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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Luo Shi *(Chairman)*
Mr. Wang Rui
Ms. Yang Zhaotao *(Resigned on 26 January 2022)*

Non-executive Director

Mr. Tian Mu *(resigned on 22 November 2022)*

Independent Non-executive Directors

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

BOARD COMMITTEES

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square
Grand Cayman KY1-1102
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17/F, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

JOINT COMPANY SECRETARIES

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

AUTHORISED REPRESENTATIVES

Mr. Wang Rui
Ms. Zhang Xiao

LEGAL ADVISOR AS TO HONG KONG LAW

Jingtian & Gongcheng LLP
Suites 3203-3207, Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

REGISTERED OFFICE IN CAYMAN ISLANDS

PO Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

HEADQUARTER IN THE PRC

Tower T25
Qingyang Industrial Zone
Chengdu
Sichuan Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKS

Industrial and Commercial Bank of China
Agricultural Bank of China
China Citic Bank

STOCK CODE

1773

COMPANY WEBSITE

http://www.tianlieducation.com

Corporate Profile

We are a leading comprehensive education service operator in Western region of the PRC. We provide customers with comprehensive education management and diversified services. As at the end of the 2021/2022 academic year, the number of high school students enrolled in the Group's school network is 17,185. At the beginning of the fall semester of 2022, the number of high school students enrolled in the Group's school network increased to 25,524, representing an increase of 48.5%. With a strong presence in Sichuan province where the Group is based in, our school spans across 33 cities in Inner Mongolia, Shandong, Henan, Guizhou, Jiangxi, Zhejiang,Yunnan, Gansu, Anhui, Guangxi, Chongqing and Hubei. As at 31 August 2022, the Group principally provided students with comprehensive education services in 43 schools.

We have an over 20-year track record in providing educational services that focus on the development of each child's strengths and potential and promotion of life-long learning and growth. We design and develop our educational programs to reflect the core of our educational philosophy, "Six Establishments and One Accomplishment (六立一達)", emphasizing the importance of solid academic performance in core subject areas while at the same time encouraging our students to explore individual interests and enhance physical fitness, and nurturing students' creativity, communication skills, independent thinking and sense of social responsibility.

Since our inception, our students have consistently achieved outstanding results in various academic examinations and contests, as well as in extra-curricular activities. Despite the expansion of our school network and the increasing number of high school students, our high school entrance examination rate has maintained a high level. In 2020, 2021 and 2022, approximately 96.3%, 93.2% and 90%, respectively, of the graduating high school students of our schools who participated in the Gaokao in the cities in which the relevant schools are located attained entry requirements to universities in the PRC, and approximately 75.5%, 67.1% and 60% attained entry requirements to first tier universities in the PRC, respectively.

We established a centralized and standardized management system which we believe is essential to the success of our business as it enables us to integrate our resources, enhance our operating efficiency and ensure the quality of our educational services. With our management system, we have been able to quickly expand our school network into new geographic locations and at the same time implement our quality standards across our school network. Looking forward, we will adhere to its strategic expansion nationwide through expansion of optimization with a focus of for-profit high schools, providing guidance for further diversified education. We are committed to strengthening our teaching quality and optimizing our "Six Establishments and One Accomplishment" education system. We strive for better services to our students and parents through excellence in school management and professionalism among our teaching staff. As a leading comprehensive education service operator, the Group serves as a complement of public education and contribute to the future pillars of our society.

Financial Highlights

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

Note: The adjusted profit/(loss) for the year from continuing operations was derived from profit/loss for the year excluding share of (profit)/losses of a joint venture and associates, impairment loss on non-current assets and other items which are not indicative of the Group's operating performance. These are not International Financial Reporting Standard ("**IFRS**") measures. Please see the tables headed "Calculation of the adjusted profit/(loss) for the year/period from continuing operations" below for further details.

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

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

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Tianli International Holdings Limited (formerly known as "Tianli Education International Holdings Limited"), I am pleased to present the consolidated annual results of the Group for the year ended 31 August 2022.

Results

With the dedication and joint efforts of our staff, our Group has continuously expanded its presence, from 13 schools at the time of our listing on the Stock Exchange to 43 schools as at today. The number of students enrollment also recorded a speedy growth. As at the end of the 2021/2022 academic year, the number of high school students enrolled in the Group's school network is 17,185. At the beginning of the fall semester of 2022, the number of high school students enrolled in the Group's school network increased to 25,524, representing an increase of 48.5%. These results are the outcomes of the hard work of every single employee of the Group.

Key Developments

Having entered the fifth year after the listing on the Stock Exchange, we have provided comprehensive education service to 43 schools across Inner Mongolia, Shandong, Henan, Guizhou, Jiangxi, Zhejiang, Yunnan, Gansu, Anhui, Guangxi, Chongqing and Hubei. At presence, our school network spans 33 cities nationwide.

As expanding our presence nationwide would enhance our brand influence and strengthen our position to become one of the leading comprehensive education service operators in Western region of the PRC, we continue to seek cooperation with the local governments.

Our Mission and Education Quality

We uphold the vision of "Creating excellent Tianli Education and fostering fruitful lives for students and teachers (締造卓越天立教育，成就師生幸福人生)"

Outlook

Our brand awareness has been significantly increasing since our listing in 2018, smoothing our paths in school expansion.

Looking ahead, we will adhere to strategic expansion nationwide through expansion of optimization with a focus of for-profit high schools, providing guidance for further diversified education to students. We will improve education quality in all aspects and provide better services to students and parents through strengthening the teaching and research capabilities of all subjects and perfecting construction system of the Lida Program continuously to improve school management standard and professionalism among our teaching staff.

Acknowledgement

Last but not the least, on behalf of the Board, I would like to share our appreciation to all students, parents, government authorities and our Shareholders for the continuous support for and trust in our Group. I also would like to express my gratitude to our staff for the dedication which contributes to our Group's promising performance in all aspects.

Luo Shi
Chairman

22 November 2022

Financial Summary

RESULTS OF OPERATIONS

	Year ended 31 August 2022 RMB'000	Eight months ended 31 August 2021 RMB'000	Year ended 31 December 2020 RMB'000 (restated)	2019 RMB'000	2018 RMB'000
Revenue	**884,372**	345,184	426,564	917,355	640,533

ASSETS AND LIABILITIES

	As at 31 August 2022 RMB'000	As at 31 August 2021 RMB'000	As at 31 December 2020 RMB'000	2019 RMB'000	2018 RMB'000
Total non-current assets	**5,925,078**	5,177,850	5,639,891	4,013,171	2,494,472
Total current assets	**2,206,033**	2,615,533	1,786,192	709,842	1,301,315
Total current liabilities	**3,814,580**	4,778,789	2,253,953	1,377,215	1,019,917
NET CURRENT (LIABILITIES)/ ASSETS	**(1,608,547)**	(2,163,256)	(467,761)	(667,373)	281,398
TOTAL ASSETS LESS CURRENT LIABILITIES	**4,316,531**	3,014,594	5,172,130	3,345,798	2,775,870
Total non-current liabilities	**2,437,616**	1,226,727	1,818,996	864,391	483,908
Net assets	**1,878,915**	1,787,867	3,353,134	2,481,407	2,291,962
EQUITY					
Equity attributable to owners of the Company					
Issued capital	**183,022**	184,042	184,042	176,375	176,375
Reserves	**1,668,774**	1,579,934	3,128,053	2,262,608	2,082,163
	1,851,796	1,763,976	3,312,095	2,438,983	2,258,538
Non-controlling interests	**27,119**	23,891	41,039	42,424	33,424
Total equity	**1,878,915**	1,787,867	3,353,134	2,481,407	2,291,962

Our Schools

With a strong presence in Sichuan province where the Group is based in, our school spans across 33 cities in Inner Mongolia, Shandong, Henan, Guizhou, Jiangxi, Zhejiang, Yunnan, Gansu, Anhui, Guangxi, Chongqing and

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 report, the national and local governments have not yet issued corresponding classification management regulations and rules in respect of the Implementation Regulations. We will continue to monitor the implementation of the Implementation Regulations in different regions and continue to assess its subsequent impact on the Company and will make further announcement(s) as and when appropriate.

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

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

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

The Affected Business

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

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

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

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

Prospects

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

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

Financial Review

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

The revenue from study trip services increased by 115.8% from approximately RMB17.4 million for the eight months ended 31 August 2021 to approximately RMB37.6 million for the Reporting Year, primarily due to the Reporting Year being four months longer than that of last year and an increase in the number of participants of study tours in the year. The study trip services include the Group

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

Administrative Expenses

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

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

Interest Expenses

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

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

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

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

	Year ended 31 August 2022 (Audited) RMB'000	Eight months ended 31 August 2021 (Audited) RMB'000
Net cash flow from operating activities	**736,527**	1,596,717
Net cash flow used in investing activities	**(796,494)**	(2,123,882)
Net cash flow (used in)/from financing activities		

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

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

CAPITAL EXPENDITURES

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

CONTINGENT LIABILITIES

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

CAPITAL COMMITMENTS

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

SEGMENT INFORMATION

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

USE OF PROCEEDS FROM PLACING AND SUBSCRIPTION

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

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

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

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

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

OTHER FUND RAISING ACTIVITIES

Directors and Senior Management

THE BOARD OF DIRECTORS

As the date of this Report, the Board consists of five Directors, comprising two executive Directors and three independent non-executive Directors. The functions and duties of the Board include convening Shareholders' meetings, reporting on the Board's work at these meetings, implementing the resolutions passed in these meetings, determining business and investment plans, formulating our annual budget and final accounts, and

Mr. WANG Rui (王銳), aged 41, has been the chief financial officer, an executive Director and a joint company secretary of the Company since 31 January 2018. Mr. Wang is also a member of the remuneration committee of the Company. Meanwhile, Mr. Wang is also director of certain subsidiaries or schools of the Group. Prior to joining our Group, Mr. Wang worked for Xi'an Titan Holdings Co., Ltd. (西安天朗控股有限公司) as the general manager of the finance department from June 2014 to February 2015 responsible for financial operation, and Longfor Properties Co., Ltd. (龍湖地產有限公司) as project financial manager of Chongqing branch company and Beijing branch company, risk and audit manager of the group and chief financial officer of Dalian branch company from June 2008 to April 2014, responsible for financial, risk control and audit work. From June 2007 to June 2008, he served as a senior financial manager of New Hope Properties Development Co., Ltd. (新希望房地產開發有限公司) to oversee matters relating to the financial accounting of the company. He acted as an accountant of China Vanke Co., Ltd. (萬科企業股份有限公司) from July 2004 to April 2007.

Mr. Wang obtained his bachelor's degree in accounting from Southwest University of Finance and Economics (西南財經大學) in July 2004.

Independent non-executive Directors

Mr. LIU Kai Yu Kenneth (廖啟宇), aged 53, was appointed as an independent non-executive Director of the Company on 24 June 2018. Mr. Liu is also the chairman of the audit committee of the Company and a member of the nomination committee of the Company. Mr. Liu has been an independent non-executive director of Sisram Medical Ltd. (stock code: 1696.HK) since 30 August 2017, Hangzhou Tigermed Consulting Co., Ltd. (stock code: 300347.SZ and 3347.HK) since 1 April 2020, and Fourace Industries Group Holdings Limited (stock code: 1455. HK) since 21 August 2020. He worked at Hong Kong Exchanges and Clearing Limited (stock code: 388. HK) from June 2004 to October 2016, with his last position as assistant vice president in IPO Transactions, Listing & Regulatory Affairs Division. Prior to that, he worked at VC CEF Capital Limited (now known as VC Capital Limited) from September 2000 to May 2003, with his last position as an assistant manager in the corporate finance department. He also worked as an audit officer in the internal audit department of Kowloon-Canton Railway Corporation from January 2000 to September 2000, an assistant manager of the audit and control division of the Hong Kong branch of Banque Nationale de Paris from August 1996 to September 1997, an accountant at Ernst & Young from August 1994 to May 1996, and a junior accountant in the audit department of Kwan Wong Tan & Fong (merged with Deloitte Touche Tohmatsu in 1997) from May 1994 to August 1994. Mr. Liu obtained a bachelor's degree in mechanical engineering from the Imperial College of Science, Technology and Medicine of the University of London in August 1991 and a master of business administration degree in international banking and finance from the University of Birmingham in December 1998. Mr. Liu has been a member of the Hong Kong Institute of Certified Public Accountants since July 1999 and a fellow of the Association of Chartered Certified Accountants since April 2004.

Mr. YANG Dong (楊東), aged 60, was appointed as an independent non-executive Director of the Company on 24 June 2018. Mr. Yang is also a member of each of the audit committee and the remuneration committee of the Company. Mr. Yang has over 30 years' experience in the education industry in Sichuan. He has been a teacher in Chengdu Normal University since May 2012, and the Vice President, the General Secretary and the Legal Representative of Sichuan Society for Taoxingzhi Studies since May 2021. Prior to that, he was a teacher at the Elementary Teachers Tutoring Center of Sichuan Province from June 1997 to May 2012, and a chief editor of a magazine for vocational school students from June 1994 to May 1996. He also worked with Educational Science and Research Institute of Leshan from January 1992 to May 1997 and with Education Committee of Dazhu Country, Dazhou of Sichuan Province from August 1984 to December 1991, and was a middle school teacher in Dazhu County, Dazhou of Sichuan Province from August 1983 to July 1984. Mr. Yang graduated from Normal Academy of Da County (達縣師範專科學校) (currently Sichuan University of Arts and Science (四川文理學院)) with an undergraduate degree majoring in Chinese language and literature in July 1983. He was qualified as a higher education teacher in June 2012.

Mr. CHENG Yiqun (程益群), aged 52, was appointed as an independent non-executive Director of the Company on 24 June 2018. Mr. Cheng is also a member of the audit committee and nomination committee and the chairman of the remuneration committee of the Company. Mr. Cheng has been an independent non-executive director of Golden Throat Holdings Group Co., Ltd. (stock code: 6896.HK) since 10 February 2015 and has been an independent director of Guangdong Faith Long Crystal Technology Co., Ltd (廣東惠倫晶體科技股份有限公司) (stock code: 300460.SZ) since 2 July 2021. Mr. Cheng has over 20 years' experience in providing legal services. He joined Commerce & Finance Law Offices in 2001 and has been a partner since 2009. Mr. Cheng obtained a bachelor's degree in laws from Wuhan University in Wuhan, Hubei Province, the PRC in July 1997. Mr. Cheng is a PRC practicing lawyer recognized by the Ministry of Justice of the PRC in August 2009.

SENIOR MANAGEMENT

Mr. LUO Shi (羅實), aged 50, was appointed as a Director on 24 January 2017, appointed as an executive Director on 31 January 2018 and was designated as the chairman of the Board and the chief executive officer of the Company on 26 June 2018. Please refer to " **)**

Report of Directors

The Board presents their report together with the audited financial statements of the Company and its subsidiaries for the year ended 31 August 2022.

GENERAL INFORMATION

The Company was incorporated in the Cayman Islands and registered as an exempted company with limited liability under the Companies Law Chapter 22 of the Cayman Islands on 24 January 2017. The principal place of business of the Company in Hong Kong is located at 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong.

The Company's Shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 12 July 2018.

PRINCIPAL ACTIVITIES AND SUBSIDIARIES

The Company is a leading comprehensive education service provider in Western region of the PRC. We primarily offer comprehensive education management and diversified services to our customers.

8. Our school students' academic performance may fall and satisfaction with our educational services may decline.

DIVIDEND POLICY

In considering the payment of dividends, the Company takes various factors into account, including but not limited to the Company's financial performance, the business conditions and strategies, the capital requirements, statutory and regulatory restrictions and any other factors which the Company may deem relevant.

The declaration and payment of future dividends will depend upon, among other things, financial condition, future earnings, cash flow, liquidity level, business prospects and other relevant factors. Our Company endeavours to enhance shareholders return by way of dividend distribution. However, any dividend payment to shareholders is not guaranteed.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of RMB2.29 cents (equivalent to HK2.49 cents, according to the central parity rate of Renminbi to Hong Kong dollars as announced by the People's Bank of China on 22 November 2022, i.e. RMB0.91859 equivalent to HKD1.00) (Eight months ended 31 August 2021: Nil) per share of the Company for the year ended 31 August 2022 to be paid on Wednesday, 15 February 2023 to the Shareholders whose names appear on the register of members of the Company on Tuesday, 10 January 2023, representing a dividend payout of approximately RMB49.33 million (equivalent to approximately HKD53.70 million) and dividend payout ratio of 50% for the year ended 31 August 2022 (Eight months ended 31 August 2021: Nil). The recommendation of payment of the final dividend is subject to the shareholders' approval at the forthcoming AGM of the Company.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM to be held on Friday, 30 December 2022, the register of members of the Company will be closed from Friday, 23 December 2022 to Friday, 30 December 2022, both days inclusive, during which period no transfer of shares will be registered. In order to be qualified for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai for registration not later than 4:30 p.m. on Thursday, 22 December 2022.

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

FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Company for the most recent five financial years is set out in the section headed "Financial Summary" on pages 8 to 9 of this report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment during the year are set out in note 13 to the consolidated financial statements.

BANK BORROWINGS

Particulars of bank borrowings of the Group as at 31 August 2022 are set out in note 28 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 29 to the consolidated financial statements.

RESERVES

Details of the movements in the reserves of the Group during the year ended 31 August 2022 are set out in the section headed "Consolidated Statement of Changes in Equity" on pages 82 to 83 of this report. The distributable reserves of the Company as at 31 August 2022 were RMB1,319 million.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the five largest customers in aggregate accounted for less than 10% of the total sales for the year ended 31 August 2022.

Purchases from the Group's five largest suppliers in aggregate accounted for less than 15% of the total purchases for the year ended 31 August 2022.

PERMITTED INDEMNITY

In accordance with article 33.1 of the Company's Articles of Association, every Director or other officer of the **In DIRECTOR0 1 k/TT1 1 Tf0.028 Tc 0.075 Tw 9 0 0 9 56.6929 406.3644 /C.120 Tconsolidaor others7ing the year e**

CONTINUING CONNECTED TRANSACTIONS

As disclosed in the Prospectus, the following transactions of the Group constituted non-exempt continuing connected transactions for the Group for year ended 31 August 2022.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Set out below is a summary of non-exempt continuing connected transactions for the Group, which are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. All capitalized terms used in this section shall have the same meaning defined in the Prospectus, unless otherwise specified.

(1) New Agreement

On 19 June 2018, the Company entered into a school construction cooperation framework agreement with Nanyuan Construction (the "**School Construction Framework Agreement**"), pursuant to which Nanyuan Construction will, if engaged by our PRC Operating Entities, provide construction services, including construction, rectification and maintenance, for schools sponsored/owned by our PRC Operating Entities. The term of the School Construction Framework Agreement is three years commencing on 1 January 2018. In light of the business needs of the Company and the benefits of continuing the existing transactions with Nanyuan Construction, the Company proposed to increase the annual caps for the procurement of construction services by setting new annual caps for the three years ended 31 December 2021 under a new framework agreement dated 16 April 2019 (the "**New School Construction Framework Agreement**"). The New School Construction Framework Agreement and the proposed annual caps for New School Construction Framework Agreement were approved at the extraordinary general meeting on 10 July 2019. Pursuant to the New School Construction Framework Agreement, if our PRC Operating Entities and schools sponsored by us, at their option, select and engage Nanyuan Construction to provide school construction services, a separate agreement will be entered into in respect of each school construction project between the relevant entities of both parties which will set out the scope of services for such project and the specific terms and conditions pursuant to the principles stipulated in the New School Construction Framework Agreement.

As the New School Construction Framework Agreement expired on 31 December 2021, Tianli Education entered into a new agreement with Nanyuan Construction on 9 September 2021 (the "**2021 School Construction Framework Agreement**") pursuant to which the New School Construction Framework Agreement is renewed for a term of three years from 1 September 2021 to 31 August 2024. The 2021 School Construction Framework Agreement and the proposed annual caps for the 2021 School Construction Framework Agreement were approved at the extraordinary general meeting held on 13 October 2021. The annual caps under the 2021 School Construction Framework Agreement for the three years ending 31 August 2024 are as follows:

	For the year ending 31 August 2022 (RMB'000)	For the year ending 31 August 2023 (RMB'000)	For the year ending 31 August 2024 (RMB'000)
Annual Caps	1,500,000	750,000	600,000

During the year ended 31 August 2022, the transaction amounts between the Company and Nanyuan Construction under the 2021 School Construction Framework Agreement paid/payable by the Company was approximately RMB618.47 million.

Nanyuan Construction is wholly-owned by Tianli Holding, and Mr. Luo Shi, a Controlling Shareholder, controls an aggregate 75.80% of Tianli Holding's voting rights. Pursuant to Rule 14A.07(1), as Mr. Luo Shi, a Controlling Shareholder, is a connected person of our Company, Nanyuan Construction is therefore a 30%-controlled company (as defined in Rule 14A.13(3)) indirectly held by a connected person as described in Rule 14A.07(1), and hence an associate of Mr. Luo Shi and a connected person of our Company.

(2) Structured Contracts

Background

As disclosed in the section headed "Structured Contracts – Operation of the Structured Contracts – Background of the Structured Contracts" in the Prospectus, PRC laws and regulations currently prohibit foreign ownership of primary and middle school in the PRC and restrict the operation of preschools, high schools and tutorial centers to Sino-foreign ownership, in addition to imposing a qualification requirement on foreign owners. Further, government approval in respect of Sino-foreign ownership has been withheld. As a result, our Group, through the wholly-owned subsidiary of our Company, Tibet Yongsi, has entered into the Structured Contracts so that we can conduct our business operations indirectly in the PRC through our PRC Operating Entities while complying with applicable PRC laws and regulations. The Structured Contracts are designed to provide our Group with effective control over the financial and operational policies of our PRC Operating Entities and, to the extent permitted by PRC law and regulations, the right to acquire the equity interest in and/or the assets of our PRC Operating Entities after the Listing through Tibet Yongsi. As we operate our K-12 and tutorial center education business through our PRC Operating Entities, which are controlled by Tianli Education, and we do not hold any direct equity interest in our PRC Operating Entities, the Structured Contracts were entered into pursuant to which all material business activities of our PRC Operating Entities are instructed and supervised by our Group, through Tibet Yongsi. Except for Affected Business as mentioned in the section headed "Regulatory Updates" in Management Discussion and Analysis, economic benefits arising from other business activities of our PRC Operating Entities are transferred to our Group.

Risks relating to our Structured Contracts

The Company believes the following risks are associated with the Structured Contacts. Further details are set out in on pages 49 to 57 of the Prospectus.

- The PRC government may determine that the Structured Contracts do not comply with applicable PRC laws and regulations, which may subject to severe penalties, and our business may be materially and adversely affected.

