601,918
Additions	18,827	86,406	105,233
Depreciation charge *(note 6)*	(20,337)	(30,765)	(51,102)
Cancellation	(836)	–	(836)
As at 31 August 2022	**182,276**	**1,472,937**	**1,655,213**

(b) ***Lease liabilities***

The carrying amount of lease liabilities and the movements during the year and the eight months ended 31 August 2021 are as follows:

	Year ended 31 August 2022 ***RMB'000***	Eight months ended 31 August 2021 *RMB'000*
Carrying amount at 1 January	**171,024**	97,679
New leases	**15,646**	158,643
Accretion of interest recognised during the year/period	**10,599**	6,164
Continuing operations (note 5)	***10,599***	*2,757*
Discontinued operations	**–**	*3,407*
Payments	**(5,928)**	(6,174)
Cancellation	**(798)**	–
Loss upon the deconsolidation of the Affected Business	**–**	(85,288)
Carrying amount at 31 August	**190,543**	171,024
Analysed into:		
Current portion	**11,612**	13,662
Non-current portion	**178,931**	157,362

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

	Year ended 31 August 2022 ***RMB'000***	Eight months ended 31 August 2021 *RMB'000*
Interest on lease liabilities	**10,599**	2,757
Depreciation charge of right-of-use assets	**51,102**	21,751
Expense relating to leases of low-value assets (included in cost of sales and administrative expenses)	**1,318**	1,625
Total amount recognised in profit or loss	**63,019**	26,133

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 year was RMB2,424,000 (For the eight months ended 31 August 2021: RMB8,358,000) details of which are included in Note 4 to the announcement.

As at 31 August 2022, the undiscounted minimum lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2022	2021
	RMB'000	*RMB'000*
Within one year	**925**	3,691
After one year but within two years	**871**	1,765
After two years but within three years	**604**	1,717
After three years but within four years	**579**	1,040
After four years but within five years	**392**	1,027
After five years	**–**	8,183
	3,371	17,423

12. GOODWILL

	2022	2021
	RMB'000	*RMB'000*
Cost and net carrying amount	**7,572**	7,572

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 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 2022. 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 is 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 used to extrapolate the cash flows of the above CGU beyond the five-year period is 0% and the inflation rate is 3% which are based on 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.

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.

13. TRADE RECEIVABLES

	2022	2021
	RMB'000	*RMB'000*
Within 3 months	**10,953**	3,550

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.

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2022	2021
	RMB'000	*RMB'000*
Current portion:		
Security deposits related to construction of schools	**3,509**	2,576
Other deposits	**10**	10
Prepayments	**11,263**	7,863
Advances to staff	**16,572**	10,273
Loan to third parties	**14,268**	7,900
Deductible input value-added tax	**8,068**	1,934
Other receivables	**5,421**	3,768
Purchase of a license	**–**	900
	59,111	35,224
Non-current portion:		
Prepayments for property, plant and equipment*	**6,352**	16,178
Deductible input value-added tax	**81,968**	92,654
Prepayments for other intangible assets	**2,067**	1,433
Prepayments for the acquisition of land use rights	**5,000**	32,000
	95,387	142,265
Total	**154,498**	177,489

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 2022 and 31 August 2021, the loss allowance was assessed to be minimal.

15. TRADE PAYABLES

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

	2022	2021
	RMB'000	*RMB'000*
Within 3 months	**46,571**	11,288
Over 3 months and within 6 months	**–**	71
Over 6 months	**–**	60
	46,571	11,419

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

16. OTHER PAYABLES AND ACCRUALS

	2022	2021
	RMB'000	*RMB'000*
Accrued bonuses and other employee benefits	**47,376**	52,118
Miscellaneous advances from students*	**27,999**	55,048
Payables for purchase of property, plant and equipment	**37,354**	36,697
Payables for land use rights	**–**	43,120
Deposits	**19,766**	22,338
Interest payable	**8,509**	11,914
Other payables and accrued expenses	**81,037**	79,444
	222,041	300,679

* 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.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of RMB2.29 cents (equivalent to HK2.49 cents, according to the central parity rate of Renminbi to Hong Kong dollars as announced by the People's Bank of China on 22 November 2022, i.e. RMB0.91859 equivalent to HKD1.00) (Eight months ended 31 August 2021: Nil) per share of the Company for the year ended 31 August 2022 to be paid on Wednesday, 15 February 2023 to the Shareholders whose names appear on the register of members of the Company on Tuesday, 10 January 2023, representing a dividend payout of approximately RMB49.33 million (equivalent to approximately HK53.70 million) and dividend payout ratio of 50% for the year ended 31 August 2022 (Eight months ended 31 August 2021: Nil). The recommendation of payment of the final dividend is subject to the shareholders' approval at the forthcoming AGM of the Company.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM to be held on Friday, 30 December 2022, the register of members of the Company will be closed from Friday, 23 December 2022 to Friday, 30 December 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 Thursday, 22 December 2022.

