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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 2025

FINANCIAL HIGHLIGHTS

	For the year ended 31 August 2025 RMB'000	For the year ended 31 August 2024 RMB'000	Change RMB'000	Percentage Change
Revenue	3,588,901	3,320,898	268,003	8.1%
Gross profit	1,213,533	1,118,969	94,564	8.5%
Profit for the year	648,130	556,162	91,968	16.5%
Adjusted profit for the year	617,588	577,414	40,174	7.0%
EARNINGS PER SHARE				
ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY				
	RMB	RMB	RMB	
Basic	32.25 cents	27.51 cents	4.74 cents	17.2%
Diluted	31.86 cents	27.23 cents	4.63 cents	17.0%
	RMB	RMB	RMB	
Total dividend per Share	9.68 cents	8.25 cents	1.43 cents	17.3%
Dividend payout ratio	30%	30%	–	–

Calculation of the adjusted profit for the year

	For the year ended 31 August 2025 <i>RMB'000</i>	For the year ended 31 August 2024 <i>RMB'000</i>
Profit for the year	648,130	556,162
Add/(Less):		
Share of profits of a joint venture and associates	(900)	(13,712)
Equity-settled share award scheme and share option scheme expenses	25,549	41,373
Foreign exchange losses/(profits)	(830)	8,838
Depreciation and amortisation arising from valiative appreciation	9,768	10,983
Net gains on acquired subsidiaries	–	(26,230)
Reversal of impairment losses on property, plant and equipment	(99,996)	–
Impairment losses on goodwill	8,841	–
Impairment losses on financial assets	2,696	–
Deferred tax recognised in respect of impairment losses	24,330	–
Adjusted profit for the year	<u>617,588</u>	<u>577,414</u>

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 the PRC. We provide customers with comprehensive education management and diversified services. During the Reporting Year, we provided comprehensive education service to 53,900 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.

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 34 students won the first prize in the Provincial Competition of National League in the five subjects of physics, chemistry, mathematics, biology and informatics, and 12 persons were selected for the provincial competition team and won 3 gold 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 2025 Gaokao, 399 of our high school graduates received college acceptance letters from the world's top 50 universities, representing an increase of 127 students compared to 272 students in 2024. Among them, 26 students were enrolled into the world's top 10 universities under Quacquarelli Symonds (QS) rankings: 2 were admitted to Imperial College London (ranked second by QS), 1 was admitted to University of Oxford ((ranked third by QS); 2 were admitted to University of Cambridge (ranked fifth by QS) and 21 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; approximately 58% attained the entry requirements of first-tier universities in the PRC; and the developing schools also achieved "low-in, high-out" results, with the undergraduate enrolment rate and the first-tier university enrolment rate increasing by 32% and 14%, respectively, compared to the initial matriculation scores of the students.

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 58 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 2025, the number of full-time teachers employed by our self-owned schools was 2,610 (as of 31 August 2024:2,446).

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 18 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

Number	School name	Principal business
1	Luzhou Longmatan Tianli Elementary School (<i>Note 1</i>)	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 Xipu 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 (<i>Note 1</i>)	Elementary school and Middle school
30	Chengdu Pidu Tianli School (<i>Note 1</i>)	Integrated school

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

Notes:

1. Approximately 83.34% of equity interest of Luzhou Longmatan Tianli Elementary School, 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.

Prospects

In order to safeguard the sustainable development of the Group and to protect the long-term interests of the Company and its Shareholders, the Group will continue to deepen the construction of the school quality system, satisfy the personalised education needs of more families with higher quality further diversified education services, and promote the absolute competitive advantage of the schools in the local area through all aspects and multiple dimensions. At the same time, the Company will also increase its efforts in streamlining administration and staff, and further enhance the Group's operational management efficiency and maintain steady operations through measures such as digital upgrade and process re-engineering. There were approximately 60,000 high school students in the Company's school network as at the beginning of the 2025 fall semester, representing an increase of approximately 11% compared to approximately 54,000 high school students as at the beginning of the 2024 fall semester.

In active response to the national call for digital education and to deeply explore quality improvement and efficiency enhancement of education services in the AI era, the Group has, after prudent consideration, established AI as a core strategic direction for future development. The Group's self-developed "Qiming AI Companion (啟鳴 AI 學伴)" large model successfully passed the national generative artificial intelligence service filing in June 2025. Integrating over 20 years of the Group's teaching content, this system now possesses comprehensive functional modules including personalised profile establishment, precise learning analysis, multi-modal teaching and explanation, and personalised homework correction.

Currently, the Group's AI series products primarily cover AI Bootcamp (AI 衝刺營), AI Intelligent Study Hub (AI 智習室), AI Classrooms (AI 課堂), and diverse further education guidance services. These products have progressively completed market rollout and effectiveness validation.

Looking ahead, the Group's AI smart education business will follow an "internal and external dual circulation" development model. Internally, through deep application within our school network, we can address the academic shortcomings among underperforming students, enhance the overall quality of schools, optimise the teacher-student ratio structure, and truly achieve cost reduction and efficiency improvement in operations. Externally, we will leverage our nationwide school network, resources, and brand reputation advantages to continuously expand external market presence and services, and by harnessing AI education capabilities, fortify the Company's competitive moat within the industry.

FINANCIAL REVIEW

Set out below includes the key highlights for the financial results for the year ended 31 August 2024 and the year ended 31 August 2025.

