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 2024

FINANCIAL HIGHLIGHTS

	For the year ended 31 August 2024 *RMB'000*	For the year ended 31 August 2023 *RMB'000* (Restated)	Change *RMB'000*	Percentage Change
Revenue	**3,320,898**	2,302,540	1,018,358	44.2%
Gross profit	**1,118,969**	778,847	340,122	43.7%
Profit for the year	**556,162**	334,513	221,649	66.3%
Adjusted profit for the year	**577,414**	369,100	208,314	56.4%
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY				
	RMB	*RMB*	*RMB*	
Basic	**27.51 cents**	16.05 cents	11.46 cents	71.4%
Diluted	**27.23 cents**	16.05 cents	11.18 cents	69.7%
	RMB	*RMB*	*RMB*	
Interim dividend per Share	**4.17 cents**	2.43 cents	1.74 cents	71.6%
Final dividend per Share	**4.08 cents**	2.34 cents	1.74 cents	74.4%
Total dividend	**8.25 cents**	4.77 cents	3.48 cents	73.0%
Dividend payout ratio	**30%**	30%	–	–

Calculation of the adjusted profit for the year

	For the year ended 31 August 2024 *RMB'000*	For the year ended 31 August 2023 *RMB'000* (Restated)
Profit for the year	**556,162**	334,513
Add/(Less):		
Share of (profits)/losses of a joint venture and associates	**(13,712)**	1,653
Equity-settled share award scheme and share option scheme expenses	**41,373**	27,798
Foreign exchange losses/(profits)	**8,838**	(3,354)
Depreciation and amortisation arising from valuative appreciation	**10,983**	8,490
Net gains on acquired subsidiaries	**(26,230)**	–
Adjusted profit for the year	**577,414**	369,100

The adjusted profit for the year was derived from the profit for the year excluding the items which are not indicative of the Group's operating performance. These are not International Financial Reporting Standard ("**IFRS**") measures.

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. During the Reporting Year, we provided comprehensive education service to 36,708 high school students.

Our Education Philosophy

Our fundamental educational philosophy is premised on the development of each child's strengths and potential and promotion of life-long learning and growth. The core of our educational philosophy is "Six Establishments and One Accomplishment (六立一達)", which represents the seven crucial objectives we encourage our students to achieve sound health, morality, wisdom, behavior, mind and creativity and a positive influence on society in addition to self-realization (立身, 立德, 立學, 立行, 立心, 立異, 達人). We are committed to being the role model among our students through continuous contribution to the society. 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 2023, the Group was awarded the "Outstanding Case of Educational Innovation of the Year" (年度教育創新優秀案例) for its "Six Establishments and One Accomplishment" curriculum system with Tianli characteristics. In the same month, the Group also received awards for the "Most Valuable Social Service Company" (最具價值社會服務公司) and the "Transformation Pioneer Enterprise of the Year" (年度轉型先鋒企業). In addition, leveraging its excellent comprehensive strength and brand influence, the Group was awarded the "2023 Top Ten Innovative Enterprises in Education Industry" (二零二三年度教育行業十大創新企業) in January 2024.

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, a total of 26 students won the first prize in the Provincial Competition of National League in the five subjects of physics, chemistry, mathematics, biology and informatics, and 6 persons were selected for the provincial competition team and won 3 gold medals, 1 silver medal and 4 bronze medals in the national finals. During the Reporting Year, our graduating high school students of our schools participated in the National Higher Education Entrance Examination (known as "**Gaokao**") in the respective cities where the schools are located.

In the 2024 Gaokao, 272 of our high school graduates received college acceptance letters from the world's top 50 universities, representing an increase of 145 students compared to 127 students in 2023. Among them, 9 students were enrolled into the world's top 10 universities under Quacquarelli Symonds (QS) rankings: 2 were admitted to University of Cambridge (ranked second by QS), 1 was admitted to Imperial College London (ranked sixth by QS) and 6 were admitted to University College London (ranked ninth by QS). Approximately 90% of our Gaokao candidates from established schools attained the entry requirements of universities in the PRC, and approximately 55% attained the entry requirements of first-tier universities in the PRC.

Our Schools

With a strong presence in Sichuan province where the Group is based in, our school spans across 36 cities in Inner Mongolia, Shandong, Henan, Guizhou, Jiangxi, Zhejiang, Yunnan, Gansu, Anhui, Guangxi, Guangdong, Shaanxi, Shanghai, Chongqing and Hubei. During the Reporting Year, the Group principally provided students with comprehensive education services in 50 schools.

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 2024, the number of full-time teachers employed by our self-owned schools was 2,446 (as of 31 August 2023: 2,090).

We recruit teachers through different channels and means, including campus recruitment, general public recruitment and the use of online recruiting websites, and we conduct assessment on candidates who apply through our recruitment procedures. We offer 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.

Management and franchise fees received from entrusted schools

During the Reporting Year, the Group provided school management and franchise services for 10 entrusted schools.

REGULATORY UPDATES

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

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

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

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

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

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

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

The Affected Business

The table below sets out the names of entities and their principal business related to the Affected Business as at 31 August 2024:

Number	School name	Principal business
1	Luzhou Longmatan Tianli Elementary School *(Note 1)*	Elementary school
2	Yibin Cuiping District Tianli School	Elementary school and Middle school
3	Guangyuan Tianli School	Elementary school and Middle school
4	Neijiang Shizhong District Tianli School	Elementary school and Middle 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	Elementary school and Middle 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	Elementary school and Middle 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 District Tianli School	Elementary school and Middle school
25	Chongqing Fuling Lida School	Elementary school and Middle school
26	Honghu Tianli School	Elementary school and Middle school
27	Tongren Wanshan District Tianli School	Elementary school and Middle school
28	Lanzhou Tianli School	Elementary school and Middle school
29	Chengdu Longquanyi Tianli School *(Note 1)*	Elementary school and Middle school
30	Chengdu Pidu Tianli School *(Note 1)*	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, 85% of equity interest of Chengdu Longquanyi Tianli School and 97% of equity interest of Chengdu Pidu Tianli School were attributable to the Group.

2. 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 comprehensive educational services to students and parents.

