



天立国际控股有限公司 Tianli International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 1773

INTERIM REPORT 2024



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Luo Shi (*Chairman*)
Mr. Wang Rui

Non-executive Directors

Mr. Pan Ping
Mr. Zhang Wenzao

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
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Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
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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

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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>

Financial Highlights

	For the six months ended 29 February 2024 RMB'000	For the six months ended 28 February 2023 RMB'000	Change RMB'000	Percentage Change
Revenue	1,645,443	946,591	698,852	73.8%
Gross profit	582,925	370,780	212,145	57.2%
Profit for the period	285,863	172,649	113,214	65.6%
Adjusted profit for the period	319,474	187,904	131,570	70.0%
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY				
	RMB	RMB	RMB	
Basic	13.90 cents	8.20 cents	5.70 cents	69.5%
Diluted	13.84 cents	8.20 cents	5.64 cents	68.8%
	RMB	RMB	RMB	
Interim dividend per Share	4.17 cents	2.43 cents	1.74 cents	71.6%
Dividend payout ratio	30%	30%	–	–

Note: The amounts of the profit for the period, adjusted profit for the period and earnings per share attributable to ordinary equity holders of the Company for the six months ended 28 February 2023 have been restated.

Calculation of the adjusted profit for the period

	For the six months ended 29 February 2024 RMB'000	For the six months ended 28 February 2023 RMB'000 (Restated)
Profit for the period	285,863	172,649
Add/(Less):		
Share of (profits)/losses of a joint venture and associates	(9,417)	4,433
Equity-settled share award scheme and share option scheme expenses	29,852	2,122
Foreign exchange losses	8,186	3,216
Depreciation and amortisation arising from valutive appreciation	4,990	5,484
Adjusted profit for the period	319,474	187,904

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

Management Discussion and Analysis

BUSINESS REVIEW

Overview

Established in 2002, the Group is a leading comprehensive education service operator in Western region of the PRC. We provide customers with comprehensive education management and diversified services. During the Reporting Period, we provided comprehensive education service to 36,708 high school students.

Our Education Philosophy

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

Student Placement and Education Quality

Since our inception, our students have consistently achieved outstanding results in various academic examinations and contests, as well as in extra-curricular activities. During the Reporting Period, a total of 15 students won the first prize in the Provincial Competition of National League in the five subjects of physics, chemistry, mathematics, biology and informatics, and 3 persons were selected for the provincial competition team and won 2 gold medal in the national finals. In 2023, our graduating high school students of our schools participated in the National Higher Education Entrance Examination (known as "Gaokao") in the respective cities where the schools are located. Approximately 83.5% of our Gaokao candidates in 2023 attained entry requirements of universities in the PRC, and approximately 50.3% attained the entry requirements of first-tier universities in the PRC.

In the 2023 Gaokao, 127 of our high school graduates were enrolled into the world's top 50 universities such as Tsinghua University and Peking University, representing an increase of 48 students compared to 79 students in 2022.

Our Schools

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

PRC-certified teachers are crucial to our business, allowing us to maintain the quality of our educational services while undergoing expansion. As of 29 February 2024, the number of full-time teachers employed by our self-owned schools was 2,060 (as of 28 February 2023: 1,654).

We recruit teachers through different channels and means, including campus recruitment, general public recruitment and the use of online recruiting websites, and we conduct assessment on candidates who apply through our recruitment procedures. We offer internships to undergraduate students who major in education or related subjects and show promising potential during our recruiting process. We also actively recruit teachers with extensive experiences from public schools and other private schools to expand our talent pool.

Management and franchise fees received from entrusted schools

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

REGULATORY UPDATES

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

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

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

The Company is of the opinion that there are substantial uncertainties regarding the interpretation and application of the Implementation Regulations. As at the date of this 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, the Company does not rule out the possibility that there will be further laws and regulations governing the same. Therefore, it remains uncertain as to whether the structure under contractual arrangements will be included in the supervisory regime for foreign investment, and if so, the ways under which it is governed. As at the date of this 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 29 February 2024:

Number	School name	Principal business
1	Luzhou Longmatan Tianli Elementary School (Note 1)	Elementary school
2	Yibin Cuiping District Tianli School	Elementary school and Middle school
3	Guangyuan Tianli School	Elementary school and Middle school
4	Neijiang Shizhong District Tianli School	Elementary school and Middle school
5	Liangshan Xichang Tianli School	Integrated school
6	Ya'an Tianli School	Elementary school and Middle school
7	Cangxi Tianli School	Elementary school and Middle school
8	Deyang Tianli School	Integrated school
9	Ziyang Tianli School	Integrated school
10	Yichun Tianli School	Elementary school and Middle school
11	Baoshan Tianli School	Elementary school and Middle school
12	Dazhou Tianli School	Integrated school
13	Weifang Tianli School	Integrated school
14	Yiliang Tianli School	Elementary school and Middle school
15	Ulanqab Jining District Tianli School	Elementary school and Middle school
16	Zhoukou Tianli School	Elementary school and Middle school
17	Zunyi Xipu New District Tianli School	Elementary school and Middle school
18	Dongying Kenli District Tianli School	Elementary school and Middle school
19	Jiange Jianmenguan Tianli School	Elementary school and Middle school
20	Luzhou Longmatan Tianli Chunyu School	Elementary school and Middle school
21	Wulian Tianli School	Elementary school and Middle school
22	Baise Tianli School	Elementary school and Middle school
23	Jining Tianli School	Elementary school and Middle school
24	Weihai Nanhai New District Tianli School	Elementary school and Middle school
25	Chongqing Fuling Lida School	Elementary school and Middle school
26	Honghu Tianli School	Elementary school and Middle school
27	Tongren Wanshan District Tianli School	Elementary school and Middle school
28	Lanzhou Tianli School	Elementary school and Middle school
29	Chengdu Longquanyi Tianli School (Note 2)	Elementary school and Middle school
30	Chengdu Pidu Tianli School (Note 2)	Integrated school

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

Notes:

1. Approximately 83.34% of equity interest of Luzhou Longmatan Tianli Elementary School was attributable to the Company.
2. 49% of equity interest of Chengdu Longquanyi Tianli School and Chengdu Pidu Tianli School were indirectly attributable to the Company.
3. All other schools were wholly-owned by the Group.

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

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

	29 February 2024 RMB '000 (unaudited)	31 August 2023 RMB '000 (unaudited)
Current assets	1,369,015	1,878,178
Non-current assets	2,137,648	2,279,994
Total assets	3,506,663	4,158,172
Current liabilities	2,098,837	2,596,637
Non-current liabilities	568,105	694,698
Total liabilities	2,666,942	3,291,335
Net assets	839,721	866,837

Prospects

In order to safeguard the sustainable development of the Group and to protect the long-term interests of the Company and its Shareholders, (i) the Group will adopt measures to optimize its operational structure, including separating the high schools with independent operating licenses from integrated schools. As at 29 February 2024, the Group had successfully separated a total of 5 for-profit high schools with independent operating licenses from integrated schools. The financial results of these high schools have been consolidated into the consolidated financial statements of the Group; and (ii) the Group will progressively increase the enrollment scale of the existing high schools. There were 36,708 high school students in the Company's school network as at the beginning of the 2023 fall semester, representing an increase of approximately 43.8% compared to 25,524 high school students as at the beginning of the 2022 fall semester, among which the enrollment number of new high school students was 19,071, representing an increase of approximately 41% as compared with the enrollment number of new high school students as at the beginning of the 2022 fall semester.

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

FINANCIAL REVIEW

Set out below includes the key highlights for the financial results for the six months ended 28 February 2023 and the six months ended 29 February 2024.

	For the six months ended 29 February 2024 RMB'000 (unaudited)	For the six months ended 28 February 2023 RMB'000 (unaudited and restated)
REVENUE	1,645,443	946,591
Cost of sales	(1,062,518)	(575,811)
Gross profit	582,925	370,780
Other income and gains	9,166	9,526
Selling and distribution expenses	(36,405)	(12,340)
Administrative expenses	(130,048)	(100,095)
Other expenses	(17,323)	(8,779)
Finance costs	(35,595)	(25,633)
Share of profits/(losses) of:		
A joint venture	(191)	(3,748)
Associates	9,608	(685)
PROFIT BEFORE TAX	382,137	229,026
Income tax expense	(96,274)	(56,377)
PROFIT FOR THE PERIOD	285,863	172,649

REVENUE

The following table sets forth an analysis of revenue for the six months ended 28 February 2023 and the six months ended 29 February 2024:

	For the six months ended 29 February 2024 RMB'000 (unaudited)	For the six months ended 28 February 2023 RMB'000 (unaudited)
Revenue from contracts with customers		
Comprehensive educational services	851,272	517,780
Canteen operations	294,305	245,384
Sales of products	473,810	164,109
Management and franchise fees	26,056	19,318
Total revenue	1,645,443	946,591

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

Our revenue increased by 73.8% from approximately RMB946.6 million for the six months ended 28 February 2023 to approximately RMB1,645.4 million for the Reporting Period, primarily driven by increase of revenue from comprehensive educational services and sales of products.

The revenue from comprehensive educational services of the Group increased by 64.4% from approximately RMB517.8 million for the six months ended 28 February 2023 to approximately RMB851.3 million for the Reporting Period, which is primarily due to : 1) the increase in high school students enrollment; 2) the end of the pandemic, which led to a significant growth in the study tour business during the Reporting Period.

During the Reporting Period, the Group had generated sales revenue of approximately RMB473.8 million, including revenue of approximately RMB72.5 million from the sale of student supplies, such as school uniforms, bedding, daily necessities and stationery provided to students through the online campus store; and revenue of approximately RMB401.3 million from the supply and sales of agricultural and sideline products through the integration of channel resources and logistics system.