	Year ended 31 August 2025 <i>RMB'000</i> (Audited)	Year ended 31 August 2024 <i>RMB'000</i> (Audited)
Revenue	3,588,901	3,320,898
Cost of sales	<u>(2,375,368)</u>	<u>(2,201,929)</u>
GROSS PROFIT	1,213,533	1,118,969
Other income and gains	35,233	50,273
Selling and distribution expenses	(72,489)	(70,531)
Administrative expenses	(254,194)	(257,499)
Reversal of impairment losses on property, plant and equipment	99,996	–
Impairment losses on goodwill	(8,841)	–
Impairment losses on financial assets	(2,696)	–
Other expenses	(45,042)	(28,083)
Finance costs	(124,822)	(86,390)
Share of profits of:		
A joint venture	–	2,165
Associates	<u>900</u>	<u>11,547</u>
PROFIT BEFORE TAX	841,578	740,451
Income tax expense	<u>(193,448)</u>	<u>(184,289)</u>
PROFIT FOR THE YEAR	<u>648,130</u>	<u>556,162</u>

Revenue

The following table sets forth an analysis of revenue for the year ended 31 August 2024 and the year ended 31 August 2025:

	Year ended 31 August 2025 <i>RMB'000</i>	Year ended 31 August 2024 <i>RMB'000</i>
<i>Revenue from contracts with customers</i>		
Comprehensive educational services	1,867,960	1,744,945
Sales of products	992,266	918,923
Comprehensive logistical services	613,048	597,409
Management and franchise fees	<u>115,627</u>	<u>59,621</u>
Total revenue	<u>3,588,901</u>	<u>3,320,898</u>

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

Our revenue increased by 8.1% from approximately RMB3,320.9 million for the year ended 31 August 2024 to approximately RMB3,588.9 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 7.0% from approximately RMB1,744.9 million for the year ended 31 August 2024 to approximately RMB1,868.0 million for the Reporting Year, which is primarily due to the increase in high school students enrollment.

Revenue from the sales of products increased by 8.0% from approximately RMB918.9 million for the year ended 31 August 2024 to approximately RMB992.3 million for the Reporting Year, mainly due to the increase in revenue brought about by the Group's continuous enhanced supply chain channel layout in the areas covered by the school network this year.

The revenue from comprehensive logistical services increased by 2.6% from approximately RMB597.4 million for the year ended 31 August 2024 to approximately RMB613.0 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 93.9% from approximately RMB59.6 million for the year ended 31 August 2024 to approximately RMB115.6 million for the Reporting Year, primarily because of the addition of eight 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 2024 and the year ended 31 August 2025.

	Year ended 31 August 2025 <i>RMB'000</i>	Year ended 31 August 2024 <i>RMB'000</i>
Material consumption	474,367	424,517
Staff costs	517,162	520,269
Depreciation and amortization	260,597	243,117
Procurement cost of products	874,528	794,686
Teaching activity costs	207,308	178,937
Utilities	23,695	21,449
Others	17,711	18,954
Total	<u>2,375,368</u>	<u>2,201,929</u>

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 7.9% from approximately RMB2,201.9 million for the year ended 31 August 2024 to approximately RMB2,375.4 million for the Reporting Year, primarily due to the increase in revenue of 8.1% during the Reporting Year resulting in the corresponding increase in material consumption, product procurement costs, depreciation and amortization and teaching activity costs related to business operations.

Material consumption costs increased by 11.7% from RMB424.5 million for the year ended 31 August 2024 to RMB474.4 million for the Reporting Year, primarily due to the increase in the number of people to whom the comprehensive logistical services were provided and the increased expenditure on material costs to enhance service satisfaction during the Reporting Year.

Staff costs decreased by 0.6% from RMB520.3 million for the year ended 31 August 2024 to RMB517.2 million for the Reporting Year, primarily due to the operational data assessments for certain school districts did not meet expectations, resulting in a decrease in employee performance bonuses.

Depreciation and amortization costs increased by 7.2% from RMB243.1 million for the year ended 31 August 2024 to RMB260.6 million for the Reporting Year, primarily due to the repair and expansion work at some schools led to increased depreciation and amortisation.

Procurement cost of products increased by 10.0% from RMB794.7 million for the year ended 31 August 2024 to RMB874.5 million for the Reporting Year, primarily due to the increase in procurement costs as a result of an increase in product sales revenue of 8%.

Teaching activity costs increased by 15.9% from RMB178.9 million for the year ended 31 August 2024 to RMB207.3 million for the Reporting Year, primarily due to the increased number of senior high school students and the associated teaching service costs arising from the enhancement of teaching quality.

Utilities cost increased by 10.5% from RMB21.4 million for the year ended 31 August 2024 to RMB23.7 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 RMB1,213.5 million, representing an increase of 8.5% from approximately RMB1,119.0 million for the year ended 31 August 2024, primarily due to the increase in the number of high school students enrolled and the revenue from the Group's provision of comprehensive education services. The Group's gross profit margin for the Reporting Year was approximately 33.8%, representing a slight increase of 0.1 percentage points as compared with 33.7% for the year ended 31 August 2024.

Other Income and Gains

Other income and gains primarily consist of bank interest income, gain on bargain purchase, subsidy income, gain on waiver of other payables and other income.

Other income and gains decreased from approximately RMB50.3 million for the year ended 31 August 2024 to approximately RMB35.2 million for the Reporting Year, primarily because of the absence of gain on bargain purchase for the Reporting Year.

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 decreased by 1.3% from approximately RMB257.5 million for the year ended 31 August 2024 to approximately RMB254.2 million for the Reporting Year, primarily as a result of a decrease of equity-settled share option scheme expenses.

Reversal of Impairment Losses on Property, plant and equipment

As at 31 August 2021, the Group recognised impairment losses on property, plant and equipment of RMB1,085,236,000 due to the 2021 Implementation Regulations and deconsolidation of the Affected Business. During the Reporting Year, the Group has obtained operating licenses on art training for certain tuition schools, which favourably improved the estimated service potential of the respective property, plant and equipment and right-of-use assets occupied by the Affected Business. As at 31 August 2025, the Group recognised reversal of impairment losses on property, plant and equipment of approximately RMB100.0 million according to the impairment assessment performed. Details of assessment are set out in note 10 to financial statements.