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

	31 August 2024	31 August 2023
	RMB '000	*RMB '000*
	(unaudited)	(unaudited)
Current assets	**1,628,781**	1,878,178
Non-current assets	**2,137,280**	2,279,994
Total assets	**3,766,061**	4,158,172
Current liabilities	**2,488,332**	2,596,637
Non-current liabilities	**468,780**	694,698
Total liabilities	**2,957,112**	3,291,335
Net assets	**808,949**	866,837

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 continues to adopt measures to optimize its operational structure, including separating the high schools with independent operating licenses from integrated schools. As at 31 August 2024, the Group had successfully separated a total of 7 high schools with independent operating licenses from integrated schools. The financial results of these high schools have been consolidated into the consolidated financial statements of the Group; and (ii) the Group will progressively increase the enrollment scale of the existing high schools. There were 53,900 high school students in the Company's school network as at the beginning of the 2024 fall semester, representing an increase of approximately 46.8% compared to 36,708 high school students as at the beginning of the 2023 fall semester.

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

FINANCIAL REVIEW

Set out below includes the key highlights for the financial results for the year ended 31 August 2023 and the year ended 31 August 2024.

	Year ended 31 August 2024 *RMB'000* **(audited)**	Year ended 31 August 2023 *RMB'000* (audited) (Restated)
Revenue	**3,320,898**	2,302,540
Cost of sales	**(2,201,929)**	(1,523,693)
GROSS PROFIT	**1,118,969**	778,847
Other income and gains	**50,273**	22,860
Selling and distribution expenses	**(70,531)**	(36,227)
Administrative expenses	**(257,499)**	(240,061)
Other expenses	**(28,083)**	(17,294)
Finance costs	**(86,390)**	(62,529)
Share of profits/(losses) of:		
A joint venture	**2,165**	(549)
Associates	**11,547**	(1,104)
PROFIT BEFORE TAX	**740,451**	443,943
Income tax expense	**(184,289)**	(109,430)
PROFIT FOR THE YEAR	**556,162**	334,513

Revenue

The following table sets forth an analysis of revenue for the year ended 31 August 2023 and the year ended 31 August 2024:

	Year ended 31 August 2024 *RMB'000*	Year ended 31 August 2023 *RMB'000*
Revenue from contracts with customers		
Comprehensive educational services	**1,744,945**	1,223,218
Sales of products	**918,923**	555,230
Comprehensive logistical services	**597,409**	485,093
Management and franchise fees	**59,621**	38,999
Total revenue	**3,320,898**	2,302,540

Our revenue mainly includes comprehensive educational services, sales of products, comprehensive logistical services, and management and franchise fees.

Our revenue increased by 44.2% from approximately RMB2,302.5 million for the year ended 31 August 2023 to approximately RMB3,320.9 million for the Reporting Year, primarily driven by increase of revenue from comprehensive educational services and sales of products.

The revenue from comprehensive educational services of the Group increased by 42.7% from approximately RMB1,223.2 million for the year ended 31 August 2023 to approximately RMB1,744.9 million for the Reporting Year, which is primarily due to : 1) the increase in high school students enrollment; and 2) the end of the pandemic, which led to an explosive growth in the study tour business during the Reporting Year.

During the Reporting Year, the Group's revenue from the sales of products includes the sale of student supplies, such as school uniforms, bedding, daily necessities and stationery provided to students through the online campus store, and the supply and sales of agricultural and sideline products through the integration of channel resources and logistics system. Revenue from the sales of products increased by 65.5% from approximately RMB555.2 million for the year ended 31 August 2023 to approximately RMB918.9 million for the Reporting Year, mainly due to the increase in revenue brought about by the Group's encrypted supply chain channel layout in Shandong Province, Gansu Province, Guangxi Province and Yunnan Province this year.

The revenue from comprehensive logistical services increased by 23.2% from approximately RMB485.1 million for the year ended 31 August 2023 to approximately RMB597.4 million for the Reporting Year, primarily due to the increase in the number of students served by the Group.

The revenue from management and franchise fees increased by 52.9% from approximately RMB39.0 million for the year ended 31 August 2023 to approximately RMB59.6 million for the Reporting Year, primarily because of the addition of three schools that came under our management during the Reporting Year.

Costs of Principal Activities

The following table sets forth the components of our cost of sales for the year ended 31 August 2023 and the year ended 31 August 2024.

	Year ended 31 August 2024 *RMB'000*	Year ended 31 August 2023 *RMB'000*
Material consumption	**424,517**	340,622
Staff costs	**520,269**	397,260
Depreciation and amortization	**243,117**	183,595
Procurement cost of products	**794,686**	459,427
Teaching activity costs	**178,937**	107,088
Utilities	**21,449**	16,005
Others	**18,954**	19,696
Total	**2,201,929**	1,523,693

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

Our cost of sales increased by 44.5% from approximately RMB1,523.7 million for the year ended 31 August 2023 to approximately RMB2,201.9 million for the Reporting Year, primarily due to the increase in revenue of 44.2% during the Reporting Year resulting in the corresponding increase in staff costs, product procurement costs, depreciation and amortization and teaching activity costs related to business operations.

Material consumption costs increased by 24.6% from RMB340.6 million for the year ended 31 August 2023 to RMB424.5 million for the Reporting Year, primarily due to the increase in the number of people to whom the comprehensive logistical services were provided during the Reporting Year.

Staff costs increased by 31.0% from RMB397.3 million for the year ended 31 August 2023 to RMB520.3 million for the Reporting Year, primarily due to the increase in labor cost as a result of the recruitment of new teachers resulted from the increase in the number of high school students, and the Group's provision of comprehensive quality services, product sales business, etc..

Depreciation and amortization costs increased by 32.4% from RMB183.6 million for the year ended 31 August 2023 to RMB243.1 million for the Reporting Year, primarily due to the increase in depreciation as a result of the new campus in Shanghai and the campus for Gaokao repetition education business which was newly opened in September 2023.

Procurement cost of products increased by 73.0% from RMB459.4 million for the year ended 31 August 2023 to RMB794.7 million for the Reporting Year, primarily due to the increase in procurement costs as a result of a significant increase in product sales revenue of 65.5%.

Teaching activity costs increased by 67.1% from RMB107.1 million for the year ended 31 August 2023 to RMB178.9 million for the Reporting Year, primarily due to the increase in teaching service costs related to the business of study tours.

Utilities cost increased by 34.0% from RMB16.0 million for the year ended 31 August 2023 to RMB21.4 million for the Reporting Year, primarily due to the increased number of students served.

Gross Profit and Gross Profit Margin

The Group's gross profit for the Reporting Year was approximately RMB1,119.0 million, representing an increase of 43.7% from approximately RMB778.8 million for the year ended 31 August 2023, primarily due to the increase in the number of high school students enrolled and the revenue from the Group's provision of comprehensive quality services and product sales. The Group's gross profit margin for the Reporting Year was approximately 33.7%, representing a slight decrease of 0.1 percentage points as compared with 33.8% for the year ended 31 August 2023.