The revenue from canteen operations increased by 19.9% from approximately RMB245.4 million for the six months ended 28 February 2023 to approximately RMB294.3 million for the Reporting Period, primarily due to the increase in the number of students served by the Group.

The revenue from management and franchise fees increased by 34.9% from approximately RMB19.3 million for the six months ended 28 February 2023 to approximately RMB26.1 million for the Reporting Period, primarily because of the addition of three schools to our entrusted school network during the Reporting Period.

Costs of Principal Activities

The following table sets forth the components of our cost of sales for the six months ended 28 February 2023 and the six months ended 29 February 2024.

	Six months ended 29 February 2024 RMB'000 (unaudited)	Six months ended 28 February 2023 RMB'000 (unaudited)
Material consumption	208,957	181,116
Staff costs	202,770	154,887
Depreciation and amortization	112,545	86,126
Procurement cost of products	426,956	113,724
Teaching activity costs	92,216	21,707
Utilities	9,661	8,033
Others	9,413	10,218
	1,062,518	575,811

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

Our cost of sales increased by 84.5% from approximately RMB575.8 million for the six months ended 28 February 2023 to approximately RMB1,062.5 million for the Reporting Period, primarily due to the significant increase in revenue of 73.8% during the Reporting Period resulting in the corresponding increase in staff costs, product procurement costs, depreciation and amortization and other costs related to business operations.

Material consumption costs increased by 15.4% from RMB181.1 million for the six months ended 28 February 2023 to RMB209.0 million for the Reporting Period, primarily due to the increase in the number of diners in the canteens operated during the Reporting Period.

Staff costs increased by 30.9% from RMB154.9 million for the six months ended 28 February 2023 to RMB202.8 million for the Reporting Period, primarily due to the increase in labor cost as a result of the recruitment of new teachers resulted from the increase in the number of high school students, and the Group's provision of comprehensive quality services, product sales business, etc.

Depreciation and amortization costs increased by 30.7% from RMB86.1 million for the six months ended 28 February 2023 to RMB112.5 million for the Reporting Period, primarily due to the increase in depreciation and amortization as a result of new campus in Shanghai and the campus of Gaokao repetition education business newly opened in September 2023.

Procurement cost of products increased by 275.4% from RMB113.7 million for the six months ended 28 February 2023 to RMB427.0 million for the Reporting Period, primarily due to the increase in procurement costs as a result of a significant increase in product sales revenue of 188.7%.

Teaching activity costs increased by 324.8% from RMB21.7 million for the six months ended 28 February 2023 to RMB92.2 million for the Reporting Period, primarily due to the increase in teaching service costs related to the business of study tours which is in line with its significant growth.

Utilities cost increased by 20.3% from RMB8.0 million for the six months ended 28 February 2023 to RMB9.7 million for the Reporting Period, primarily due to the increased number of students served.

Gross Profit and Gross Profit Margin

The Group's gross profit for the Reporting Period was approximately RMB582.9 million, representing an increase of 57.2% from approximately RMB370.8 million for the six months ended 28 February 2023, primarily due to the increase in the number of high school students enrolled and the revenue from the Group's provision of comprehensive quality services and product sales. The Group's gross profit margin for the Reporting Period was approximately 35.4%, representing a slight decrease of 3.8 percentage points as compared with 39.2% for the six months ended 28 February 2023.

Other Income and Gains

Other income and gains primarily consist of bank interest income, other service income and other subsidy income.

Other income and gains represents a slightly decrease from approximately RMB9.5 million for the six months ended 28 February 2023 to approximately RMB9.2 million for the Reporting Period.

Administrative Expenses

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

Administrative expenses increased by 29.9% from approximately RMB100.1 million for the six months ended 28 February 2023 to approximately RMB130.0 million for the Reporting Period, primarily as a result of an increase in equity-settled share option scheme expenses and other expenses.

Finance Costs

Finance costs increased from RMB25.6 million for the six months ended 28 February 2023 to RMB35.6 million for the Reporting Period, primarily due to the increase in interest on bank loans and lease liabilities.

Income Tax

Income tax increased by 70.7% from approximately RMB56.4 million for the six months ended 28 February 2023 to approximately RMB96.3 million for the six months ended 29 February 2024, mainly due to the increase in profit before tax arising from taxable subsidiaries, in particular, our high schools and the Group's major subsidiaries established in the PRC which are subject to corporate income tax at a rate of 25%. The effective income tax rate for the six months ended 29 February 2024 was 25.2% (for the six months ended 28 February 2023: 24.6%).

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 29 February 2024, we had net current liabilities of approximately RMB2,356.7 million, as compared with net current liabilities of approximately RMB2,198.4 million as at 31 August 2023. Such increase in net current liabilities was primarily attributable to the increase in short-term bank loans and the increase in tax payable.

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

As at 29 February 2024, the Group had cash and cash equivalents of approximately RMB652.3 million (28 February 2023: approximately RMB704.7 million). The following table sets forth a summary of our cash flows for the periods indicated:

	Six months ended 29 February 2024 RMB'000 (unaudited)	Six months ended 28 February 2023 RMB'000 (unaudited)
Net cash flow (used in)/from operating activities	(74,804)	67,486
Net cash flow used in investing activities	(220,408)	(353,523)
Net cash flow (used in)/from financing activities	(620,734)	61,934
Net decrease in cash and cash equivalents	(915,946)	(224,103)
Net effect of foreign exchange rates	6,081	69
Cash and cash equivalents at beginning of period	1,432,369	919,902
Cash and cash equivalents as stated in the consolidated statement of cash flows	522,504	695,868
Time deposits with maturity over 3 months	129,828	8,860
Cash and cash equivalents at end of period (as stated in the consolidated statement of financial position)	652,332	704,728

BORROWINGS AND GEARING RATIO

As at 29 February 2024, the Group had borrowings of approximately RMB1,727.2 million (28 February 2023: RMB1,505.4 million) and the Group's unutilised banking facilities was approximately RMB1,423 million. The Group's bank borrowings, which were all at fixed interest rates, were primarily used in financing the working capital requirement of its operations and school constructions.

As at 29 February 2024, the gearing ratio of the Group, calculated as the total interest-bearing borrowings divided by the total assets, was approximately 19.4% (28 February 2023: approximately 17.7%).

FOREIGN CURRENCY RISK

The functional currency of the Company is RMB, except that the functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at 29 February 2024, certain cash and bank balances and time deposits are denominated in RMB, HKD and USD, which would expose the Group to foreign currency risk. The Group has not used any foreign currency swap contracts to reduce the exposure to USD and HKD arising from bank balances. The Company also currently does not have any foreign exchange hedging policy.

TREASURY POLICIES

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

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

There was no significant investment held, material acquisition and disposal of subsidiaries and associates by the Company for the six months ended 29 February 2024. The Group will make every endeavor to keep abreast of the changing market conditions, proactively identify investment opportunities in order to broaden the revenue base of the Group, enhance its future financial performance and profitability. Moreover, the Group will gradually restructure its business into the provision of integrated operational services in relation to the development of people of the appropriate age, and seek generic strategic expansions through acquisitions of suitable targets. We are confident in the future and committed to continuous growth of the Company.

CAPITAL EXPENDITURES

Our capital expenditures primarily related to the construction of new self-owned schools, the maintenance and upgrade of our existing self-owned schools, and the purchase of additional educational facilities and equipment for our self-owned schools. The Group's capital expenditures consisted of purchase or construction costs relating to property, equipment, prepaid land lease payments and other intangible assets. For the six months ended 29 February 2024, our capital expenditures were approximately RMB201.7 million (the six months ended 28 February 2023: approximately RMB111.19 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 29 February 2024, the Group did not have any material contingent liabilities (28 February 2023: Nil).

CAPITAL COMMITMENTS

As at 29 February 2024, the Group had capital commitments contracted but not provided for property, plant and equipment amounting to approximately RMB80.74 million (28 February 2023: approximately RMB99.7 million).

PLEDGE OF ASSETS

As at 29 February 2024, certain bank and other borrowings of the Group were secured by the Group's assets, including: (i) loans amounted to RMB339,000,000 were secured by the Company's rights over educational services fees of certain schools; and (ii) loans amounted to RMB1,343,151,000 were secured by both the equity interests in certain subsidiaries and rights over educational service fees of the Company. For details, please refer to note 15 to interim condensed financial information.

Save as disclosed above, as at 29 February 2024, the Group had no other pledged assets.

SEGMENT INFORMATION

The Group has determined that it only has one operating segment which is engaged in the provision of comprehensive education services.

USE OF PROCEEDS FROM PLACING AND SUBSCRIPTION

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

Items	Allocation of net proceeds (HKD million)	Unutilised as at 31 August 2023 (HKD million)	Net proceeds utilised	Unutilised as at 29 February 2024 (HKD million)	Expected time for the use of unutilised proceeds (Note)
			during the six months ended 29 February 2024 (HKD million)		
Potential future mergers and acquisitions of high quality targets at reasonable prices	200.00	161.74	39.55	122.19	31 August 2024
Expansion of self-built and self-operated projects in first-tier and core cities	194.97	43.90	12.79	31.11	31 August 2024
Repayment of bank loans	300.00	0.00	0.00	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 29 February 2024:

	As at 29 February 2024 (HKD million)
Net proceeds utilised for expansion of self-built and self-operated projects	
Shenzhen Tianli International School (深圳天立國際學校)	163.86

PLAN TO COMPLY WITH THE QUALIFICATION REQUIREMENT

We have adopted a specific plan and have commenced taking concrete steps which we reasonably believe are meaningful endeavors to demonstrate compliance with the relevant qualification and high quality of education held by a foreign investor of Sino-foreign joint venture private school for PRC students under the Regulations on Sino-foreign Cooperation in Operating Schools of the PRC 《中華人民共和國中外合作辦學條例》 (“**Qualification Requirement**”). These include (i) entering into cooperation agreements with reputable international education institutions; and (ii) communicating or negotiating with certain experienced and reputable overseas education service providers exploring potential opportunities of further cooperation.