Impairment Losses on Goodwill

Sichuan Fengming Niepan operates a Gaokao repetition education school to provide education services in Sichuan Province, the PRC. Sichuan Province has introduced a new model for its 2025 Gaokao, coupled with the corresponding college admission reforms, have led to a decline in the enrolment of new students for Autumn 2025 of this school, indicating a potential impairment of goodwill and assets of Sichuan Fengming Niepan as at 31 August 2025. The directors of the Company have therefore reassessed the cash flow projection and other input parameters in the value in use calculation with reference to the valuation performed by an independent qualified professional valuer engaged by the Group, and have recognised an impairment loss of RMB8,841,000 against goodwill of Sichuan Fengming Niepan as at 31 August 2025.

Impairment Losses on Financial Assets

Impairment losses on financial assets primarily consist of impairment of trade receivables. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns.

Other Expenses

Other expenses increased by 60.4% from RMB28.1 million for the year ended 31 August 2024 to RMB45.0 million for the Reporting Year, primarily due to property tax and land use tax paid during the Reporting Year.

Finance Costs

Finance costs increased by 44.5% from RMB86.4 million for the year ended 31 August 2024 to RMB124.8 million for the Reporting Year, primarily due to the absence of interest capitalised for the Reporting Year, which amounted to RMB33.0 million for the year ended 31 August 2024.

Income Tax

Income tax increased by 5.0% from approximately RMB184.3 million for the year ended 31 August 2024 to approximately RMB193.4 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 2025 was 23.0% (for the year ended 31 August 2024: 24.9%).

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The Shares were successfully listed on Main Board of the Stock Exchange on 12 July 2018. 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 2025, we had net current liabilities of approximately RMB2,126.2 million, as compared with net current liabilities of approximately RMB2,438.4 million as at 31 August 2024. Such decrease in net current liabilities was primarily attributable to the increase in long-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 2025, the Group had cash and cash equivalents of approximately RMB965.2 million (31 August 2024: approximately RMB1,349.0 million). The following table sets forth a summary of our cash flows for the year indicated:

	Year ended 31 August 2025 RMB'000 (Audited)	Year ended 31 August 2024 RMB'000 (Audited)
Net cash flow from operating activities	852,592	827,110
Net cash flow used in investing activities	(531,969)	(344,417)
Net cash flow used in financing activities	(705,007)	(559,872)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(384,384)	(77,179)
Net effect of foreign exchange rates	608	(6,174)
Cash and cash equivalents at the beginning of year	1,349,016	1,432,369
Cash and cash equivalents at the end of year as stated in the consolidated statement of financial position and cash flows	965,240	1,349,016

BORROWINGS AND GEARING RATIO

As at 31 August 2025, the Group had borrowings of approximately RMB2,379.0 million (31 August 2024: RMB2,053.0 million) and the Group's unutilised banking facilities was approximately RMB1,372.1 million. The Group's bank borrowings, of which RMB600.9 million were at fixed interest rates, were primarily used in financing the working capital requirement of its operations and school constructions.

As at 31 August 2025, the gearing ratio of the Group, calculated as the total interest-bearing borrowings divided by the total assets, was approximately 23.9% (31 August 2024: approximately 20.1%).

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 2025, 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 2025. 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 2025, our capital expenditures represented by the relevant cash outflows were approximately RMB403.6 million (the year ended 31 August 2024: approximately RMB406.8 million), which we funded primarily through cash generated from operations and bank facilities.

CONTINGENT LIABILITIES

As at 31 August 2025, the Group did not have any material contingent liabilities (31 August 2024: Nil).

CAPITAL COMMITMENTS

As at 31 August 2025, the Group had capital commitments contracted but not provided for property, plant and equipment amounting to approximately RMB48.0 million (31 August 2024: approximately RMB61.8 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 2024 (HKD million)	Net proceeds utilised during the year ended 31 August 2025 (HKD million)	Unutilised as at 31 August 2025 (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	67.65	67.65	0.00	Not applicable
Expansion of self-built and self-operated projects in first-tier and core cities	194.97	0.00	0.00	0.00	Not applicable
Repayment of bank loans	300.00	0.00	0.00	0.00	Not applicable

The Board of Tianli International Holdings Limited is pleased to announce the audited consolidated results of the Group for the year ended 31 August 2025.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2025

	<i>Notes</i>	2025 RMB'000	2024 <i>RMB'000</i>
REVENUE	4	3,588,901	3,320,898
Cost of sales		<u>(2,375,368)</u>	<u>(2,201,929)</u>
Gross profit		1,213,533	1,118,969
Other income and gains	4	35,233	50,273
Selling and distribution expenses		(72,489)	(70,531)
Administrative expenses		(254,194)	(257,499)
Reversal of impairment losses on property, plant and equipment		99,996	—
Impairment losses on goodwill		(8,841)	—
Impairment losses on financial assets		(2,696)	—
Other expenses		(45,042)	(28,083)
Finance costs	5	(124,822)	(86,390)
Share of profits of:			
A joint venture		—	2,165
Associates		900	11,547
PROFIT BEFORE TAX	6	841,578	740,451
Income tax expense	7	<u>(193,448)</u>	<u>(184,289)</u>
PROFIT FOR THE YEAR		<u>648,130</u>	<u>556,162</u>

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR			
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of a foreign operation		<u>(86)</u>	<u>21</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>648,044</u>	<u>556,183</u>
Profit attributable to:			
Owners of the Company		664,258	575,956
Non-controlling interests		<u>(16,128)</u>	<u>(19,794)</u>
		<u>648,130</u>	<u>556,162</u>
Total comprehensive income attributable to:			
Owners of the Company		664,172	575,977
Non-controlling interests		<u>(16,128)</u>	<u>(19,794)</u>
		<u>648,044</u>	<u>556,183</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
	9		
Basic		<u>RMB32.25 cents</u>	<u>RMB27.51 cents</u>
Diluted		<u>RMB31.86 cents</u>	<u>RMB27.23 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 AUGUST 2025