Other Income and Gains

Other income and gains primarily consist of bank interest income, gain on bargain purchase, net foreign exchange gains, gain on disposal of financial assets at fair value through profit or loss, rental income and other subsidy income.

Other income and gains increased from approximately RMB22.9 million for the year ended 31 August 2023 to approximately RMB50.3 million for the Reporting Year, primarily because of the gain on bargain purchase from the acquisitions of subsidiaries where the considerations paid were lower than the respective fair value of their net assets.

Administrative Expenses

Administrative expenses primarily consist of (i) administrative staff costs, (ii) equity-settled share option scheme expenses, and (iii) 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 7.3% from approximately RMB240.1 million for the year ended 31 August 2023 to approximately RMB257.5 million for the Reporting Year, primarily as a result of an increase in administrative staff costs, equity-settled share option scheme expenses and other expenses.

Finance Costs

Finance costs increased from RMB62.5 million for the year ended 31 August 2023 to RMB86.4 million for the Reporting Year, primarily due to the increase in interest on bank loans and lease liabilities.

Income Tax

Income tax increased by 68.4% from approximately RMB109.4 million for the year ended 31 August 2023 (restated) to approximately RMB184.3 million for the Reporting Year, mainly due to the increase in profit before tax arising from taxable subsidiaries, in particular, our high schools and the Group's major subsidiaries established in the PRC which are subject to corporate income tax at a rate of 25%. The effective income tax rate for the year ended 31 August 2024 was 24.9% (for the year ended 31 August 2023: 24.6% (restated)).

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 2024, we had net current liabilities of approximately RMB2,438.4 million, as compared with net current liabilities of approximately RMB2,198.4 million as at 31 August 2023. Such increase in net current liabilities was primarily attributable to the increase in short-term bank loans.

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

As at 31 August 2024, the Group had cash and cash equivalents of approximately RMB1,358.4 million (31 August 2023: approximately RMB1,501.7 million). The following table sets forth a summary of our cash flows for the year indicated:

	Year ended 31 August 2024	Year ended 31 August 2023
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Net cash flow from operating activities	**827,110**	975,668
Net cash flow used in investing activities	**(344,417)**	(435,229)
Net cash flow used in financing activities	**(559,872)**	(30,841)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(77,179)**	509,598
Net effect of foreign exchange rates	**(6,174)**	2,869
Cash and cash equivalents at the beginning of year	**1,432,369**	919,902
Cash and cash equivalents at the end of year as stated in the consolidated statement of cash flows	**1,349,016**	1,432,369
Time deposits with original maturity over 3 months	**9,372**	69,355
Cash and cash equivalents as stated in the consolidated statement of financial position	**1,358,388**	1,501,724

BORROWINGS AND GEARING RATIO

As at 31 August 2024, the Group had borrowings of approximately RMB2,053.0 million (31 August 2023: RMB1,672.4 million) and the Group's unutilised banking facilities was approximately RMB844.0 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 2024, the gearing ratio of the Group, calculated as the total interest-bearing borrowings divided by the total assets, was approximately 20.1% (31 August 2023: approximately 17.5%).

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 2024, 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 2024. 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 2024, our capital expenditures represented by the relevant cash outflows were approximately RMB406.8 million (the year ended 31 August 2023: approximately RMB599.8 million (restated)), which we funded primarily through cash generated from operations, bank facilities, and net proceeds received from the Placing (as defined below) and the Subscription (as defined below) in December 2020.

CONTINGENT LIABILITIES

As at 31 August 2024, the Group did not have any material contingent liabilities (31 August 2023: Nil).

CAPITAL COMMITMENTS

As at 31 August 2024, the Group had capital commitments contracted but not provided for property, plant and equipment amounting to approximately RMB61.8 million (31 August 2023: approximately RMB81.5 million).

SEGMENT INFORMATION

The Group has determined that it only has one operating segment which is engaged in the provision of comprehensive education 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 2023** *(HKD million)*	**Net proceeds utilised during the year ended 31 August 2024** *(HKD million)*	**Unutilised as at 31 August 2024** *(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	161.74	94.09	67.65	31 August 2025
Expansion of self-built and self-operated projects in first-tier and core cities	194.97	43.9	43.9	0.00	Not applicable
Repayment of bank loans	300.00	0.00	0.00	0.00	Not applicable

Notes:

1. 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.

2. Due to the overall reduced education-related mergers and acquisitions activities in the PRC and delayed identification of high quality targets, the amount of net proceeds from the Placing and the Subscription intended to be used for "Potential future mergers and acquisitions of high quality targets at reasonable prices" was not fully utilised on 31 August 2024. Based on the estimation of the Directors and subject to future market conditions, the Directors expected that the remaining balance for such purpose as at 31 August 2024 will be fully utilized by 31 August 2025.

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 2024:

	As at 31 August 2024 ***(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)	**194.97**

The Board of Tianli International Holdings Limited is pleased to announce the audited consolidated results of the Group for the year ended 31 August 2024.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2024

	Notes	**2024** ***RMB'000***	2023 *RMB'000* (Restated)
REVENUE	*4*	**3,320,898**	2,302,540
Cost of sales		**(2,201,929)**	(1,523,693)
Gross profit		**1,118,969**	778,847
Other income and gains	*4*	**50,273**	22,860
Selling and distribution expenses		**(70,531)**	(36,227)
Administrative expenses		**(257,499)**	(240,061)
Other expenses		**(28,083)**	(17,294)
Finance costs	*5*	**(86,390)**	(62,529)
Share of profits/(losses) of:			
A joint venture		**2,165**	(549)
Associates		**11,547**	(1,104)
PROFIT BEFORE TAX	*6*	**740,451**	443,943
Income tax expense	*7*	**(184,289)**	(109,430)
PROFIT FOR THE YEAR		**556,162**	334,513

	Notes	2024 RMB'000	2023 RMB'000 (Restated)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of a foreign operation		**21**	(58)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**556,183**	334,455
Profit attributable to:			
Owners of the Company		**575,956**	337,028
Non-controlling interests		**(19,794)**	(2,515)
		556,162	334,513
Total comprehensive income attributable to:			
Owners of the Company		**575,977**	336,970
Non-controlling interests		**(19,794)**	(2,515)
		556,183	334,455
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*9*		
Basic		**RMB27.51 cents**	RMB16.05 cents
Diluted		**RMB27.23 cents**	RMB16.05 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 AUGUST 2024