In anticipation of potential overseas expansion of our business, we are negotiating for cooperation opportunities with educational institutions in United Kingdom, Hong Kong, and other overseas regions. The existing management team of the target educational institution will be retained to take the lead in the daily operation and management with the participation of our representatives so that we can gain the relevant overseas experience.

We expect to acquire schools or to cooperate with well-known schools in the top 20 local schools in United Kingdom, Hong Kong and other overseas regions, which will be financed by our internal resources and/or external financing, depending on the cash flow position and the size of the acquisition(s). It is our acquisition and cooperation strategy that the acquisition and cooperation should not be of such size which may have any material adverse impact on our Group’s normal business, financial condition, results of operations and specifically our cost structure, whether we are obtaining a controlling stake in the schools or not.

The Company is of the view that the steps taken by our Group, that is, the overseas expansion plan is reasonable and appropriate to demonstrate compliance with the Qualification Requirement.

OVERALL PERFORMANCE AND COMPLIANCE WITH THE STRUCTURED CONTRACTS

The Group has adopted certain measures to ensure the effective operation of the Group with the implementation of the Structured Contracts (defined in the prospectus of the Company dated 28 June 2018 issued by the Company in relation to its listing of its Shares on the Main Board of the Stock Exchange) which we obtain control over and derive the economic benefits from our operating entities in PRC as the laws, regulations and regulatory practice generally prohibit or restrict foreign ownership in the private education. Except for the Affected Business as mentioned in the section headed “Regulatory Updates”, economic benefits arising from other business activities of our operating entities in the PRC are transferred to the Group via the Structured Contracts. The Company is not aware of any non-performance of the Structured Contracts or non-compliance with such aforementioned measures as at the date of this interim report.

INTERIM DIVIDEND

The Board resolved for the payment of an interim dividend of RMB4.17 cents (equivalent to HKD4.59 cents, according to the central parity rate of Renminbi to Hong Kong dollars as announced by the People's Bank of China on 26 April 2024, i.e. RMB0.90777 equivalent to HKD1.00) per Share for the six months ended 29 February 2024 (for the six months ended 28 February 2023: RMB2.43 cents per Share) to be paid on Wednesday, 17 July 2024 to the Shareholders whose names appear on the register of members of the Company on Friday, 5 July 2024, representing a dividend payout amount of approximately RMB88.24 million (equivalent to approximately HKD97.12 million) (based on the number of issued Shares as at the date of this report, excluding 37,990,000 Shares repurchased but not yet cancelled of even date) and a dividend payout ratio of 30% for the six months ended 29 February 2024 (for six months ended 28 February 2023: 30%).

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to the interim dividend for the six months ended 29 February 2024, the register of members of the Company will be closed from Wednesday, 3 July 2024 to Friday, 5 July 2024, both days inclusive, during which period no transfer of shares will be registered. In order to be qualified for the interim 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 Tuesday, 2 July 2024.

Other Information

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

As at 29 February 2024, 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 Shares held/ interested	Approximate percentage of interest
Mr. Luo Shi (<i>Note 1</i>)	Beneficial interest	30,000,000	
	Interest of a controlled corporation	893,998,316	
	Interest of spouse	1,956,520	
	Beneficiary of a trust	6,521,733	
		932,476,569	43.29%
Mr. Wang Rui (<i>Note 2</i>)	Beneficial interest	7,000,000	
	Beneficiary of a trust	1,956,520	
		8,956,520	0.42%
Mr. Zhang Wenzao	Beneficial interest	1,702,000	0.08%
Mr. Pan Ping (<i>Note 3</i>)	Interest of spouse	13,043,289	0.61%

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 893,998,316 Shares. In addition, Ms. Tu Mengxuan has been granted 1,956,520 Shares under the Pre-IPO Restricted Share Award Scheme, all of which have been vested. 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, all of which have been vested. Mr. Luo Shi has also been granted 30,000,000 share options under the Share Option Scheme which entitle him to subscribe for 30,000,000 Shares, none of which has been exercised as at 29 February 2024.
- (2) Mr. Wang Rui is an executive Director and has been granted 1,956,520 Shares under the Pre-IPO Restricted Share Award Scheme, all of which have been vested. In addition, Mr. Wang Rui has been granted 7,000,000 share options under the Share Option Scheme which entitle him to subscribe for 7,000,000 Shares, none of which has been exercised as at 29 February 2024.
- (3) Shang Long Limited, which was owned as to 66.67% by Ms. Wu Caixia, Mr. Pan Ping's spouse, directly held and was interested in 13,043,289 Shares. By virtue of the SFO, Mr. Pan Ping is deemed or taken to be interested in the Shares in which Ms. Wu Caixia is interested in.

Save as disclosed above, as at 29 February 2024, 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 29 February 2024, 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 (<i>Note 1</i>)	Beneficial interest	893,998,316	41.50%
Ms. Tu Mengxuan (<i>Note 2</i>)	Beneficiary of a trust	1,956,520	
	Interest of spouse	<u>930,520,049</u>	
		932,476,569	43.29%
First Beijing Investment Limited	Investment manager	193,891,000	9.00%

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, all of which have been vested. 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.

Save as disclosed above, as at 29 February 2024, 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.

CHANGE IN DIRECTORS' INFORMATION

Save as disclosed, as at 29 February 2024, there were no other changes in the information of the Directors which shall be disclosed under Rule 13.51B(1) of the Listing Rules.

COMPETITION AND CONFLICT OF INTEREST

None of the Directors or the controlling shareholders (as defined in the Listing Rules) of the Company (the “**Controlling Shareholders**”) or their respective close associates has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group or has or may have any other conflict of interests with the Group during the six months ended 29 February 2024.

EMPLOYEES AND REMUNERATION POLICIES

As at 29 February 2024, the Group employed 5,106 employees (as at 28 February 2023: 4,412).

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.

In accordance with the relevant PRC laws and regulations, the Group contributes to the PRC social security fund (including pension insurance, medical insurance, unemployment insurance, maternity insurance and work injury insurance) and housing provident fund for its PRC employees. The Group's full-time employees in the PRC participate in a number of government-sponsored defined contribution retirement schemes under which employees are entitled to a monthly pension calculated according to certain formulas. The relevant government agencies assume the responsibility of pension payments to these retired employees. The Group makes monthly contributions to these pension schemes. Under these schemes, the Group has no obligation for post-retirement benefits other than the contributions made. Contributions to these schemes are expensed as incurred and contributions made to these defined contribution pension schemes on behalf of an employee cannot be used to reduce the Group's future obligations under these defined contribution pension schemes even if the employee leaves the Group.

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 SCHEMES

Pre-IPO Restricted Share Award Scheme

The Company adopted a pre-IPO restricted share award scheme (the “**Pre-IPO Restricted Share Award Scheme**”) on 26 January 2018.

The Company has adopted the said 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 Shenzhou Tianli Education Investment Co, Ltd. transferred in connection with the reorganization transaction of the Group.

The basis of eligibility of any selected person for the grant of share awards was determined by the Board from time to time on the basis of the selected person's contribution to the development and growth of the Group or such other factors as the Board may deem appropriate and in particular the reorganization transaction of the Group.

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 scheme) shall be such number of Shares held or to be held by the trustee for the purpose of the scheme from time to time, and which shall in any event, be no more than 107,178,158 Shares. The Company will not make further grants of share awards under the scheme.

As at 29 February 2024, a total of 107,178,158 Shares, representing approximately 4.98% of the total issued Shares of the Company, have been granted to the selected persons pursuant to the Pre-IPO Restricted Share Award Scheme. No share awards were granted under the Pre-IPO Restricted Share Award Scheme during the six months ended 29 February 2024. Details of the interests of the selected persons under the Pre-IPO Restricted Share Award Scheme are as follows:

Grantees	Date of award	Number of Shares	Vesting period	Grant Price (RMB)	Unvested as at 1 September 2023	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Unvested as at 29 February 2024	Closing price or weighted average closing price (as applicable) of the Shares immediately before the relevant vesting date(s) during the Reporting Period
										(HK\$)
Directors										
Mr. Luo Shi	26 January 2018	6,521,733	12 July 2018 to 1 March 2022	0.77	0	0	0	0	0	N/A
Mr. Wang Rui	26 January 2018	1,956,520	12 July 2018 to 1 March 2022	0.77	0	0	0	0	0	N/A
Director's associate										
Ms. Tu Mengxuan (spouse of Mr. Luo Shi)	26 January 2018	1,956,520	1 September 2018: 10% 1 September 2019: 10% 1 September 2020: 20% 1 September 2021: 20% 1 September 2022: 20% 1 September 2023: 20%	0.77	391,304	391,304	0	0	0	2.54
Employee participants										
Group A in aggregate	26 January 2018	85,265,137	12 July 2018 to 1 March 2022	0.77	0	0	0	0	0	N/A
Group B in aggregate	26 January 2018	7,043,470	1 September 2018: 10% 1 September 2019: 10% 1 September 2020: 20% 1 September 2021: 20% 1 September 2022: 20% 1 September 2023: 20%	0.77	782,624	782,624	0	0	0	2.54
Group C in aggregate	26 January 2018	4,434,778	1 December 2018: 10% 1 December 2019: 10% 1 December 2020: 20% 1 December 2021: 20% 1 December 2022: 20% 1 December 2023: 20%	0.77	808,706	808,706	0	0	0	3.16

Share Option Scheme

The Company has also adopted a share option scheme on 24 June 2018 (the “**Share Option Scheme**”). 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 optimise 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.

Eligible participants of the Share Option Scheme include, among others, 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, a direct or indirect shareholder of any member of our Group, a supplier of goods or services to any member of our Group, a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of our Group, 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 an associate of any of the persons referred to the above.