		2025	2024
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	10	4,988,083	4,969,301
Right-of-use assets	11(a)	2,261,382	2,448,695
Goodwill	12	97,624	106,465
Other intangible assets		35,598	38,418
Investments in associates		13,725	12,825
Prepayments, deposits and other receivables	14	249,497	62,335
Deferred tax assets		301,479	337,019
Total non-current assets		7,947,388	7,975,058
CURRENT ASSETS			
Inventories		20,383	26,457
Trade receivables	13	41,568	18,362
Prepayments, deposits and other receivables	14	203,799	128,559
Amounts due from related parties		778,273	686,892
Restricted deposits		1,594	—
Time deposits		9,782	9,372
Cash and cash equivalents		965,240	1,349,016
Total current assets		2,020,639	2,218,658
CURRENT LIABILITIES			
Trade payables	15	80,778	56,627
Other payables and accruals	16	365,377	609,858
Contract liabilities		1,299,544	1,346,460
Interest-bearing bank and other borrowings		755,365	740,943
Amounts due to related parties		1,030,044	1,425,543
Tax payable		213,684	185,848
Lease liabilities	11(b)	53,135	20,646
Deferred income		348,910	271,122
Total current liabilities		4,146,837	4,657,047
NET CURRENT LIABILITIES			
	2.1	(2,126,198)	(2,438,389)
TOTAL ASSETS LESS CURRENT LIABILITIES			
		5,821,190	5,536,669

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
NON-CURRENT LIABILITIES			
Lease liabilities	<i>11(b)</i>	308,053	459,468
Deferred tax liabilities		67,602	64,945
Deferred income		177,184	239,391
Interest-bearing bank and other borrowings		1,623,660	1,312,052
Amounts due to related parties		681,664	987,777
Total non-current liabilities		2,858,163	3,063,633
NET ASSETS		2,963,027	2,473,036
EQUITY			
Equity attributable to owners of the Company			
Issued capital		179,233	179,763
Treasury shares		(8,974)	(1,330)
Reserves		2,807,224	2,294,341
		2,977,483	2,472,774
Non-controlling interests		(14,456)	262
Total equity		2,963,027	2,473,036

NOTES TO FINANCIAL STATEMENTS

31 AUGUST 2025

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 of the Company concluded 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. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards (“**IASs**”) and Interpretations) as issued by the International Accounting Standards Board (the “**IASB**”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. 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 2025, the Group recorded net current liabilities of approximately RMB2,126,198,000 (31 August 2024: RMB2,438,389,000). Included in the current liabilities as at 31 August 2025 were contract liabilities and deferred income of RMB1,299,544,000 (31 August 2024: RMB1,346,460,000) and RMB348,910,000 (31 August 2024: RMB271,122,000), respectively. The Group had cash and cash equivalents of RMB965,240,000 as at 31 August 2025 (31 August 2024: RMB1,349,016,000).

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 RMB1,372,125,000 (31 August 2024: RMB844,000,000) which are available for drawdown within the next three years commencing from 31 August 2025; and
- (b) The directors of the Company have reviewed the Group's cash flow forecast prepared by the management, which covers a period of not less than twelve months from 31 August 2025. In the opinion of the directors of the Company, the Group will have sufficient working capital to meet its financial obligations 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 2025.

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.

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 August 2025. 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 revised IFRS Accounting Standards for the first time for the current year's financial statements.

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> <i>(the "2020 Amendments")</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i> <i>(the "2022 Amendments")</i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

The nature and the impact of the revised IFRS Accounting Standards are described below:

- (a) 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. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, 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 Group has reassessed the terms and conditions of its liabilities as at 1 September 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) 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. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING 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 new and revised IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ³
IFRS 19 and amendments to IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> ³
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ²
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ²
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
Amendments to IAS 21	<i>Lack of Exchangeability</i> ¹
<i>Annual Improvements to IFRS Accounting Standards – Volume 11</i>	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 ²

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual/reporting periods beginning on or after 1 January 2027

⁴ 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 *Amendments to the Classification and Measurement of Financial Instruments* 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 9 and IFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of initial application. Earlier application is permitted. The amendments to IFRS 9 and IFRS 7 shall be applied at the same time. 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.

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 Chinese Mainland and over 99% of Group's non-current assets are in Chinese Mainland, no further geographical information in accordance with IFRS 8 *Operating Segments* 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 (2024: nil).

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2025 RMB'000	2024 RMB'000
<i>Revenue from contracts with customers</i>		
Comprehensive educational services	1,867,960	1,744,945
Sale of products	992,266	918,923
Comprehensive logistical services	613,048	597,409
Management and franchise fees	115,627	59,621
Total	3,588,901	3,320,898

Revenue from contracts with customers

(i) *Disaggregated revenue information*

	2025 RMB'000	2024 RMB'000
Timing of revenue recognition		
Goods transferred at a point in time	1,093,943	1,008,345
Services transferred over time	2,494,958	2,312,553
Total	3,588,901	3,320,898

(ii) *Performance obligations*

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

Goods transferred at a point in time

The performance obligation is satisfied upon acceptance by the customers and payment in advance is normally required, except for customers with credit terms, where payment is generally due within 30 to 60 days from the acceptance by the customers.

Services transferred over time

Other than the Menu-ordering Canteen Operations, where goods are transferred at a point in time, the performance obligations for services are satisfied over time. This is because a customer simultaneously receives and consumes the benefits provided by the Group.

The amounts of transaction prices allocated to the remaining performance obligations are part of the contracts that has an original expected duration of one year or less. Thus, management applied the practical expedient under IFRS 15 and did not disclose the aggregate amount of the transaction prices allocated to the performance obligations that are unsatisfied or partially satisfied.