- Structured Contracts may not be as effective in providing control over schools which may be acquired by the Company in the future through direct ownership.

- The owners of the PRC Operating Entities may have conflicts of interest with the Company, which may materially and adversely affect the business and financial condition of our Company.

- The school sponsor interests in the PRC Operating Schools held by the registered shareholders are not capable of being pledged in favor of our wholly foreign-owned enterprise, Tibet Yongsi, under PRC laws. The Structured Contracts with respect to the PRC Operating Schools contain alternative arrangements that may not achieve the level of protection equivalent to typical contractual arrangements with equity pledge arrangements.

- The exercise of the option by the Company to acquire the sponsor interests or equity interests of the PRC Operating Entities may be subject to certain limitations and may incur substantial costs.

- Structured Contracts may be subject to scrutiny by PRC tax authorities and additional tax may be imposed, which may materially and adversely affect the results of operation and the value of the investment of our investors.

- Certain terms of the Structured Contracts may not be enforceable under PRC laws.

- The Company relies on dividend and other payments from Tibet Yongsi to pay dividends and other cash distributions to our shareholders and any limitation on the ability of Tibet Yongsi to pay dividends to the Company would materially and adversely limit our ability to pay dividends to our shareholders.

- The PRC Operating Entities may be subject to limitations on their ability to operate private education business or make payments to related parties.

- If any of the PRC Operating Entities becomes subject to winding up or liquidation proceedings, the Company may lose the ability to use certain important assets, which could negatively impact the business and materially and adversely affect the ability to generate revenue.

- If the Company is not able to execute or manage its overseas expansion strategies effectively, the ability to capitalize on new business opportunities would be hindered.

Impact of the Implementation Regulations on the Structured Contracts

As disclosed in the section headed "Regulatory Updates" in Management Discussion and Analysis, the legal enforceability of the Structured Contracts against the Affected Business is in substantial uncertainty from 1 September 2021, the effective date of the Implementation Regulations. Taking into account the advice from the Group's PRC legal advisors, the Board is of the opinion that the Group's ability to acquire variable returns through Exclusive Business Cooperation Agreement from Affected Business has been terminated since 1 September 2021.

As at the date of this report, 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.

Below is a summary of the Structured Contracts. For details, please refer to the section headed "Structured Contracts" of the Prospectus.

(1) Exclusive Business Cooperation Agreement

Pursuant to the Exclusive Business Cooperation Agreement, Tibet Yongsi shall provide technical services, management support and consulting services necessary for the private education business, and in return, our PRC Operating Entities shall make payments accordingly.

(2) Exclusive Call Option Agreement

Under the Exclusive Call Option Agreement, the Registered Shareholders and Tianli Education have irrevocably granted Tibet Yongsi or its designated purchaser the right to purchase all or part of the school sponsor interests or equity interests in the PRC Operating Entities owned by the Registered Shareholders and the relevant PRC Operating Entities ("**Call Option**"). The purchase price payable by Tibet Yongsi in respect of the transfer of such school sponsor interests or equity interests upon exercise of the Call Option shall be the lowest price permitted under the PRC laws and regulations. Tibet Yongsi or its designated purchaser shall have the right to purchase such proportion of the school sponsor interests or equity interests of related PRC Operating Entities as it decides at any time.

(3) School Sponsor's and Directors' Rights Entrustment Agreement

Pursuant to the School Sponsor's and Directors' Rights Entrustment Agreement, our PRC Operating Entities have irrevocably authorized and entrusted Tibet Yongsi to exercise all their rights as school sponsor to the extent permitted by PRC laws. These rights include, but are not limited to: (a) the right to appoint and/or elect directors of the schools; (b) the right to appoint and/or elect supervisors of the schools; (c) the right to understand the operation and financial situation of the schools; (d) the right to review the resolutions and records of the Board and financial statements and reports of the schools; (e) the right to obtain reasonable returns as school sponsor of the schools in accordance with the laws and the articles of association of each school; (f) the right to acquire residual assets upon liquidation of the schools in accordance with the laws and the articles of association of each school; (g) the right to transfer school sponsor interest in accordance with the laws; (h) the right to choose for the school to be a for-profit school or not-for-profit school pursuant to applicable PRC laws and regulations and the articles of association of each school as amended from time to time; and (i) other school sponsor's rights pursuant to applicable PRC laws and regulations and the articles of association of each school as amended from time to time.

(4) School Sponsor's Powers of Attorney

Pursuant to the School Sponsor's Powers of Attorney executed by the relevant PRC Operating Entities who are school sponsors for our PRC Operating Schools in favor of Tibet Yongsi, each of the relevant PRC Operating Entities authorized and appointed Tibet Yongsi as its agent to act on its behalf to exercise or delegate the exercise of all its rights as school sponsor of each of our PRC Operating Schools. For details of the rights granted, see the paragraph headed "Structured Contracts – Operation of the Structured Contracts – Summary of the Material Terms of the Structured Contracts – (3) School Sponsor's and Directors' Rights Entrustment Agreement" of the Prospectus.

(5) Directors' Powers of Attorney

Pursuant to the Directors' Powers of Attorney executed by each of the Appointees in favor of Tibet Yongsi, each of the Appointees authorized and appointed Tibet Yongsi as his/her agent to act on his/her behalf to exercise or delegate the exercise of all of his/her rights as directors of our PRC Operating Schools. For details of the rights granted, see the paragraph headed "Structured Contract – Operation of the Structured Contracts – Summary of the Material Terms of the Structured Contracts – (3) School Sponsor's and Directors' Rights Entrustment Agreement" of the Prospectus.

(6) Shareholders' Rights Entrustment Agreement

Pursuant to the Shareholders' Rights Entrustment Agreement, the Registered Shareholders and our PRC Operating Entities has irrevocably authorized and entrusted Tibet Yongsi to exercise all of his/its respective rights as shareholders of the relevant PRC Operating Entities to the extent permitted by the PRC laws. These rights include, but are not limited to: (a) the right to attend shareholders' meetings; (b) the right to exercise voting rights in respect of all matters discussed and resolved at the shareholders' meeting; (c) the right to appoint directors or legal representative; (d) the right to propose to convene interim shareholders' meetings; (e) the right to sign all shareholders' resolutions and other legal documents; (f) the right to instruct the directors and legal representative to act in accordance with the instruction of Tibet Yongsi; (g) the right to exercise all other rights and voting rights of shareholders as prescribed under the articles of association of the relevant PRC Operating Entities as amended from time to time, including the right to declare any dividends, or sell, transfer, pledge or dispose of all or part of the equity interests of the relevant PRC Operating Entities; (h) the right to handle the legal procedures of registration, approval and licensing at the education department, the department of civil affairs or other government regulatory departments; (i) the right to exercise the voting rights in cases of bankruptcy, liquidation or termination of the relevant PRC Operating Entities, and to acquire the residual assets in any of such event; and (j) other shareholders' rights pursuant to applicable PRC laws and regulations and the articles of association of the relevant PRC Operating Entities as amended from time to time.

In addition, the Registered Shareholders and our PRC Operating Entities have irrevocably agreed that (i) Tibet Yongsi may delegate its rights under the Shareholders' Rights Entrustment Agreement to its designated person, without prior notice to or approval by the Registered Shareholders; and (ii) any person as successor of civil rights of Tibet Yongsi or liquidator by reason of subdivision, merger, liquidation of Tibet Yongsi or other circumstances shall have authority to replace Tibet Yongsi to exercise all rights under the Shareholders' Rights Entrustment Agreement.

(7) Shareholders' Powers of Attorney

Pursuant to the Shareholders' Powers of Attorney executed by the Registered Shareholders and our PRC Operating Entities who are shareholders of our PRC Operating Companies in favor of Tibet Yongsi, each of the Registered Shareholders and the relevant PRC Operating Entities authorized and appointed Tibet Yongsi, as his or its agent to act on his or its behalf to exercise or delegate the exercise of all his or its rights as shareholders of the relevant PRC Operating Companies. For details of the rights granted, see the paragraph headed "Structured Contracts – Operation of the Structured Contracts – Summary of the Material Terms of the Structured Contracts – (6) Shareholders' Rights Entrustment Agreement" of the Prospectus.

(8) Spouse Undertakings

Pursuant to the Spouse Undertakings, the respective spouse of the Registered Shareholders has irrevocably undertaken that:

(a) the spouse has full knowledge of and has consented to the entering into of the Structured Contracts by the respective Registered Shareholders, and in particular, the arrangement as set out in the Structured Contracts in relation to the restrictions imposed on the direct or indirect equity interest in Tianli Education, pledge or transfer the direct or indirect equity interest in Tianli Education, or the disposal of the direct or indirect equity interest in Tianli Education in any other forms;

(b) the spouse authorizes the respective Registered Shareholders or his authorized person to execute all necessary documents and perform all necessary procedures from time to time for and on behalf of the spouse in relation to the spouse's equity interest in Tianli Education (direct or indirect) in order to safeguard the interest of Tibet Yongsi under the Structured Contracts and give effect to the fundamental purposes thereunder, and confirms and agrees to all such documents and procedures;

(c) any undertaking, confirmation, consent and authorization under the Spouse Undertakings shall not be revoked, prejudiced, invalidated or otherwise adversely affected by any increase, decrease, consolidation or other similar events relating to the direct or indirect equity interest in Tianli Education;

(d) any undertaking, confirmation, consent and authorization under the Spouse Undertakings shall not be revoked, prejudiced, invalidated or otherwise adversely affected by death, loss of or restriction on capacity of the spouse, divorce or other similar events; and

(e) all undertakings, confirmations, consents and authorizations under the Spouse Undertakings shall continue to be valid and binding until otherwise terminated by both Tibet Yongsi and the spouses of the respective Registered Shareholders in writing.

The Spouse Undertakings shall have the same term as and incorporate the terms of the Exclusive Business Cooperation Agreement.

(9) Equity Pledge Agreement

Pursuant to the Equity Pledge Agreement, each of the Registered Shareholders unconditionally and irrevocably pledged and granted first priority security interests over all of his equity interest in Tianli Education together with all related rights thereto to Tibet Yongsi as security for performance of the Structured Contracts and all direct, indirect or consequential damages and foreseeable loss of interest incurred by Tibet Yongsi as a result of any event of default on the part of the Registered Shareholders or our PRC Operating Entities and all expenses incurred by Tibet Yongsi as a result of enforcement of the obligations of the Registered Shareholders or our PRC Operating Entities under the Structured Contracts.

(10) Loan Agreement

Pursuant to the Loan Agreement, Tibet Yongsi agreed to provide interest-free loans to Tianli Education in accordance with the PRC laws and regulations and Tianli Education agreed to utilize the proceeds of such loans to contribute as capital to our PRC Operating Schools directly or through the relevant PRC Operating Entity in its capacity as school sponsor of our PRC Operating Schools in accordance with our instructions. Both parties agree that all such capital contribution will be directly settled by Tibet Yongsi on behalf of Tianli Education.

Listing Rules Implication

Mr. Luo Shi is and will continue to be a Director and a Controlling Shareholder of our Company, and therefore a connected person of our Company under Rule 14A.07(1) of the Listing Rules.

Tianli Education is owned as to 99% by Mr. Luo Shi, and hence an associate of Mr. Luo Shi. Considering the above, Tianli Education is therefore a connected person of our Company under Rule 14A.12(1)(c) of the Listing Rules. Accordingly, the transactions contemplated under the Structured Contracts constitute continuing connected transactions of our Company under the Listing Rules.

Our Directors (including the independent non-executive Directors) were of the view that the Structured Contracts and the transactions contemplated thereunder are fundamental to our Group's legal structure and business operations, and that such transactions have been and shall be entered into in the ordinary and usual course of business of our Group, are on normal commercial terms, are fair and reasonable and are in the interests of our Company and our Shareholders as a whole. Accordingly, notwithstanding that the transactions contemplated under the Structured Contracts and any new transactions, contracts and agreements or renewals of existing agreements to be entered into between any of our PRC Operating Entities and any member of our Group technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, our Directors consider that, given that our Group is placed in a special situation in relation to the connected transactions rules under the Structured Contracts, it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to our Company if such transactions are subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among others, the announcement and independent Shareholders' approval requirements.

Application for Waiver

In view of the Structured Contracts, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with (i) the announcement, circular and Shareholders'

(e) Ongoing reporting and approvals

Our Group will disclose details relating to the Structured Contracts on an ongoing basis as follows:

- The Structured Contracts in place during each financial period will be disclosed in our Company's annual report in accordance with relevant provisions of the Listing Rules.

- Our independent non-executive Directors will review the Structured Contracts annually and confirm in our Company's annual report as per the section headed "Connected Transactions – Non-exempt Continuing Connected Transaction – Structured Contracts – Application for Waiver" of the Prospectus.

- Our Company's auditors will carry out procedures annually on the transactions carried out pursuant to the Structured Contracts as per the section headed "Connected Transactions – Non-exempt Continuing Connected Transaction – Structured Contracts – Application for Waiver" of the Prospectus.

- For the purpose of Chapter 14A of the Listing Rules, and in particular the definition of "connected person", each of our PRC Operating Entities will be treated as our Company's wholly-owned subsidiary, and at the same time, the directors, chief executives or substantial shareholders of each of our PRC Operating Entities and their respective associates will be treated as connected persons of our Company, and transactions between these connected persons and our Group, other than those under the Structured Contracts, will be subject to the requirements under Chapter 14A of the Listing Rules.

- Each of our PRC Operating Entities will undertake that, for so long as our Shares are listed on the Stock Exchange, each of our PRC Operating Entities will provide our Group's management and our Company's auditors full access to its relevant records for the purpose of our Company's auditors' review of the continuing connected transactions.

CONFIRMATION FROM INDEPENDENT NON-EXECUTIVE DIRECTORS

Our independent non-executive Directors have reviewed transactions under the 2021 School Construction Framework Agreement and the Structured Contracts for the year ended 31 August 2022 (the "**CCTs**"), and confirmed that:

1. the CCTs have been entered in the ordinary course of business of the Company and its subsidiaries;

2. the CCTs have been carried out under normal commercial terms or better;

RELATED PARTY TRANSACTIONS

The related party transactions undertaken during the year ended 31 August 2022 are set out in note 35 to the consolidated financial statements, among which, item (c) (1) also constituted continuing connected transaction as defined in Chapter 14A of the Listing Rules, while items (c)(3) and (c)(4) do not constitute connected transactions under Chapter 14A of the Listing Rules. The Company has complied with all disclosure requirements as set out in Chapter 14A of the Listing Rules. For details of the continuing connected transaction, please refer to the announcement and circular of the Company dated 9 September 2021 and 20 September 2021, respectively.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed for the year ended 31 August 2022.

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 August 2022, the interest and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or which will be required pursuant to the Model Code to be notified to the Company and the Stock Exchange are set out as follows:

Long position in shares of the Company

Name	Capacity/Nature of Interest	Number of

Notes:

(1) Mr. Luo Shi is an executive Director, the chairman and the chief executive officer of the Company and holds 100% of the issued share capital of Sky Elite Limited, which in turn holds 888,342,316 shares of the Company. In addition, Ms. Tu Mengxuan has been granted 1,956,520 shares under the Pre-IPO Restricted Share Award Scheme, 1,173,912 shares of which have been vested as at 31 August 2022. Ms. Tu Mengxuan is the spouse of Mr. Luo Shi. By virtue of the SFO, Mr. Luo Shi is deemed or taken to be interested in the shares in which Sky Elite Limited and Ms. Tu Mengxuan are interested. Furthermore, Mr. Luo Shi has been granted 6,521,733 shares under the Pre-IPO Restricted Share Award Scheme, which all have been vested as at 31 August 2022.

(2) Mr. Wang Rui is an executive Director and has been granted 1,956,520 shares under the Pre-IPO Restricted Share Award Scheme, which all have been vested as at 31 August 2022.

(3) Mr. Tian Mu is a non-executive Director who wholly-owns 100% of the issued share capital of Healthy and Peaceful Limited.

Save as disclosed above, as at 31 August 2022, none of the Directors and chief executive of the Company has any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 August 2022, to the best knowledge of the Directors, the following persons (other than being a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in the shares

Name	Capacity/Nature of Interest	Number of Shares held/ interested	Approximate percentage of interest
Sky Elite Limited *(Note 1)*	Beneficial interest	888,342,316	41.24%
Ms. Tu Mengxuan *(Note 2)*	Beneficiary of a trust	1,956,520	
	Interest of spouse	894,864,049	
		896,820,569	41.64%
TCT (BVI) Limited *(Note 3)*	Other	109,485,158	5.08%
THE CORE TRUST COMPANY LIMITED *(Note 3)*	Trustee	109,485,158	5.08%
First Beijing Investment Limited *(Note 4)*	Investment manager	108,634,000	5.04%

Save as disclosed above, as at 31 August 2022, none of the substantial or significant shareholders or other persons, other than the Directors and chief executives of the Company whose interest are set out in the section "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures" above, had any interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

Notes:

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

(2) Ms. Tu Mengxuan has been granted 1,956,520 shares under the Pre-IPO Restricted Share Award Scheme, 1,173,912 shares of which have been vested as at 31 August 2022. Ms. Tu Mengxuan is the spouse of Mr. Luo Shi. Under the SFO, Ms. Tu Mengxuan is deemed to be interested in the same number of Shares in which Mr. Luo Shi is interested.

(3) The Core Trust Company Limited controlled TCT (BVI) Limited as to 100% and hence was deemed to be interested in the shares or interests held by TCT (BVI) Limited in the Company.

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

EMPLOYEES AND REMUNERATION POLICIES

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

The staff costs, including Directors' emoluments, net of government grant released and subsidies received, of the Group were approximately RMB192.8 million for the Reporting Year (for the eight months ended 2021: approximately RMB137.6 million).

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

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

SHARE INCENTIVE SCHEMES

PRE-IPO RESTRICTED SHARE AWARD SCHEME

Summary of the Pre-IPO Restricted Share Award Scheme

The following is a summary of the rules of the Pre-IPO Restricted Share Award Scheme adopted by the Company on 26 January 2018. The Pre-IPO Restricted Share Award Scheme is not a share option scheme and is not subject to the provisions of Chapter 17 of the Listing Rules.

(a) Purpose

The Company has adopted the Pre-IPO Restricted Share Award Scheme to align the interests of eligible persons with those of the Group through ownership of Shares, to support value creation oriented performance culture and, in part, to replace those certain interests of certain eligible persons in Tianli Education transferred in connection with the reorganization transaction.

(b) Term of the Pre-IPO Restricted Share Award Scheme

The Pre-IPO Restricted Share Award Scheme shall be valid and effective for a period of 10 years, commencing on 26 January 2018, or until the Pre-IPO Restricted Share Award Scheme is terminated by the Board, whichever is earlier, after which period no further share awards shall be granted or accepted, but the provisions of the Pre-IPO Restricted Share Award Scheme shall remain in full force and effect in order to give effect to the vesting of share awards granted and accepted prior to the expiration or termination of the Pre-IPO Restricted Share Award Scheme.

(c) Maximum number of share awards

The maximum number of share awards that may be granted under the Pre-IPO Restricted Share Award Scheme in aggregate (excluding share awards that have lapsed or been cancelled in accordance with the rules of the Pre-IPO Restricted Share Award Scheme) shall be such number of Shares held or to be held by the Trustee for the purpose of the Pre-IPO Restricted Share Award Scheme from time to time, and which shall in any event, be no more than 107,178,158 Shares (the number of Shares is based on the completion of the capitalization issue and the global offering). Our Company will not further grant share awards under the Pre-IPO Restricted Share Award Scheme.

(d) Administration of the Pre-IPO Restricted Share Award Scheme

The Pre-IPO Restricted Share Award Scheme shall be subject to the administration of the Board, and the decision of the Board shall be final and binding on all parties. The Board may delegate the authority to administer the Pre-IPO Restricted Share Award Scheme to any committee thereof or any third party duly appointed thereby, including without limitation third-party service providers and professional trustees (collectively, the "**Authorized Administrators**"). The powers of the Board include and are not limited to:

(i) construe and interpret the Pre-IPO Restricted Share Award Scheme, make factual determinations with respect to the administration of the Pre-IPO Restricted Share Award Scheme, further define the terms used in the Pre-IPO Restricted Share Award Scheme; and prescribe, amend and rescind rules and regulations relating to the administration of the Pre-IPO Restricted Share Award Scheme or the share awards;

(ii) determine the persons who will be awarded share awards, eligibility requirements, the number and price of share awards, and restrictions applicable to such share awards;

(iii) make such appropriate and equitable adjustments to the terms of share awards as it deems necessary; and

(iv) amend, add to and/or delete any of the provisions of the Pre-IPO Restricted Share Award Scheme.

(e) Grant of share awards

All the 107,178,158 Shares under the Pre-IPO Restricted Share Award Scheme have been granted before the listing of the Company in July 2018. The Board or Authorized Administrators also imposed certain the time-based or other restrictions and/or other criteria and conditions (collectively, the "**Restrictions**") and the time period and schedule (the "**Restricted Period**") when the share awards will vest, and the Restrictions and the Restricted Period were stated in the grant letter.

In the grant letters issued to all selected persons, the Board has imposed a Restricted Period under which share awards shall vest in six years from 26 June 2016 in accordance with the following schedule:

(i) 10% of a participant'

(f) Restrictions on share awards

Each share award shall be subject to a restricted period starting from the date of grant of each such share award and ending upon the date when the Shares become listed on the Stock Exchange and the date upon which the relevant participant completes the relevant approval and filing procedures in respect of his/her share awards/shares in accordance with the Huifa [2012] No. 7 Circular of the State Administration of Foreign Exchange on Relevant Issues Concerning the Domestic Individuals' Participation in the Exchange Administration of Equity Incentive Plans of Overseas Listed Companies (if applicable) and other applicable laws and regulations (whichever is later) (the "**Lockup Restricted Period**").

The share awards and any interest therein may not be enjoyed, sold, assigned, transferred, pledged, hypothecated or otherwise disposed of by the participants, except by will or the laws of descent and distribution, during the Restricted Period (including the Lockup Restricted Period).

(g) Obtaining of share awards

A participant may not exercise voting rights nor have any rights in respect of the shares underlying the share awards, including but not limited to, any dividends or other distributions, prior to the participant's receipt of an unlock notice.

Share awards held by a participant that are vested as evidenced by the unlock notice may be obtained (in whole or in part) by the participants upon the expiry of restricted period and lapse of all restrictions (if any). The Board may decide at its absolute discretion to direct and procure the Trustee to, within a reasonable time, transfer the shares underlying the share awards (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares) to the participant which the Company has allotted and issued to the Trustee subject to the Participant paying all tax, stamp duty, levies and charges applicable to such transfer.