Subject to the terms of this Share Option Scheme, the scheme shall be valid and effective for a period of 10 years from the date on which it becomes unconditional, after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in force and effect in all other respects. All options granted prior to such expiry and not then exercised shall continue to be valid and exercisable subject to and in accordance with the Share Option Scheme.

Since the adoption date to 29 February 2024, an aggregate of 61,000,000 share options had been granted to eligible participants, none of which had been exercised, expired or lapsed. During the Reporting Period, no share option was granted, exercised, cancelled, expired or lapsed. As at 29 February 2024, the number of outstanding share options was 61,000,000.

The number of share options available for grant under the Share Option Scheme mandate at both the beginning and the end of the Reporting Period was 139,000,000.

Details of the interests of the grantees under the Share Option Scheme are as follows:

	Date of Grant	Number of share options	Number of Shares				Outstanding as at 29 February 2024	Closing price or weighted average closing price (as applicable) of the Shares immediately before the relevant exercise date(s) during the Reporting Period (HK\$)
			Outstanding as at 1 September 2023	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period		
Directors								
Mr. Luo Shi	10 March 2023	30,000,000	30,000,000	0	0	0	30,000,000	N/A
Mr. Wang Rui	10 March 2023	7,000,000	7,000,000	0	0	0	7,000,000	N/A
Employee participants								
	10 March 2023	22,000,000	22,000,000	0	0	0	22,000,000	N/A
Service providers								
	10 March 2023	2,000,000	2,000,000	0	0	0	2,000,000	N/A

Notes:

- Exercise Period of share options: the share options shall be valid for 10 years from the date of grant and lapse at the expiry of such period.
- Vesting Period of share options: 40% of the share options granted shall be vested after the first anniversary of the date of grant; another 30% of the share options granted shall be vested after the second anniversary of the date of grant; and the remaining 30% of the share options granted shall be vested after the third anniversary of the date of grant.
- The exercise price of the share options shall be HK\$2.48 per Share.
- The Share Options shall not be subject to any performance target.

Restricted Share Award Scheme

The Company adopted a restricted share award scheme (the “**Restricted Share Award Scheme**”) on 17 December 2018.

The purpose and objective of the said scheme is (i) to recognise and motivate the contribution of the key management personnel and core employees of the Group; (ii) to help the Group retain and attract the Selected Participants in attaining the long term business objectives of the Company; and (iii) to further align the interests of the Selected Participants directly to the Shareholders through ownership of Shares.

The eligible participants of the scheme 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.

The maximum number of award shares that may be granted under the scheme in aggregate shall be no more than 75,000,000 Shares.

As at 29 February 2024, 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, have been granted to Selected Participants under the scheme. No share awards were granted under the Restricted Share Award Scheme during the six months ended 29 February 2024.

The number of Shares that may be issued in respect of options and awards granted under all the share schemes of the Company (i.e. 61,000,000 Shares) (Shares may only be issued in respect of options granted under the Share Option Scheme) during the Reporting Period divided by the weighted average number of Shares in issue for the Reporting Period (i.e. 2,154,000,000 Shares) is 0.03.

CORPORATE GOVERNANCE

During the six months ended 29 February 2024, the Company has complied with all applicable code provisions set out in the CG Code contained in Appendix C1 to the Listing Rules, save and except for the following deviation.

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

The Board believes that it is in the interest of the Company and its Shareholders for Mr. Luo Shi to assume the responsibilities of such positions, given that Mr. Luo Shi is the founder of the Company and has extensive experience in the operation and management of the Company. The Board also considers that such arrangement will not impair the balance of power and authority between the Board and the management as the Board comprises six other experienced individuals during the six months ended 29 February 2024. In addition, for major decisions of the Group, the Company will consult Board committees and senior management as and when appropriate. The Board will review such arrangement from time to time and will continue to review and monitor the corporate governance practices of the Company for the purpose of maintaining high corporate governance standards.

As at the date of this report, the Board comprises 7 Directors, of whom all of them are male. According to Rule 13.92, the Stock Exchange will not consider diversity to be achieved for a single gender board. Henceforth, the Board is planning to improve the gender diversity at board level and across the workforce, and are in the process of seeking one or more suitable candidates of different gender to join the Board as Director(s) on or before 31 December 2024.

CONSTITUTIONAL DOCUMENTS

There has been no change in the memorandum and articles of association of the Company during the six months ended 29 February 2024.

The second amended and restated memorandum and articles of association of the Company is available on the websites of the Company and the Stock Exchange, respectively.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as the Company’s code for dealings in securities of the Company by the Directors. Having made specific enquiry to all the Directors, they have confirmed that they have complied with the Model Code during the six months ended 29 February 2024.

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

During the six months ended 29 February 2024, the Company repurchased a total of 22,345,000 Shares (“**Shares Repurchased**”) on the Stock Exchange, at an aggregate consideration of HKD64,651,011 (inclusive of the payment of trading fees, levies and commissions in the aggregate amount of HKD140,555). Details of the Shares Repurchased are as follows:

Month	No. of Shares repurchased	Price paid per Share		Aggregate consideration (HKD)
		Highest (HKD)	Lowest (HKD)	
September 2023	4,698,000	2.60	2.33	11,473,918
November 2023	292,000	3.13	3.00	901,024
December 2023	6,632,000	3.30	2.79	20,523,427
January 2024	6,485,000	3.17	2.85	19,525,519
February 2024	4,238,000	3.22	2.59	12,227,123
Total	22,345,000			64,651,011

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the Reporting Period.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events of the Group after the six months ended 29 February 2024 and up to the date of this report.

REVIEW OF INTERIM RESULTS

The independent auditors of the Company, namely, Ernst & Young, have carried out a review of the interim condensed financial information in accordance with the Hong Kong Standard on Review Engagement 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

The audit committee of the Company (the “**Audit Committee**”) has jointly reviewed with the management and the independent auditors of the Company, the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters (including the review of the unaudited interim results for the six months ended 29 February 2024) of the Group. The Audit Committee considered that the interim results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

By order of the Board
Tianli International Holdings Limited
Luo Shi

Chairman, Executive Director and Chief Executive Officer

The PRC, 26 April 2024

Independent Review Report



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To the board of directors of Tianli International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim condensed financial information set out on pages 27 to 60, which comprises the condensed consolidated statement of financial position of Tianli International Holdings Limited (the “Company”) and its subsidiaries (the “Group”) as at 29 February 2024 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim condensed financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* (“IAS 34”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim condensed financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim condensed financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. A review of interim condensed financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong

26 April 2024

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 29 February 2024

	Notes	For the six months ended 29 February 2024 RMB'000 (unaudited)	For the six months ended 28 February 2023 RMB'000 (unaudited and restated)
REVENUE	3	1,645,443	946,591
Cost of sales		(1,062,518)	(575,811)
Gross profit		582,925	370,780
Other income and gains	3	9,166	9,526
Selling and distribution expenses		(36,405)	(12,340)
Administrative expenses		(130,048)	(100,095)
Other expenses		(17,323)	(8,779)
Finance costs	4	(35,595)	(25,633)
Share of profits/(losses) of:			
A joint venture		(191)	(3,748)
Associates		9,608	(685)
PROFIT BEFORE TAX	5	382,137	229,026
Income tax expense	6	(96,274)	(56,377)
PROFIT FOR THE PERIOD		285,863	172,649
OTHER COMPREHENSIVE INCOME FOR THE PERIOD			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of a foreign operation		50	44
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		285,913	172,693

	Notes	For the six months ended 29 February 2024 RMB'000 (unaudited)	For the six months ended 28 February 2023 RMB'000 (unaudited and restated)
Profit attributable to:			
Owners of the Company		288,881	172,185
Non-controlling interests		(3,018)	464
		285,863	172,649
Total comprehensive income attributable to:			
Owners of the Company		288,931	172,229
Non-controlling interests		(3,018)	464
		285,913	172,693
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic	7	RMB13.90 cents	RMB8.20 cents
Diluted	7	RMB13.84 cents	RMB8.20 cents

Interim Condensed Consolidated Statement of Financial Position

29 February 2024

	Notes	29 February 2024 RMB'000 (unaudited)	31 August 2023 RMB'000 (restated)
NON-CURRENT ASSETS			
Property, plant, and equipment	8	4,568,682	4,454,733
Right-of-use assets	9	2,121,706	2,044,905
Goodwill	10	102,211	16,413
Other intangible assets		42,490	34,490
Investment in a joint venture		162,302	162,493
Investments in associates		78,303	68,695
Prepayments, deposits and other receivables	12	95,078	123,917
Deferred tax assets		276,093	280,449
Total non-current assets		7,446,865	7,186,095
CURRENT ASSETS			
Inventories		16,695	27,283
Trade receivables	11	22,307	17,448
Prepayments, deposits and other receivables	12	92,302	72,846
Amounts due from related parties	21(b)	674,861	651,520
Financial assets at fair value through profit or loss		3,004	100,309
Cash and cash equivalents		652,332	1,501,724
Total current assets		1,461,501	2,371,130
CURRENT LIABILITIES			
Trade payables	13	61,877	47,066
Other payables and accruals		440,155	512,010
Contract liabilities	14	924,491	1,315,089
Interest-bearing bank and other borrowings	15	670,866	553,935
Amounts due to related parties	21(b)	1,255,445	1,743,099
Tax payable		176,736	146,320
Lease liabilities	9	30,440	20,221
Deferred income		258,163	231,741
Total current liabilities		3,818,173	4,569,481
NET CURRENT LIABILITIES	1	(2,356,672)	(2,198,351)
TOTAL ASSETS LESS CURRENT LIABILITIES		5,090,193	4,987,744