An analysis of other income and gains is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Other income		
Government grants	7,886	8,180
Bank interest income	2,925	8,866
Miscellaneous service income	2,450	1,893
Rental income	965	1,091
Others	4,356	2,376
Total other income	18,582	22,406
Gains		
Gain on waiver of lease payable, net of deposit paid	9,106	–
Gain on termination of leases	6,715	–
Foreign exchange gains, net	830	–
Gain on bargain purchase	–	27,050
Gain on disposal of financial assets at fair value through profit or loss	–	766
Gain on disposal of property, plant and equipment	–	51
Total gains	16,651	27,867
Total other income and gains	35,233	50,273

5. FINANCE COSTS

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest on bank and other borrowings	101,836	96,847
Interest on lease liabilities (<i>note 11(b)</i>)	22,300	21,849
Total interest expenses on financial liabilities not at fair value through profit or loss	124,136	118,696
Less: Interest capitalised (<i>note 10(b)</i>)	–	(32,962)
Subtotal	124,136	85,734
Other finance costs:		
Increase in discounted amounts of purchase obligations of non-controlling interests	686	656
Total	124,822	86,390
Interest rate of borrowing costs capitalised (%)	N/A	4.20-6.95

6. PROFIT BEFORE TAX

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

	Notes	2025 RMB'000	2024 RMB'000
Cost of inventories consumed		1,348,896	1,219,204
Cost of services provided		1,026,472	982,725
Employee benefit expense (excluding directors' and chief executive's remuneration)			
Wages and salaries		685,524	717,026
Equity-settled share award scheme expenses		2,580	3,418
Equity-settled share option scheme expenses		13,403	12,477
Pension scheme contributions (defined contribution scheme)***		45,815	33,643
Welfare		69,847	54,260
Housing fund (defined contribution scheme)		18,719	15,273
Less: Government grants released*		(158,770)	(141,396)
Total		<u>677,118</u>	<u>694,701</u>
Depreciation of items of property, plant and equipment	10	187,384	170,794
Depreciation of right-of-use assets	11(a)	96,916	88,999
Amortisation of other intangible assets**		7,934	9,913
Reversal of impairment losses on property, plant and equipment	10	(99,996)	–
Loss/(gain) on disposal of items of property, plant and equipment, net		1,141	(51)
Auditor's remuneration		5,600	5,600
Lease payments not included in the measurement of lease liabilities**	11(c)	7,591	4,123
Research and development expenses		16,196	958
Impairment losses on goodwill	12	8,841	–
Impairment losses on financial assets		2,696	–
Equity-settled share option scheme expenses for a non-employee		504	1,301
Bank interest income	4	(2,925)	(8,866)
Foreign exchange (gains)/losses, net		(830)	8,838
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)
Gain on termination of leases	4	(6,715)	–
Rental income	4	<u>(965)</u>	<u>(1,091)</u>

* 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 amortisation of other intangible assets for the year are included in "cost of sales" and "administrative expenses" 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:

	2025 RMB'000	2024 RMB'000
Current – Chinese Mainland		
Charge for the year	155,801	172,962
Overprovision in prior years	(550)	(1,343)
Deferred	38,197	12,670
Total	<u>193,448</u>	<u>184,289</u>

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 and/or operate to the tax expense at the effective tax rate is as follows:

	Notes	2025 RMB'000	2024 RMB'000
Profit before tax		<u>841,578</u>	<u>740,451</u>
Tax at the applicable tax rates:			
16.5%	(b)	(1,269)	284
25%		212,318	184,683
Lower tax rates enacted by local authorities	(c)	(73,018)	(61,217)
Income not subject to tax		(6,229)	(14,481)
Tax losses utilised from previous periods		(8,446)	(4,605)
Profits attributable to a joint venture and associates		(225)	(3,428)
Expenses not deductible for tax		5,550	7,967
Adjustments in respect of current tax of previous years		(550)	(1,343)
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries		910	–
Tax losses not recognised		<u>64,407</u>	<u>76,429</u>
Tax charge at the Group's effective rate		<u>193,448</u>	<u>184,289</u>

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 profits tax rate for a Hong Kong-incorporated subsidiary is 16.5%. No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong this year.
- (c) Pursuant to the PRC Income Tax Law and the respective regulations, all of the Company's subsidiaries established in the PRC were subject to the PRC corporate income tax ("CIT") at a rate of 25% during the year, except for the subsidiaries listed below:

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

Under the preferential income tax policy for small and micro enterprises, eligible entities include kindergartens as well as certain tutoring schools, high schools and school sponsors. Their taxable income is subject to PRC CIT at an effective rate of 5%.

Jingxi Tianli Education Consulting Co., Ltd. (“**Jingxi Tianli**”) operates in encouraged industries within the Guangxi Baise Pilot Zone, and has been qualified for a local CIT exemption (40% of the standard 25% tax rate). Additionally, Jingxi Tianli has been qualified as a small and micro-enterprise under preferential income tax policies, pursuant to which the effective tax rate for Jingxi Tianli has been reduced to 3%.

Shenzhou Hongyu (Zhuhai Hengqin) Management Consulting Co., Ltd. (“**Shenzhou Hongyu**”) and Dayan Zhiguang (Zhuhai Hengqin) Education Consulting Co., Ltd. (“**Dayan Zhiguang**”) have been recognised as qualified entities 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 and Dayan Zhiguang is levied at the preferential PRC CIT rate of 15%.

Sichuan Qiming Daren Technology Co., Ltd. (“**Sichuan Qiming**”) has been qualified as a “Double-soft Enterprise” and is entitled a full exemption from PRC CIT for two years from the first profit-making year and a 50% reduction on CIT for the subsequent three years. Sichuan Qiming enjoyed a full exemption from PRC CIT this year.

- (d) The share of tax attributable to a joint venture and associates amounting to nil (2024: RMB1,441,000) and RMB16,000 (2024: RMB19,000), respectively, is included in “share of profits of a joint venture and associates” in profit or loss.

8. DIVIDENDS

	2025 RMB'000	2024 RMB'000
Proposed final – RMB3.90 cents (2024: RMB4.08 cents) per ordinary share	81,745	85,994
Interim – RMB5.78 cents (2024: RMB4.17 cents) per ordinary share	121,893	88,237
Total	<u>203,638</u>	<u>174,231</u>

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:

	2025 RMB'000	2024 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculations	<u>664,258</u>	<u>575,956</u>

	Number of shares ('000)	
	2025	2024
Shares		
Weighted average number of ordinary shares outstanding	2,110,479[#]	2,146,255 [#]
Effect of the weighted average number of ordinary shares:		
Repurchased under the share award scheme	(56,030)	(56,548)
Treasury shares repurchased for cancellation	(29)	(30)
Weighted average number of vested ordinary shares granted under the share award plan	5,447	4,313
Adjusted weighted average number of ordinary shares used in the basic earnings per share calculation	2,059,867	2,093,990
Effect of dilution-weighted average number of ordinary shares:		
Share award scheme	2,891	1,814
Share options	21,981	19,160
Adjusted weighted average number of ordinary shares used in the diluted earnings per share calculation	2,084,739	2,114,964

[#] The weighted average number of shares was after taking into account the effect of treasury shares held.