(h) Lapse of share awards

Any unvested share award will automatically under the scenarios set out below:

(i) the participant's employment with or service for the Group terminates for any reasonny retirement, early retirement due problem, permanent disablement, death during employment or redundancy;

(ii) the participant is involved in businesses that are competing with or similar to the Group during his employment period without prior approval from the Company;

(iii) the company employing the participant ceases to be a subsidiary or an affiliate of the Company;

(iv) the participant makes any attempt or takes any action to sell, transfer, charge, encumber, hedge or create any interest in favour of any other person over or in relation to any unvested share awards or any interests or benefits pursuant to the unvested share awards;

(v) the participant violates relevant rules under his/her respective local labour laws, or breaches the employment agreement or non-disclosure agreement with the Group; or

(vi) merger, bankruptcy, insolvency, liquidation and winding up and any other similar events of the Company.

Once share awards have lapsed and after the Shares of the Company are listed on the Stock Exchange, the Company instructed the Trustee to sell that certain portion of the Shares underlying such share awards that remain unvested on the open market. If the sale proceeds are less than the sum of the purchase price that was paid by the participant to acquire the corresponding interests in Tianli Education as specified in the grant letter and such additional amount so as to provide the participant with a rate of return of fifteen percent (15%) per annum as expected proceeds, (1) the Trustee will continue to sell the Shares which are assets of the Trust to be used for the operation and maintenance of the Trust and pay the proceeds to the relevant Participant until the expected proceeds are fully paid; and (2) if the sale proceeds and all the assets of the Trust to be used for the operation and maintenance of the Trust are still not enough to pay the proceeds, such shortage shall be paid by Mr. Luo Shi to such Participant. In the that
the sale proceeds are more than expected proceeds, the surplus amount will become assets of the Trust to be used by the Trustee for the administration and operation of the trust.

As at 31 August 2022, a total of 107,565,634 shares, representing approximately 4.99% of the total issued shares of the Company, were granted to selected persons under the Pre-IPO Restricted Share Award Scheme.

SHARE OPTION SCHEME

The following is a summary of principal terms of the Share Option Scheme conditionally approved by a resolution of our Shareholders passed on 24 June 2018 and adopted by a resolution of the Board on the same date. The terms of the Share Option Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules.

1. Purpose

The purpose of the Share Option Scheme is to give the eligible persons an opportunity to have a personal stake in our Company and help motivate them to optimize their future contributions to our Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of our Group, and additionally in the case of executives, to enable our Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

2. Who may join

The Board may, at its absolute discretion, offer options to subscribe for such number of Shares in accordance with the terms set out in the Share Option Scheme to:

(a) any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of our Group, any proposed employee, any full-time or part-time employee, or a person for the time being seconded to work full-time or part-time for any member of our Group;

(b) a director or proposed director (including an independent non-executive director) of any member of our Group;

(c) a direct or indirect shareholder of any member of our Group;

(d) a supplier of goods or services to any member of our Group;

(e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of our Group;

(f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of our Group; and

(g) an associate of any of the persons referred to in paragraphs (a) to (f) above.

3. Maximum number of Shares

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Group shall not in aggregate exceed 10% of the Shares in issue as at the listing date (such 10% limit representing 200,000,000 Shares excluding Shares which may fall to issued upon the exercise of the over-allotment option granted by our Company) (the "**Scheme Mandate Limit**"), representing 9.29% of the issued Shares as at the date of this report, provided that:

(a) our Company may at any time as our Board may think fit seek approval from our Shareholders to refresh the Scheme Mandate Limit, save that the maximum number of Shares which may be

8. Minimum holding period, vesting and performance target

Subject to the provisions of the Listing Rules, the Board may in its absolute discretion when offering the grant of an option impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in the Share Option Scheme as the Board may think fit (to be stated in the letter containing the offer of the grant of the option) including (without prejudice to the generality of the foregoing) qualifying and/or continuing eligibility criteria, conditions, restrictions or limitations relating to the achievement of performance, operating or financial targets by our Company and/or the grantee, the satisfactory performance or maintenance by the grantee of certain conditions or obligations or the time or period before the right to exercise the option in respect of any of the Shares shall vest provided that such terms or conditions shall not be inconsistent with any other terms or conditions of the Share Option Scheme. For the avoidance of doubt, subject to such terms and conditions as the Board may determine as aforesaid (including such terms and conditions in relation to their vesting, exercise or otherwise) there is no minimum period for which an option must be held before it can be exercised and no performance target which need to be achieved by the grantee before the option can be exercised.

9. Amount payable for options and offer period

An offer of the grant of an option shall remain open for acceptance by the Eligible Person concerned for a period of 28 days from the offer date provided that no such grant of an option may be accepted after the expiry of the effective period of the Share Option Scheme. An option shall be deemed to have been granted and accepted by the eligible person and to have taken effect when the duplicate offer letter comprising acceptance of the offer of the option duly signed by the grantee together with a remittance in favor of our Company of HKD1.0 by way of consideration for the grant thereof is received by our Company on or before the date upon which an offer of an option must be accepted by the relevant eligible person, being a date no later than 28 days after the offer date. Such remittance shall in no circumstances be refundable.

Any offer of the grant of an option may be accepted in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in respect of board lots for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer letter comprising acceptance of the offer of the option. To the extent that the offer of the grant of an option is not accepted by 28 days after the offer date, it will be deemed to have been irrevocably declined.

10. Subscription price

The subscription price in respect of any particular option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant option (and shall be stated in the letter containing the offer of the grant of the option) but the subscription price shall not be less than whichever is the highest of:

(a) the nominal value of a Share;

(b) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the offer date; and

(c) the average closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the five business days (as defined in the Listing Rules) immediately preceding the offer date.

11. Exercise of Option

(a) An option shall be exercised in whole or in part (but if in part only, in respect of a board lot or any integral multiple thereof) within the option period in the manner as set out in this Share Option Scheme by the grantee (or his or her legal personal representative(s)) by giving notice in writing to our Company stating that the option is thereby exercised and specifying the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given. Within 28 days after receipt of the notice and, where appropriate, receipt of a certificate from our auditors pursuant to the Share Option Scheme, our Company shall accordingly allot and issue the relevant number of Shares to the grantee (or his or her legal personal representative(s)) credited as fully paid with effect from (but excluding) the relevant exercise date and issue to the grantee (or his or her legal personal representative(s)) share certificate(s) in respect of the Shares so allotted.

(b) The exercise of any option may be subject to a vesting schedule to be determined by the Board in its absolute discretion, which shall be specified in the offer letter.

(c) The exercise of any option shall be subject to the members of our Company in general meeting approving any necessary increase in the authorized share capital of our Company.

(d) Subject as hereinafter provided and subject to the terms and conditions upon which the option was granted, an option may be exercised by the grantee at any time during the option period, provided that:

(i) in the event that the grantee dies or becomes permanently disabled before exercising an option (or exercising it in full) and none of the events for termination of employment or engagement pursuant to the terms of the Share Option Scheme exists with respect to such grantee, he or she (or his or her legal representative(s)) may exercise the option up to the grantee's entitlement immediately prior to the death or permanently disability (to the extent not already exercised) within a period of 12 months following his or her death or permanent disability or such longer period as the Board may determine;

(ii) in the event that the grantee ceases to be an executive for any reason (including his or her employing company ceasing to be a member of our Group) other than his or her death, permanent disability, retirement pursuant to such retirement scheme applicable to our Group at the relevant time or the transfer of his or her and none of7 (or)0.6 (pechich tl (oeng37n th aime)0.5

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(iv) if a compromise or arrangement between our Company and its members or creditors is proposed for the purpose of or in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company, our Company shall give notice thereof to the grantees who have options unexercised at the same time as it dispatches notices to all members or creditors of our Company summoning the meeting to consider such a compromise or arrangement and thereupon each grantee (or his or her legal representatives or receiver) may until the expiry of the earlier of:

(1) the option period;

(2) the period of two months from the date of such notice; or

(3) the date on which such compromise or arrangement is sanctioned by the court, exercise in whole or in part his or her option.

(v) in the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily windup our Company, our Company shall on the same date as or soon after it dispatches such notice

13. Lapse of Share Option Scheme

An option shall lapse automatically and not be exercisable, to the extent not already exercised, on the earliest of:

(a) the expiry of the option period;

(b) the expiry of any of the period referred to paragraphs related to exercise of the option;

(c) subject to the terms of the period mentioned in the paragraph headed

(c) no such adjustments shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;

(d) any such adjustments shall be made to in accordance with the provisions as stipulated under Chapter 17 of the Listing Rules and supplementary guidance on the interpretation of the Listing Rules issued by the Stock Exchange from time to time; and

(e) the issue of securities as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustments.

15. Cancellation of Options not exercised

The Board shall be entitled for the following causes to cancel any option in whole or in part by giving notice in writing to the grantee stating that such option is thereby cancelled with effect from the date specified in such notice (the "**Cancellation Date**"):

(a) the grantee commits or permits or attempts to commit or permit a breach of restriction on transferability of option or any terms or conditions attached to the grant of the option;

18. Transferability

The option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favor of any third party over or in relation to any option or attempt to do so (save that the grantee may nominate a nominee in whose name the Shares issued pursuant to the Share Option Scheme may be registered). Any breach of the foregoing shall entitle our Company to cancel any outstanding option or part thereof granted to such grantee.

19. Alteration of Share Option Scheme

The Share Option Scheme may be altered in any respect by a resolution of the Board except that the following shall not be carried out except with the prior sanction of an ordinary resolution of the our Shareholders in general meeting:

(a) any material alteration to its terms and conditions or any change to the terms of options granted (except where the alterations take effect under the existing terms of the Share Option Scheme);

(b) any alteration to the provisions of the Share Option Scheme in relation to the matters set out in Rule 17.03 of the Listing Rules to the advantage of grantee;

(c) any change to the authority of the Board or any person or committee delegated by the Board pursuant to the Share Option Scheme to administer the day-to-day running of the scheme; and

(d) any alteration to the aforesaid alternation provisions,

RESTRICTED SHARE AWARD SCHEME

The following is a summary of the rules of the Restricted Share Award Scheme adopted by the Company on 17 December 2018. The Restricted Share Award Scheme is not a share option scheme and is not subject to the provisions of Chapter 17 of the Listing Rules.

(1) Purpose and objective

The Directors believe that the future success of the Company is closely tied to the commitment and efforts of the Group's key management personnel including Directors and senior management. The purpose and objective of Restricted Share Award Scheme is (i) to recognize and motivate the contribution of the key management personnel and core employees of the Group; (ii) to help the Group retain and attract the selected participants in attaining the long term business objectives of the Company; and (iii) to further align the interests of the Selected Participants directly to the Shareholders of the Company through ownership of Shares.

(2) Term of the scheme

Restricted Share Award Scheme shall be effective from 17 December 2018 and shall continue in full force and effect for a term of 10 years or until such date of early termination as determined by the Board, whichever is the earlier, after which period no further award shares shall be granted or accepted, but the provisions of Restricted Share Award Scheme shall remain in full force and effect in order to give effect to the vesting of award Shares granted and accepted prior to the expiration or termination of Restricted Share Award Scheme.

(3) Eligible participants for the scheme

Pursuant to Restricted Share Award Scheme, the Board may, from time to time, in its absolute discretion, decide the selected participants after taking into various factors as they deem appropriate and determine the number of award shares to be granted to each of the selected participants. The eligible participants include Directors, senior management, managerial staff, school district principals (學區校長), school sector principals (學段校長) and school reserve senior executive (學校後備高管) of the Group.

(4) Maximum number of award shares

The maximum number of award Shares that may be granted under Restricted Share Award Scheme in aggregate shall be no more than 75,000,000 Shares.

(5) Administration of the scheme

Restricted Share Award Scheme shall be subject to the administration of the Board and the Trustee in accordance with the scheme rules and the trust deed. The Board may act through its authorized representative and has duly authorised the chief executive officer of the Company to give instructions or notices to the Trustee on matters in connection with the operation and administration of the scheme and the trust. The Trustee shall hold the Shares and the income derived therefrom in accordance with the scheme rules and the terms of the trust deed. The power of the Board includes and is not limited to:

i. construe and interpret the scheme, make factual determinations with respect to the administration of the scheme, further define the terms used in the scheme; and prescribe, amend and rescind rules and regulations relating to the administration of the scheme or the award of award Shares;

ii. determine the persons who will be granted award Shares, eligibility requirements, the number and grant price of the award shares, and restrictions applicable to such award shares;

iii. make such appropriate and equitable adjustments to the terms of award Shares as it deems necessary; and

iv. amend, add to and/or delete any of the provisions of the scheme rules.

(6) Operation

The Board may, from time to time, in its absolute discretion select the selected participants after taking into consideration various factors as they deem appropriate and determine the number and the grant price of award Shares to be granted to each of the selected participants. In determining the grant price for each selected participant, the Board shall take into consideration matters, including but not limited to, the selected participant's position, experience, years of service, performance and contribution to the Group and the market price of the Shares.

Pursuant to Restricted Share Award Scheme rules, the Board shall cause to pay the Trustee the purchase price and the related expenses from the Group's resources for the award Shares and the Trustee shall apply the purchase price to purchase from the market all of the award Shares to be awarded under Restricted Share Award Scheme and shall hold such Shares until they are vested with the selected participants in accordance with Restricted Share Award Scheme rules and the trust deed. For the avoidance of doubt, all Shares purchased as aforesaid shall only be used for allocation to the selected participants in accordance with Restricted Share Award Scheme rules.

(7) Restrictions on award shares

The award Shares and any rights and interests (including voting rights) therein may not be enjoyed, sold, assigned, transferred, pledged, hypothecated or otherwise disposed of by the selected participants before the award shares are vested. The Board may also imposed additional restrictions as it deems appropriate and set out the same in the award notice.

(8) Vesting and lapse of award shares

A selected participant shall be entitled to receive the award Shares held by the Trustee in accordance with the following vesting schedule and the selected participants shall be responsible for all the taxes, stamp duty, levies and charges applicable to the grant and vesting of the award shares:

i. 10% of a selected participant's award Shares shall become vested upon each of the first anniversary, the second anniversary, the third anniversary, the fourth anniversary and the fifth anniversary after the grant of the award shares; and

ii. 50% of a selected participant's award Shares shall become vested upon the sixth anniversary after the grant of the award shares.

Vesting of the award Shares will be conditional on the selected participant remaining as an employee of the Group until and on each of the relevant vesting date and his/her execution of the relevant documents to effect the transfer from the Trustee. In the event that the selected participant ceases to be an employee of the Group before all award Shares are vested, the Trustee shall repurchase the unvested award Shares at the repurchase price from the resources contributed by the Group. The repurchased Shares shall be held under the Trust and be granted to other selected participant(s) as instructed by the Board.

If there occurs any special circumstances which may affect the eligibility of the selected participant or the vesting of award Shares, the award Shares shall be dealt with in accordance with the scheme rules. However, for those which are not currently covered therein, the Board shall, from time to time, have sole discretion to determine how such award Shares should be handled.

(9) Voting rights

The Trustee shall not exercise the voting rights in respect of any Shares held under the trust including but not limited to the award shares.

(10) Termination

Upon the termination of the scheme, the Trustee shall continue to hold the unvested award shares on trust for the selected participant(s). After all the granted award shares are vested or repurchased in accordance with the scheme rules, all remaining Shares held by the Trustee will be sold and all net proceeds (after deducting all fees, costs and expenses of the Trustee) will be transferred back to the Company. For the avoidance of doubt, the Trustee shall not transfer any Shares to the Company and the Company shall not hold any Shares in any other way whatsoever.

(11) Alteration of the scheme

The scheme may be altered in any respect from time to time by a resolution of the Board.

As at 31 August 2022, under the Restricted Share Award Scheme, the Trustee purchased a total of 56,548,000 shares, representing approximately 2.63% of the total issued shares of the Company. A total of 14,864,000 shares, representing approximately 0.69% of the total issued shares of the Company, were granted to Selected

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

During the year ended 31 August 2022, the Company repurchased a total of 12,000,000 Shares ("**Shares Repurchased**") on the Stock Exchange, at an aggregate consideration of HK$10,027,418.00. All the repurchased

CONTINUING DISCLOSURE PURSUANT TO LISTING RULES

The Company did not have any disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules as at 31 August 2022.

CHANGES IN INFORMATION OF DIRECTORS

No change in information of Directors and chief executive is required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules.

EVENTS AFTER THE REPORTING YEAR

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

AUDIT COMMITTEE

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 August 2022 and has met with the independent auditor, Ernst & Young. The Audit Committee, together with the management of the Company, has discussed the matters concerning risk management and internal control, auditing and financial reporting matters and reviewed the annual results and the consolidated financial statements of the Group for the year ended 31 August 2022.

AUDITOR

The consolidated financial statements for the year ended 31 August 2022 have been audited by Ernst & Young. A resolution for the re-appointment of Ernst & Young as the Company's auditor is to be proposed at the forthcoming AGM.

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

The PRC, 22 November 2022

BOARD COMPOSITION

During the year ended 31 August 2022 and up to the date of this report, the composition of the Board is as follows:

Executive Directors:

Mr. Luo Shi *(chairman)*
Mr. Wang Rui
Ms. Yang Zhaotao *(Resigned on 26 January 2022)*

Non-executive Director:

Mr. Tian Mu *(resigned on 22 November 2022)*

Independent Non-executive Directors:

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

The biographies of the Directors are set out under the section headed "Directors and Senior Management" in this report. During the year ended 31 August 2022, the Board has met at all times the requirements under Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possesses appropriate professional qualifications or accounting or related financial management expertise.

The Company has also complied with Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive Directors representing at least one-third of the Board.

The Company believes that the diversity of Board members will be immensely beneficial for the enhancement of the Company's performance. Therefore, the Company has adopted a Board diversity policy to ensure that the Company will, when determining the composition of the Board, consider Board diversity in terms of, among other things, age, cultural and educational background, professional experience, skills and knowledge. All Board appointments will be based on merits, and candidates will be considered against objective criteria with reference to the Company's business model and specific needs, including but not limited to gender, race, language, cultural background, educational background, industry experience and professional experience, having due regard for the benefits of diversity of the Board.

As at the date of this report, the Board comprises 5 Directors (Mr. Tian Mu resigned on 22 November 2022), of whom all of them are male. According to Rule 13.92, the Stock Exchange will not consider diversity to be achieved for a single gender board. Henceforth, the Board is planning to improve the gender diversity at board level and across and across rss across diversity diversity7benefits acr

As regards the CG Code provision requiring directors to disclose the number and nature of offices held in public companies or organisations and other significant commitments as well as the identity of the public companies or organisations and the time involved to the issuer, the Directors have agreed to disclose their commitments and any subsequent change to the Company in a timely manner.

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

Every newly appointed Director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Group and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

In accordance with A.6.5 (which was renumbered as C.1.4 on 1 January 2022) of the CG Code with regards to continuous professional development, Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. All Directors are encouraged to attend relevant training courses at the Company's expenses. The individual training record of each Director received for the year ended 31 August 2022 is summarised below:

Name of Director	Training
Executive Directors	
Mr. Luo Shi	✓
Mr. Wang Rui	✓
Non-executive Director	
Mr. Tian Mu	✓
Independent Non-executive Directors	
Mr. Liu Kai Yu Kenneth	✓
Mr. Yang Dong	✓
Mr. Cheng Yiqun	✓

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

APPOINTMENT AND RE-ELECTION OF DIRECTORS

In accordance with Article 16.18 of the Articles, at every annual general meeting of the Company one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Accordingly, Mr. Luo Shi and Mr. Wang Rui will retire from office by rotation at the AGM, and being eligible, offer themselves for re-election.

BOARD MEETINGS AND GENERAL MEETINGS

For the year ended 31 August 2022, details of Directors' attendance of the Board meetings and general meetings are as follows:

	Attendance/Number of meetings	
Name of Director	**Board meetings**	**General Meetings**
Executive Directors		
Mr. Luo Shi	2/4	1/1
Ms. Yang Zhaotao *(Resigned on 26 January 2022)*	1/1	0/1
Mr. Wang Rui	4/4	1/1
Non-executive Director		
Mr. Tian Mu	2/4	0/1
Independent Non-executive Directors		
Mr. Liu Kai Yu Kenneth	4/4	1/1
Mr. Yang Dong	4/4	0/1
Mr. Cheng Yiqun	4/4	1/1

MODEL CODE FOR SECURITIES TRANSACTIONS

During the year ended 31 August 2022, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its own securities dealing code to regulate all dealings by Directors and relevant employees of securities in the Company and other matters covered by the Model Code.

Specific enquiry has been made of all the Directors and they have confirmed that they have complied with the Model Code during the year ended 31 August 2022.

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for the performance of the functions of corporate governance. For the year ended 31 August 2022, the Board has performed the functions set out in code provision D.3.1 (which was renumbered as A.2.1 on 1 January 2022) of the CG Code.

BOARD COMMITTEES

The Board has established three Board Committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs.

Each of these committees was established with defined written terms of reference. The terms of reference of the Board Committees are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request. The majority of the members of each Board committee are independent non-executive Directors.

AUDIT COMMITTEE

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

The Audit Committee has its written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 (which was renumbered as D.3.3 on 1 January 2022) of the CG Code. The primary duties of the Audit Committee include, among others, (i) assisting the Board in providing an independent review of the financial controls, risk management and internal control systems of the Group; (ii) overseeing the audit process; and (iii) performing other duties and responsibilities as assigned by the Board.

For the year ended 31 August 2022 and up to date of this report, the Audit Committee held three meetings.

The attendance record of the meetings is set out in the table below:

Name of Committee Member	Attendance/ Number of meetings
Mr. Liu Kai Yu Kenneth	3/3
Mr. Yang Dong	3/3
Mr. Cheng Yiqun	3/3

During the meetings, the Audit Committee reviewed the results and report for the eight months ended 31 August 2021, the interim results and report for the six months ended 28 February 2022 and the annual results and report for the year ended 31 August 2022, significant issues on the financial reporting and compliance procedures, internal control and risk management systems, scope of work and appointment of external auditors.

For the year ended 31 August 2022 and up to the date of this report, the Audit Committee also met with the external auditors without the presence of the executive Directors.

The attendance record of the meetings is set out in the table below:

Name of Committee Member	Attendance/ Number of meetings
Mr. Cheng Yiqun	2/2
Mr. Wang Rui	2/2
Mr. Yang Dong	2/2

During the relevant meetings, the Remuneration Committee reviewed the remuneration policy and structure of the Company, and the remuneration packages of the executive Directors and senior management, the proposed adjustment of the remuneration packages of the executive Directors and other related matters of the Company.