	Notes	2024 RMB'000	2023 RMB'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	10	**4,969,301**	4,454,733
Right-of-use assets	11(a)	**2,448,695**	2,044,905
Goodwill	12	**106,465**	16,413
Other intangible assets		**38,418**	34,490
Investment in a joint venture		**–**	162,493
Investments in associates		**12,825**	68,695
Prepayments, deposits and other receivables	14	**62,335**	123,917
Deferred tax assets		**337,019**	280,449
Total non-current assets		**7,975,058**	7,186,095
CURRENT ASSETS			
Inventories		**26,457**	27,283
Trade receivables	13	**18,362**	17,448
Prepayments, deposits and other receivables	14	**128,559**	72,846
Amounts due from related parties		**686,892**	651,520
Financial assets at fair value through profit or loss		**–**	100,309
Cash and cash equivalents		**1,358,388**	1,501,724
Total current assets		**2,218,658**	2,371,130
CURRENT LIABILITIES			
Trade payables	15	**56,627**	47,066
Other payables and accruals	16	**609,858**	512,010
Contract liabilities		**1,346,460**	1,315,089
Interest-bearing bank and other borrowings		**740,943**	553,935
Amounts due to related parties		**1,425,543**	1,743,099
Tax payable		**185,848**	146,320
Lease liabilities	11(b)	**20,646**	20,221
Deferred income		**271,122**	231,741
Total current liabilities		**4,657,047**	4,569,481
NET CURRENT LIABILITIES	2.1	**(2,438,389)**	(2,198,351)
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,536,669**	4,987,744

	Notes	**2024** **RMB'000**	2023 RMB'000 (Restated)
NON-CURRENT LIABILITIES			
Lease liabilities	*11(b)*	**459,468**	219,389
Deferred tax liabilities		**64,945**	54,416
Deferred income		**239,391**	342,913
Interest-bearing bank and other borrowings		**1,312,052**	1,118,474
Amounts due to related parties		**987,777**	1,151,577
Total non-current liabilities		**3,063,633**	2,886,769
NET ASSETS		**2,473,036**	2,100,975
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**179,763**	183,022
Treasury shares		**(1,330)**	(31,663)
Reserves		**2,294,341**	1,919,373
		2,472,774	2,070,732
Non-controlling interests		**262**	30,243
Total equity		**2,473,036**	2,100,975

1. CORPORATE AND GROUP INFORMATION

Tianli 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 89 Nexus Way, Camana Bay Grand Cayman KY1-9009 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, 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 parent company and the ultimate holding company of the Company is Sky Elite Limited, a company incorporated in the British Virgin Islands ("**BVI**"). The ultimate controlling shareholder of the Company is Mr. Luo Shi ("**Mr. Luo**").

On 14 May 2021, the 2021 Implementation Regulations for Private Education Laws (the "**2021 Implementation Regulations**") were promulgated by the PRC State Council, and the aforesaid contractual agreements of private schools providing compulsory education (the "**Affected Business**") were no longer enforceable from 1 September 2021. The directors conclude that, the Group legally owned the Affected Business through the affiliated entities of the Group as a result of the contractual agreements, but ceased to have control over them from 31 August 2021 due to the 2021 Implementation Regulations.

2.1 BASIS OF PREPARATION

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

Going concern

As at 31 August 2024, the Group recorded net current liabilities of approximately RMB2,438,389,000 (31 August 2023: RMB2,198,351,000). Included in the current liabilities as at 31 August 2024 were contract liabilities and deferred income of RMB1,346,460,000 (31 August 2023: RMB1,315,089,000) and RMB271,122,000 (31 August 2023: RMB231,741,000), respectively. The Group had cash and cash equivalents of RMB1,358,388,000 as at 31 August 2024 (31 August 2023: RMB1,501,724,000).

In view of the net current liability 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 after considering the following:

(a) Based on the arrangements and confirmations received from the licensed banks in Chinese Mainland, the Group has total unutilised banking facilities of RMB844,000,000 (31 August 2023: RMB730,000,000) which are available for drawdown within the next 1 to 4 years from 31 August 2024;

(b) The directors of the Company have reviewed the Group's cash flow forecast prepared by the management, which covered a period of not less than twelve months from 31 August 2024. In the opinion of the directors of the Company, the Group will have sufficient working capital to meet its financial obligation as and when they fall due and carry on its business without a significant curtailment of operation of not less than twelve months from 31 August 2024; and

(c) the Group shall implement cost-saving measures to maintain adequate cash flows for the Group's operations.

Having considered the above unutilised bank facilities and cash flows from the Group's operations, 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 2024. 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).

Generally, there is a presumption that a majority of voting rights results in control. 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 from 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 the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and 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 new and revised IFRS Accounting Standards for the first time for the current year's financial statements.

IFRS 17	*Insurance Contracts*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*

The nature and the impact of the new and revised IFRS Accounting Standards that are applicable to the Group are described below:

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement *2 Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2.4 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IFRS 12 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 (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

Prior to the initial application of these amendments, the Group 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. The Group has applied the amendments on temporary differences related to leases as at 1 September 2022. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available), and (ii) a deferred tax liability for all taxable temporary differences associated with right-of-use assets at 1 September 2022, with cumulative effect recognised as an adjustment to the balances of retained profits and non-controlling interests at that date. The quantitative impact on the financial statements is summarised below.

Impact on the consolidated statements of financial position:

	Increase/(decrease)		
	As at 31 August 2024	As at 31 August 2023	As at 1 September 2022
	RMB'000	*RMB'000*	*RMB'000*
Assets			
Deferred tax assets *(Note)*	**114,023**	59,748	47,636
Total non-current assets	**114,023**	59,748	47,636
Total assets	**114,023**	59,748	47,636
Liabilities			
Deferred tax liabilities *(Note)*	**109,613**	54,241	45,569
Total non-current liabilities	**109,613**	54,241	45,569
Total liabilities	**109,613**	54,241	45,569
Net assets	**4,410**	5,507	2,067
Equity			
Retained profits (included in reserves)	**4,410**	5,266	2,067
Equity attributable to owners of the Company	**4,410**	5,266	2,067
Non-controlling interests	**–**	241	–
Total equity	**4,410**	5,507	2,067

Note: The deferred tax asset and the deferred tax liability arising from lease contracts of the same subsidiary have been offset in the statement of financial position for presentation purposes.

Impact on the consolidated statements of profit or loss and other comprehensive income:

	Increase/(decrease) For the year ended 31 August	
	2024	2023
	RMB'000	*RMB'000*
Income tax expense	**1,097**	(3,440)
Profit for the year	**(1,097)**	3,440
Attributable to:		
Owners of the Company	**(856)**	3,199
Non-controlling interests	**(241)**	241
	(1,097)	3,440
Total comprehensive income for the year	**(1,097)**	3,440
Attributable to:		
Owners of the Company	**(856)**	3,199
Non-controlling interests	**(241)**	241
	(1,097)	3,440

The adoption of amendments to IAS 12 did not have any material impact on the basic and diluted earnings per share attributable to ordinary equity holders of the Company, other comprehensive income and the consolidated statements of cash flows for the years ended 31 August 2024 and 2023.