10. PROPERTY, PLANT AND EQUIPMENT

	Buildings and structures <i>RMB'000</i>	Furniture and fixtures <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Devices and equipment <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
31 August 2025						
At 1 September 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
At 1 September 2024,						
net of accumulated depreciation	4,601,788	76,287	160,150	76,649	54,427	4,969,301
Additions	–	9,570	9,549	10,884	77,668	107,671
Impairment losses reversed to profit or loss	99,996	–	–	–	–	99,996
Disposals	–	(484)	–	(1,017)	–	(1,501)
Depreciation provided during the year (<i>note 6</i>)	(97,471)	(27,768)	(31,814)	(30,331)	–	(187,384)
Transfer from construction in progress	74,667	3,051	203	4,686	(82,607)	–
At 31 August 2025,						
net of accumulated depreciation and impairment	4,678,980	60,656	138,088	60,871	49,488	4,988,083
At 31 August 2025:						
Cost	6,067,817	198,145	208,688	186,227	49,488	6,710,365
Accumulated depreciation and impairment	(1,388,837)	(137,489)	(70,600)	(125,356)	–	(1,722,282)
Net carrying amount	4,678,980	60,656	138,088	60,871	49,488	4,988,083

	Buildings and structures <i>RMB'000</i>	Furniture and fixtures <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Devices and equipment <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
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	<u>(1,299,966)</u>	<u>(80,740)</u>	<u>(18,231)</u>	<u>(65,163)</u>	<u>–</u>	<u>(1,464,100)</u>
Net carrying amount	<u>4,086,292</u>	<u>80,911</u>	<u>141,751</u>	<u>90,096</u>	<u>55,683</u>	<u>4,454,733</u>
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 (<i>note 6</i>)	(91,396)	(28,981)	(20,555)	(29,862)	–	(170,794)
Transfer from construction in progress	<u>298,678</u>	<u>5,321</u>	<u>5,525</u>	<u>3,860</u>	<u>(313,384)</u>	<u>–</u>
At 31 August 2024, net of accumulated depreciation and impairment	<u>4,601,788</u>	<u>76,287</u>	<u>160,150</u>	<u>76,649</u>	<u>54,427</u>	<u>4,969,301</u>
At 31 August 2024:						
Cost	5,993,150	186,008	198,936	171,674	54,427	6,604,195
Accumulated depreciation and impairment	<u>(1,391,362)</u>	<u>(109,721)</u>	<u>(38,786)</u>	<u>(95,025)</u>	<u>–</u>	<u>(1,634,894)</u>
Net carrying amount	<u>4,601,788</u>	<u>76,287</u>	<u>160,150</u>	<u>76,649</u>	<u>54,427</u>	<u>4,969,301</u>

Notes:

- (a) As at 31 August 2025, the Group was in the process of obtaining the relevant property ownership certificates for certain buildings with a net carrying amount of approximately RMB695,769,000 (31 August 2024: RMB867,580,000). 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 nil (2024: RMB32,962,000) (note 5).
- (c) Impairment assessments on property, plant and equipment and right-of-use assets

As at 31 August 2021, the Group recognised impairment losses on property, plant and equipment of RMB1,085,236,000 due to the 2021 Implementation Regulations and deconsolidation of the Affected Business. In accordance with the Group's accounting policies, each asset or CGU is evaluated annually at the end of the reporting period to determine whether there are any indicators of impairment or that previously recognised impairment losses no longer exist or have decreased. During the year, the Group has obtained operating licenses on art training for certain tuition schools, which favourably improved the estimated service potential of the respective property, plant and equipment and right-of-use assets occupied by the Affected Business, management identified indicators that previously recognised impairment losses have decreased as at 31 August 2025.

In assessing whether there is an impairment or reversal of impairment, the carrying value of each of the CGUs is compared with its recoverable amount. The recoverable amount is the higher of the CGU's fair value less costs of disposal and value-in-use ("VIU"). For the purpose of the impairment assessment, property, plant and equipment and right-of-use assets occupied by the Affected Business and showing indications of reversal of impairment are treated as separate CGUs which represented three separate CGUs. The Group performed impairment assessments with reference to valuation performed by an independent qualified professional valuer engaged by the Group on such assets based on VIU calculations using cash flow projections based on financial budgets approved by senior management. The pre-tax discount rate applied in the cash flow projections for CGU 1, CGU2 and CGU3 was 15.8%, 16.9% and 17.4%, respectively.

Based on the above-mentioned impairment assessments, the recoverable amounts, carrying amounts as at 31 August 2025 and the reversal of impairment losses allocated to each CGU are as follows:

	Recoverable amount <i>RMB'000</i>	Carrying amount as if no impairment losses recognised in prior years <i>RMB'000</i>	Carrying amount <i>RMB'000</i>	Reversal of impairment losses <i>RMB'000</i>
CGU 1	158,971	357,296	98,411	60,560
CGU 2	62,624	62,743	39,101	23,523
CGU 3	96,599	38,900	22,987	15,913
Total	318,194	458,939	160,499	99,996

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 land use rights from the government with periods of 30 to 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings and other premises generally have lease terms between 2 and 20 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) *Right-of-use assets*