REMUNERATION OF SENIOR MANAGEMENT

The senior management's total remuneration paid/payable for the year ended 31 August 2022 by band expressed in RMB is as follows:

Band	Number of senior management For the year ended 31 August 2022
Nil to RMB1,000,000	3
Over RMB1,000,001	0

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 August 2022.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 73 to 77 in this report.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges that it has overall responsibility for the Group's risk management and internal control systems and for reviewing their effectiveness. The Audit Committee looks into matters in relation to, and arising from, risk management and internal controls. and reports to the Board for consideration. The Group's risk management and internal control systems are designed to manage the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company has an internal audit and control department which carries out the analysis and independent

AUDITOR'S REMUNERATION

The Company appointed Ernst & Young as the independent auditor for the year ended 31 August 2022. The fees charged for the audit services by the Group's independent auditor are RMB4.0 million. During the Reporting Year, the remuneration in respect of non-audit services provided by the external professional firm engaged by the Company included the fees of RMB0.3 million for reviewing internal control system and risk management, and the fees of HKD0.1357 million for preparing the Environmental, Social and Governance Report.

JOINT COMPANY SECRETARIES

Mr. Wang Rui and Ms. Zhang Xiao were appointed as joint company secretaries of the Company on 24 June 2018 and 29 August 2019 respectively. Mr. Wang Rui is an executive Director the Company. For details of his biography, please refer to the section headed "Directors and Senior Management" of this report. Ms. Zhang Xiao is the assistant vice president of SWCS Corporate Services Group (Hong Kong) Limited. They are responsible for advising the Board on corporate governance matters and ensuring that Board policy and procedures, applicable laws, rules and regulations are followed. Mr. Wang is the primary point of contact at the Company for Ms. Zhang.

Mr. Wang Rui and Ms. Zhang Xiao have confirmed that they had taken not less than 15 hours of relevant professional training during the year ended 31 August 2022.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group

CONVENING OF EXTRAORDINARY GENERAL MEETING AND PUTTING FORWARD PROPOSALS

Pursuant to article 12.3 of the Articles of Association, the Board may, whenever it thinks fit, convene an EGM. General meetings shall also be convened on the written requisition of any two or more members deposited at

Key audit matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Impairment testing of property, plant and equipment and right-of-use assets	
At 31 August 2022, included in the Group non-current assets, RMB421,475,000 and RMB450,557,000 represented net carrying amount of property, plant and equipment and right-of-use assets, respectively held by the Consolidated Affiliated Entities (as defined in Note 1 to the financial statements) of the Group. the Groule adcostsfrty, ofGrouT(G)0.5 (roups,)27.2sstingeld byusbyusGroup byus188 Tc 0.092 Grout and e7 (by)y,eld bybyand by-use	

Other information included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intenicablrn, dremded te Group

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Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 August 2022

	Notes	Year ended 31 August 2022 RMB'000	Eight months ended 31 August 2021 RMB'000
CONTINUING OPERATIONS			
Revenue	5	**884,372**	345,184
Cost of sales		**(590,833)**	(284,695)
Gross profit		**293,539**	60,489
Other income and gains	5	**16,966**	21,436
Selling and distribution expenses		**(12,197)**	(4,764)
Administrative expenses		**(132,822)**	(98,278)
Impairment losses on non-current assets		**–**	(1,085,236)
Other expenses		**(13,586)**	(13,138)
Interest expenses	6	**(27,502)**	(17,007)
Share of profits/(losses) of:			
A joint venture		**1,222**	(103,071)
Associates		**(271)**	(27,529)
PROFIT/(LOSS) BEFORE TAX	7	**125,349**	(1,267,098)
Income tax (expense)/credit	10	**(29,189)**	157,986
Profit/(loss) for the year/period from continuing operations		**96,160**	(1,109,112)
Discontinued operations			
Loss for the year/period from discontinued operations, net of tax		**–**	(222,627)
PROFIT/(LOSS) FOR THE YEAR/PERIOD		**96,160**	(1,331,739)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD			
Other comprehensive income/(loss) that will be reclassified to profit or loss in subsequent periods:			
Exchange differences related to translation of a foreign operation		**206**	(94)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD		**96,366**	(1,331,833)

	Note	Year ended 31 August 2022 RMB'000	Eight months ended 31 August 2021 RMB'000
Profit/(loss) attributable to:			
Owners of the Company			
– Continuing operations		**96,539**	(1,110,420)
– Discontinued operations		**–**	(223,944)

Consolidated Statement of Financial Position

31 August 2022

	Notes	2022 RMB'000	2021 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**3,640,254**	2,915,536
Right-of-use assets	14(a)	**1,655,213**	1,601,918
Goodwill	15	**7,572**	7,572
Other intangible assets	16	**24,091**	7,660
Investment in a joint venture	17	**163,042**	161,820
Investments in associates	18	**69,499**	69,770
Prepayments, deposits and other receivables	21	**95,387**	142,265
Deferred tax assets	10	**270,020**	271,309
Total non-current assets		**5,925,078**	5,177,850
CURRENT ASSETS			
Inventories	19	**18,817**	3,797
Trade receivables	20	**10,953**	3,550
Prepayments, deposits and other receivables	21	**59,111**	35,224
Amounts due from related parties	35(b)	**1,085,667**	1,094,614
Financial assets at fair value through profit or loss	23	**100,010**	205,090
Restricted deposits	22	**1,573**	–
Cash and cash equivalents	22	**929,902**	1,273,258
Total current assets		**2,206,033**	2,615,533
CURRENT LIABILITIES			
Trade payables	24	**46,571**	11,419
Other payables and accruals	25	**222,041**	300,679
Contract liabilities	26	**842,940**	395,737
Interest-bearing bank loans	28	**240,450**	491,471
Amounts due to related parties	35(b)	**2,138,962**	3,229,149
Tax payable		**120,755**	115,938
Lease liabilities	14(b)	**11,612**	13,662
Dividends payable		**–**	80,064
Deferred income	27	**191,249**	140,670
Total current liabilities		**3,814,580**	4,778,789
NET CURRENT LIABILITIES	2.1	**(1,608,547)**	(2,163,256)
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,316,531**	3,014,594

	Notes	2022 RMB'000	2021 RMB'000
NON-CURRENT LIABILITIES			
Lease liabilities	14(b)	**178,931**	157,362
Deferred income	27	**368,729**	327,115
Interest-bearing bank loans	28	**891,375**	742,250
Amounts due to related parties	35(b)	**998,581**	–
Total non-current liabilities		**2,437,616**	1,226,727
NET ASSETS		**1,878,915**	1,787,867
EQUITY			
Equity attributable to owners of the Company			
Issued capital	29	**183,022**	184,042
Reserves	30	**1,668,774**	1,579,934
		1,851,796	1,763,976
Non-controlling interests		**27,119**	23,891
Total equity		**1,878,915**	1,787,867

Luo Shi
Director

Wang Rui
Director

Consolidated Statement of Changes in Equity

For the Year Ended 31 August 2022

	Attributable to owners of the Company											
	Issued capital RMB'000 (note 29)	Share premium RMB'000 (note 30)	Shares repurchased for the share award scheme RMB'000 (note 31)	Share award scheme reserve RMB'000	Capital reserve RMB'000 (note 30)	Difference arising from acquisition of non-controlling interests RMB'000	Statutory surplus reserves RMB'000 (note 30)	Exchange fluctuation reserve RMB'000	Retained profits/ (accumulated losses) RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 1 January 2021	184,042	1,515,989	(41,211)	2,803	563,558	(824)	137,958	(338)	950,118	3,312,095	41,039	3,353,134
Profit for the period	–	–	–	–	–	–	–	–	(1,334,364)	(1,334,364)	2,625	(1,331,739)
Other comprehensive income for the period:												
Exchange differences on a translation of foreign operation	–	–	–	–	–	–	–	(94)	–	(94)	–	(94)
Total comprehensive income for the period	–	–	–	–	–	–	–	(94)	(1,334,364)	(1,334,458)	2,625	(1,331,833)
Transfer from retained profits	–	–	–	–	–	–	25,716	–	(25,716)	–	–	–
Capital contribution from a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	–	–	1,000	1,000
Dividends paid to non-controlling shareholders of a subsidiary	–	–	–	–	–	–	–	–	–	–	(10,453)	(10,453)
Final 2020 dividend declared	–	(112,102)	–	–	–	–	–	–	–	(112,102)	–	(112,102)
Interim 2021 dividend declared	–	(82,091)	–	–	–	–	–	–	–	(82,091)	–	(82,091)
Shares awarded under the share award scheme	–	–	17,136	–	–	–	–	–	–	17,136	–	17,136
Share issue expenses in respect of placing of shares in the prior year	–	(244)	–	–	–	–	–	–	–	(244)	–	(244)
Shares repurchased for the share award scheme	–	–	(47,346)	–	–	–	–	–	–	(47,346)	–	(47,346)
Reduction in reserves due to shares awarded becoming vested	–	903	(29)	(874)	–	–	–	–	–	–	–	–
Offsetting with dividends	–	–	3,772	–	–	–	–	–	–	3,772	–	3,772
Equity-settled share award scheme expenses	–	–	–	7,512	–	–	–	–	–	7,512	–	7,512
Deconsolidation of Affected Business	–	–	–	–	–	–	(77,609)	–	77,609	–	(10,469)	(10,469)
Acquisition of non-controlling interests	–	–	–	–	–	(298)	–	–	–	(298)	149	(149)
As at 31 August 2021	184,042	1,322,455*	(67,678)*	9,441*	563,558*	(1,122)*	86,065*	(432)*	(332,353)*	1,763,976	23,891	1,787,867

	Attributable to owners of the Company											
	Issued capital RMB'000 (note 29)	Share premium RMB'000 (note 30)	Shares repurchased for the share award scheme RMB'000 (note 31)	Share award scheme reserve RMB'000	Capital reserve RMB'000 (note 30)	Difference arising from acquisition of non-controlling interests RMB'000	Statutory surplus reserves RMB'000 (note 30)	Exchange fluctuation reserve RMB'000	Retained profits/ (accumulated losses) RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 1 September 2021	184,042	1,322,455	(67,678)	9,441	563,558	(1,122)	86,065	(432)	(332,353)	1,763,976	23,891	1,787,867
Profit for the year	-	-	-	-	-	-	-	-	96,539	96,539	(379)	96,160
Other comprehensive income for the year:	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences on a translation of foreign operation	-	-	-	-	-	-	-	206	-	206	-	206
Total comprehensive income for the year	-	-	-	-	-	-	-	206	96,539	96,745	(379)	96,366
Transfer from retained profits	-	-	-	-	-	-	4,248	-	(4,248)	-	-	-
Capital contribution from a non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	-	-	-	5,000	5,000
Share repurchased and cancelled during the year	(1,020)	(7,591)	-	-	-	-	-	-	-	(8,611)	-	(8,611)
Shares repurchased for the share award scheme	-	-	(6,093)	-	-	-	-	-	-	(6,093)	-	(6,093)
Reduction in reserves due to shares awarded becoming vested	-	4,295	(708)	(3,587)	-	-	-	-	-	-	-	-
Equity-settled share award scheme expenses	-	-	-	5,779	-	-	-	-	-	5,779	-	5,779
Disposal of subsidiaries (note 32)	-	-	-	-	-	-	-	-	-	-	(1,393)	(1,393)
As at 31 August 2022	183,022	1,319,159*	(74,479)*	11,633*	563,558*	(1,122)*	90,313*	(226)*	(240,062)*	1,851,796	27,119	1,878,915

* These reserve accounts comprise the reserves of RMB1,668,774,000 in the consolidated statement of financial position as at 31 August 2022 (2021: RMB1,579,934,000).

	Notes	Year Ended 31 August 2022 RMB'000	Eight months ended 31 August 2021 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Share issue expenses in respect of placing of shares in the prior year		**–**	(244)
Dividend received from shares held for the share award scheme		**2,027**	1,745
Shares repurchased and cancelled during the year		**(8,611)**	–
Repurchase of shares held for the share award scheme		**(4,403)**	(47,346)
Proceeds from shares awarded under the share award scheme		**–**	17,136
Capital contribution from a non-controlling shareholder of a subsidiary		**5,000**	1,000
Proceeds from bank loans		**398,500**	369,730
Repayment of bank loans		**(500,396)**	(164,315)
Advances received from related parties	35(c)	**1,666,698**	2,099,706
Repayment of advances from related parties	35(c)	**(1,690,058)**	(952,913)
Acquisition of non-controlling interests		**–**	(149)
Dividends paid		**(82,091)**	(112,102)
Dividends paid to a non-controlling shareholder of a subsidiary		**–**	(10,453)
Principal portion of lease payments		**(2,721)**	(4,069)
Interest portion of lease liabilities		**(3,207)**	(2,105)
Interest paid		**(71,449)**	(33,260)
		(290,711)	1,162,361
Discontinued operations		**–**	(919,616)
Net cash flows (used in)/from financing activities		**(290,711)**	242,745
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(350,678)**	(284,420)
Effect of foreign exchange rate changes, net		**(2,678)**	(5,457)
Cash and cash equivalents at beginning of year/period		**1,273,258**	1,563,135
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		**919,902**	1,273,258
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		**919,902**	1,273,258
Cash and cash equivalents as stated in the consolidated statement of financial position	22	**929,902**	1,273,258
Time deposits with original maturity over three months		**(10,000)**	–
Cash and cash equivalents as stated in the consolidated statement of cash flow		**919,902**	1,273,258

Notes to Financial Statements

31 AUGUST 2022

1. CORPORATE AND GROUP INFORMATION

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

During the year ended 31 August 2022, the Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in the provision of comprehensive education management and diversified services in the People's Republic of China (the "PRC"). There were no significant changes in the nature of the Group's principal activities during the year.

In the opinion of the directors of the Company (the "Directors"), the parent company and the ultimate holding company of the Company is Sky Elite Limited, a company incorporated in the British Virgin Islands ("**BVI**"). The ultimate Controlling Shareholder of the Company is Mr. Luo Shi.

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 assessed that the Group ceased to have its control over the Affected Business by 31 August 2021 and therefore the carrying amount related to the net assets of the Affected Business was deconsolidated from the consolidated financial statements of the Group as of 31 August 2021.

The Directors classified the operations relating to the Affected Business as discontinued operations and the results of the discontinued operations were presented separately in the consolidated statement of profit or loss and other comprehensive income for the eight months ended 31 August 2021.

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Company/school name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Tianli Education Holdings Limited 天立教育控股有限公司	BVI 20 February 2017	–	100	–	Investment holding
Tianli Education (HK) Limited 天立教育（香港）有限公司	Hong Kong 6 March 2017	US$1	–	100	Investment holding
Tibet Yongsi Technology Co., Ltd. ("**Tibet Yongsi**")[c] 西藏永思科技有限公司	The PRC/ Mainland China 4 September 2017	US$45,000,000	–	100	Provision of management service
Shenzhou Tianli Education Investment Company Limited[a],[b] 神州天立教育投資有限責任公司	The PRC/ Mainland China 19 April 2013	RMB182,592,643	–	100	holding and provision of Investment management service
Luzhou Tianli School[a] 瀘州市天立學校	The PRC/ Mainland China 15 January 2002	RMB50 million	–	83.34	Provision of education service
Chengdu Wuhou Kinderworld International Kindergarten ("**Kinderworld Kindergarten**")[a] 成都市武侯區凱星幼兒園	The PRC/ Mainland China 20 December 2013	RMB100,000	–	100	Provision of kindergarten service
Baoshan Shenzhou Tianli Senior High School Company Limited[a],[b] 保山市神州天立高級中學有限責任公司	The PRC/ Mainland China 4 June 2019	RMB5 million	–	100	Provision of high school education service
Zhaotong Shenzhou Tianli Senior High School Company Limited[a],[b] 昭通市神州天立高級中學有限公司	The PRC/ Mainland China 2 July 2019	RMB2 million	–	100	Provision of high school education service
Zunyi Shenzhou Tianli Senior High School Company Limited[a],[b] 遵義神州天立高級中學有限公司	The PRC/ Mainland China 12 September 2019	RMB1 million	–	100	Provision of high school education service

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Company/school name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Zhoukou Tianli Senior High School Company Limited[a],[b] 周口市天立高級中學有限公司	The PRC/ Mainland China 16 April 2020	RMB5 million	–	100	Provision of high school education service
Shenzhou Hongyu (Zhuhai Hengqin) Management Consulting Co., Ltd ("**Shenzhou Hongyu**")[c] 神州鴻羽（珠海橫琴）管理諮詢有限責任公司	The PRC/ Mainland China 15 May 2020	HK$2 million	–	100	management consulting
Qiming Daren (Zhuhai Hengqin) Education Technology Co., Ltd ("**Qiming Daren**")[b] 啟鳴達人（珠海橫琴）教育科技有限責任公司	The PRC/ Mainland China 15 May 2020	RMB2 million	–	100	management consulting
Sichuan Lixing Yanxue Travel Co., Ltd ("**Lixing Yanxue**")[a],[b] 四川立行研學旅行有限公司	The PRC/ Mainland China 29 May 2020	RMB10 million	–	100	Study trip service
Rizhao Shenzhou Tianli Senior High School Company Limited[a],[b] 日照神州天立高級中學有限責任公司	The PRC/ Mainland China 14 July 2020	RMB5 million	–	100	Provision of high school education service
Dongying Shenzhou Tianli Senior High School Company Limited[a],[b] 東營神州天立高級中學有限公司	The PRC/ Mainland China 5 August 2020	RMB1 million	–	100	Provision of high school education service
Yichun Shenzhou Tianli Senior High School Company Limited[a],[b] 宜春神州天立高級中學有限責任公司	The PRC/ Mainland China 19 August 2020	RMB2 million	–	100	Provision of high school education service
Guangyuan Jiange Shenzhou Tianli Senior High School Company Limited[a],[b] 廣元市劍閣縣神州天立高級中學有限公司	The PRC/ Mainland China 17 September 2020	RMB1 million	–	100	Provision of high school education service
Baise Shenzhou Tianli Senior High School Company Limited[a],[b] 百色神州天立高級中學有限責任公司	The PRC/ Mainland China 15 December 2020	RMB1 million	–	100	Provision of high school education service

Company/school name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

The above table lists the major subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

The English names of certain companies or schools established in the PRC represent the best effort made by management of the Company to directly translate the Chinese names of these companies or schools as they do not register any official English names.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), which comprise all standards and interpretations approved by the International Accounting Standards Board (the "**IASB**") and International Accounting Standards ("**IASs**") and Standing Interpretations Committee interpretations approved by the

2.1 BASIS OF PREPARATION (CONTINUED)

Basis of consolidation (Continued)

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

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2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

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

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

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

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

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs (CONTINUED)

Amendments to IAS 1 clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity'

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs (CONTINUED)

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in profit or loss and other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations and goodwill

Business combinations not under common control are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement

The Group measures its financial assets at fair value through profit or loss at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Lease

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	30-50 years
Buildings and other premises	2-20 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group elected to present lease liabilities separately in the consolidated statement of financial position.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Lease (Continued)

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in other income in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in the which they are earned.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (Continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as “Other income” in profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group’s consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (Continued)

General approach (Continued)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables that contain a significant financing component, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals, amounts due to related parties, lease liabilities and interest-bearing bank loans.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (Continued)

Subsequent measurement

The subsequent measurement of the Group's financial liabilities is as follows:

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, the Group's financial liabilities are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in interest expenses in profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, a joint venture and associates where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, a joint venture and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of the reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised on a systematic basis over the periods as deduction from the costs, for which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) Educational services

Educational services fees received from the students are generally paid in advance prior to the beginning of each academic year or academic term, and are initially recorded as contract liabilities and is reflected as a current liability as such amounts represent revenue that the Group expects to earn within one year. Educational services fees are recognised proportionately over the relevant period of the applicable program. The academic year of the Group's schools is generally from September to August of the following year. Educational services fees from kindergartens and tutoring schools are generally received in advance at the beginning of every term and on a lump-sum basis. Revenue is recognised over time over the scheduled period of a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

(b) Meal catering services

Revenue from meal catering services provided at the on-school canteens involves two revenue recognition methods: (i) students with option to choose their meals from the canteen menus and make payments from their prepaid on-school identity cards ("**Menu-ordering Canteen Operations**"): revenue recognised at a point in time when control of goods has been transferred, being the time when the goods are accepted by the customers; (ii) students are offered with set meals and pay their set meals in advance of each semester: revenue recognised over time on a straight-line basis over the period of these services.

(c) Study trip services

Revenue from the study trip service generated from the short study visit and summer and winter camps to students. Each contract of study strip service contains a single performance obligation. Study trip service fees are generally received in advance and is initially recorded as contract liabilities. Revenue from study trip service revenue is recognised over time on a straight-line basis over the period of the study trip services, as customers simultaneously receive and consume the benefits of these services throughout the service period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(d) Sales of student necessities

Revenue from sales of student necessities is recognised at a point in time when control of goods has been transferred, being the time when the goods are accepted by the customers.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share-based payments (Continued)

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding non-vested ordinary shares is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension scheme

The Group contributes to various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in Mainland China on a monthly basis. The Group is required to contribute a certain proportion stipulated by the government of its payroll costs to the plan as stipulated by the governments. The municipal and provincial governments undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans and the Group has no further obligation for post-retirement benefits beyond the contributions made. The contributions are charged to profit or loss as they become payable in accordance with the rules of the defined contribution retirement benefit plans. Contributions to the defined contribution plan by the Group for its employees are fully and immediately vested when the contributions are made and may not be reduced by contributions forfeited by employees who leave the schemes prior to vesting fully in the contributions.

Housing fund

Contributions to an accommodation fund administered by the Public Accumulation Funds Administration Centre in Mainland China are charged to profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their profit or loss is translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Judgements (Continued)

Structured Contracts

The Consolidated Affiliated Entities are engaged in the provision of high school education services. Under the scope of the "Special Administration Measures (Negative List) for Access of Foreign Investment (2020 version)", foreign investors are prohibited or restricted to invest in such business. The wholly-owned subsidiary of the Company, Tibet Yongsi, has entered into structured contracts with, among others, the Consolidated Affiliated Entities and their respective equity holders ("**Structured Contracts**"). The Structured Contracts enable Tibet Yongsi to exercise effective control over the Consolidated Affiliated Entities and obtain substantially all economic benefits of the Consolidated Affiliated Entities. Accordingly, the Company regards the Consolidated Affiliated Entities as indirect subsidiaries for the purpose of the consolidated financial statements and the Consolidated Affiliated Entities are consolidated in the consolidated financial statements continuously.

The Company does not have any equity interest in the Consolidated Affiliated Entities. However, as a result of the Structured Contracts, the Company has power over the Consolidated Affiliated Entities, has rights to variable returns from its involvement with the Consolidated Affiliated Entities and has the ability to affect those returns through its power over the Consolidated Affiliated Entities and is therefore considered to have control over these entities. Consequently, the Company regards the Consolidated Affiliated Entities as indirect subsidiaries. The Group has consolidated the financial position and results of the Consolidated Affiliated Entities in the financial statements during the year.