	Notes	29 February 2024 RMB'000 (unaudited)	31 August 2023 RMB'000 (restated)
NON-CURRENT LIABILITIES			
Lease liabilities	9	298,115	219,389
Deferred tax liabilities		57,491	54,416
Deferred income		281,357	342,913
Interest-bearing bank and other borrowings	15	1,056,285	1,118,474
Amounts due to related parties	21(b)	1,103,394	1,151,577
Total non-current liabilities		2,796,642	2,886,769
NET ASSETS		2,293,551	2,100,975
EQUITY			
Equity attributable to owners of the Company			
Issued capital	16	183,022	183,022
Treasury shares		(89,190)	(31,663)
Reserves		2,177,297	1,919,373
		2,271,129	2,070,732
Non-controlling interests		22,422	30,243
Total equity		2,293,551	2,100,975

Luo Shi
Director

Wang Rui
Director

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 29 February 2024

	Attributable to owners of the Company													
	Issued capital	Treasury shares	Share premium	Shares repurchased for the share award scheme	Share award reserve	Share option reserve	Capital reserve	Difference arising from acquisition of non-controlling interests	Statutory surplus reserves	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	(note 16)		(note 17)	(note 17)	(note 17)									
As at 31 August 2023	183,022	(31,663)	1,220,270	(88,644)	12,952	23,297	563,558	(1,122)	100,827	(284)	83,253	2,065,466	30,002	2,095,468
Effect of adoption of amendments to IAS 12 (note 2.2(c))	-	-	-	-	-	-	-	-	-	-	5,266	5,266	241	5,507
As at 31 August 2023 and 1 September 2023 (restated)	183,022	(31,663)	1,220,270	(88,644)	12,952	23,297	563,558	(1,122)	100,827	(284)	88,519	2,070,732	30,243	2,100,975
Profit for the period	-	-	-	-	-	-	-	-	-	-	288,881	288,881	(3,018)	285,863
Exchange differences on translation of foreign operation	-	-	-	-	-	-	-	-	-	50	-	50	-	50
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	50	288,881	288,931	(3,018)	285,913
Non-controlling interests repurchase obligation	-	-	-	-	-	-	(14,587)	-	-	-	-	(14,587)	-	(14,587)
Final 2023 dividend declared	-	-	(49,739)	-	-	-	-	-	-	-	-	(49,739)	-	(49,739)
Acquisition of subsidiaries with non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(4,803)	(4,803)
Vested shares under the share award scheme	-	-	2,923	2512	(3,182)	-	-	-	-	-	-	2,253	-	2,253
Offsetting with dividends	-	-	-	1,214	-	-	-	-	-	-	-	1,214	-	1,214
Shares repurchased	-	(57,527)	-	-	-	-	-	-	-	-	-	(57,527)	-	(57,527)
Equity-settled share option expenses	-	-	-	-	-	28,140	-	-	-	-	-	28,140	-	28,140
Equity-settled share award scheme expenses	-	-	-	-	1,712	-	-	-	-	-	-	1,712	-	1,712
As at 29 February 2024 (unaudited)	183,022	(89,190)	1,173,454*	(84,918)*	11,482*	51,437*	548,971*	(1,122)*	100,827*	(234)*	377,400*	2,271,129	22,422	2,293,551

* These reserve accounts comprise the reserves of RMB2,177,297,000 (31 August 2023: RMB1,919,373,000) in the interim condensed consolidated statement of financial position.

Attributable to owners of the Company

	Issued capital RMB'000 (unaudited)	Share premium RMB'000 (unaudited)	Shares repurchased	Share award scheme reserve RMB'000 (unaudited)	Capital reserve RMB'000 (unaudited)	Difference arising from acquisition of non- controlling interests RMB'000 (unaudited)	Statutory surplus reserves RMB'000 (unaudited)	Exchange fluctuation reserve RMB'000 (unaudited)	Retained	Total	Non- controlling interests RMB'000 (unaudited)	Total equity RMB'000 (unaudited)
			for the share award scheme RMB'000 (unaudited)			profits/ losses) RMB'000 (unaudited)						
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
Effect of adoption of amendments to IAS 12 (note 2.2(c))	-	-	-	-	-	-	-	-	2,067	2,067	-	2,067
As at 31 August 2022 and 1 September 2022 (restated)	183,022	1,319,159	(74,479)	11,633	563,558	(1,122)	90,313	(226)	(237,995)	1,853,863	27,119	1,880,982
Profit for the period (restated)	-	-	-	-	-	-	-	-	172,185	172,185	464	172,649
Exchange differences on translation of foreign operation	-	-	-	-	-	-	-	44	-	44	-	44
Total comprehensive income for the period (restated)	-	-	-	-	-	-	-	44	172,185	172,229	464	172,693
Transfer from retained profits	-	-	-	-	-	-	6,820	-	(6,820)	-	-	-
Final 2022 dividend declared	-	-	-	-	(43,439)	-	-	-	-	(43,439)	-	(43,439)
Capital contribution from non- controlling shareholders	-	-	-	-	-	-	-	-	-	-	200	200
Acquisition of subsidiaries with non- controlling interests	-	-	-	-	-	-	-	-	-	-	5,439	5,439
Vested shares under the share award scheme	-	2,774	408	(3,182)	-	-	-	-	-	-	-	-
Unvested shares under the share award scheme	-	-	(17,076)	-	-	-	-	-	-	(17,076)	-	(17,076)
Offsetting with dividends	-	-	1,231	-	-	-	-	-	-	1,231	-	1,231
Equity-settled share award scheme expenses	-	-	-	2,122	-	-	-	-	-	2,122	-	2,122
As at 28 February 2023 (unaudited and restated)	183,022	1,321,933	(89,916)	10,573	520,119	(1,122)	97,133	(182)	(72,630)	1,968,930	33,222	2,002,152

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 29 February 2024

	Notes	For the six months ended 29 February 2024 RMB'000 (unaudited)	For the six months ended 28 February 2023 RMB'000 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		382,137	229,026
Adjustments for:			
Depreciation of property, plant and equipment		79,865	63,762
Depreciation of right-of-use assets		41,189	29,070
Amortisation of intangible assets		4,684	1,877
Fair value gains on financial assets at fair value through profit or loss		(4)	–
Share of (profits)/losses of a joint venture and associates		(9,417)	4,433
Gain on disposal of financial assets at fair value through profit or loss		(754)	(2,617)
Gain on disposal of a subsidiary		–	(86)
Unrealised foreign exchange loss, net		(6,031)	(25)
Equity-settled share option scheme expenses		28,140	–
Equity-settled share award scheme expenses		1,712	2,122
Bank interest income		(4,500)	(1,446)
Deferred income released to profit or loss		(66,439)	(62,509)
Finance costs	4	35,595	25,633
Loss on disposal of items of property, plant and equipment, net	5	–	1,246
		486,177	290,486
Decrease/(increase) in inventories		10,588	(9,985)
Decrease/(increase) in trade receivables		(4,859)	2,547
Decrease/(increase) in prepayments, deposits and other receivables		968	(1,799)
Increase in trade and bills payables		14,572	10,673
Decrease in contract liabilities		(444,435)	(234,023)
Receipt of government grants		27,034	46,644
Decrease in other payables and accruals		(101,684)	(7,787)
Cash generated from operations		(11,639)	96,756
Income tax paid		(63,165)	(29,270)
Net cash flows from/(used in) operating activities		(74,804)	67,486

	For the six months ended 29 February 2024 RMB'000 (unaudited)	For the six months ended 28 February 2023 RMB'000 (unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(187,346)	(329,536)
Purchases of other intangible assets	(383)	(3,080)
Purchase and refund of leasehold land	4,513	(8,636)
Proceeds from disposal of items of property, plant and equipment	487	1,879
Proceeds from disposal of financial assets at fair value through profit or loss	180,063	682,617
Purchase of financial assets at fair value through profit or loss	(82,000)	(662,500)
Prepayments for acquisition of subsidiaries	(28,456)	–
Acquisition of subsidiaries	(27,972)	(6,351)
Redemption of restricted deposits	–	1,573
Repayment of advances given to related parties	42,598	22,986
Advances given to related parties	(65,939)	(55,061)
Redemption of time deposits with original maturity over three months	39,355	10,000
Increase in time deposits with original maturity over three months	(99,828)	(8,860)
Bank interest received	4,500	1,446
Net cash flows used in investing activities	(220,408)	(353,523)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend received from shares held for the share award scheme	1,214	1,231
Repurchase of shares held for the share award scheme	–	(1,078)
Repurchase of shares in treasury	(57,527)	–
Capital contribution from a non-controlling shareholder of a subsidiary	–	200
New bank loans	365,000	490,000
Repayment of bank loans	(310,258)	(116,450)
Advances received from related parties	96,188	332,477
Repayment of advances from related parties	(599,213)	(553,701)
Dividends paid	(49,739)	(43,439)
Principal portion of lease payments	(12,345)	(7,146)
Interest portion of lease liabilities	(7,410)	(1,347)
Interest paid	(46,644)	(38,813)
Net cash flows from/(used in) financing activities	(620,734)	61,934
NET DECREASE IN CASH AND CASH EQUIVALENTS	(915,946)	(224,103)
Effect of foreign exchange rate changes, net	6,081	69
Cash and cash equivalents at beginning of period	1,432,369	919,902
CASH AND CASH EQUIVALENTS AT END OF PERIOD	522,504	695,868
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as stated in the consolidated statement of financial position	652,332	704,728
Time deposits with original maturity over three months	(129,828)	(8,860)
Cash and cash equivalents as stated in the consolidated statement of cash flows	522,504	695,868

Notes to Interim Condensed Financial Information

29 February 2024

1. BASIS OF PREPARATION

The interim condensed financial information for the six months ended 29 February 2024 (the “Period”) has been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*. The interim condensed financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 August 2023.