(d) Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[4]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[4]
Amendments to IFRS 9 and IFRS 7	*Classification and Measurement of Financial Instruments*[3]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[5]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*[1]
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")* [1]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*[1]
Amendments to IAS 21	*Lack of Exchangeability*[2]
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and lAS 7[3]

1 Effective for annual periods beginning on or after 1 January 2024
2 Effective for annual periods beginning on or after 1 January 2025
3 Effective for annual periods beginning on or after 1 January 2026
4 Effective for annual periods beginning on or after 1 January 2027
5 No mandatory effective date yet determined but available for adoption

Further information about those IFRS Accounting Standards that are expected to be applicable to the Group is described below.

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 Consolidated Financial Statements, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS Accounting Standards. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19.

Amendments to IFRS 9 and IFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

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 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. However, the amendments are available for adoption now. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

The 2020 Amendments clarify the requirements for classifying liabilities as current or noncurrent, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification.The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to IFRS Accounting Standards – Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- *IFRS 7 Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- *IFRS 9 Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- *IFRS 10 Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- *IAS 7 Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

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 directors have determined that the Group 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 (2023: Nil).

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the values of services rendered after deducting scholarships and refunds during the year.

An analysis of revenue is as follows:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Comprehensive educational services	**1,744,945**	1,223,218
Sales of products	**918,923**	555,230
Comprehensive logistical services	**597,409**	485,093
Management and franchise fees	**59,621**	38,999
Total	**3,320,898**	2,302,540

Revenue from contracts with customers

(i) Disaggregated revenue information

	2024	2023
	RMB'000	*RMB'000*
Timing of revenue recognition		
Goods transferred at a point in time	**1,008,345**	620,675
Services transferred over time	**2,312,553**	1,681,865
Total	**3,320,898**	2,302,540

(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 products, including student necessities and agricultural and sideline products, 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 products, the performance obligations for services are satisfied over time because a customer simultaneously receives and consumes the benefits provided by the Group.

As at 31 August 2024, 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:

	2024 *RMB'000*	2023 *RMB'000*
Other income		
Bank interest income	**8,866**	3,418
Miscellaneous service income	**1,893**	1,375
Rental income	**1,091**	1,123
Government grants	**8,180**	4,589
Others	**2,376**	3,020
Total other income	**22,406**	13,525
Gains		
Gain on bargain purchase	**27,050**	–
Gain on disposal of financial assets at fair value through profit or loss	**766**	3,015
Gain on disposal of property, plant and equipment	**51**	223
Gain on cancellation of operating leases as a lessee	**–**	2,444
Foreign exchange gains, net	**–**	3,354
Fair value gains on financial assets at fair value through profit or loss	**–**	299
Total gains	**27,867**	9,335
Total other income and gains	**50,273**	22,860

5. FINANCE COSTS

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

	2024 *RMB'000*	2023 *RMB'000*
Interest on bank and other borrowings	**96,847**	82,586
Interest on lease liabilities *(note 11(b))*	**21,849**	12,555
Total interest expense on financial liabilities not at fair value through profit or loss	**118,696**	95,141
Less: Interest capitalised *(note 10(b))*	**(32,962)**	(32,612)
Subtotal	**85,734**	62,529
Other finance costs:		
Increase in discounted amounts of purchase obligations of non-controlling interests	**656**	–
Total	**86,390**	62,529
Interest rate of borrowing costs capitalised (%)	**4.20-6.95**	5.38-7.15

6. PROFIT BEFORE TAX

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

	Notes	**2024** **RMB'000**	2023 RMB'000
Cost of inventories consumed		**1,219,204**	800,049
Cost of services provided		**982,725**	723,644
Employee benefit expense (excluding directors' and chief executive's remuneration			
Wages and salaries		**717,026**	591,460
Equity-settled share award scheme expenses		**3,418**	4,501
Equity-settled share option scheme expenses		**12,477**	9,618
Pension scheme contributions (defined contribution scheme) ***		**33,643**	23,037
Welfare		**54,260**	38,618
Housing fund (defined contribution scheme)		**15,273**	9,421
Less: Government grants released*		**(141,396)**	(125,780)
Subsidies received*		**–**	(112)
Total		**694,701**	550,763
Depreciation of items of property, plant and equipment**	*10*	**170,794**	131,568
Depreciation of right-of-use assets**	*11(a)*	**88,999**	66,205
Amortisation of other intangible assets		**9,913**	4,630
(Gain)/loss on disposal of items of property, plant and equipment, net		**(51)**	1,250
Auditor's remuneration		**5,600**	5,800
Lease payments not included in the measurement of lease liabilities**	*11(c)*	**4,123**	3,378
Research expenses		**958**	10,626
Equity-settled share option scheme expenses		**1,301**	874
Bank interest income	*4*	**(8,866)**	(3,418)
Foreign exchange losses/(gains), net		**8,838**	(3,354)
Fair value losses on remeasurement of a previously held equity interest in a joint venture at the date of business combination		**820**	–
Gain on bargain purchase	*4*	**(27,050)**	–
Gain on disposal of financial assets at fair value through profit or loss	*4*	**(766)**	(3,015)
Gain on cancellation of operating leases as a lessee	*4*	**–**	(2,444)
Fair value gains on financial assets at fair value through profit or loss	*4*	**–**	(299)
Rental income	*4*	**(1,091)**	(1,123)

* Various government grants and subsidies have been received to subsidise the schools' 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 and variable lease payments for the year of RMB153,223,000 (2023: RMB117,833,000), RMB79,980,000 (2023: RMB61,133,000) and RMB3,319,000 (2023: RMB2,507,000), 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 Chinese Mainland during the year:

	2024	2023
	RMB'000	*RMB'000*
		(Restated)
Current – Chinese Mainland		
Charge for the year	**172,962**	123,786
Overprovision in prior years	**(1,343)**	(3,871)
Deferred	**12,670**	(10,485)
Total	**184,289**	109,430

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

		2024	2023
	Notes	***RMB'000***	*RMB'000*
			(Restated)
Profit before tax		**740,451**	443,943
Tax/(notional tax) at the applicable tax rates:			
16.5%	*(b)*	**284**	(438)
25%		**184,683**	111,649
Lower tax rates enacted by local authorities	*(c)*	**(61,217)**	(28,544)
Income not subject to tax		**(14,481)**	(14,599)
Tax losses utilised from previous periods		**(4,605)**	(7,470)
(Profits)/losses attributable to a joint venture and associates		**(3,428)**	413
Expenses not deductible for tax		**7,967**	7,430
Adjustments in respect of current tax of previous years		**(1,343)**	(3,871)
Tax losses not recognised		**76,429**	44,860
Tax charge at the Group's effective rate		**184,289**	109,430

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%.