Nevertheless, the Structured Contracts may not be as effective as direct legal ownership in providing the Group with control over the Consolidated Affiliated Entities and uncertainties presented by the PRC legal system could impede the Group's beneficiary rights over the results, assets and liabilities of the Consolidated Affiliated Entities. During the year, the Directors, based on the advice of the Group's legal counsel, considered that the Structured Contracts among the Consolidated Affiliated Entities and their equity shareholders were in compliance with the relevant PRC laws and regulations and are legally enforceable.

For the Affected Business, the Directors concluded that, the Group is legally owned the Affected Business through the affiliated entities of the Group but as a result of the Structured Contracts but ceased to have control over them by 31

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

Impairment of non-financial assets (other than goodwill)

For all non-financial assets (including the right-of-use assets), the Group is required to evaluate annually, whether indicators for potential impairment or reversal of impairment previously recorded exist and if they exist, a formal estimate of the recoverable amount is performed based on the value in use or fair value less costs of disposal. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. No impairment loss or reversal of impairment was recognised for the year ended 31 August 2022 (For the eight months ended 31 August 2021: impairment loss of RMB1,085,236,000).

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 August 2022 was RMB7,572,000 (2021: RMB7,572,000). Further details are given in Note 15 to the financial statements.

Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in the production and the provision of services, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed at the end of the reporting period based on changes in circumstances. The carrying amount of property, plant and equipment at 31 August 2022 was RMB3,640,254,000 (2021: RMB2,915,536,000).

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to deductible temporary differences at 31 August 2022 was RMB270,020,000 (2021: RMB271,309,000). The amount of unrecognised tax losses at 31 August 2022 was RMB468,402,000 (2021: RMB252,078,000). Further details are contained in Note 10 to the financial statements.

4. OPERATING SEGMENT INFORMATION

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

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

Entity-wide disclosures

Geographical information

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

Information about major customers

No revenue from a single customer amounted to 10% or more of the total revenue of the Group during the year and the eight months ended 31 August 2021.

5. REVENUE, OTHER INCOME AND GAINS

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

An analysis of revenue is as follows:

	Year ended 31 August 2022 RMB'000	Eight months ended 31 August 2021 RMB'000
Revenue from contracts with customers		
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5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers

(i) Disaggregated revenue information

	Year ended 31 August

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

An analysis of other income and gains is as follows:

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

7. PROFIT/(LOSS) BEFORE TAX

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

	Notes	Year ended 31 August 2022 RMB'000	Eight months ended 31 August 2021 RMB'000
Cost of inventories sold		**298,257**	115,596
Cost of services provided		**292,576**	169,099
Employee benefit expense (excluding Directors' and chief executive's remuneration (note 8))			
Wages and salaries		**252,709**	145,463
Pension scheme contributions (defined contribution scheme)^		**10,932**	10,632
Welfare		**22,319**	12,299
Housing fund (defined contribution scheme)		**5,825**	3,627
Less: Government grants released*	27	**(101,164)**	(34,814)
Subsidies received*		**(178)**	(1,254)
		190,443	135,953
Depreciation of items of property, plant and equipment**	13	**79,996**	44,615
Depreciation of right-of-use assets**	14(a)	**51,102**	21,751
Amortisation of other intangible assets	16	**1,709**	529
Impairment loss on non-current assets	13	**–**	1,085,236
Loss on disposal of items of property, plant and equipment, net		**556**	21
Loss on cancellation of operating leases as a lessee		**38**	–
Auditor's remuneration		**5,500**	5,200
Lease payments not included in the measurement of lease liabilities**	14(c)	**1,318**	1,625
Research expenses		**14,238**	6,672
Equity-settled share award scheme expenses	31	**5,779**	7,512
Bank interest income		**(1,924)**	(2,081)
Foreign exchange (gains)/losses, net		**(3,846)**	7,439
Loss on disposal of a subsidiary		**(126)**	–
Gain on disposal of subsidiaries		**172**	–
Gain on disposal of financial assets at fair value through profit or loss		**(6,779)**	(9,441)
Rental income		**(2,424)**	(8,358)

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

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

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

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "HKSE") (the "Listing Rules"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended 31 August 2022 RMB'000	Eight months ended 31 August 2021 RMB'000
Fees	**1,443**	1,150
Other emoluments:		
Salaries, allowances and benefits in kind	**829**	418
Pension scheme contributions	**65**	60
	894	478
	2,337	1,628

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year/period were as follows:

	Year ended 31 August 2022 RMB'000	Eight months ended 31 August 2021 RMB'000
Mr. Liu Kai Yu Kenneth	**237**	133
Mr. Yang Dong	**178**	100
Mr. Cheng Yiqun	**178**	100
	593	333

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(b) Executive directors, a non-executive director and the chief executive

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Total RMB'000
Year ended 31 August 2022				
Executive directors:				
Mr. Luo Shi*	**435**	**452**		

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one director and the chief executive (For the eight months ended 31 August 2021: one director and the chief executive), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining 3 (For the eight months ended 31 August 2021: 3) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 August 2022 RMB'000	Eight months ended 31 August 2021 RMB'000
Salaries, allowances and benefits in kind	**1,982**	1,211
Equity-settled share award scheme expenses	**699**	660
Pension scheme contributions	**32**	22
	2,713	1,893

The number of the non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

	Number of employees	
	Year ended 31 August 2022	Eight months ended 31 August 2021
Nil to HK$1,000,000	**3**	3

10. INCOME TAX

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

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

10. INCOME TAX (CONTINUED)

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

10. INCOME TAX (CONTINUED)

Notes: (Continued)

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

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

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

Tutoring schools of the Group, except for Luzhou Longmatan Tutoring School that is qualified under the "Western Development Policy" enjoying a preferential tax rate of 15%, by providing non-academic and non-formal educational services, are subject to corporate income tax at a rate of 25%.

Kindergartens and certain tutoring schools are qualifying entities under the preferential income tax reduction policy for small-scaled minimal profit enterprises. Under the preferential tax policy, the first RMB1 million of taxable income of these schools is taxed at 2.5% and the taxable income within RMB1 million to RMB3 million is taxed at 5%.

(d) According to the Implementation Regulations for the Law for Promoting Private Education, not-for-profit schools are eligible to enjoy preferential tax treatments as public schools. As a result, the Group's income from canteen operations on not-for-profit schools are applicable to the above-mentioned preferential tax treatments. In accordance with the historical tax returns filed with the relevant tax authorities and the confirmations obtained therefrom, there was no corporate income tax imposed in respect of canteen operations income from these schools which are treated as not-for-profit schools. As a result, no income tax expense was recognised for these schools during the year and the eight months ended 31 August 2021.

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

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

10. INCOME TAX (CONTINUED)

Deferred tax

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

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

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

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

	Year ended 31 August 2022 RMB'000	Eight months ended 31 August 2021 RMB'000
Earnings/(loss)		

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings and structures	Furniture and fixtures	Leasehold improvements	Devices and equipment	Construction

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings and structures	Furniture and fixtures	Leasehold

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of buildings and other premises used in its operations. Lump sum payments were made upfront to acquire the leased land from the government with lease periods of 30 to 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings and other premises generally have lease terms between 2 and 20 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year and the eight months ended 31 August 2021 are as follows:

	Buildings and other premises RMB'000	Leasehold land RMB'000	Total RMB'000
As at 1 January 2021	80,055	1,181,497	1,261,552
Additions	175,447	582,125	757,572
Depreciation charge	(8,834)	(20,294)	(29,128)
Continuing operations (note 7)	*(6,290)*	*(15,461)*	*(21,751)*
Discontinued operations	*(2,544)*	*(4,833)*	*(7,377)*
Loss upon the deconsolidation of the Affected Business	(62,046)	(326,032)	(388,078)
As at 31 August 2021 and 1 September 2021	184,622	1,417,296	1,601,918
Additions	18,827	86,406	105,233
Depreciation charge	(20,337)	(30,765)	(51,102)
Cancellation	(836)	–	(836)
As at 31 August 2022	**182,276**	**1,472,937**	**1,655,213**

(b) Lease liabilities

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

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

The maturity analysis of lease liabilities is disclosed in Note 38 to the financial statements.

14. LEASES (CONTINUED)

The Group as a lessee (Continued)

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

	Year ended 31 August 2022 RMB'000	Eight months ended 31 August 2021 RMB'000

15. GOODWILL

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

Impairment testing of goodwill

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

The recoverable amount of Kinderworld Kindergarten CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by the directors. The pre-tax discount rate applied to the cash flow projections is 17.1%.

Assumptions were used in the value in use calculation of the above CGU for 31 August 2022. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted revenue – The budgeted revenue is based on the historical data and management's expectation on the future market.

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

Long-term growth rate – The long-term growth rate used to extrapolate the cash flows of the above CGU beyond the five-year period is 0% and the inflation rate is 3% which are based on management's expectation on the future market.

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

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

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

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

16. OTHER INTANGIBLE ASSETS

	Software RMB'000	Copy rights RMB'000	Total RMB'000

17. INVESTMENT IN A JOINT VENTURE (CONTINUED)

The following table illustrates the summarised consolidated financial information in respect of Chengdu Shenzhou Tianli and its subsidiaries, reconciled to the carrying amount in the financial statements:

	2022 RMB'000	2021 RMB'000
Cash and cash equivalents	**17,577**	3,587
Other current assets	**240,197**	202,227
Current assets	**257,774**	205,814
Non-current assets	**519,900**	543,692
Current financial liabilities	**(159,309)**	(83,789)
Non-current financial liabilities	**(290,000)**	(340,000)
Net assets	**328,365**	325,717
Non-controlling interests	**(1,880)**	(1,725)
Equity attributable to the equity shareholders of the joint venture	**326,485**	323,992
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	**49%**	49%
The Group's share of net assets of the joint venture	**159,977**	158,755
Goodwill on acquisition of the joint venture	**3,065**	3,065
Carrying amount of the investment	**163,042**	161,820

Financial information of the joint venture for the year and the eight months ended 31 August 2021:

	Year ended 31 August 2022 RMB'000	Eight months ended 31 August 2021 RMB'000
Revenue	**33,294**	45,707
Interest income	**25**	99
Depreciation and amortisation	**(8,780)**	(4,549)
Impairment loss on non-current assets	**–**	(281,074)
One-off loss recognised upon deconsolidation of the Chengdu Shenzhou Tianli Affected Schools	**–**	(9,918)
Interest expenses	**(154)**	–
Income tax (expense)/credit	**(1,754)**	70,266
Gain/(loss) for the year/period	**2,648**	(228,435)
Continuing operations	***2,648***	*(228,466)*
Discontinuing operations	**–**	*31*
Total comprehensive income/(loss) for the year/period	**2,648**	(228,435)

18. INVESTMENTS IN ASSOCIATES

	2022 RMB'000	2021 RMB'000
Share of net assets	**69,499**	69,770

Particulars of the Company's indirectly held associates are as follows:

Company/school name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity ownership attributable to the Group 2022	2021	Principal activities
Affiliated Kindergarten of Luzhou Tianli School ("**Luzhou Tianli Kindergarten**")	The PRC/ Mainland China 10 October 2012	RMB6 million	33.5	33.5	Provision of kindergarten service
Chengdu Tianxing Equity Investment Fund Enterprise (Limited Partnership) ("**Chengdu Tianxing**") [(a)]	The PRC/ Mainland China 30 October 2019	RMB500 million	18	18	Provision of investment service

The financial year end date of the associates is 31 December which is the statutory financial year end for companies established in the PRC.

Investments in associates are accounted for using the equity method.

The Group's receivable balances with associates are disclosed in Note 35(b) to the financial statements.

Note (a):

On 16 October 2020, the Group entered into a limited partnership agreement with Shenzhen Xingrun Asset Management Co., Ltd., Chengdu Xingrun Zhonghe Enterprise Management Center (Limited Partnership), ICBC Wealth Management Co., Ltd. and six individuals in relation to the investment in Chengdu Tianxing. The purpose of the investment in Chengdu Tianxing is to seek investment returns by investing in Chengdu Shenzhou Tianli, a joint venture of the Group, to achieve capital growth. Chengdu Tianxing has an initial capital commitment of RMB500 million. The Group has contributed RMB90 million as of 31 August 2022, representing 18% of the initial capital commitment and 18% of the equity interest in Chengdu Tianxing. Chengdu Tianxing established an investment committee which shall consist of three voting members, one of which was appointed by the Group. Except for the disposal of shares, interest or other assets held by Chengdu Tianxing which must be approved by all members of the investment committee, all affairs must be approved by two of the three voting members. In this regard, the Group is in the position to exercise significant influence over Chengdu Tianxing and has accounted for Chengdu Tianxing as an associate.

As at 31 August 2022, the Group had no material associates.

18. INVESTMENTS IN ASSOCIATES (CONTINUED)

The following table illustrates the aggregate financial information of the Groups' associates that are not individually material:

	2022	2021
	RMB'000	RMB'000
Share of the associates' loss and total comprehensive loss for the year/period		

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

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

* Included in the prepayments for property, plant and equipment is a prepayment to a related party, Sichuan Nanyuan Construction Co., Ltd., amounting to RMB2,928,000 as at 31 August 2021 (note 35(b)).

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 August 2022 and 31 August 2021, the loss allowance was assessed to be minimal.

22. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK BALANCES

	2022 RMB'000	2021 RMB'000
Cash and bank balances	**886,061**	1,145,907
Time deposits with original maturity of:		
– less than three months	**35,414**	127,351
– more than three months	**10,000**	–
	931,475	1,273,258
Less: Restricted deposits	**1,573**	–
Cash and cash equivalents	**929,902**	1,273,258

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

	2022 RMB'000	2021 RMB'000
RMB	**887,796**	1,096,753
HK$	**43,549**	89,599
US$	**130**	86,906
	931,475	1,273,258

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

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

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 RMB'000	2021 RMB'000
Wealth management products at fair value	**100,010**	205,090

The above unlisted investments at 31 August 2022 were wealth management products issued by banks and non-bank financial institutions in Mainland China. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest. The coupon rates of the above wealth management products ranged from 2.45% to 4% (For the eight months ended 31 August 2021: 1.3%-6%) per annum.

24. TRADE PAYABLES

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

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

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

25. OTHER PAYABLES AND ACCRUALS

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

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

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

27. DEFERRED INCOME

	2022 RMB'000	2021 RMB'000
Government grants related to expense items		
At beginning of year/period	**467,785**	1,283,636
Government grants received	**193,357**	502,024
Released to profit or loss (note 7)	**(101,164)**	(181,225)
– Continuing operations	***(101,164)***	*(34,814)*
– Discontinued operations	**–**	*(146,411)*
Deconsolidation of the Affected Business	**–**	(1,136,650)
At end of year/period	**559,978**	467,785
Current	**191,249**	140,670
Non-current	**368,729**	327,115
Total	**559,978**	467,785

Various government grants have been received for the purpose of compensation of salaries and wages arising from the teaching activities at certain schools of the Group. Upon completion of the operating activities, the government grants related to the expense items would be released to profit or loss and deducted from the operating expenses to which they relate. Government grants received for which expenditure has not yet been undertaken are included in deferred income.

28. INTEREST-BEARING BANK LOANS

	2022			2021		
	Effective interest rate (%)	**Maturity**	**RMB'000**	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – secured	**5**	**2023**	**50,000**	1.25-6	2022	322,221
Current portion of long-term bank loans – secured	**5.39-7.35**	**2023**	**190,450**	5.39-7.35	2022	169,250
			240,450			491,471
Non-current						
Bank loans – secured	**5.39-7.35**	**2024-2030**	**891,375**	5.39-7.35	2023-2030	742,250
			1,131,825			1,233,721

29. SHARE CAPITAL

Shares

	2022 HK$'000	2021 HK$'000
Authorised:		
10,000,000,000 ordinary shares of HK$0.1 each	**1,000,000**	1,000,000
Issued and fully paid:		
2,154,000,000 (2021: 2,166,000,000) ordinary shares of HK$0.1 each	**215,400**	216,600

30. RESERVES

The amounts of the Group's reserves and the movements therein for the year and the eight months ended 31 August 2021 are presented in the consolidated statement of changes in equity on pages 82 and 83 of the consolidated financial statements.

(a) Capital reserve

The capital reserve of the Group represents the capital contributions from the then investors or school sponsors of the PRC operating subsidiaries, after elimination of investments in subsidiaries.

(b) Share premium

The application of the share premium account is governed by the Companies Law of the Cayman Islands. Under the constitutional documents and the Companies Law of the Cayman Islands, the share premium is distributable as dividend on the condition that the Company is able to pay its debts when they fall due in the ordinary course of business at the time the proposed dividend is to be paid.

(c) Statutory surplus reserves

Pursuant to the relevant laws in the PRC, the Company's subsidiaries and schools in the PRC shall make appropriations from after-tax profit to non-distributable reserve funds as determined by the boards of directors of the relevant subsidiaries and schools in the PRC. These reserves include (i) the general reserve of the limited liability companies and (ii) the development fund of schools.

(i) In accordance with the Company Law of the PRC, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserve may be converted to share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

(ii) According to the relevant PRC laws and regulations, private schools are required to appropriate to the development fund not less than 10% of the net income of the relevant schools as determined in accordance with generally accepted accounting principles in the PRC. The development fund is for the construction or maintenance of the schools or procurement or upgrade of educational equipment.

31. RESTRICTED SHARE AWARD SCHEME

The Group has adopted the Restricted Share Award Scheme (the "Scheme"), effective from 17 December 2018. The purpose of the Scheme is (i) to recognise the contribution of the key management personnel and core employees of the Group and motivate them; (ii) to help the Group retain and attract the selected participants in attaining the long-term business objectives of the Company; and (iii) to further align the interests of the selected participants directly with those of the shareholders of the Company through ownership of the Company's shares.

The Scheme shall be effective from 17 December 2018 and shall continue in full force and effect for 10 years or until such date of early termination as determined by the Company's board of directors (the "Board"), whichever is earlier. The maximum number of shares that may be granted under the Scheme in aggregate shall be no more than 75,000,000 shares.

The Scheme shall be subject to the administration of the Board and a trustee (the "Trustee") in accordance with the rules governing the Scheme and the trust deed.

A selected participant shall be entitled to receive the award shares held by the Trustee in accordance with the following vesting schedule and the selected participants shall be responsible for all the taxes, stamp duty, levies and charges applicable to the grant and vesting of the award shares:

i. 10% of a selected participant's award shares shall become vested upon each of the first anniversary, the second anniversary, the third anniversary, the fourth anniversary and the fifth anniversary after the grant date; and

ii. 50% of a selected participant's award shares shall become vested upon the sixth anniversary after the grant date.

31. RESTRICTED SHARE AWARD SCHEME (CONTINUED)

Vesting of the award shares will be conditional on the selected participant remaining as an employee of the Group until and on each of the relevant vesting date and his/her execution of the relevant documents to effect the transfer from the Trustee. In the event that the selected participant ceases to be an employee of the Group before all award shares are vested, the Trustee shall repurchase the unvested award shares at the repurchase price from the resources contributed by the Group. The repurchased shares shall be held under the trust and be granted to other selected participant(s) as instructed by the Board.

The Trustee shall not exercise the voting rights in respect of any shares held under the trust including, but not limited to, the award shares.

The Group has set up a trust specifically for the management of the share award plan and through the trust.

Pursuant to share award notices issued on 15 December 2019 to those selected participants, an aggregate of 7,724,000 shares (the "2019 Awarded Shares") of the Company of HK$0.10 each were granted at RMB1.60 (equivalent to approximately HK$1.78) per 2019 Awarded Share and the earliest vesting date of the 2019 Awarded Shares is 1 September 2020. There is no other performance target required except that the eligible participant remains as an employee of the Group.

Pursuant to share award notices issued on 31 January 2021 to those selected participants, an aggregate of 7,140,000 shares (the "2021 Awarded Shares") of the Company of HK$0.10 each were granted at RMB2.40 (equivalent to approximately HK$2.88) per 2021 Awarded Share and the earliest vesting date of the 2021 Awarded Shares is 1 September 2021. There is no other performance target required except that the eligible participant remains as an employee of the Group.

During the year, an aggregate of 1,194,600 shares were forfeited due to the resignation of employees under the share awarded scheme.

The fair value of services received in return for shares granted is measured by reference to the fair value of the shares granted. The fair value of the shares granted is based on the difference between the market price of the shares and the subscription price paid by the selected participants at the grant date, adjusted for the exclusion of expected dividends to be received in the vesting period.

During the year, the total share award scheme expenses of RMB5,779,000 (note 7) were charged to profit or loss (For the eight months ended 31 August 2021: RMB7,512,000).

The following awarded shares were outstanding under the scheme during the year and the eight months ended 31 August 2021:

	Number of shares purchased for the Scheme	Number of awarded shares
At 1 January 2021	26,631,000	6,951,600
Purchased and withheld	22,193,000	–
Granted	(7,140,000)	7,140,000
Forfeited	2,002,500	(2,002,500)
At 31 August 2021 and 1 September 2021	43,686,500	12,089,100
Vested	**–**	**(1,270,900)**
Forfeited	**1,194,600**	**(1,194,600)**
At 31 August 2022	**44,881,100**	**9,623,600**

32. DISPOSAL OF SUBSIDIARIES

On 19 March 2022, the Group decided to dispose of its entire equity interests in Luzhou Tianli Daren Education Technology Co., Ltd ("**Daren Education**") for a consideration of RMB408,000 and Luzhou Lixue Education Consulting Service Co., Ltd ("**Lixue Education**") for a nil consideration to Ms. Liu Qin, the minority shareholder of the two disposed subsidiaries mentioned above. The disposal was completed on 31 August 2022.

Pursuant to the board resolution of Luzhou Tianli Jiaozi Education Technology Co., Ltd dated 15 March 2022, the Group decided to dispose of its entire equity interest in Gulin Tianli Jiaozi Culture and Art Training School Co., Ltd ("**Gulin School**") to Mr. Zhong Lin, one of the minority shareholders of Gulin Art Training School, for a consideration of RMB100,000. The disposal was completed on 30 April 2022.