For determining the entitlement to the proposed final dividend (subject to the approval by Shareholders at the AGM) for the year ended 31 August 2022, the register of members of the Company will be closed from Friday, 6 January 2023 to Tuesday, 10 January 2023, both days inclusive, during which period no transfer of shares will be registered. In order to be qualified for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai for registration not later than 4:30 p.m. on Thursday, 5 January 2023.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 August 2022, the Group employed 3,018 employees (as at 30 August 2021: 2,268).

The staff costs, including Directors' emoluments, net of government grant released and subsidies received, of the Group were approximately RMB192.8 million for the Reporting Year (2021: approximately RMB137.6 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 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 3.48% of the total issued Shares 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 year ended 31 August 2022, the Company repurchased a total of 12,000,000 Shares ("**Shares Repurchased**") on the Stock Exchange, at an aggregate consideration of HK$10,027,418.00. Details of the Shares Repurchased are as follows:

Month	**No. of Shares repurchased**	**Price paid per Share**		**Aggregate consideration**
		Highest *(HK$)*	**Lowest** *(HK$)*	*(HK$)*
March 2022	12,000,000	1.123	0.56	10,027,418.00
Total	12,000,000			10,027,418.00

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Year. The Shares Repurchased were cancelled.

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 year ended 31 August 2022.

CORPORATE GOVERNANCE

During the year ended 31 August 2022, 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 (which was renumbered as C.2.1 on 1 January 2022) of the CG Code stipulates that the roles of chairman and chief executive should not be performed by the same individual. Mr. Luo Shi was appointed as the chairman of the Board and the chief executive officer of the Company on 24 June 2018.

The Board believes that it is in the interest of the Company and its Shareholders for Mr. Luo Shi to assume the responsibilities of such positions, given that Mr. Luo Shi is the founder of the Company and has extensive experience in the operation and management of the Company. The Board also considers that such arrangement will not impair the balance of power and authority between the Board and the management as the Board comprises six other experienced individuals during the year ended 31 August 2022. In addition, for major decisions of the Group, the Company will consult Board committees and senior management as and when appropriate. The Board will review such arrangement from time to time and will continue to review and monitor the corporate governance practices of the Company for the purpose of maintaining high corporate governance standards.

As at the date of this announcement, the Board comprises 5 Directors (Mr. Tian Mu resigned on 22 November 2022), of whom all of them are male. According to Rule 13.92, the Stock Exchange will not consider diversity to be achieved for a single gender board. Henceforth, the Board is planning to improve the gender diversity at board level and across the workforce, and are in the process of seeking one or more suitable candidates of different gender to join the Board as Director(s) on or before 31 December 2024.

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.3.3 (which was renumbered as D.3.3 on 1 January 2022) 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 year ended 31 August 2022.

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 year ended 31 August 2022, but represents an extract from the consolidated financial statements for the year ended 31 August 2022 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 year ended 31 August 2022.

EVENTS AFTER THE REPORTING YEAR

On 29 September 2022, First Beijing Investment Limited acquired 834,000 Shares, after which it holds 151,050,000 Shares, which represents approximately 7.01% of the issued share capital of the Company.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of HKEXnews at www.hkexnews.hk and the website of the Company at www.tianlieducation.com. The annual report of the Group for the year ended 31 August 2022 will be published on the aforesaid websites of HKEXnews and the Company and will be dispatched to the Shareholders in due course.

DEFINITIONS

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

"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 International Holdings Limited (天立國際控股有限公司), a company incorporated in the Cayman Islands with limited liability on 24 January 2017, the Shares of which are listed on the Main Board of the Stock Exchange
"CG Code"	Corporate Governance Code and Corporate Governance Report (which was updated to Corporate Governance Code on 1 January 2022) as set out in Appendix 14 to the Listing Rules
"Director(s)"	the director(s) of the Company
"Gaokao"	the National Higher Education Entrance Examination (普通高等學校招生全國統一考試)
"Group", "we", "us" or "our"	the Company, its subsidiaries and entities under the Company's control through contractual arrangements in the PRC
"IPO"	initial public offering
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"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 Year"	the period for the year ended 31 August 2022
"Restricted Share Award Scheme"	the restricted share award scheme for the award of Shares to eligible participant, adopted by the Company on 17 December 2018, pursuant to the announcement made by the Company on 17 December 2018
"RMB"	Renminbi yuan, the lawful currency of the PRC
"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
"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
Tianli International Holdings Limited
Luo Shi
Chairman, Executive Director and Chief Executive Officer

The PRC, 22 November 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 and Mr. Liu Kai Yu Kenneth, Mr. Yang Dong and Mr. Cheng Yiqun as independent non-executive Directors.