(c) Pursuant to the PRC Income Tax Law and the respective regulations, all the Group's subsidiaries established in the PRC were subject to the PRC CIT at a rate of 25% during the year, except for the subsidiaries list below:

Under the "Western Development Policy", the income tax for subsidiaries, including, Lixing Yanxue, Chengdu Daren Sports, and Tibet Yongsi, are calculated at a preferential tax rate of 15%. Among them, as Tibet Yongsi employed more than 70% of the total working population of permanent residents in Tibet, it can have the local part of CIT (40% of 15%) exempted and thus was entitled to an effective preferential PRC CIT rate of 9%.

Kindergartens, certain tutoring schools and Zhoukou High School are qualified entities under the preferential income tax policy for small and micro enterprises. Under the preferential income tax policy, the taxable income of these schools is subject to PRC CIT at an effective rate of 5%.

Jingxi Tianli and Baise High School have been entitled to an effective preferential PRC CIT rate of 15%. As their business scope falls within the scope of the encouraged industries in Guangxi Baise Pilot Zone, they can have the local part of PRC CIT (40% of 25%) exempted. In addition, Jingxi Tianli is a qualified entity under the preferential income tax policy for small and micro enterprises. Under the preferential income tax policy, the taxable income is at an effective tax rate of 3%.

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

Sichuan Qiming is qualified as a "Double-soft Enterprise" and is entitled to enjoy full exemption from PRC CIT for the first two years from the profit-making year and a 50% reduction on corporate for the next subsequent three years. Sichuan Qiming enjoyed full exemption from PRC CIT this year.

(d) The share of tax attributable to a joint venture and associates amounting to RMB1,441,000 (2023: RMB911,000) and RMB19,000 (2023: RMB148,000), respectively, is included in "Share of profits of a joint venture and associates" in profit or loss.

8. DIVIDENDS

	2024	2023
	RMB'000	*RMB'000*
Proposed final – RMB4.08 cents (2023: RMB2.34 cents) per ordinary share	**85,994**	50,404
Interim – RMB4.17 cents (2023:RMB2.43 cents) per ordinary share	**88,237**	58,224
Total	**174,231**	108,628

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 PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

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

	2024	2023
	RMB'000	*RMB'000*
		(Restated)
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculations	**575,956**	337,028

	Number of shares ('000)	
	2024	2023
Shares		
Weighted average number of ordinary shares in issue	**2,146,255**	2,154,000
Effect of the weighted average number of ordinary shares:		
Repurchased under the share award scheme	**(56,548)**	(56,548)
Treasury shares repurchased for cancellation	**(30)**	(751)
Weighted average number of vested ordinary shares granted under the share award plan	**4,313**	3,178
Adjusted weighted average number of ordinary shares used in the basic earnings per share calculation	**2,093,990**	2,099,879
Effect of dilution-weighted average number of ordinary shares:		
Share award scheme	**1,814**	115
Share options	**19,160**	*
Adjusted weighted average number of ordinary shares used in the diluted earnings per share calculation	**2,114,964**	2,099,994

* No adjustment had been made to weighted average number of ordinary shares in respect of a dilution for 2023 as the impact of share options outstanding had an anti-dilutive effect on the basic earnings per share amount presented.

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 2024						
At 1 September 2023:						
Cost	5,386,258	161,651	159,982	155,259	55,683	5,918,833
Accumulated depreciation and impairment	(1,299,966)	(80,740)	(18,231)	(65,163)	–	(1,464,100)
Net carrying amount	4,086,292	80,911	141,751	90,096	55,683	4,454,733
At 1 September 2023, net of accumulated depreciation	4,086,292	80,911	141,751	90,096	55,683	4,454,733
Additions	–	15,737	12,922	10,819	312,128	351,606
Acquisition of subsidiaries	308,214	3,567	20,507	2,009	–	334,297
Disposals	–	(268)	–	(273)	–	(541)
Depreciation provided during the year *(note 6)*	(91,396)	(28,981)	(20,555)	(29,862)	–	(170,794)
Transfer from construction in progress	298,678	5,321	5,525	3,860	(313,384)	–
At 31 August 2024, net of accumulated depreciation and impairment	4,601,788	76,287	160,150	76,649	54,427	4,969,301
At 31 August 2024:						
Cost	5,993,150	186,008	198,936	171,674	54,427	6,604,195
Accumulated depreciation and impairment	(1,391,362)	(109,721)	(38,786)	(95,025)	–	(1,634,894)
Net carrying amount	4,601,788	76,287	160,150	76,649	54,427	4,969,301

	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 2023						
At 1 September 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
At 1 September 2022, net of accumulated depreciation	3,362,560	90,847	8,474	83,539	94,834	3,640,254
Additions	–	2,460	29,836	23,155	294,506	349,957
Acquisition of subsidiaries	581,781	3,196	3,770	9,681	–	598,428
Disposals	–	(2,043)	–	(295)	–	(2,338)
Depreciation provided during the year *(note 6)*	(75,317)	(24,601)	(4,258)	(27,392)	–	(131,568)
Transfer from construction in progress	217,268	11,052	103,929	1,408	(333,657)	–
At 31 August 2023, net of accumulated depreciation and impairment	4,086,292	80,911	141,751	90,096	55,683	4,454,733
At 31 August 2023:						
Cost	5,386,258	161,651	159,982	155,259	55,683	5,918,833
Accumulated depreciation and impairment	(1,299,966)	(80,740)	(18,231)	(65,163)	–	(1,464,100)
Net carrying amount	4,086,292	80,911	141,751	90,096	55,683	4,454,733

Notes:

(a) As at 31 August 2024, the Group was in the process of obtaining the relevant property ownership certificates for certain buildings with a net carrying amount of approximately RMB867,580,000 (31 August 2023: RMB356,944,000). 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 RMB32,962,000 (2023: RMB32,612,000) (note 5).

(c) Impairment

Based on the assessment of the implications of the 2021 Implementation Regulations, and the related facts and circumstances of the property, plant and equipment free occupied by the Affected Business, an impairment loss was made for these property, plant and equipment by as at 31 August 2021.

As at 31 August 2024, the Group's management assessed whether significant change of regulations had occurred or any indicators that may trigger impairment provision or reversal of impairment, and the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate.