The following table illustrates the aggregate consolidated financial information of the above subsidiaries disposed of:

	Daren Education RMB'000	Lixue Education RMB'000	Gulin School RMB'000	Total RMB'000
Net assets disposed of:				
Property, plant and equipment (note 13)	–	492	72	564
Cash and cash equivalents	1,508	941	386	2,835
Prepayments and other receivables	346	735	179	1,260
Contract liabilities	(1,351)	(527)	(556)	(2,434)
Tax payable	(11)	(6)	2	(15)
Other payables and accruals	304	(630)	(29)	(355)
Non-controlling interests	(390)	(879)	(124)	(1,393)
	406	126	(70)	462
Loss/(Gain) on disposal of subsidiaries	(2)	126	(170)	(46)
	408	–	100	508
Satisfied by:				
Cash	408	–	100	508

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	Daren Education RMB'000	Lixue Education RMB'000	Gulin School RMB'000	Total RMB'000
Cash consideration	408	–	100	508
Cash and cash equivalents disposed of	(1,508)	(941)	(386)	(2,835)
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	(1,100)	(941)	(286)	(2,327)

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash transactions in: (i) the additions to right-of-use assets and lease liabilities of RMB15,646,000, respectively, in respect of lease arrangements for plant and equipment (For the eight months ended 31 August 2021: RMB158,643,000); and (ii) the decrease of amounts due to related parties and increase of contract liabilities of RMB32,856,000, respectively, in respect of boarding fees collected by the Affected Business.

(b) Changes in liabilities arising from financing activities

31 August 2022

	Interest-bearing bank loans RMB'000	**Interest payables included in other payables and accruals RMB'000**	**Lease liabilities RMB'000**	**Advances from related parties RMB'000**	**Total RMB'000**
At 31 August 2021	**1,233,721**	**11,914**	**171,024**	**2,665,300**	**4,081,959**
Changes from financing cash flows	**(101,896)**	**(71,449)**	**(5,928)**	**(56,216)**	**(235,489)**
New leases	**–**	**–**	**15,646**	**–**	**15,646**
Cancellation	**–**	**–**	**(798)**	**–**	**(798)**
Interest expense charged to profit or loss	**–**	**16,903**	**10,599**	**–**	**27,502**
Interest capitalised	**–**	**51,141**	**–**	**–**	**51,141**
At 31 August 2022	**1,131,825**	**8,509**	**190,543**	**2,609,084**	**3,939,961**

31 August 2021

	Interest-bearing bank loans RMB'000	Interest payables included in other payables and accruals RMB'000	Lease liabilities RMB'000	Advances from related parties RMB'000	Total RMB'000
At 31 December 2020	1,293,306	196	97,679	–	1,391,181
Changes from financing cash flows	196,415	(43,804)	(6,174)	246,721	393,158
– Continuing operations	*205,415*	*(33,260)*	*(6,174)*	*1,146,793*	*1,312,774*
– Discontinued operations	*(9,000)*	*(10,544)*	*–*	*(900,072)*	*(919,616)*
New leases	–	–	158,643	–	158,643
Interest expense charged to profit or loss	–	17,091	6,164	–	23,255
– Continuing operations	*–*	*14,250*	*2,757*	*–*	*17,007*
– Discontinued operations	*–*	*2,841*	*3,407*	*–*	*6,248*
Interest capitalised	–	38,431	–	–	38,431
– Continuing operations	*–*	*30,924*	*–*	*–*	*30,924*
– Discontinued operations	*–*	*7,507*	*–*	*–*	*7,507*
Effect of deconsolidation of Affected Business	(256,000)	–	(85,288)	2,418,579	2,077,291
At 31 August 2021	1,233,721	11,914	171,024	2,665,300	4,081,959

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	Year ended 31 August 2022 RMB'000	Eight months ended 31 August 2021 RMB'000
Within operating activities	**1,318**	1,625
Within investing activities	**105,707**	475,729
Within financing activities	**5,928**	6,174
	112,953	483,528

34. COMMITMENTS

The Group had the following capital commitments as at the end of the period:

	Year ended 31 August 2022 RMB'000	Eight months ended 31 August 2021 RMB'000
Contracted but not provided for:		
Property, plant and equipment	**263,444**	142,552

35. RELATED PARTY TRANSACTIONS AND BALANCES

The directors are of the view that the following individuals/companies are related parties that had material transactions or balances with the Group during the year and the eight months ended 31 August 2021.

(a) Name and relationships of related parties

Name	Relationships
Mr. Luo Shi	Ultimate Controlling Shareholder of the Company
Nanyuan Construction	A company controlled by Mr. Luo Shi
Luzhou Tianli Property Management ("**Luzhou Tianli Property**")	A company controlled by Mr. Luo Shi
Sichuan Tianli Times Aviation Technology Co., Ltd. ("**Sichuan Tianli Times Aviation**")	A company controlled by Mr. Luo Shi
Chengdu Shenzhou Tianli	A joint venture of the Company
Luzhou Tianli Kindergarten	An associate of the Company
Affected Business	Legally owned by the affiliated entities of the Group

In addition to the transactions detailed elsewhere in the financial statements, the Group had the following transactions with related parties:

35. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Outstanding balances with related parties

Amounts due from related parties

	Notes	2022 RMB'000	2021 RMB'000
Trade in nature			
Luzhou Tianli Kindergarten	(i)	**15**	15
Non-trade in nature			
Luzhou Tianli Property		**20**	20
Luzhou Tianli Kindergarten	(i)	**–**	1,847
Affected Business	(ii)	**1,085,632**	1,092,732
		1,085,652	1,094,599
		1,085,667	1,094,614
Prepayments			
Nanyuan Construction		**–**	2,928

	Notes	2022 RMB'000	2021 RMB'000
Amounts due to related parties	(iii)		
Non-trade in nature			
Nanyuan Construction		**528,459**	563,849
Chengdu Shenzhou Tianli		**183,294**	246,721
Luzhou Tianli Kindergarten	(i)	**670**	–
Affected Business		**2,425,120**	2,418,579
		3,137,543	3,229,149
Less: Non-current portion			
Chengdu Shenzhou Tianli		**183,294**	–
Affected Business		**815,287**	–
		2,138,962	3,229,149

Notes:

(i) Included in the amount due from Luzhou Tianli Kindergarten were management fees receivable for the provision of kindergarten management service provided by the Group amounting to RMB15,000 as at 31 August 2022 (2021: RMB15,000). Besides, included in the amount due to Luzhou Tianli Kindergarten were advances received amounting to RMB670,000 as at 31 August 2022.

(ii) The amounts due from related parties (including the amounts due from the Affected Business) were unsecured, interest-free and had no fixed terms of repayments.

(iii) The amounts due to related parties (including the amounts due to the Affected Business) were unsecured, interest-free and had no fixed terms of repayments.

35. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Outstanding balances with related parties (Continued)

Amounts due from related parties (Continued)

The above amounts due to and amounts due from the Affected Business represent balances between the Group and the Affected Business. Prior to 31 August 2021, these balances were eliminated upon consolidation of the Affected Business by the Group. The Group deconsolidated the Affected Business on 31 August 2021, and these balances were no longer eliminated and shown as amounts due to or amounts due from the Affected Business.

(c) Transactions with related parties

(1) Construction of property, plant and equipment

	Year ended 31 August 2022 RMB'000	Eight months ended 31 August 2021 RMB'000
Nanyuan Construction	**618,468**	1,581,141

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35. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(c) Transactions with related parties (Continued)

(4) Advances received and repayment of advances received

	Year ended 31 August 2022 RMB'000	Eight months ended 31 August 2021 RMB'000
Advances received from:		
Chengdu Shenzhou Tianli	**21,384**	565,995
Luzhou Tianli Kindergarten	**2,317**	–
Affected Business	**1,642,997**	1,533,711
	1,666,698	2,099,706
Repayment of advances received:		
Chengdu Shenzhou Tianli	**84,811**	319,274
Luzhou Tianli Kindergarten	**1,647**	–
Affected Business	**1,636,456**	633,639
	1,722,914	952,913

(5) Others

None of the Group's bank loan is guaranteed by Mr. Luo Shi as at 31 August 2022 (2021: RMB81,000,000). Details of the guarantee are disclosed in Note 28 to the financial statements.

The related party transaction in respect of item (c)(1) above also constitutes a continuing connected transaction as defined in Chapter 14A of the Listing Rules.

(d) Compensation of key management personnel of the Group

	Year ended 31 August 2022 RMB'000	Eight months ended 31 August 2021 RMB'000
Salaries, allowances and benefits in kind	**2,113**	1,775
Equity-settled share award scheme expenses	**392**	396
Pension scheme contributions	**60**	79
	2,565	2,250

36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

31 August 2022

Financial assets

	Financial assets at fair value through profit or loss RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Debt investments at fair value through profit or loss	**100,010**	**–**	**100,010**
Trade receivables	**–**	**10,953**	**10,953**
Financial assets included in prepayments, deposits and other receivables	**–**	**39,780**	**39,780**
Cash and cash equivalents	**–**	**929,902**	**929,902**
Restricted deposits	**–**	**1,573**	**1,573**
Amounts due from related parties	**–**	**1,085,667**	**1,085,667**
	100,010	**2,067,875**	**2,167,885**

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Amounts due to related parties	**3,137,543**
Trade payables	**46,571**
Lease liabilities	**190,543**
Interest-bearing bank loans	**1,131,825**
Financial liabilities included in other payables and accruals	**171,974**
	4,678,456

36. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

31 August 2021

Financial assets

	Financial assets at fair value through profit or loss RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Debt investments at fair value through profit or loss	205,090	–	205,090
Trade receivables	–	3,550	3,550
Financial assets included in prepayments, deposits and other receivables	–	24,557	24,557
Cash and cash equivalents	–	1,273,258	1,273,258
Amounts due from related parties	–	1,094,614	1,094,614
	205,090	2,395,979	2,601,069

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Amounts due to related parties	3,229,149
Trade payables	11,419
Lease liabilities	171,024
Interest-bearing bank loans	1,233,721
Financial liabilities included in other payables and accruals	208,016
	4,853,329

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying amounts		Fair values	
	2022 RMB'000	2021 RMB'000	**2022 RMB'000**	2021 RMB'000
Financial assets at fair value through profit or loss	**100,010**	205,090	**100,010**	205,090
Interest-bearing bank loans – non-current	**891,375**	742,250	**891,375**	742,250
Amounts due to related parties – non-current	**998,581**	–	**926,898**	–
	1,989,966	947,340	**1,918,283**	947,340

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

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

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

The fair values of the non-current portion of amounts due to related parties and interest-bearing bank loans have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in the Group's own non-performance risk for amounts due to related parties and interest-bearing bank loans as at 31 August 2022 were assessed to be insignificant.

The fair values of financial assets at fair value through profit or loss are measured using the expected return published by licensed banks and a non-bank financial institution.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using			
	Quoted price in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Financial assets at fair value through profit or loss				
31 August 2022	**–**	**100,010**	**–**	**100,010**
31 August 2021	–	205,090	–	205,090

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (Continued)

Liabilities for which fair values are disclosed:

31 August 2022

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

31 August 2021

	Fair value measurement using			
	Quoted price in active market (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise other payables and accruals, interest-bearing bank loans, trade

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its contractual obligation. The Group has no concentration of credit risk from third party debtors. The carrying amounts of cash and cash equivalents, amounts due from related parties, trade receivables, and deposits and other receivables in the statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets.

Maximum exposure and year-end/period-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and fiscal year-end/period-end staging classification as at 31 August 2022 and 31 August 2021. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

Maximum exposure and year-end/period-end staging (Continued)

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
31 August 2021					
Debt investment at fair value through profit or loss	**205,090**	**–**	**–**	**–**	**205,090**
Trade receivables*	**–**	**–**	**–**	**3,550**	**3,550**
Financial assets included in prepayments, deposits and other receivables					
– Normal**	**24,557**	**–**	**–**	**–**	**24,557**
– Doubtful**	**–**	**–**	**–**	**–**	**–**
Cash and cash equivalents	**1,273,258**	**–**	**–**	**–**	**1,273,258**
Guarantees given to banks in connection with facilities granted to related parties					
– Facilities not yet drawn	**–**	**–**	**–**	**–**	**–**
– Facilities drawn – not past due	**651,000**	**–**	**–**	**–**	**651,000**
Amounts due from related parties	**1,094,614**	**–**	**–**	**–**	**1,094,614**
	3,248,519	**–**	**–**	**3,550**	**3,252,069**

* For trade receivables to which the Group applies the simplified approach for impairment, the expected loss allowance for these balances was not material during the reporting period.

** The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Management also regularly reviews the recoverability of these receivables and follows up the disputes or amounts overdue, if any. Management is of the opinion that the risk of default by counterparties is low.

The Group considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition by considering available reasonable and supportive forward-looking information.

As at 31 August 2022, the credit assessment of other receivables was performed. The Group assessed that the expected credit losses for these receivables are not material under the 12-month expected credit loss method. Therefore, no loss allowance was made during the reporting period.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and lease liabilities.

The maturity profile of the Group's financial liabilities at the end of the reporting period, based on contractual undiscounted payments, is as follows:

	2022					
	On demand RMB'000	**Less than 3 months RMB'000**	**3 to 12 months RMB'000**	**1 to 5 years RMB'000**	**Over 5 years RMB'000**	**Total RMB'000**
Interest-bearing bank loans	**–**	**104,600**	**273,669**	**793,521**	**132,208**	**1,303,998**
Lease liabilities	**–**	**5,326**	**15,742**	**66,484**	**181,235**	**268,787**
Financial liabilities included in other payables and accruals	**149,867**	**–**	**–**	**–**	**–**	**149,867**
Trade payables	**46,571**	**–**	**–**	**–**	**–**	**46,571**
Amounts due to related parties	**2,138,962**	**–**	**–**	**998,581**	**–**	**3,137,543**
	2,335,400	**109,926**	**289,411**	**1,858,586**	**313,443**	**4,906,766**

	2021					
	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Interest-bearing bank loans	–	40,650	500,483	690,546	161,317	1,392,996
Lease liabilities	–	1,526	13,227	97,727	107,886	220,366
Financial liabilities included in other payables and accruals	223,930	–	–	–	–	223,930
Trade payables	11,419	–	–	–	–	11,419
Amounts due to related parties	3,229,149	–	–	–	–	3,229,149
	3,464,498	42,176	513,710	788,273	269,203	5,077,860

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the reporting period.

The debt-to-asset ratio as at the end of the reporting year was as follows:

	2022	2021
	RMB'000	RMB'000
Total liabilities	**6,252,196**	6,005,516
Total assets	**8,131,111**	7,793,383
Debt-to-asset ratio	**77%**	77%

39. FINANCIAL GUARANTEE CONTRACTS

The financial guarantee contracts represent guarantees given to banks in connection with facilities granted to the Affected Business and Chengdu Shenzhou Tianli. At 31 August 2022, the total banking facilities granted, which were fully utilised by Affected Business and Chengdu Shenzhou Tianli by the banks were RMB350,478,000 (2021: RMB256,000,000) and RMB340,000,000 (2021: RMB395,000,000), respectively. The Group does not hold any collateral or other credit enhancements over the guarantees.

The Group does not provide financial guarantees except for Affected Business which was regarded as subsidiaries of the Group in the prior year and Chengdu Shenzhou Tianli.

The financial guarantee contracts are measured at the higher of the ECL allowance and the amount initially recognised less the cumulative amount of income earned. The ECL allowance is measured by estimating the cash shortfalls, which

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2022 RMB'000	2021 RMB'

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

	Share premium RMB'000	Shares repurchased for the share award scheme RMB'000	Share award scheme reserve RMB'000	Retained profits/ (accumulated losses) RMB'000	Total RMB'000
As at 1 January 2021	1,515,989	(41,211)	2,803	(34,563)	1,443,018
Loss and total comprehensive loss for the period	–	–	–	(30,848)	(30,848)
Shares repurchased for the share award scheme	–	(47,346)	–	–	(47,346)
Shares awarded becoming vested	903	(29)	(874)	–	–
Final 2020 dividend declared	(112,102)	–	–	–	(112,102)
Interim 2021 dividend declared	(82,091)	–	–	–	(82,091)
Share issue expenses	(244)	–	–	–	(244)
Equity-settled share award scheme expenses	–	–	7,512	–	7,512
Shares awarded under the share award scheme	–	17,136	–	–	17,136
Offsetting with dividends	–	3,772	–	–	3,772
At 31 August 2021 and 1 September 2021	1,322,455	(67,678)	9,441	(65,411)	1,198,807
Profit and total comprehensive income for the year	–	–	–	67,207	67,207
Shares repurchased for the share award scheme	–	(6,093)	–	–	(6,093)
Shares awarded becoming vested	4,295	(708)	(3,587)	–	–
Equity-settled share award scheme expenses	–	–	5,779	–	5,779
Cancellation of issued capital	(7,591)	–	–	–	(7,591)
At 31 August 2022	**1,319,159**	**(74,479)**	**11,633**	**1,796**	**1,258,109**

41. EVENTS AFTER THE REPORTING PERIOD

As at the date of approval of the financial statements, the Group had no events after the year end that need to be disclosed.

42. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 22 November 2022.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

This report is the fifth Environmental, Social and Governance (ESG) Report issued by the Company, prepared in accordance with the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The preparation of this report is in line with the reporting principles of materiality, quantitative, balance and consistency.

The Company has applied these reporting principles in the aforementioned Environmental, Social and Governance Reporting Guide as the following:

Materiality: Materiality assessment was conducted to diagnose material ESG issues during the Reporting Year, thereby adopting the confirmed material issues as the focus of the ESG Report. The materiality of ESG issues was reviewed and confirmed by the Board.

Quantitative: The standards and methodologies used in the calculation of relevant data in the ESG Report, as well as the applicable assumptions were disclosed. The KPIs were supplemented by explanatory notes to establish benchmarks where feasible.

Balance: This ESG Report was prepared based on an objective and impartial manner to ensure that the information disclosed faithfully reflects the overall ESG performance of the Company.

Consistency: The statistical data disclosed in this ESG Report were compiled in accordance with the uniform information collection process and working mechanism established by the Company. The 2022 statistical areas have been adjusted to be consistent with those of the Annual Report.

Reporting Period

The time range for this report covers the period from 1 September 2021 to 31 August 2022. Part of its contents may be dated back to previous years, so as to enhance the comparability and completeness of this report.

Reporting Boundary

This report thoroughly discloses the information and key performance of the Company and its schools in official operation in the field of ESG, and the statistical scope of part of key performances will be detailed in this report.

Sources of Data and Reliability Assurance

All the information and data used in this report were derived from the internal official documents and statistical reports of the Company and its schools, or public information. The Company warrants that there are no false or misleading statements in this report, and is responsible for the authenticity, accuracy and completeness of the contents herein. Upon confirmation of the management, this report was considered and approved by the Board on 22 November 2022.

The electronic version of this report will be available at the websites of the Company (http://www.tianlieducation.com) and The Stock Exchange of Hong Kong Limited (http://www.hkexnews.hk).

DIRECTORS' STATEMENT

Tianli International Holdings is committed to improving environmental, social and governance (ESG) practices and performance. The ESG issues of Tianli International Holdings are jointly participated by the Board, senior management, Risk Control and Internal Audit Center, Education Management Center, Brand Management Center, Human Resources Administration Center and the subordinate schools. We continuously optimize and improve the ESG management mechanism and related policy documents to strengthen the decision-making and supervision of the Board at the ESG level. The Risk Control and Internal Audit Center regularly submits ESG reports to the Board, and the reports are disclosed after consideration by the Board.

Tianli International Holdings strives to ensure that appropriate and effective risk management and internal control systems are in place to advance the identification and assessment of environmental, social and governance and climate-related risks and opportunities, as well as to properly address the challenges and impacts brought about by the COVID-19. The Company will continue to be relentless in its regular pandemic prevention and control efforts to protect the health and safety of students and teachers.

Looking ahead, the Board will continue to review and monitor the environmental, social and governance performance of the Company and continue to provide stakeholders with reliable, consistent and comparable key environmental, social and governance information in a joint effort for a better society.

This report discloses in detail the progress and effectiveness of Tianli International Holdings's ESG work in 2022 and was considered and approved by the Board on 22 November 2022.

ABOUT THE COMPANY

About Tianli International Holdings

Tianli International Holdings is a leading comprehensive service operator in Western region of the PRC, and provides customers with comprehensive education management and diversified services. As at 31 August 2022, the 43 well-built Tianli schools of the Company are widely dispersed in 14 provinces (autonomous regions or municipalities), including Sichuan, Shandong, Zhejiang, Guangdong, Guangxi, Hubei, Henan, Jiangxi, Anhui, Inner Mongolia, Gansu, Chongqing, Yunnan and Guizhou, serving approximately tens of thousands of school students, including 17,185 high school students. In 2020, 2021 and 2022, the graduating high school students of our schools participated in the Gaokao in the relevant cities where the schools are located, approximately 96.3%, 93.2% and 90% of them attained the entry requirements of universities in the PRC respectively and approximately 75.5%、67.1% and 60% attained the entry requirements of first-tier universities in the PRC, respectively.

Tianli International Holdings is committed to improving its teaching quality and optimising its education system, striving to provide better services to students and parents through excellent school management and professionalism of teachers and contribute to the future pillars of society.

- Our Mission:

  Becoming an innovator and leader in the PRC's private fundamental education sector

- Our Vision:

  Striving for Excellence in Tianli Education and Inspiring Confidence and Happiness of Students and Teachers

- Our School Motto:

  Nurturing descendants of the heaven, helping students accomplish themselves and benefit others

- Our Core Value:

  Geese spirit, being proactive, student-oriented, teachers' happiness, education at both schools and communities, heritage and integration, sustainable development

- Our Moral Education Goal:

  Sound health, morality, wisdom, behavior, mind and creativity and a positive influence on society in addition to self-realization

Recognition and Awards

In addition to devoting themselves to teaching and cultivating people, Tianli International Holdings promotes high-quality internal development and actively practices social responsibility, it has been awarded the "2021 Comprehensive Strength Education Group", "2021 Industry Benchmark Education Group" and "2021 Influential Education Brand" by the 12th Xinhua Net Education Forum, Tencent Education and 13th NetEase Education Golden Wing Award ceremony.

ESG GOVERNANCE

Corporate Responsibilities

Tianli International Holdings has been devoting itself to operating schools for 20 years, sticking to its original aspiration of strengthening the country through education, bearing in mind its mission of cultivating role models in ethics, pursuing a high quality intensive development path, and striving to become an innovator and leader in the PRC's private fundamental education sector. We have been actively practicing the concept of sustainable

Communication with Stakeholders

Stakeholders from all walks of life are the peers of Tianli International Holdings in its development journey. In order to actively communicate closely with stakeholders such as shareholders and investors, employees, students, parents, the environment, supply chain/partners, governmental and regulatory agencies, and communities/the public, we are constantly improving our communication and dialogue mechanism with all stakeholders, proactively understanding and responding to their demands, and working together with them to achieve a sustainable future.