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

Going concern

As at 29 February 2024, the Group recorded net current liabilities of approximately RMB2,356,672,000 (31 August 2023: RMB2,198,351,000). Included in the current liabilities as at 29 February 2024 were contract liabilities and deferred income of RMB924,491,000 (31 August 2023: RMB1,315,089,000) and RMB258,163,000 (31 August 2023: RMB231,741,000), respectively. As at 29 February 2024, the Group had cash and cash equivalents of RMB652,332,000 (31 August 2023: RMB1,501,724,000).

The directors have prepared this interim condensed financial information on a going concern basis notwithstanding the net current liabilities position because based on the arrangements and confirmations received from the licensed banks in Chinese Mainland, the Group has total unutilised banking facilities of RMB1,423,000,000 (31 August 2023: RMB730,000,000) which are available for drawdown within the next 1.5 to 6.5 years from 29 February 2024.

Having considered the cash flows from operations, the positive operating results and unutilised bank facilities, the directors are of the opinion that the Group is able to meet in full its financial obligations as they fall due for the foreseeable future, and it is appropriate to prepare the interim condensed financial information of the Group for the Period on a going concern basis.

2. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this interim condensed financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 August 2023, except for the adoption of the following new and revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

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

The Group has assessed the impact of the adoption of these new and revised standards and concluded that these new and revised standards did not have any significant financial impact on the financial position and performance of the Group, except for Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* described below:

Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases as at 1 September 2022, with any cumulative effect recognised as an adjustment to the balance of retained profits or other component of equity as appropriate at that date. In addition, the Group has applied the amendments prospectively to transactions other than leases that occurred on or after 1 September 2022, if any.

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available), and (ii) a deferred tax liability for all taxable temporary differences associated with right-of-use assets as at 1 September 2022. The quantitative impact on the financial information is summarised below.

2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

Impact on the interim condensed statement of financial position:

		Increase/(decrease)		
	Note	As at 29 February 2024 RMB'000 (unaudited)	As at 31 August 2023 RMB'000	As at 31 August 2022 RMB'000
Assets				
Deferred tax assets	(i)	81,612	59,748	47,636
Total non-current assets		81,612	59,748	47,636
Total assets		81,612	59,748	47,636
Liabilities				
Deferred tax liabilities	(i)	75,962	54,241	45,569
Total non-current liabilities		75,962	54,241	45,569
Total liabilities		75,962	54,241	45,569
Net assets		5,650	5,507	2,067
Equity				
Retained profits (included in reserves)		5,540	5,266	2,067
Equity attributable to owners of the Company		5,540	5,266	2,067
Non-controlling interests		110	241	–
Total equity		5,650	5,507	2,067

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

2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

Impact on the interim condensed statement of profit or loss:

	Increase/(decrease)	
	For the six months ended 29 February 2024 RMB'000 (unaudited)	For the six months ended 28 February 2023 RMB'000 (unaudited)
Income tax expense	(143)	(2,038)
Profit for the period	143	2,038
Attributable to:		
Owners of the Company	274	2,038
Non-controlling interests	(131)	–
	143	2,038
Total comprehensive income for the period	143	2,038
Attributable to:		
Owners of the Company	274	2,038
Non-controlling interests	(131)	–
	143	2,038

The adoption of amendments to IAS 12 did not have material impact on the basic and diluted earnings per share attributable to ordinary equity holders of the Company, other comprehensive income and the interim condensed statements of cash flows for the six months ended 29 February 2024 and 28 February 2023.

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 29 February 2024 RMB'000 (unaudited)	For the six months ended 28 February 2023 RMB'000 (unaudited)
Revenue from contracts with customers		
Comprehensive educational services	851,272	517,780
Canteen operations	294,305	245,384
Sales of products	473,810	164,109
Management and franchise fees	26,056	19,318
Total revenue	1,645,443	946,591

Revenue from contracts with customers

(i) *Disaggregated revenue information*

	For the six months ended 29 February 2024 RMB'000 (unaudited)	For the six months ended 28 February 2023 RMB'000 (unaudited)
Timing of revenue recognition		
Products transferred at a point in time	522,372	197,154
Services transferred over time	1,123,071	749,437
Total revenue from contracts with customers	1,645,443	946,591

3. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers (Continued)

(ii) Performance obligations

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

Products transferred at a point in time

The performance obligations of students with the option to choose their meals from the canteen menus and make payments using their prepaid on-school identity cards (the "Menu-ordering Canteen Operations") and revenue from sale of products, including student necessities and agricultural and sideline products, are satisfied at the point in time when the control of products has been transferred, being the time when the products are accepted by the customers.

Services transferred over time

Other than the Menu-ordering Canteen Operations and sale of products, the performance obligations for services are satisfied over time because a customer simultaneously receives and consumes the benefits provided by the Group.

As at 29 February 2024, since all amounts of transaction prices related to performance obligations were expected to be recognised as revenue within one year and as permitted under IFRS 15, the transaction prices allocated to these unsatisfied contracts (or partially unsatisfied) are not disclosed.

An analysis of other income and gains is as follows:

	For the six months ended 29 February 2024 RMB'000 (unaudited)	For the six months ended 28 February 2023 RMB'000 (unaudited)
Gain on disposal of financial assets at fair value through profit or loss	754	2,617
Rental income	457	297
Bank interest income	4,500	1,446
Fair value gains on financial assets at fair value through profit or loss	4	–
Government grants	2,077	2,644
Others	1,374	2,522
Total other income and gains	9,166	9,526

4. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	For the six months ended 29 February 2024 RMB'000 (unaudited)	For the six months ended 28 February 2023 RMB'000 (unaudited)
Interest on bank loans	46,650	37,303
Less: Interest capitalised under property, plant and equipment	(20,814)	(17,703)
	25,836	19,600
Interest on lease liabilities	9,759	6,033
	35,595	25,633
Interest rates of borrowing costs capitalised (%)	4.20-6.95	5.53-7.15

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	For the six months ended 29 February 2024 RMB'000 (unaudited)	For the six months ended 28 February 2023 RMB'000 (unaudited)
Cost of inventories consumed	635,913	291,158
Cost of services provided	426,605	284,653
	1,062,518	575,811
Loss on disposal of property, plant and equipment, net	–	1,246
Equity-settled share option scheme expenses	28,140	–
Equity-settled share award scheme expenses	1,712	2,122
Foreign exchange losses, net	8,186	3,216

6. INCOME TAX

Corporate income tax of the Group has been provided at the applicable tax rates on the estimated taxable profits arising in Chinese Mainland during the Period:

	For the six months ended 29 February 2024 RMB'000 (unaudited)	For the six months ended 28 February 2023 RMB'000 (unaudited)
Current – Chinese Mainland	93,581	68,574
Deferred	2,693	(12,197)
Total tax charge for the period	96,274	56,377

Notes:

- (a) Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and British Virgin Islands.
- (b) The applicable corporate income tax (“CIT”) rate for a Hong Kong-incorporated subsidiary was 16.5% and no provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the Period.
- (c) Pursuant to the People’s Republic of China (the “PRC”) Income Tax Law and the respective regulations, except for Tibet Yongsi Technology Co., Ltd. (“Tibet Yongsi”), Shenzhou Hongyu (Zhuhai Hengqin) Management Consulting Co., Ltd. (“Shenzhou Hongyu”), Dayan Zhiguang (Zhuhai Hengqin) Educational Consulting Co., Ltd. (“Dayan Zhiguang”) and Sichuan Qiming Daren Technology Co., Ltd. (“Sichuan Qiming”), all the Group’s non-school subsidiaries established in the PRC were subject to the PRC CIT at a rate of 25% during the Period.

During the Period, Tibet Yongsi was entitled to an effective preferential PRC CIT rate of 9% as its business falls within the scope of the encouraged industries under the “Western Development Policy”, and as Tibet Yongsi employed more than 70% of the total working population of permanent residents in Tibet, it can have the local part of CIT (40% of 15%) exempted.

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

Under the “Western Development Policy”, the income tax provision of tutoring schools, including Luzhou Longmatan Tutoring School, Sichuan Lixing Yanxue Travel Co., Ltd., and Chengdu Daren Sports Culture Development Co., Ltd., was calculated at a preferential tax rate of 15%. The other subsidiaries which provide non-academic and non-formal educational services are subject to PRC CIT at the rate of 25%.

6. INCOME TAX (CONTINUED)

Notes: (Continued)

(c) (Continued)

Sichuan Qiming was qualified as a “Double-soft Enterprise”, and entitled the qualified companies to enjoy full exemption from corporate income tax for the first two years from the profit-making year and a 50% reduction on corporate for the next subsequent three years. Sichuan Qiming enjoyed full exemption from CIT during the Period.

Kindergartens and certain tutoring schools were qualified entities under the preferential income tax reduction policy for small-scale minimal profit enterprises. Under the preferential tax policy, the taxable income of these schools is subject to PRC CIT at an effective rate of 5%.

Baise Tianli High School was entitled to an effective preferential PRC CIT rate of 15%. As its business scope falls within the scope of the encouraged industries in Guangxi Baise Pilot Zone, it can have the local part of CIT (40% of 25%) exempted.

(d) For high schools registered as for-profit private schools, they were subject to PRC CIT at the rate of 25%.

The share of tax attributable to a joint venture and associates amounting to RMB440,000 (28 February 2023: RMB434,000) and RMB8,000 (28 February 2023: RMB144,000), respectively, is included in “Share of profits/(losses) of a joint venture and associates” in profit or loss.