Based on the above assessment made, no impairment loss was recognised for the year ended 31 August 2024 (2023: Nil).

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 30 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 are as follows:

	Buildings and other premises *RMB'000*	**Leasehold land** *RMB'000*	**Total** *RMB'000*
At 31 August 2022	182,276	1,472,937	1,655,213
Additions	55,609	8,636	64,245
Acquisition of subsidiaries	32,453	374,719	407,172
Depreciation charge *(note 6)*	(27,448)	(38,757)	(66,205)
Cancellation	(15,520)	–	(15,520)
At 31 August 2023 and 1 September 2023	227,370	1,817,535	2,044,905
Additions	54,810	77,716	132,526
Acquisition of subsidiaries	52,629	138,112	190,741
Depreciation charge *(note 6)*	(45,366)	(43,633)	(88,999)
Lease modification	169,522	–	169,522
At 31 August 2024	**458,965**	**1,989,730**	**2,448,695**

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Carrying amount at beginning of year	**239,610**	190,543
New leases	**54,810**	55,609
Acquisition of subsidiaries	**44,129**	32,453
Accretion of interest recognised during the year *(note 5)*	**21,849**	12,555
Payments	**(49,806)**	(33,586)
Lease modification	**169,522**	–
Cancellation	**–**	(17,964)
Carrying amount at end of year	**480,114**	239,610
Analysed into:		
Current portion	**20,646**	20,221
Non-current portion	**459,468**	219,389

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

	2024 *RMB'000*	2023 *RMB'000*
Interest on lease liabilities *(note 5)*	**21,849**	12,555
Depreciation charge of right-of-use assets *(note 6)*	**88,999**	66,205
Expense relating to leases of low-value assets (included in cost of sales and administrative expenses) *(note 6)*	**1,568**	1,518
Variable lease payments not included in the measurement of lease liabilities (included in cost of services provided) *(note 6)*	**2,555**	1,860
Total amount recognised in profit or loss	**114,971**	82,138

(d) Honghu High School has a lease contract for school buildings that contains variable payments based on the number of students enrolled each year without any fixed payment. Management's objective is to align the lease expense with the revenue earned.

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 RMB1,091,000 (2023: RMB1,123,000), details of which are included in Note 4 to the financial statements.

As at 31 August 2024, the undiscounted minimum lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2024 *RMB'000*	2023 *RMB'000*
Within one year	**1,085**	962
After one year but within two years	**985**	699
After two years but within three years	**729**	679
After three years but within four years	**196**	496
After four years but within five years	**155**	110
After five years	**455**	64
Total	**3,605**	3,010

12. GOODWILL

The carrying amounts of goodwill as at 31 August 2024 and 2023 are as follow:

	2024 *RMB'000*	2023 *RMB'000*
Cost and net carrying amount at beginning of year	**16,413**	7,572
Acquisition of subsidiaries	**90,052**	8,841
Cost and net carrying amount at end of year	**106,465**	16,413

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units for impairment testing:

- Shanghai Heru Education Technology Company limited ("**Heru Education**") cash-generating unit ("**Heru Education CGU**");

- Sichuan Fengming Niepan cash-generating unit ("**Sichuan Fengming Niepan CGU**");

- Kinderworld Kindergarten cash-generating unit ("**Kinderworld Kindergarten CGU**"); and

- FARMILY cash-generating unit ("**FARMILY CGU**").

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	2024	2023
	RMB'000	*RMB'000*
Heru Education CGU	**85,798**	–
Sichuan Fengming Niepan CGU	**8,841**	8,841
Kinderworld Kindergarten CGU	**7,572**	7,572
FARMILY CGU	**4,254**	–
Total	**106,465**	16,413

The recoverable amount of each of the above CGUs 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 management. The growth rate used to extrapolate the cash flows of the above CGUs beyond the five-year period is 0% and the inflation rate is 2.3%, which are based on management's expectation on the future market.

Assumptions were used in the value in use calculation of the above CGUs as at 31 August 2024. 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 earnings before interest and taxes ("**EBIT**") is the average EBIT achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Pre-tax discount rate – The pre-tax discount rate reflects the risks relating to the relevant CGUs, and 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 pre-tax discount rate used in the value-in-use calculation for each CGU is as follow:

	2024	2023
Heru Education CGU	**14%**	N/A
Sichuan Fengming Niepan CGU	**16%**	16%
Kinderworld Kindergarten CGU	**17%**	17%
FARMILY CGU	**14%**	N/A

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

13. TRADE RECEIVABLES

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

	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**11,967**	17,448
Over 3 months	**6,395**	–
Total	**18,362**	17,448

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 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

	2024	2023
	RMB'000	*RMB'000*
Current portion:		
Security deposits	**18,774**	5,387
Prepayments	**33,052**	11,129
Advances to staff	**33,380**	25,868
Loans to third parties	**15,394**	14,260
Deductible input value-added tax	**17,544**	10,259
Other receivables	**10,415**	5,943
Subtotal	**128,559**	72,846
Non-current portion:		
Prepayments for property, plant and equipment	**3,573**	2,549
Deductible input value-added tax	**58,762**	79,317
Prepayments for other intangible assets	**–**	2,301
Prepayments for acquisitions	**–**	24,688
Prepayments for the acquisition of land use rights	**–**	15,062
Subtotal	**62,335**	123,917
Total	**190,894**	196,763

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 2024 and 31 August 2023, 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 period, based on the invoice date, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**52,918**	46,533
3 to 6 months	**821**	20
Over 6 months	**2,888**	513
Total	**56,627**	47,066

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

16. OTHER PAYABLES AND ACCRUALS

	2024	2023
	RMB'000	*RMB'000*
Accrued bonuses and other employee benefits	**201,857**	185,864
Miscellaneous advances from students*	**42,974**	33,012
Payables for purchase of property, plant and equipment	**139,090**	149,961
Performance deposits from suppliers	**33,125**	26,667
Interest payable	**7,935**	8,145
Payables for restricted shares repurchase obligation	**14,824**	17,076
Payables for acquisition of subsidiaries	**42,429**	–
Other payables and accrued expenses	**127,624**	91,285
Total	**609,858**	512,010

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

Other payables are non-interest-bearing and have an average term of three months.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of RMB4.08 cents (equivalent to 4.42 HK cents, according to the central parity rate of Renminbi to Hong Kong dollars as announced by the People's Bank of China on 25 November 2024, i.e. RMB0.92408 equivalent to HKD1.00) (Year ended 31 August 2023: RMB2.34 cents) per Share for the year ended 31 August 2024 to be paid on Monday, 10 February 2025 to the Shareholders whose names appear on the register of members of the Company on Monday, 27 January 2025, representing a dividend payout of approximately RMB86.0 million (equivalent to approximately HKD93.1 million). 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 Thursday, 16 January 2025, the register of members of the Company will be closed from Monday, 13 January 2025 to Thursday, 16 January 2025, both days inclusive, during which period no transfer of Shares will be registered. In order to be qualified for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai for registration not later than 4:30 p.m. on Friday, 10 January 2025.