Table: Stakeholders' Communication

Stakeholders	Expectations for the Group	Communication Measures
Investors/Shareholders	Operation compliance Protecting shareholders' interests Open and transparent information	General meetings Announcements and press releases Annual reports SEHK/group website
Corporate Employees	Good platform for professional development Competitive remuneration packages Healthy and safe working environment	Conferences/teaching and research activities Internal staff training/assessments Employee satisfaction survey
Students	Comfortable learning environment Exposure to diversified activities	Students satisfaction survey Themed class meetings/lectures School principal's mailboxes
Parents	Excellent teaching quality Positive atmosphere at schools Dietary assurance and campus life assurance for students	Parents meetings Education expos School principal's mailboxes
Environment	Rational use of resources Efficient use of water and electricity Compliant waste disposal Pleasant campus environment Green teaching	Green campus Green office Dissemination of green ideas
Suppliers/partners	Long-term and win-win cooperation Fair competition Product quality assurance	Suppliers evaluation On-site visits to suppliers Exchange meetings for suppliers Strategic cooperation
Governmental and regulatory agencies	Operation compliance Safe teaching environment Social practice and contribution Ensuring information security for students and parents	Compliance reporting On-site inspections Participation in conferences/seminars
Communities/public	Public charity projects Social activities of students	Activities for public charity Social practice

MATERIAL ISSUES

Identification and Assessment

In accordance with the Environmental, Social and Governance Reporting Guide of The Stock Exchange of Hong Kong Limited and other relevant requirements as well as the requirements of the stakeholders taken into consideration, the Company identified 25 issues in total based on a review of the relevant ESG issues for the previous year with the latest development of the Company and industry movements of the year taken into account, so as to better follow up on the issues of concern to the stakeholders and to respond to the evaluation and expectations of the stakeholders on the sustainable performance of Tianli International Holdings. Such issues included 6 highly important issues including Development of Students' Comprehensive Quality and Professional Ethics and Morality Construction for Teachers, 13 moderately important issues and 6 generally important issues. The results were mapped into a matrix for ESG importance issues according to the order of their importance to the internal and external stakeholders. The issues identified will be elaborated in details by the Company in the subsequent sections of this report.

Matrix and List

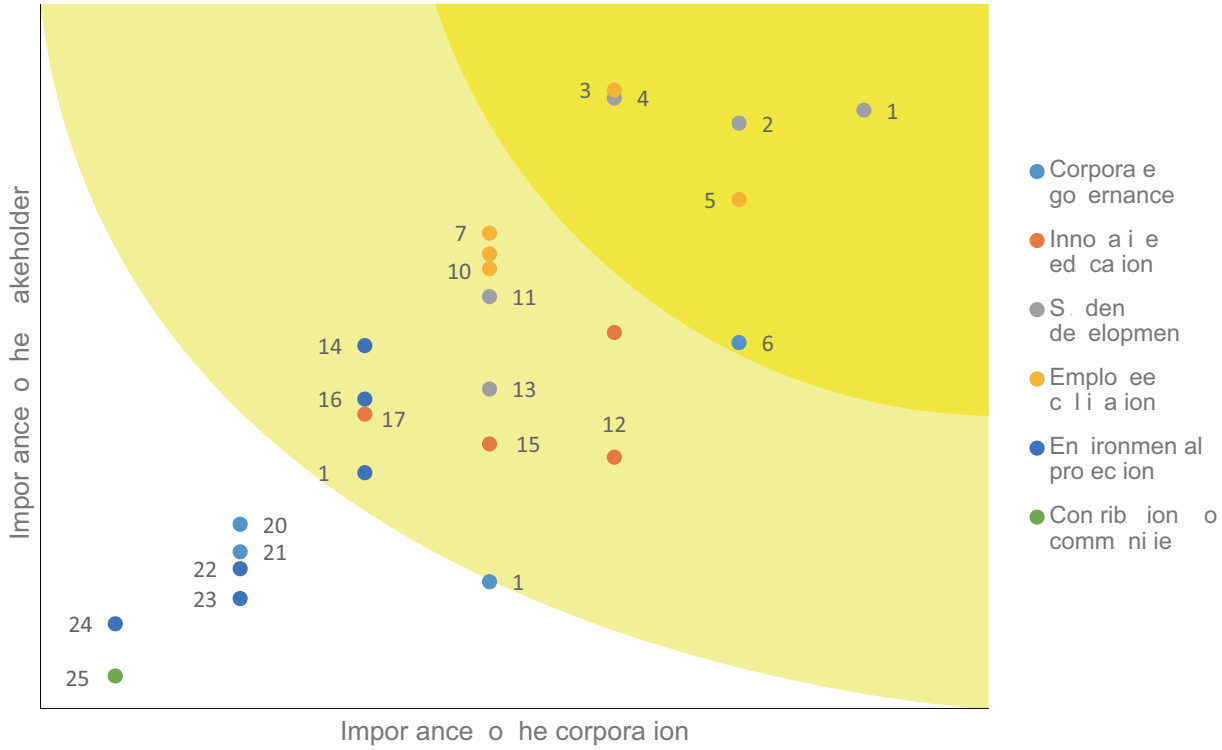


Figure: Tianli International Holdings's Matrix of Material Issues

Table: ESG Material Issues

IMPORTANCE	SEQUENCE	ISSUES
Highly important issues	1	Development of Students' Comprehensive Quality
	2	Safety and Health Assurance for Students
	3	Professional Ethics and Morality Construction for Teachers
	4	Dietary Assurance for Students
	5	Faculty Management and Structure
	6	Protecting Privacy and Ensuring Information Security for Students and Parents
Moderately important issues	7	Employee Training and Career Development
	8	Teaching Quality Assessment and Improvement
	9	Ensuring Safety and Occupational Health for Employees
	10	Employee Remuneration and Welfare
	11	Communication between Teachers and Parents
	12	Innovation in Curriculum Development and Diversification of Education Models
	13	Student/Parent Satisfaction
	14	Green Teaching and Office Environment
	15	Educational Products and Intellectual Property Protection
	16	Environmental Education
	17	Integration and Enhancement of Educational Resources
	18	Water Resource Utilization and Water Conservation
	19	Sustainability Management across Supply Chain
Generally important issues	20	Compliance Operation and Anti-corruption
	21	Complaint Processing Procedures and Service Improvement
	22	Climate Change Risks and Opportunities
	23	Waste Management
	24	Energy Consumption Management
	25	Participation in Community Development and Social and Charity Activities

STUDENT-ORIENTED APPROACH

Take every beings on earth to the heart, setting the right path for the people, inherit and extend ancient philosophers' teachings and bring peace to thousands of generations of people to come (為天地立心，為生民立命，為往聖繼絕學，為萬世開太平). The Company is deeply engaged in the education industry, bears in mind its original aspiration of strengthening the country through education, keeps striving to become an innovator and leader in the PRC's private education sector, focusing on the construction of teaching quality and diversified admission channels, striving to create a safe and healthy campus atmosphere and achieve a healthy and happy life for students in the present and a happy life in the future.

At the end of the 2021-2022 academic year, the number of high-school students of Tianli International Holdings was 17,185.

Optimizing Teaching Quality

Creating excellent Tianli International Holdings is our vision and also our promise to society. The Company always believes that the quality of teaching is the basis for the long-term sustainable development of the school, so it continues to optimise its education system, deepens its teaching research, strictly controls the quality of teaching in all links and strives to provide students with education that will serve for a lifetime.

Project NO. 1

"Project NO. 1" of Tianli International Holdings is an educational product that covers the entire process from the preparation and optimization of resources, the creation of and training on three-tier teaching management strategies, the testing and refinement of three types of schools, to the inspection, guidance and appraisal of the full implementation of the schools. In 2022, we launched the "Project NO. 1" integration experiment and completed the construction of "Project NO. 1" to improve the overall quality of education and teaching. "Project NO. 1" aims to take the quality of high school as the leader and improve the teaching quality of elementary and junior high schools, including the three-tier (ABC) teaching method of nine subjects in the high schools, the project of teaching students in light of their aptitude and providing guidance on teaching in the junior high schools and the unit overall

Project NO. 1

Teaching and Research

Guided by the school motto of "nurturing descendants of the heaven, helping students accomplish themselves and benefit others (天之驕子，立己達人)" and with the mission of "Cultivating elites for the future and creating century-old competitive brand(育未來精英，創百年精品)", the Company develops scientific, standardized and systematic teaching methods and curriculum systems for the schools of Tianli International Holdings through rigorous and comprehensive scientific research, and researches and provides students with tailor-made quality education.

We take students as the center and curriculum as the carrier, deepen teaching and research supervision and external communication, promote home-school co-operation, and promote the continuous improvement of our teaching ability. According to the school work plan and teaching plan, the schools carry out research on the optimization of teaching and learning of subjects in the form of teaching and research groups, study of educational theories and teaching practice, and serialisation adjustment of curriculum standards and teaching materials to steadily improve teachers' professional skills. In 2022, Tianli International Holdings Examination Research Institute actively participated in external exchange and discussion activities to learn from the experience of the nation's top high schools in operating schools and the admission policies of various colleges and universities, so as to provide more ideas for the optimization of academic education in our schools of the Company. In addition, parents, as the most important teachers on the way of their children's growth, are welcome to participate in the teaching and learning growth process of the students. Baise Tianli School has established a parents growth academy, through which parents are organised to learn about family education on a regular and irregular basis to discuss ways to teach students according to their aptitude, so as to promote home-school co-operation.

Teacher Cultivation

The Company takes the professional growth of teachers as the key path to achieve the improvement of its education and teaching quality, actively cultivates the teaching and teaching management ability of teachers, organizes teacher training and teaching research, continuously improves the construction of the chief teachers team, and promotes the promotion of the overall level of the teaching staff in all aspects.

In 2022, the Faculty Department of the Company actively promoted and completed teacher trainings including new teachers training, the class heads' training, the backbone teachers' training, the master teachers' appraisal, and effectively promoted the rapid progress and growth of young teachers in our various schools in the form of top teacher workshops and classroom competitions. During the Reporting Year, the Junior High School Section of Hejiang Tianli created the four dimensions of the closed loop of teachers' quality, from lesson preparation, lesson giving, homework to individual support, regulating the path of high teacher quality requirements through the whole process, to comprehensively promote the construction of teacher teaching management.

Ensuring Campus Safety

The Company strictly abides by the laws and regulations such as the Law of the People's Republic of China on the Protection of Minors, the Law of the People's Republic of China on Work Safety, the Law of the People's Republic of China on Emergency Response, the Law of the People's Republic of China on the Prevention and Control of Infectious Diseases, the Law of the People's Republic of China on Fire Fighting and the Law of the People's Republic of China on Food Safety, constantly improves its safety management system, focusing on strengthening the safety management and education for teachers and students in relation to personal, fire and food safety, eliminating all kinds of hidden dangers and building a safe campus for students. During the Reporting Year, no major campus safety accidents occurred in any of the campuses under the Company.

Safety Management

The Company adheres to the "People-oriented" concept, attaches great importance to the safety management of the campus, strictly complies with the Interim Provisions on Campus Environment Management for Primary and Secondary Schools issued by the Ministry of Education, the Measures for Handling Student Injury Accidents issued by the Ministry of Education and other provisions, develops safety management systems such as the Regulations for the Implementation of Campus Safety Management, to strengthen multiple controls on campus safety and effectively protect the personal and property safety of teachers and students.

To ensure the safety and stability of our campuses, we have taken multiple measures in terms of management system, system construction, appraisal, rewards and punishments, and safety supervision to steadily improve our campus safety management capacity. The schools have set up safety work committees to take full responsibility for school safety work and a certain number of security personnel are in place, to establish an efficient and standardized school safety work network system. In the face of sudden security incidents, some of our schools have established working leadership group for public health emergencies headed by the principal. The working leadership group has improved the information monitoring and reporting network for public health emergencies, established a rapid response and emergency handling mechanism, and taken timely measures. In 2022, we completed the improvement of the safety management system, collected and organized the safety management systems of various schools, and formed the Regulations for the Implementation of Campus Safety Management based on the implementation of school safety management. At the same time, we established a system of rewards and punishments for safety work, included safety work into the performance appraisal of various departments and individuals, and linked it to the evaluation of merit and performance appraisal, so as to mobilize all teaching and administrative staff to work together to do a good job in school safety.

Education on Safety

Regular daily and special safety education has an important preventive role in protecting the safety of students, and we strictly comply with such regulations and rules as the Regulations on School Safety Education and Management and the Regulations on Safety Promotion and Education, carry out safety education assessment, public health event prevention and control knowledge popularization, campus publicity, special education, mental health counseling and other activities in various schools, to continuously improve student health and safety awareness.

Initiatives related to Safety Education Activities of Tianli International Holdings in 2022

• **Safety education assessment** In 2022, Tianli International Holdings Logistics Center guided all schools under the Company to formulate a yearly "Safety Education and Drill Work Plan" and supervised the schools to carry out safety education work in strict accordance with the plan. In this school year, all schools completed safety education courses and more than 2 safety drills with satisfied quality and quantity, and the passing rate of safety education assessment was 100%.
• **Public health event prevention and control knowledge popularization** We implemented health education courses to popularize the knowledge on prevention and treatment of public health emergencies and improve the protection awareness of all students, faculty and staff and the level of public health on campus.
• **Campus publicity** In combination with the prevention of seasonal and sudden-onset infectious diseases, we vigorously publicized and popularized the knowledge on prevention and treatment of emergencies through blackboards, publicity windows, broadcasts and the campus network to improve the public health awareness and the ability of prevention and treatment of emergencies among students, teachers and staff.
• **Special education** We carried out special education on food hygiene and prevention of food poisoning, enhanced the ability of students to identify spoiled food, products without production date, without quality certificate and without manufacturer indicated on packaging, poor quality food, and asked students not to buy various types of food sold by unlicensed and uncertified vendors on the street.
• **Mental health counseling** We implemented student mental health screening and established a student mental health ledger. We always combined quality construction and students' physical and mental relaxation, paid attention to students' academic stress and emotions in their lives, observed the state of parent-child relationship, teacher-student relationship and classmate relationship, talked monthly to students who needed help, helping them to relieve and reduce their stress at the right time.

Food Safety

The Company adheres to the red line of food safety and conscientiously fulfills its responsibility to take care of the healthy growth of the students. In order to ensure food safety and risk control, the Company strictly abides by the Food Safety Law of the People's Republic of China, the Regulations on the Management of Food Safety and Nutritional Health in Schools, the Code of Practice for Food Safety in Food Service, and other laws and regulations, and has formulated the Food Safety Management System for School Canteens, the Food Hygiene Safety Emergency Plan and other systems and documents, established a food safety management system and created a safe eating environment through the whole process, from food procurement, storage management, sample retention management to complaint management, etc. In 2022, the Company organized a total of three school-wide food safety hazard inspections, and selected schools for monthly food safety surprise inspections, established a food safety issue ledger and supervised and optimized the food safety management capabilities of various schools. During the Reporting Year, no food safety incidents occurred in the cafeterias of the Company.

- Food safety management system: Various campuses establish comprehensive food hygiene leadership team to strengthen school food hygiene management.

- Cafeteria staff management: Cafeteria staff must follow the Health Examination System for Cafeteria Staff of their respective campuses and go to the local health and epidemic prevention department once a year for a health checkup and receive a qualified health certificate before they are allowed to work. The cafeteria manager and school administrators conduct daily morning checkups and health observations of cafeteria workers to keep track of their health status. During work, staff members are required to maintain personal hygiene and wear work clothes and hats as required.

- Food procurement: The Company comprehensively regulates the food procurement process and strictly examines the qualification documents of suppliers as well as food safety certificates such as health licenses, food inspection certificates or lab test reports to ensure the freshness and safety of food ingredients; and improves the process management of food ingredients by establishing certificate files and storage management.

- Storage management: The warehouse where food is stored is required to be kept dry and ventilated, and the containers must be safe and harmless to prevent food contamination.

- Sample retention management: Each meal and each kind of food provided by the cafeteria is kept in strict

Fire Safety

The Company strictly abides by the national laws and regulations such as the Law of the People's Republic of China on Fire Fighting, and has, taking into account the actual situation of the school, developed system documents such as the Regulations on Management of Safe Evacuation Facilities in Teaching Areas, the Fire Safety Management Manual and the Regulations on Fire Prevention in Dormitories to guarantee the fire safety of the school district. Through fire safety awareness publicity, fire training and drills, and lectures by experts, we explain daily fire prevention precautions, fire response measures, and self-rescue methods to strengthen teachers' and students' safety awareness and emergency evacuation capabilities. During the Reporting Year, the school actively conducted various fire drills and "Fire Prevention in Campus (消防知識進校園)" activities at various campuses throughout the year, requiring teachers and students to be familiar with emergency escape routes and general fire safety knowledge.

Case: Fire Safety Drill in Dongying Tianli School

On 9 November 2021, Dongying Tianli School held a fire safety drill to equip every teacher and student with the necessary emergency evacuation knowledge and abilities, enhance the fire safety awareness of every teacher and student, and improve our self-care and self-help abilities. The fire safety drill included two parts: emergency evacuation and fire extinguisher use. In the emergency evacuation link, the drill was divided into evacuation group, guidance group and fire extinguishment demonstration group. According to the formulated emergency escape drill procedure, teachers and students were required to evacuate according to the prescribed escape

Remuneration and Welfare

Tianli International Holdings strictly abides by the Labor Contract Law of the People's Republic of China and constantly improves its compensation and welfare management methods to eliminate obstacles to the introduction, cultivation and development of talents and effectively support the talents needed for the Company's development. Employees are entitled to salary, paid annual leave, sick leave, marital leave, five social insurances and one housing fund, and other welfare benefits in accordance with national and local laws and regulations. At the same time, we have also established loyalty awards, expanding the group of employees who can enjoy educational preferential policies, improving the conditions for granting contribution bonuses and house and car purchase subsidies and enriched the types of welfare protection to provide employees with industry-competitive salary packages and a number of benefits, giving full play to the incentive effect of the salary and benefit system on employees and enhancing their sense of acquisition and happiness.

The Company adheres to the "People-oriented" development concept and is committed to providing a comprehensive compensation and welfare system for all employees. During the Reporting Year, the Remuneration Performance Plan for Tianli Education Group Headquarters Staff (Operation Line) (《天立教育集團總部員工薪酬績效方案（運營線)》), the Remuneration and Performance Plan for Tianli Education Group School Executives (《天立教育集團學校高管薪酬績效方案》), the Remuneration and Performance Plan for Tianli Education Group Personnel, Finance and Logistics Departments Heads (《天立教育集團人事、財務、後勤部長薪酬績效方案》) and the Management Measures for Rewards and Punishments for Tianli Education Group Employees (《天立教育集團員工獎懲管理辦法》) and other systems were revised and updated, mainly including the adjustment of salary structure, adding monthly performance pay structure, clarifying the principles of performance payment for former employees, regularly evaluating employee performance and giving feedback on the results, deepening employees' understanding of their job duties, improving their motivation and helping them improve themselves.

Promotion Channels

Tianli International Holdings takes the value of "gaining respect with teacher's morality, developing with self-cultivation, loving students as the way of education, learning as the way of life, research as the way of work, and enjoying a happy and meaningful educational life" as the core value of the Company to make teachers happy. We continuously increase the investment in talent training and management, adhere to the diversified talent development strategy, pay attention to the growth and development of employees, provide targeted career development channels to achieve the progress and development of employees and the Company.

During the Reporting Year, the Company established a promotion channel featuring an order of "New elite – Backbone – Outstanding – Master – Chief" for teachers, and further enhanced our management staff promotion system with an order of "Junior teacher – middle-level cadre – section principal/five department heads – district principal", aiming to create opportunities for each of Tianliers to challenge himself/herself and to continuously learn and develop.

Physical and Mental Health

We regard health and safety as the top priority in our business management, taking the occupational health-related laws and regulations such as the Occupational Disease Prevention and Control Law of the People's Republic of China as a guideline, and in accordance with the rules and regulations such as the Administrative Measures for Preventive Health Examinations, we promote healthy living and happy working for our staff by optimizing the health management system for teaching and administrative staff, doing daily supervision and inspection, providing psychological counseling services for staff, resolving conflicts among employees, relieving employees' work pressure, and creating a safe and healthy cultural atmosphere.

During the Reporting Year, we offered free annual physical checkups for all our employees, and bought commercial insurances including those for major diseases and accidents for our teachers and administrative staff, aiming to guarantee their health and recognise the demands of each of them, so as to guide them in an all-round way to pursue a good life in a healthier manner.

Focus on Talent Cultivation

Tianli International Holdings firmly believes that a united and efficient team and competitive talents are important factors for the sustainable operation of an enterprise, and adheres to the talent concept of "Learning is an important way to improve one's personal cultivation". The Company pays attention to talent cultivation, and through the development of Training Management System of Basic Education Division of Tianli Education Group (《天立教育集團基礎教育事業部培訓管理制度》) and other talent cultivation management system, enriches the content of the staff training platform, provides diversified resources to support the employees, helping them to keep growing, so as to achieve the common growth of the Company and its employees.

As at the end of the Reporting Year, the average number of training hours for each employee of the Company was 38 hours, with a training coverage rate of 45%.

Teachers Cultivation

Talents are the fundamental driving force of enterprise development. The Company upholds the core value of "Geese spirit" and keeps exploring in the areas of talent reserve, talent training and development, and is committed to helping its employees grow continuously. Our training system covers grade heads, class heads, backbone teachers and other categories, focusing on teachers' professional ability, professionalism, management ability and cultural construction to further improve teachers' ability, and strive to build a teacher team "having common vision to be a leading geese with lofty ambition and pursuit of excellence, and team spirit of sharing weal and woe and innovation".

At the same time, the Company has also organized all the staff of the Examination Academy of the Education Management Center to participate in the training activities for the implementation of the new teaching materials for the college entrance examination in Sichuan Province; sent the director of the Examination Academy, Lu Yongping, to participate in the national "Forum on High-level Universities and High-level High Schools" led by Peking University to understand the admission policies of colleges and universities and learn from the experience of the first-class high schools in the PRC; held a training session for new teachers and a training session for teachers of Chinese ancient civilization & technology comprehensive quality improvement services, and awarded certificates to teachers who performed well in the activities.

Talents Training

Tianli International Holdings is guided by a scientific and diversified selection management system and aims to establish a learning organization to ensure the adequacy of reserve talents and continuously inject new vitality into the Company. During the Reporting Year, the Company carried out the "Up-and-coming Elites Project (青藍工程)" mentor-apprentice twinning activities for various campuses, aiming to give full play to the role of backbone teachers to pass on their knowledge and experience, so that young teachers could adapt to the basic requirements of their educational positions within a short period of time and achieve simultaneous improvement in teacher morality, teaching art and educational management ability, thereby creating conditions for them to become good and famous teachers.

- Requirements of the "Up-and-coming Elites Project (青藍工程)":

(I) The "Up-and-coming Elites Project (青藍工程)" takes the basic form of mentor-apprentice twinning, while constantly expanding the implementation channels, seeking guidance and help from experts outside the school, carrying out activities with special features in diverse forms, and pursuing long-term persistent and pragmatic implementation channels.