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

	Buildings and other premises	Land use rights	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 31 August 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 (<i>note 6</i>)	(45,366)	(43,633)	(88,999)
Lease modification	169,522	–	169,522
At 31 August 2024 and 1 September 2024	458,965	1,989,730	2,448,695
Additions	105,261	–	105,261
Depreciation charge (<i>note 6</i>)	(49,476)	(47,440)	(96,916)
Lease termination	(195,658)	–	(195,658)
At 31 August 2025	319,092	1,942,290	2,261,382

(b) *Lease liabilities*

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

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount at beginning of year	480,114	239,610
New leases	105,261	54,810
Acquisition of subsidiaries	–	44,129
Accretion of interest recognised during the year (<i>note 5</i>)	22,300	21,849
Payments	(33,996)	(49,806)
Waiver of lease payments	(10,118)	–
Lease modification	–	169,522
Lease termination	(202,373)	–
Carrying amount at end of year	361,188	480,114
Analysed into:		
Current portion	53,135	20,646
Non-current portion	308,053	459,468

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

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities (<i>note 5</i>)	22,300	21,849
Depreciation charge of right-of-use assets (<i>note 6</i>)	96,916	88,999
Expense relating to leases of low-value assets (included in cost of sales and administrative expenses)	4,260	1,568
Variable lease payments not included in the measurement of lease liabilities (included in cost of services provided)*	3,331	2,555
Total amount recognised in profit or loss	126,807	114,971

* Honghu Shenzhou Tianli Senior High School Company Limited 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 RMB965,000 (2024: RMB1,091,000), details of which are included in note 4 to financial statements.

As at 31 August 2025, the undiscounted minimum lease payments receivable by the Group in future periods under operating leases with its tenants were as follows:

	2025 RMB'000	2024 RMB'000
Within one year	1,148	1,085
After one year but within two years	903	985
After two years but within three years	330	729
After three years but within four years	347	196
After four years but within five years	246	155
After five years	360	455
Total	3,334	3,605

12. GOODWILL

	<i>RMB'000</i>
At 1 September 2023:	
Cost and net carrying amount	16,413
Cost at 1 September 2023, net of accumulated impairment	16,413
Acquisition of subsidiaries	90,052
At 31 August 2024	106,465
At 31 August 2024:	
Cost and net carrying amount	106,465
Cost at 1 September 2024, net of accumulated impairment	106,465
Impairment during the year (<i>note 6</i>)	(8,841)
At 31 August 2025	97,624
At 31 August 2025:	
Cost	106,465
Accumulated impairment	(8,841)
Net carrying amount	97,624

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following CGUs for impairment testing:

- Shanghai Heru Education Technology Company Limited CGU (“**Heru Education CGU**”);
- Sichuan Fengming Niepan Education Management Co., Ltd. CGU (“**Sichuan Fengming Niepan CGU**”);
- Chengdu Wuhou Kinderworld International kindergarten CGU (“**Kinderworld Kindergarten CGU**”);
and
- FARMILY Tourism Co., Ltd CGU. (“**FARMILY CGU**”)

The carrying amounts of goodwill allocated to each of CGUs are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Heru Education CGU	85,798	85,798
Sichuan Fengming Niepan CGU	–	8,841
Kinderworld Kindergarten CGU	7,572	7,572
FARMILY CGU	4,254	4,254
Total	97,624	106,465

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 the 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 1.1%, 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 2025. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill.

Budgeted number of student intake – The budgeted number of student intake is based on the historical data and management’s expectation on the future market.

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 follows:

	2025	2024
Heru Education CGU	12.7%	13.6%
Sichuan Fengming Niepan CGU	15.9%	16.2%
Kinderworld Kindergarten CGU	13.4%	17.0%
FARMILY CGU	10.7%	13.6%

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

Sichuan Fengming Niepan CGU operates a College Entrance Examination (“**Gaokao**”) repetition education school to provide education services in Sichuan Province, the PRC. Sichuan Province has introduced a new model for its 2025 Gaokao, coupled with the corresponding college admission reforms, have led to a decline in the enrolment of new students for Autumn 2025 of this CGU, indicating a potential impairment of goodwill and assets of Sichuan Fengming Niepan CGU as at 31 August 2025. The directors of the Company have therefore reassessed the cash flow projection and other input parameters in the value in use calculation with reference to the valuation performed by an independent qualified professional valuer engaged by the Group, and have recognised an impairment loss of RMB8,841,000 against goodwill of Sichuan Fengming Niepan CGU as at 31 August 2025.

Other than Sichuan Fengming Niepan CGU, no impairment loss was recognised for other CGUs as at 31 August 2025.

In the opinion of the directors of the Company, a reasonably possible change in the key assumptions of cash flow projections of the respective CGUs would cause their carrying amounts to exceed their corresponding recoverable amounts.

For Heru Education CGU, the headroom was RMB16,328,000 as at 31 August 2025. If the number of student intake in the subsequent years of the forecast period dropped by 4.5%, or the pre-tax discount rate increased from 12.7% to 14.2% while other parameters remain constant, an impairment of goodwill would be recognised.

For Kinderworld Kindergarten CGU, the headroom was RMB1,539,000 as at 31 August 2025. If the number of student intake in the subsequent years of the forecast period dropped by 2.9%, or the pre-tax discount rate increased from 13.4% to 16.6% while other parameters remain constant, an impairment of goodwill would be recognised.

For FARMILY CGU, the headroom was RMB1,704,000 as at 31 August 2025. If the number of student intake in the subsequent years of the forecast period dropped by 4.7%, or the pre-tax discount rate increased from 10.7% to 13.8% while other parameters remain constant, an impairment of goodwill would be recognised.