For determining the entitlement to the proposed final dividend (subject to the approval by Shareholders at the AGM) for the year ended 31 August 2024, the register of members of the Company will be closed from Thursday, 23 January 2025 to Monday, 27 January 2025, 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 Wednesday, 22 January 2025.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 August 2024, the Group employed 5,668 employees (as at 31 August 2023: 5,029).

The staff costs, including Directors' emoluments, net of government grant released and subsidies received, of the Group were approximately RMB721.8 million for the Reporting Year (2023: approximately RMB566.4 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 the listing date, the Company adopted the Pre-IPO Restricted Share Award Scheme and the Share Option Scheme on 15 January 2018 and 24 June 2018, respectively. For details of the schemes, please refer to the Prospectus.

On 17 December 2018, the Company adopted the Restricted Share Award Scheme. For details of such scheme, please refer to the announcement of the Company dated 17 December 2018.

Pursuant to the Share Option Scheme, the Company may issue (upon exercise of all options to be granted thereunder) up to a maximum of 200,000,000 Shares. On 10 March 2023, the Company granted an aggregate of 61,000,000 share options (where each share option shall entitle the relevant grantee to subscribe for one Share) to eligible participants pursuant to the Share Option Scheme. For further details, please refer to the announcement of the Company dated 10 March 2023 and the circular of the Company dated 6 April 2023.

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

During the year ended 31 August 2024, the Company repurchased a total of 25,324,000 Shares ("**Shares Repurchased**") on the Stock Exchange, at an aggregate consideration of HKD77,468,455 (inclusive of the payment of trading fees, levies and commissions in the aggregate amount of HKD167,608). The Company believed that the then prevailing trading prices of the Shares were lower than its intrinsic value and did not fully reflect the business prospects of the Company, and that the various share repurchases reflected the Company's long-term confidence in its operational growth outlook and financial position, increased the net asset value and earnings per Share, and were in the best interests of the Company and the Shareholders. Details of the Shares Repurchased are as follows:

Month	**No. of Shares repurchased**	**Price paid per Share**		**Aggregate consideration**
		Highest *(HKD)*	**Lowest** *(HKD)*	*(HKD)*
September 2023	4,698,000	2.60	2.33	11,473,918
November 2023	292,000	3.13	3.00	901,024
December 2023	6,632,000	3.30	2.79	20,523,427
January 2024	6,485,000	3.17	2.85	19,525,519
February 2024	4,238,000	3.22	2.59	12,227,123
March 2024	2,238,000	4.53	4.16	9,724,502
June 2024	356,000	4.65	4.37	1,612,114
August 2024	385,000	3.93	3.77	1,480,828
Total	25,324,000	4.65	2.33	77,468,455

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. As at 31 August 2024, the Company did not have any treasury shares (as defined under the Listing Rules).

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 C3 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 2024.

CORPORATE GOVERNANCE

During the year ended 31 August 2024, the Company has complied with all applicable code provisions set out in the CG Code contained in Appendix C1 to the Listing Rules, save and except for the following deviation.

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

The Board believes that it is in the interest of the Company and its Shareholders for Mr. Luo Shi to assume the responsibilities of such positions, given that Mr. Luo Shi is the founder of the Company and has extensive experience in the operation and management of the Company. The Board also considers that such arrangement will not impair the balance of power and authority between the Board and the management as the Board comprises six other experienced individuals during the year ended 31 August 2024. 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 7 Directors, 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 the Board level and across the workforce, and is 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 D.3.3 of the CG Code. The primary duties of the Audit Committee are to assist the Board by providing an independent view of the financial controls, risk management and internal control systems of the Group, overseeing the audit process and performing other duties and responsibilities as assigned by the Board.

The Audit Committee, together with the management of the Company, has discussed matters concerning risk management and internal control, auditing and financial reporting and reviewed the annual results and the consolidated financial statements of the Group for the year ended 31 August 2024.

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 2024, but represents an extract from the consolidated financial statements for the year ended 31 August 2024 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 2024.

EVENTS AFTER THE REPORTING YEAR

On 16 August 2024, the Board proposed to (i) make certain amendments (the "**Proposed Amendments**") to the second amended and restated memorandum and articles of association of the Company (the "**Existing M&A**") and (ii) adopt the third amended and restated memorandum and articles of association of the Company (the "**New M&A**") incorporating and consolidating all the Proposed Amendments, in substitution for, and to the exclusion of, the Existing M&A. The Proposed Amendments and the proposed adoption of the New M&A were approved by Shareholders at the extraordinary general meeting of the Company held on 27 September 2024. For details, please refer to the announcements of the Company dated 16 August 2024 and 27 September 2024 and the circular of the Company dated 6 September 2024.

On 24 October 2024, the Company granted an aggregate of 9,400,000 share options (where each share option shall entitle the relevant grantee to subscribe for one Share) to eligible participants pursuant to the Share Option Scheme. For further details, please refer to the announcement of the Company dated 24 October 2024.

Save as disclosed, there were no significant events of the Group after 31 August 2024 and up to the date of this announcement.

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 2024 will be published on the aforesaid websites of HKEXnews and the Company in due course.

APPRECIATION

The Board would like to express its sincere gratitude to the Shareholders, management team, employees, business partners and customers of the Group for their support and contribution to the Group.

DEFINITIONS

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

"AGM"	annual general meeting of the Company scheduled to be held on Thursday, 16 January 2025
"Audit Committee"	a committee of the Board established by the Board for the purpose of overseeing the accounting and financial reporting processes of the Company and audits of the financial statements of the Company
"Board"	the board of Directors of the Company
"Company"	Tianli International Holdings Limited (天立國際控股有限公司), a company incorporated in the Cayman Islands with limited liability on 24 January 2017, the Shares of which are listed on the Main Board of the Stock Exchange
"CG Code"	Corporate Governance Code as set out in part 2 of Appendix C1 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
"HKD" and "HK cent(s)"	Hong Kong dollar and cent(s) respectively, the lawful currency of Hong Kong
"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 announcement, 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 2024
"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 order of the Board
Tianli International Holdings Limited
Luo Shi
Chairman, Executive Director and Chief Executive Officer

The PRC, 25 November 2024

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