(II) The "Up-and-coming Elites Project (青藍工程)" is carried out through the selection of mentor teachers and the implementation of a reasonable combination of mentors and apprentices. Our selected mentors are key teachers with lofty moral character, rich teaching experience and high management level. The selection of the mentors is based on a combination of regular and irregular intervals, from both inside and outside the school. The combination of mentors and apprentices is arranged by the organization with the consent of both parties or by two-way choice and voluntary combination.

(III) The promotion of the "Up-and-coming Elites Project (青藍工程)" is closely integrated with the education and teaching work, striving to improve the moral standard, basic teaching skills and practical level of classroom management of the youth teachers. We try our best to build a stage for the youth teachers to show their skills, and regularly hold teaching presentation activities every semester.

Enjoying the Life in Education

The Company actively creates a corporate culture atmosphere that cares for its employees, and we continue to improve our office and living environment to continuously enhance our employees' sense of belonging, identity and happiness towards the Company. During the Reporting Year, the Company organized major events such as personnel symposium, quality promotion symposium, New Year review and refinement meeting and doctoral exchange meeting to build a platform for employee exchange and growth, and also organized appraisal meetings to motivate advanced employees and mobilize them. We conduct various employee activities on Dragon Boat Festival, Teachers' Day and Mid-Autumn Festival every year to give more opportunities for communication between departments and establish harmonious employee relationships, expecting them to perceive more happiness in their work. Tianli International Holdings strives to be a practitioner to help employees achieve the integration of their lives and work.

SUSTAINABLE DEVELOPMENT

Ensuring Operation Compliance

Operation compliance is an important support for the sound development of the Company and a basic prerequisite for quality and efficiency of development. The Company is committed to strengthening the system and enhancing compliance awareness by strictly complying with domestic laws and regulations, as well as a series of system rules such as the Listing Rules of the Hong Kong Stock Exchange. Through strengthening the internal control and information security management, as well as responsible procurement, we ensure that the Company operates in a sound, compliant and sustainable manner.

Risk Control

The Company attaches great importance to business risk control. And it is committed to ensuring the sustainable and stable operation in the most rigorous manner while preventing operational and legal compliance risks. We strictly follow the laws and regulations such as the Company Law of the People's Republic of China and the Basic Standards for Enterprise Internal Control. Internally, we formulate and comply with management measures such as the Risk Control System and the Quality Promotion Management System of Tianli Education Group. To carry out a better risk control, we set up a Risk Control and Internal Audit Centre system consisting of auditing inspection department, internal control department and legal department.

We assess potential risks from the perspective of various relevant indicators such as operational efficiency, sustainable development and reputation, and then propose significant risk management measures and improvement strategies. During the Reporting Year, our management regularly reviewed significant risk factors and countermeasures and submitted reports to the Audit Committee. By strictly grasping risk points, the Company control potential risks and respond to crises in a timely manner. In addition, the Company has completed comprehensive management audits including on financial, human resources and system of 22 schools as scheduled. After that, the Company has made management proposals corresponding to different businesses for some schools, while preparing and updating the Group's risk mapping.

In February 2022, in order to comprehensively collect various types of risk information and make timely feedback and initiatives, the Company's Brand Communication Centre opened the "Tianli Mailbox" to collect information such as customer feedback and the voices of teachers and parents in the form of the Group's joint promotion in all its campuses, so as to enhance the ability to manage risks in education and teaching, logistics services and other areas, and strongly promote the high-quality and sustainable development of various businesses.

Integrity Construction

The Company undertakes to abide by the highest standards of business ethics, strictly complies with relevant laws and regulations such as the Criminal Law of the People's Republic of China, the Supervision Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China, the Company Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China. We have formulated internal system documents such as the Monitoring Management System, the Administrative Measures for Corruption-free Business Talks, the Administrative Measures for Invited Supervisors, and the Internal Audit System. With these efforts, the Company continuously strengthens compliance management in terms of both management systems and personnel training, enhancing the compliance awareness of all our employees and strictly controlling the occurrence of improper business practices.

The Company has established a standardized mechanism for handling disciplinary violations. The Company conducts case investigation through complaint and report, audit referral leads, etc., and proposes corresponding investigation reporting deadlines for general, major and special cases. During the Reporting Year, no corruption cases occurred in the Company.

Responsible Procurement

Quality suppliers are a necessary part of school logistics. The Company strictly abides by the laws and regulations of the Labor Law of the People's Republic of China, the Bidding Law of the People's Republic of China and other relevant industry regulations. And it has formulated relevant documents such as Management System for Procurement and Bidding and the Measures for Supplier Performance Evaluation and Management. We strengthen and improve the whole chain of quality management system of suppliers from admission, evaluation, inspection and withdrawal. At the same time, we incorporate ESG-related factors into supply chain management and make every effort to build a fair, compliant and sustainable corporate supply chain. During the Reporting Year, the Company totally has 503 suppliers.

– **Responsible procurement:** The Company has established a standardized supplier procurement system. We select excellent and honest suppliers in a clean and fair manner with the standard of Management System for Procurement and Bidding. Through the Supplier Quality Assurance Agreement and Supplier Integrity Agreement, we constrain the suppliers' due diligence. In terms of infrastructure maintenance, the Company strictly controls the quality of materials to ensure project safety. In terms of the procurement of materials for offices, student supplies, logistics and others for campuses, the Company has established a selection standard of "the procurement plan – qualification examination and approval – inspection – bid evaluation – bid determination – bid negotiation"; For the procurement of common foods, the Company has formulated the Bulk Material Designated Procurement System to clearly designate procurement and ensure that suppliers have valid business licenses, health permits, inspection reports, etc.

– **Inspection and evaluation:** In order to ensure the selected suppliers meet the requirements, the Company has established an objective system assessing 7 aspects including quality assurance, implementation standards and supply ability, etc. The rating of the assessment results ranges from AA, A, B, C and blacklist. We communicate with suppliers according to the results of assessment, and effectively reduce market risks

Protecting the Environment

The Company realizes that environmental protection is an important way to ensure the sustainable and long-term operation and respond to the ecological civilization. We comply with the relevant laws and regulations such as Environmental Protection Law of the People's Republic of China and Prevention and Control of Environmental Pollution of Solid Waste of the People's Republic of China. In response to the call of the "double carbon" policy, we have led all schools to actively participate in environmental protection from the aspects of building green campus, having green education, and responding to climate change and other aspects, constantly strengthening the attention to climate change, and making contributions to environmental protection.

Green Campus

The Company integrates the idea of green and sustainable development into the corporate gene, and environmental awareness and green actions into school daily management. The Company has formulated a series of environmental-friendly systems including the School Green Office System, the Water and Electricity Conservation Management System, the Green Office and Frugality Convention, the School Property Management Work Instruction Manual, the Measures for the Administration of the Energy-saving Operation of School Campus Facilities, the Administrative System for Energy Conservation and Consumption Reduction, and the Rules for the Management and Use of Indoor Electric Appliances. The Company clearly stipulates energy conservation and emission reduction in the regulations, advocating resource conservation, green commuting and green office, and environmentally friendly campuses.

– **Use electricity efficiently:** We give priority to the use of environment-friendly and energy-saving office supplies and equipment, make sure that unnecessary electrical appliances are turned off, and reduce standby energy consumption. For major energy consumers such as air conditioners, the Company has set up strict and scientific management system, requiring schools use air conditioners only in appropriate temperature, and turn off the air purifier when the air index of the day is forecast below 80 (good);

– **Use water efficiently:** We help teachers and students to develop the water conservation awareness and behavior. And we encourage them not to run too much water and turn off water faucets whenever necessary. We have corresponding management responsibilities for different teaching and administrative departments. For example, the cleaning staff is responsible for managing the setting switch of the toilet faucets, and the supporting staff should regularly check and timely repair the water facilities;

– **Green commuting:** We carry out unified bus dispatching according to the principle of "safety, economy and standardization". We charge fuel consumption and traffic fees beyond the original dispatching range, controlling the greenhouse gas emissions caused by the uncontrolled use of buses.

– **Environmental improvement:** We breed plants to beautify the indoor environment and purify the air at the same time. We also maintain outdoor greening. By donating money and planting trees, we provide a good outdoor environment for teachers and students. With both efforts in indoor and outdoor, we aim to improve the work and learning experience and efficiency while improving the environment;

In terms of waste management, the Company produces hazardous wastes in the operation such as printer cartridges, waste light tubes, laboratory hazards and other wastes, and non-hazardous wastes including office paper and paper cups and other household wastes. Schools have formulated the Waste Management System, firmly carry out education and implementation of waste classification, disposal and utilization. Responding to our country call for waste recycling, they set up waste recycling stations, and guide teachers and students to build a resource-saving and environment-friendly society.

– **Hazardous Wastes:** The Human Resources and Administration Department keeps a record of hazardous waste account of schools that detail the type, quantity, destination and use of waste. For this waste, schools have fixed-point management, and regularly handed over to professional qualified third parties for reasonable and legitimate recycling;

– **Non-hazardous Wastes:** We set up waste reduction programs, such as suggesting reduce the waste of paper by double-sided printing, using recyclable office items, carrying water cups to reduce the use of paper cups, etc. In addition, we use special recycling boxes to collect discarded office paper, newspapers, etc. and give them to the garbage collection station for recycle.

Green Education

Guided by the green growth policy of our country, the Company focuses on the cultivation of environmental awareness and green concepts for the country's talents. The Company explores a new education model that integrates green education with basic education by improving the teaching system and curriculum system and conducting environmental activities.

– **Green Teaching System:** The Company advocates the integration of environmental education into traditional systems, such as the development of a system of division of responsibility for environmental education in schools under the leadership of the principal's office, and the development of annual environmental education work goals according to the relevant functions of each department. The Company advocates teachers to infuse environmental knowledge among students while teaching according to the characteristics of the subject;

– **Curriculum Reform:** Schools include environmental education as part of its teaching mission in its textbooks and extensive programs each semester, combining curriculum study with environmental awareness so that students will implicitly develop the mindset and habit of caring for the environment;

– **Activities carried out:** The schools' teaching office and teachers take various forms of environmental protection activities as one of the important contents of students' moral education. And they use festivals to carry out colorful extracurricular group activities, including speech contests, social practice, volunteer

Responding to Climate Change

The globe is currently in a warming phase, and major natural disaster issues caused by rising temperatures can pose certain operational risks to the Company and endanger the safety of its staff. In order to mitigate and adapt to climate change, the Company plans to develop policies and initiatives to identify potential risks that may be posed by climate change and make response plans in advance. In daily operations, we improve resource efficiency and reduce greenhouse gas emissions and their negative impact on the natural climate through resource conservation and circular economy.

In order to ensure the orderly conduct of emergency work in schools when emergencies occur and to exercise the self-rescue ability of staff and students in adverse weather conditions, schools under our Company regularly conducts fire drills and conducts a summary and reflection at the end of the event, so as to continuously improve the emergency plan and ensure adequate preparation for major disasters.

SCHOOL-COMMUNITY COOPERATION

Society is the carrier of the school, and school is a powerful driving force for the development of the society. School-

During the Reporting Year, training sessions and sharing activities on the topic of family-school cooperation were conducted for staff members within each school, with the intention of systematically helping teachers to fully understand the appropriate ways and considerations for communicating with parents. Among them, Dongying Kenli District Tianli School actively implemented a monthly satisfaction assessment, which was carried out in an online anonymous way and achieved a parental satisfaction rate of over 95%.

Case: Lanzhou Tianli School "Family and School Together, Teachers and Students Together" Sharing Session

In August 2022, Lanzhou Tianli School conducted a sharing session on "Family and School Together, Teachers and Students Together", where the teacher introduced to other teachers in the school the skills of effective communication with parents and the advantages of family-school co-education in terms of communication plan, problem handling and communication attitude. Our teachers propose a model of family-school communication that includes an interactive platform, home visits, and answers to parents' questions, with examples to help listeners better understand how to communicate responsibly with students' parents in different situations.

Enthusiastic in Public Welfare

Insisting on promoting social development with practical actions and assuming corporate social responsibility, the Company organizes socially beneficial public welfare activities, and devotes to creating equal educational resources, and develops hand in hand with society. We have always been committed to public welfare and fulfilled our corporate social responsibility with the support of Tianli Love Charity Foundation. During the Reporting Year, the Company and each of its schools donated RMB260,000 to help students, the poor, and poverty alleviation and pandemic preventing and controlling. The concept of public welfare has become an important part of our corporate culture. While improving our core competitiveness, we create a posmpetii:pand harmonious public welfare environment for society and create an endless source of public welfare power.

APPENDIX I ESG DATA LIST

ESG Indicator		Unit	2022	2021	2020
A	**Environment**[2]				
A1	**Emissions**				
A1.2	**Greenhouse gas emissions in total**[3] **and intensity**				
	Direct GHG emissions (scope I)	Ton (CO_2 equivalent)	**2,584.52**	8,790.39	10,022.40
	Indirect GHG emissions (scope II)	Ton (CO_2 equivalent)	**6,707.95**	21,582.65	14,139.50
	Total GHG emissions	Ton (CO_2 equivalent)	**9,292.47**	30,373.04	24,161.90
	GHG intensity	Ton (CO_2 equivalent)/million operating revenue	**10.51**	33	18.60
A1.3	**Hazardous waste generated**				
	Total amount of hazardous wastes	Kilogram	**2,283.59**	5,727.98	2,813
	Intensity of hazardous wastes	Kilogram/million operating revenue	**2.58**	6.20	2.20
A1.4	**Non-hazardous waste generated**				
	Total amount of non-hazardous wastes	Ton	**5,237.91**	7,568.68	4,845
	Intensity of non-hazardous wastes	Ton/million operating revenue	**5.92**	8.20	3.70
	Daily life garbage	Ton	**1,232.66**	3,883.50	2,263.80
	Kitchen garbage	Ton	**4,005.26**	3,685.19	2,581.10
	Wasted paper	Ton	**/**	/	/
A2	**Use of Resources**				
A2.1	**Total energy consumption and intensity**				
	Total energy consumption[4]	Ton standard coal	**2,986.81**	8,052.90	8,660.30
	Energy consumption intensity	Ton standard coal/million operating revenue	**3.38**	8.80	6.70
	Gasoline consumption	Liter	**63,139.27**	296,865.50	1,450,143.30
	Diesel consumption	Liter	**9,027.58**	10,188.60	39,954.60
	Natural gas consumption	Cubic meter	**1,115,708.94**	3,483,678.70	3,062,770.80
	Pipeline gas consumption	Cubic meter	**4,237.16**	206,633.00	0
	Outsourced electricity	kWh	**11,545,527.42**	30,678,958.70	25,399,313.80
A2.2	**Water resource consumption and intensity**				
	Water used in offices and life	Ton	**737,375.42**	2,090,400.70	1,666,311.10
	Water use intensity	Ton/million operating revenue	**833.78**	2,273.70	1,284.10

2 Note: As disclosed in the section of "Regulatory Updates" in the Management Discussion and Analysis, environmental data relating to the Affected Business is not included in the statistics of the 2022 ESG Report as result of the impact of the Implementation Regulations;

3 Note: Direct GHG emissions (scope I) are calculated based on the Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions of 24 Industries in China issued by the Development and Reform Commission of the State Council, and are calculated based on the consumption of gasoline, diesel, natural gas and pipeline gas, which are the main energy consumption categories in the operation; while indirect GHG emissions (scope II) are calculated based on the Notice on the Key Work of Enterprise Greenhouse Gas Emissions Reporting Management in 2022, which is derived from the conversion of outsourced electricity;

4 Note: The total energy consumption is calculated based on GBT2589-2020 General Rules for Comprehensive Energy Consumption Calculation.

ESG Indicator		Unit	2022	2021	2020
B	**Society**				
B1	**Employment**				
B1.1	**Number of employees by gender, employment type, age group and geographical region**				
	Total workforce[5]	Person	**3,018**	8,828	6,949
Gender	Male	Person	**1,150**	2,776	2,029
	Female	Person	**1,868**	6,052	4,920
Employee type	Administrative and managerial employees	Person	**407**	216	111
	Teacher	Person	**1,124**	4,813	3,474
	Staff	Person	**1,487**	3,799	3,364
Age	Under 30 years old	Person	**646**	2,907	3,288
	30 to 50 years old	Person	**1,733**	4,757	3,769
	Above 50 years old	Person	**639**	1,164	892
Geographical region	Sichuan Province	Person	**1,451**	5,610	5,193
	Mainland China (excluding Sichuan Province)	Person	**1,566**	3,217	1,748
	Overseas	Person	**1**	1	8
B1.2	**Employee turnover rate by gender, employment type, age group and geographical region**				
	Total e8 Tw 10.63 0 Td[Employee)0.6 (4o249on)12				

APPENDIX II ESG KPI INDEX

ESG KPI	Guide Requirements	Reporting Chapter/Statement
A.Environment		
A1: Emissions	General disclosure Information relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste: (a) policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Sustainable Development – Protecting the Environment
A1.1	The types of emissions and respective emissions data.	Sustainable Development – Protecting the Environment
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and (where appropriate) intensity (e.g. per unit of production	

ESG KPI	Guide Requirements	Reporting Chapter/Statement
A3: Environment and Natural Resources	General disclosure Policies on minimizing the issuer's significant impacts on the environment and natural resources.	Sustainable Development – Protecting the Environment
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Sustainable Development – Protecting the Environment
A4: Climate Change	General disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Sustainable Development – Protecting the Environment
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Sustainable Development – Protecting the Environment
B.Social		
B1: Employment	General disclosure Information relating to remuneration, dismissal, recruitment, promotion, working hours, holidays, equal opportunities, diversification, anti-discrimination, and other benefits and welfare: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Teachers Happiness – Open Development
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Appendix I ESG Data List
B1.2		

ESG KPI	Guide Requirements	Reporting Chapter/Statement
B3: Development and Training	General disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Teachers Happiness – Open Development Road Teachers Happiness – Focus on Talent Cultivation
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix I ESG Data List
B3.2	The average training hours completed per employee by gender and employee category.	Appendix I ESG Data List
B4: Labor Standards	General disclosure Information relating to preventing child labor and forced labor: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Teachers Happiness – Open Development Road
B4.1	Description of measures to review employment practices to avoid child and forced labor.	Teachers Happiness – Open Development Road
B4.2	Description of steps taken to eliminate such practices when discovered.	Teachers Happiness – Open Development Road
B5: Supply Chain Management	General disclosure Policies on managing environmental and social risks of the supply chain.	Sustainable Development – Ensuring Operation Compliance
B5.1	Number of suppliers by geographical region.	Appendix I ESG Data List
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Sustainable Development – Ensuring Operation Compliance
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Sustainable Development – Ensuring Operation Compliance
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Sustainable Development – Ensuring Operation Compliance
B6: Product Liability	General disclosure Information relating to health and safety, advertising, labeling, and privacy matters relating to products and services provided and methods of redress: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Student-oriented
B6.1	Percentage of total products sold or shipped subjects to recalls for safety and health reasons.	Not applicable. The Group does not involve product quality assurances and recalls during its operation.

ESG KPI	Guide Requirements	Reporting Chapter/Statement
B6.2	Number of products and service-related complaints received and how they are dealt with.	School-Community Cooperation – Families and Schools Join Together Appendix I ESG Data List
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Sustainable Development – Ensuring Operation Compliance
B6.4	Description of quality assurance process and recall procedures.	Not applicable. The Company does not involve product quality assurances and recalls during its operation.
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Sustainable Development – Ensuring Operation Compliance
B7: Anti-corruption	General disclosure Information relating to bribery, extortion, fraud and money laundry: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Sustainable Development – Ensuring Operation Compliance
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Sustainable Development – Ensuring Operation Compliance Appendix I ESG Data List
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Sustainable Development – Ensuring Operation Compliance
B7.3	Description of anti-corruption training provided to directors and staff.	Sustainable Development – Ensuring Operation Compliance
B8: Community Investment	General disclosure Policies on community engagement to understand the needs of the communities where the issuer operates	

Definitions

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

"affiliate"	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AGM"	annual general meeting
"Articles" or "Articles of Association"	the articles of association of the Company adopted on 24 June 2018, and as amended from time to time
"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
"BVI"	the British Virgin Islands
"Company" or "Tianli International Holdings"	Tianli International Holdings Limited (天立國際控股有限公司) (Formerly known as "Tianli Education International Holdings Limited" (天立教育國際控股有限公司)), a company incorporated in the Cayman Islands with limited liability on 24 January 2017, the Shares of which are listed on the Main Board of the Stock Exchange
"Controlling Shareholder(s)"	has the meaning given to it under the Listing Rules
"CG Code"	Corporate Governance Code and Corporate Governance Report
"Director(s)"	the director(s) of the Company
"ESG"	Environmental, Social and Governance
"Foreign Investment Law"	Foreign Investment Law of the PRC (中華人民共和國外商投資法)
"Gaokao"	the National Higher Education Entrance Examination (普通高等學校招生全國統一考試)
"Group", "we", "us" or "our"	the Company, its subsidiaries and entities under the Company's control through contractual arrangements in the PRC
"IPO"	initial public offering
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"Nanyuan Construction"	Sichuan Nanyuan Construction Co., Ltd. (四川南苑建設有限公司), a limited liability company established in the PRC on 30 June 2000 and is wholly-owned by Tianli Holding, a connected person (as defined in the Listing Rules) of the Company, it was formerly known as Luzhou Nanyuan Construction Engineering Co., Ltd. (瀘州市南苑建築工程有限公司)

"Nomination Committee"	a committee of the Board established by the Board to assist, identify, screen

Definitions (Continued)

"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"/"SEHK"	The Stock Exchange of Hong Kong Limited
"Structured Contracts"	collectively, the Exclusive Business Cooperation Agreement, the Exclusive Call Option Agreement, the School Sponsors' and Directors' Rights Entrustment Agreement, the School Sponsors' Powers of Attorney, the Directors' Powers of Attorney, the Shareholders' Rights Entrustment Agreement, the Shareholders' Powers of Attorney, the Spouse Undertakings, the Equity Pledge Agreements, and the Loan Agreement, and any subsequent amendments and supplements to such agreements, further details of which are set out in "Structured Contracts" in the Prospectus
"Tianli Education"	Shenzhou Tianli Education Investment Co., Ltd. (神州天立教育投資有限責任公司), a limited liability company established in the PRC on 19 April 2013 and our principal operating subsidiary, it was formerly known as Sichuan Shenzhou Tianli Education Investment Co., Ltd. (四川神州天立教育投資有限公司)
"Tianli Holding"	Shenzhou Tianli Holdings Group Limited (神州天立控股集團有限公司), formerly Shenzhou Tianli Investment Group Limited (神州天立投資集團有限公司), a limited liability company established in the PRC on 13 April 2006
"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)