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

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

	For the six months ended 29 February 2024 RMB'000 (unaudited)	For the six months ended 28 February 2023 RMB'000 (unaudited)
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculations	288,881	172,185
Shares		
Weighted average number of ordinary shares in issue	2,154,000,000	2,154,000,000
Effect of the weighted average number of ordinary shares:		
Repurchased under the share award scheme	(56,548,000)	(56,548,000)
Treasury shares repurchased for cancellation	(22,882,000)	–
Weighted average number of vested ordinary shares granted under the share award plan	4,312,700	3,178,000
Adjusted weighted average number of ordinary shares used in the basic earnings per share calculation	2,078,882,700	2,100,630,000
Effect of dilution-weighted average number of ordinary shares:		
Share award scheme	815,885	Note
Share options	7,162,118	N/A
Adjusted weighted average number of ordinary shares used in the diluted earnings per share calculation	2,086,860,703	2,100,630,000

Note: No adjustment had been made to weighted average number of ordinary shares in respect of a dilution for the six months ended 28 February 2023 as the impact of share award scheme outstanding had an anti-dilutive effect on the basic earnings per share amount presented.

8. PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the Period are as follows:

	RMB'000 (unaudited)
Carrying amounts as at 1 September 2023	4,454,733
Additions	188,449
Acquisition of subsidiaries (Note 19)	5,852
Disposals	(487)
Depreciation charged for the Period	(79,865)
Carrying amounts as at 29 February 2024	4,568,682

Notes:

- (a) As at 29 February 2024, the Group was in the customary process of obtaining the relevant property ownership certificates for certain buildings with a net carrying amount of approximately RMB350,863,000 (31 August 2023: RMB356,944,000). The Group's buildings can only be sold, transferred or mortgaged when the relevant certificates have been obtained.
- (b) Interest expenses capitalised as part of the property, plant and equipment by the Group during the Period amounted to RMB20,814,000 (six months ended 28 February 2023: RMB17,703,000).

9. LEASES

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

	Right-of-use assets			Lease liabilities RMB'000 (unaudited)
	Leasehold land RMB'000 (unaudited)	Buildings and other premises RMB'000 (unaudited)	Total RMB'000 (unaudited)	
As at 1 September 2023	1,817,535	227,370	2,044,905	239,610
Additions	10,549	54,812	65,361	54,812
Acquisition of subsidiaries (Note 19)	–	52,629	52,629	44,129
Depreciation charge	(18,123)	(23,066)	(41,189)	–
Interest expense	–	–	–	9,759
Payments	–	–	–	(19,755)
As at 29 February 2024	1,809,961	311,745	2,121,706	328,555

10. GOODWILL

Reconciliation of the carrying amount of the Group's goodwill at the beginning and end of the Period is presented below:

	RMB'000 (unaudited)
As at 1 September 2023	16,413
Acquisition of subsidiaries (Note 19)	85,798
As at 29 February 2024	102,211

IAS 36 requires an entity to perform impairment tests on goodwill on an annual basis. Management did not identify any significant adverse changes in the operating results and macro environment in the Period, and the Company's management has concluded there was no impairment indicator of goodwill as at 29 February 2024. Accordingly, the Company's management did not perform impairment tests on goodwill as at 29 February 2024.

11. TRADE RECEIVABLES

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

	29 February 2024 RMB'000 (unaudited)	31 August 2023 RMB'000
Within 3 months	15,843	17,448
Over 3 months	6,464	–
Total	22,307	17,448

Trade receivables as at the end of the Period were not individually nor collectively considered to be impaired. None of the above trade receivables was either past due or impaired.

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	29 February 2024 RMB'000 (unaudited)	31 August 2023 RMB'000
<i>Current portion:</i>		
Security deposits related to construction of schools	12,891	5,377
Other deposits	10	10
Prepayments	18,324	11,129
Advances to staff	28,933	25,868
Loans to third parties	14,760	14,260
Deductible input value-added tax	10,871	10,259
Other receivables	6,513	5,943
	92,302	72,846
<i>Non-current portion:</i>		
Prepayments for property, plant and equipment	6,372	2,549
Deductible input value-added tax	60,250	79,317
Prepayments for other intangible assets	–	2,301
Prepayments for acquisitions	28,456	24,688
Prepayments for the acquisition of land use rights	–	15,062
	95,078	123,917
Total	187,380	196,763

13. TRADE PAYABLES

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

	29 February 2024 RMB'000 (unaudited)	31 August 2023 RMB'000
Within 3 months	55,747	46,533
3 to 6 months	5,656	20
6 months to 1 year	48	5
1 to 2 years	426	508
	61,877	47,066

14. CONTRACT LIABILITIES

	29 February 2024 RMB'000 (unaudited)	31 August 2023 RMB'000
<i>Advances received from customers</i>		
Comprehensive educational services	706,846	1,043,507
Canteen operation fees	184,399	206,259
Sale of products	19,087	30,127
Others	14,159	35,196
	924,491	1,315,089

There were no contract assets at the end of the Period recognised in the consolidated statement of financial position.

15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	29 February 2024 (unaudited)			31 August 2023		
		Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current							
Bank loans							
– secured	(a)	4-6.15	2025	290,000	4.9-6.15	2023-2024	180,000
– unsecured				–	6	2023	80,000
Current portion of long-term bank loans							
– secured	(a)	5-7.2	2024-2025	309,329	5-7.2	2023-2024	221,925
– unsecured		5	2024-2025	5,000	4.2	2023-2024	7,500
Current portion of long-term other borrowing							
– secured	(a), (b)	6.1	2024-2025	66,537	6.1	2023-2024	64,510
				670,866			553,935
Non-current							
Bank loans							
– secured	(a)	4.2-7.2	2024-2030	945,521	5-7.2	2024-2030	994,450
– unsecured		5	2024-2025	40,000	4.2	2024-2025	19,500
Other borrowing							
– secured	(a), (b)	6	2024-2026	70,764	6.1	2024-2026	104,524
				1,056,285			1,118,474
				1,727,151			1,672,409

As at 29 February 2024 and 31 August 2023, all bank and other borrowing of the Group were denominated in RMB.

15. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

Notes:

- (a) Certain of the Group's bank and other borrowings are secured by:

	Loan amounts	
	29 February 2024 RMB'000 (unaudited)	31 August 2023 RMB'000
Pledged Loans – secured		
Rights over educational services fees of certain schools	339,000	70,000
Both equity interests in certain subsidiaries and rights over educational services fees	1,343,151	1,495,409
Total	1,682,151	1,565,409

- (b) It represented other borrowing borrowed from an independent third party leasing company by the Group, with the principal of RMB137,301,000, which bears interest at an effective rate of 6.10% per annum with annual instalment payments up to the maturity date on 20 February 2026.

16. SHARE CAPITAL

Shares

	29 February 2024 HK\$'000 (unaudited)	31 August 2023 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 ordinary shares of HK\$0.1 each	215,400	215,400
Equivalent to approximately (in RMB'000)	183,022	183,022

17. SHARE-BASED PAYMENT

(a) Restricted share award scheme

The following awarded shares were outstanding under the restricted share award scheme at the end of the Period:

	Number of shares repurchased for the scheme	Number of awarded shares
As at 1 September 2023	53,370,000	8,488,900
Vested during the Period	(1,134,700)	(1,134,700)
As at 29 February 2024	52,235,300	7,354,200

During the Period, 1,134,700 shares were vested under the restricted share award scheme. The purchase costs and the related share-based payment expenses charged of the granted shares vested were reversed from the related share award scheme reserve. The difference of RMB2,923,000 arising from this transfer was credited to share premium.

During the Period, the total share award scheme expenses of RMB1,712,000 were charged to profit or loss (six months ended 28 February 2023: RMB2,122,000).

(b) Share Option Scheme

The following share options were outstanding under the Share Option Scheme during the Period:

	Weighted average exercise price HK\$ per share	Number of options
As at 1 September 2023 and 29 February 2024	2.48	61,000,000

The exercise prices and exercise periods of the share options outstanding as at the end of the Period are as follows:

	Number of share options	Exercise price per share HK\$	Fair value per share RMB	Exercise period
March 2023 Share Option Scheme	31,000,000	2.48	0.52	10 March 2023 to 10 March 2033
April 2023 Share Option Scheme	30,000,000	2.48	0.50	26 April 2023 to 10 March 2033
	61,000,000			

The Group recognised a share option expense of RMB28,140,000 during the year ended 29 February 2024 (six months ended 28 February 2023: Nil).

18. DIVIDEND

At the meeting of the board of directors held on 26 April 2024, the board of directors resolved to pay an interim dividend of RMB4.17 cents per share for the Period (six months ended 28 February 2023: RMB2.43 cents). The total interim dividend was RMB88,237,000 (six months ended 28 February 2023: RMB52,342,000).

19. BUSINESS COMBINATION

On 7 September 2023, the Group acquired 80% equity interests in Shanghai Heru Education Technology Company limited (“Heru Education”) and its subsidiary Shanghai MacDuffie International High School (“MacDuffie High School”) from independent third parties. MacDuffie High School is engaged in the provision of International high school education services in Chinese Mainland. This acquisition was made with the aims to expand the Group’s existing scale of international high school education services.

The fair values of the identifiable assets and liabilities of Heru Education as at the date of acquisition were as follows:

	Fair value recognised on acquisition RMB'000
Property, plant, and equipment	5,852
Other intangible assets	10,000
Right-of-use assets	52,629
Cash and bank balances	7,924
Prepayments and other receivables	1,357
Trade payables	(239)
Other payables and accruals	(26,079)
Contract liabilities	(22,544)
Deferred tax liabilities	(4,738)
Lease liabilities	(44,129)
Amounts due to related parties	(4,050)
Total identifiable net liabilities at fair value	(24,017)
Non-controlling interests	(4,803)
Goodwill on acquisition	85,798
Satisfied:	
Cash paid during the period	35,896
Prepayments in the prior year	24,688
Other payables	6,000

19. BUSINESS COMBINATION (CONTINUED)

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash consideration paid during the Period	(35,896)
Cash and bank balances acquired	7,924
Net outflow of cash and cash equivalents included in cash flows from investing activities	(27,972)

The fair values of other receivables as at the date of acquisition amounted to RMB1,357,000. The gross contractual amounts of other receivables were RMB1,357,000. All other receivables are expected to be recoverable.