13. TRADE RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	43,431	18,362
Impairment	(1,863)	—
Net carrying amount	<u>41,568</u>	<u>18,362</u>

Trade receivables mainly represented receivables from sale of goods and management and franchise fees. Advance payment is normally required for sale of goods, except for certain customers with credit terms. The credit period is generally one month for customers. There is no fixed credit term for management and franchise fee payments. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables amounts of sale of goods as at the end of the reporting period, based on the acceptance date by customers and net of loss allowance, is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 3 months	18,938	11,967
3 to 6 months	7,091	132
6 to 9 months	6,465	85
9 to 12 months	4,712	330
Over 12 months	4,362	5,848
Total	<u>41,568</u>	<u>18,362</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
At beginning of year	—	—
Impairment losses, net	1,863	—
At end of year	<u>1,863</u>	<u>—</u>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The trade receivables derived from entrustment fees of RMB27,483,000 are mainly from local governments, which subject to impairment assessment under the general approach and the impairment is considered to be minimal.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	As at 31 August 2025		
	Expected credit loss rate	Gross carrying amount	Expected credit losses
Impairment based on collective assessment by credit risk portfolio			
Within 3 months	2.02%	12,015	243
3 to 6 months	12.32%	1,542	190
6 to 9 months	30.28%	1,265	383
9 to 12 months	84.33%	504	425
Over 12 months	100.00%	622	622
Total	11.68%	15,948	1,863

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
<i>Current portion:</i>		
Prepayments	55,183	33,052
Receivables from disposal of shares held under the share award scheme	46,978	—
Advances to staff	28,641	33,380
Advances to local government	26,394	14,394
Security deposits	21,699	18,774
Deductible input value-added tax and prepaid income tax	14,828	17,544
Other receivables	10,889	11,415
Impairment allowance	(813)	—
Subtotal	203,799	128,559
<i>Non-current portion:</i>		
Prepayments for the acquisition of land use rights	200,023	—
Deductible input value-added tax and prepaid income tax	48,624	58,762
Prepayments for property, plant and equipment	850	3,573
Subtotal	249,497	62,335
Total	453,296	190,894

The Group has applied the general approach to provide for expected credit losses for the financial assets included in prepayments, deposits and other receivables under IFRS 9. The Group considered the historical loss rate and adjusted it for forward-looking macroeconomic data in calculating the expected credit loss rate.

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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 3 months	64,999	52,918
3 to 6 months	4,728	821
Over 6 months	11,051	2,888
Total	<u>80,778</u>	<u>56,627</u>

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

16. OTHER PAYABLES AND ACCRUALS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Accrued bonuses and other employee benefits	67,317	201,857
Miscellaneous advances from students*	31,100	42,974
Payables for purchase of property, plant and equipment	81,017	139,090
Performance deposits from suppliers	34,258	33,125
Interest payable	9,099	7,935
Advances received from restricted share award scheme	12,572	14,824
Payables for acquisition of subsidiaries	6,000	42,429
Other payables and accrued expenses	124,014	127,624
Total	<u>365,377</u>	<u>609,858</u>

* 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 no fixed terms of settlement.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of RMB3.90 cents (equivalent to 4.29 HK cents, according to the central parity rate of Renminbi to Hong Kong dollars as announced by the People's Bank of China on 28 November 2025, i.e. RMB0.9099 equivalent to HKD1.00) (Year ended 31 August 2024: RMB4.08 cents) per Share for the year ended 31 August 2025 to be paid on Friday, 27 February 2026 to the Shareholders whose names appear on the register of members of the Company on Tuesday, 10 February 2026, representing a dividend payout of approximately RMB81.75 million (equivalent to approximately HKD89.92 million) (based on the number of issued Shares as at the date of this announcement, excluding 13,227,000 Shares repurchased but not yet cancelled of even date). 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 Wednesday, 28 January 2026, the register of members of the Company will be closed from Friday, 23 January 2026 to Wednesday, 28 January 2026, both days inclusive, during which period no transfer of Shares will be registered. In order to be qualified for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai for registration not later than 4:30 p.m. on Thursday, 22 January 2026.

For determining the entitlement to the proposed final dividend (subject to the approval by Shareholders at the AGM) for the year ended 31 August 2025, the register of members of the Company will be closed from Friday, 6 February 2026 to Tuesday, 10 February 2026, both days inclusive, during which period no transfer of Shares will be registered. In order to be qualified for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai for registration not later than 4:30 p.m. on Thursday, 5 February 2026.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 August 2025, the Group employed 6,096 employees (as at 31 August 2024: 5,668).

The staff costs, including Directors' emoluments, net of government grant released and subsidies received, of the Group were approximately RMB689.2 million for the Reporting Year (2024: approximately RMB721.8 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 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.

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

During the year ended 31 August 2025, the Company repurchased a total of 12,061,000 Shares ("**Shares Repurchased**") on the Stock Exchange, at an aggregate consideration of HKD43,117,079 (inclusive of the payment of trading fees, levies and commissions in the aggregate amount of HKD89,929). 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 (HKD)
		Highest (HKD)	Lowest (HKD)	
September 2024	7,584,000	3.87	3.13	26,171,342
December 2024	1,805,000	4.10	3.73	7,095,294
August 2025	2,672,000	3.71	3.60	9,850,443
Total	12,061,000			43,117,079

During the Reporting Period, the trustee of the Restricted Share Award Scheme sold a total of 13,000,000 shares on the Stock Exchange for an aggregate cash consideration of HK\$51,535,000 (equivalent to approximately RMB46,978,000) in accordance with the rules of the Restricted Share Award Scheme and the terms of the trust deed. 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 2025, 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 2025.

CORPORATE GOVERNANCE

During the year ended 31 August 2025, 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 seven other experienced individuals during the year ended 31 August 2025. 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.

Ms. Li Xiaomei has been appointed as a non-executive Director with effect from 24 December 2024. Following the appointment of Ms. Li Xiaomei as a non-executive Director, the Company has complied with the requirement of Rule 13.92 of the Listing Rules.

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 2025.

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 2025, but represents an extract from the consolidated financial statements for the year ended 31 August 2025 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 2025.

EVENTS AFTER THE REPORTING YEAR

There were no significant events of the Group after 31 August 2025 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 2025 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 Wednesday, 28 January 2026
“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 2025
“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, 28 November 2025

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, Mr. Pan Ping and Ms. Li Xiaomei as non-executive Directors and Mr. Liu Kai Yu Kenneth, Mr. Yang Dong and Mr. Cheng Yiqun as independent non-executive Directors.