The goodwill of RMB85,798,000, which was not deductible for tax purposes, comprised the acquired workforce and the value of expected synergies arising from the combination of the acquired business with the existing operations of the Group's High Schools.

Since the acquisition, Heru Education contributed RMB23,915,000 to the Group's revenue and caused losses of RMB1,204,000 to the consolidated profit for the Period. The directors are of the opinion that Heru Education is in its business development, its loss for the post acquisition period is temporary, accordingly it is unnecessary to perform impairment test on the goodwill as at 29 February 2024.

20. COMMITMENTS

The Group had the following capital commitments at the end of the Period:

	29 February 2024 RMB'000 (unaudited)	31 August 2023 RMB'000
Contracted but not provided for:		
Property, plant and equipment	80,740	81,478

21. 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 Period.

(a) **Name and relationships of related parties**

Name	Relationships
Mr. Luo Shi	Ultimate controlling shareholder of the Company
Sichuan Nanyuan Construction Co., Ltd. ("Nanyuan Construction")	A company controlled by Mr. Luo Shi
Luzhou Tianli Property Management Co., Ltd. ("Luzhou Tianli Property")	A company controlled by Mr. Luo Shi
Chengdu Shenzhou Tianli Education Consulting Co., Ltd. ("Chengdu Shenzhou Tianli")	A joint venture of the Company
Affiliated Kindergarten of Luzhou Tianli School ("Luzhou Tianli Kindergarten")	An associate of the Company
Affected Business	Legally owned by affiliated entities of the Group
Shanghai Yaqiao Education Investment Co., Ltd ("Shanghai Yaqiao")	Non-controlling shareholder of Heru Education

In addition to the transactions detailed elsewhere in this interim condensed financial information, the Group had the following transactions with related parties:

(b) **Outstanding balances with related parties**

Amounts due from related parties

		29 February 2024 RMB'000 (unaudited)	31 August 2023 RMB'000
Trade in nature			
Luzhou Tianli Kindergarten	(i)	206	206
Non-trade in nature			
Luzhou Tianli Property		20	20
Affected Business	(ii)	674,635	651,294
		674,655	651,314
		674,861	651,520

21. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Outstanding balances with related parties (Continued)

Amounts due to related parties

		29 February 2024 RMB'000 (unaudited)	31 August 2023 RMB'000
<i>Non-trade in nature</i>			
Nanyuan Construction		80,085	100,569
Chengdu Shenzhou Tianli		60,140	227,173
Luzhou Tianli Kindergarten	(i)	673	673
Shanghai Yaqiao		18,965	–
Affected Business	(ii)	2,198,976	2,566,261
		2,358,839	2,894,676
<i>Less: non-current portion</i>			
Chengdu Shenzhou Tianli		60,140	120,000
Shanghai Yaqiao		14,915	–
Affected Business		1,028,339	1,031,577
Current portion		1,255,445	1,743,099

Notes:

- (i) Included in the amounts due from Luzhou Tianli Kindergarten were management fees receivable for the kindergarten management services provided by the Group. Included in the amounts due to Luzhou Tianli Kindergarten were advances received in the prior years.
- (ii) The amounts due from related parties were unsecured, interest-free and had no fixed terms of repayment. The amounts due to related parties were unsecured, interest-free and would be repaid within the next 5 years from 29 February 2024.

21. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(c) Transactions with related parties

(1) Construction of property, plant and equipment

	For the six months ended 29 February 2024 RMB'000 (unaudited)	For the six months ended 28 February 2023 RMB'000 (unaudited)
Nanyuan Construction	122,843	55,012

The considerations for the construction of property, plant and equipment were determined at prices of actual costs plus a premium in the range of 9% to 11% of the actual costs, depending on the prevailing market circumstances.

(2) Provision of management services and sale of products

	For the six months ended 29 February 2024 RMB'000 (unaudited)	For the six months ended 28 February 2023 RMB'000 (unaudited)
Luzhou Tianli Kindergarten	–	134

(3) Purchase obligations of non-controlling interests in subsidiaries

	For the six months ended 29 February 2024 RMB'000 (unaudited)	For the six months ended 28 February 2023 RMB'000 (unaudited)
Shanghai Yaqiao	14,915	–

As disclosed in Note 19 to the interim condensed financial information, the Group acquired 80% equity interests in Heru Education on 7 September 2023. After the acquisition, the remaining 20% non-controlling interests in Heru Education were held by Shanghai Yaqiao. According to the equity transfer agreement between the Group and Shanghai Yaqiao, if requested by Shanghai Yaqiao, the Group shall purchase the remaining 20% equity interests in Heru Education on 7 September 2026 at a consideration not less than the valuation of the identifiable assets and liabilities of Heru Education as at the acquisition date.

21. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(c) Transactions with related parties (Continued)

(4) Advances given and repayment of advances given

	For the six months ended 29 February 2024 RMB'000 (unaudited)	For the six months ended 28 February 2023 RMB'000 (unaudited)
Advances given to:		
Affected Business	65,939	55,061
Repayment of advances given:		
Affected Business	42,598	185,174

(5) Advances received and repayment of advances received

	For the six months ended 29 February 2024 RMB'000 (unaudited)	For the six months ended 28 February 2023 RMB'000 (unaudited)
Advances received from:		
Chengdu Shenzhou Tianli	23,000	50,000
Shanghai Yaqiao	4,050	–
Affected Business	41,895	605,173
	68,945	655,173
Repayment of advances received:		
Chengdu Shenzhou Tianli	190,033	104,411
Affected Business	409,180	505,092
	599,213	609,503

21. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(c) Transactions with related parties (Continued)

(6) Other transactions with related parties

The Group provides financial guarantees for the Affected Business and Chengdu Shenzhou Tianli. The principal terms of the guarantees are set out as follows:

Borrower	Lender and beneficiary of the guarantee	Guarantor	Guaranteed amount	
			29 February 2024 RMB'000 (unaudited)	31 August 2023 RMB'000
Chengdu Shenzhou Tianli	Bank of Dalian Co., Ltd., Chengdu Branch	The Company, Shenzhou Tianli Education and Tibet Yongsi	220,000	290,000
Xichang Tianli School	China Zheshang Bank Co., Ltd., Liangshan Branch	Shenzhou Tianli Education, Tibet Yongsi and Xichang Shenzhou Tianli Education Development Co., Ltd.	79,000	90,000
Deyang Tianli School	Agricultural Bank of China, Chengdu Jincheng Branch	Shenzhou Tianli Education and Tibet Yongsi	110,000	117,500
Ya'an Tianli School	Sichuan Tianfu Bank Co., Ltd., Chengdu Branch	Shenzhou Tianli Education, Tibet Yongsi and Ya'an Shenzhou Tianli Education Development Co., Ltd.	–	40,000
Ya'an Tianli School	Xingye Bank Co., Ltd., Chengdu Branch	Shenzhou Tianli Education and Ya'an Tianli School	50,000	–
Guangyuan Tianli School	Haier Financial Leasing Co., Ltd.	Shenzhou Tianli Education, Tibet Yongsi and Luzhou Longmatan District Tianli Primary School	25,281	26,333
Guangyuan Tianli School	Huishang Bank Co., Ltd., Chengdu Branch	Shenzhou Tianli Education, Tibet Yongsi and Luzhou Longmatan District Tianli Primary School	30,000	–
			514,281	563,833

21. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(d) Compensation of key management personnel of the Group

	For the six months ended 29 February 2024 RMB'000 (unaudited)	For the six months ended 28 February 2023 RMB'000 (unaudited)
Salaries, allowances and benefits in kind	1,406	1,229
Equity-settled share award scheme expenses	17,166	75
Pension scheme contributions	34	37
	18,606	1,341

22. 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	
	29 February 2024 RMB'000 (unaudited)	31 August 2023 RMB'000	29 February 2024 RMB'000 (unaudited)	31 August 2023 RMB'000
Financial assets at fair value through profit or loss	3,004	100,309	3,004	100,309
Interest-bearing bank and other borrowings, non-current	1,056,285	1,118,474	1,056,285	1,118,474
Amounts due to related parties, non-current	1,103,394	1,151,577	1,066,597	1,113,173
	2,162,683	2,370,360	2,125,886	2,331,956

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, and amounts due from/to related parties approximate to their carrying amounts largely due to the short-term maturities of these instruments.

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

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 interest-bearing bank and other borrowings 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 Group's own non-performance risk for interest-bearing bank and other borrowings as at 29 February 2024 was assessed to be insignificant.

The fair values of financial assets at fair value through profit or loss included in other current financial assets are measured using the expected return published by licensed banks.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
<i>Financial assets at fair value through profit or loss</i> 29 February 2024	–	3,004	–	3,004
31 August 2023	–	100,309	–	100,309

Liabilities for which fair values are disclosed:

29 February 2024

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
<i>Interest-bearing bank and other borrowings, non-current</i>	–	–	1,056,285	1,056,285
<i>Amounts due to related parties, non-current</i>	–	–	1,066,597	1,066,597
	–	–	2,122,882	2,122,882

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

Fair value hierarchy (Continued)

31 August 2023

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
<i>Interest-bearing bank and other borrowings, non-current</i>	–	–	1,118,474	1,118,474
<i>Amounts due to related parties, non-current</i>	–	–	1,113,173	1,113,173
	–	–	2,231,647	2,231,647

During the Period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

The Company did not have any financial liabilities measured at fair value as at 29 February 2024.

23. EVENTS AFTER THE REPORTING PERIOD

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

24. APPROVAL OF THE INTERIM CONDENSED FINANCIAL INFORMATION

The interim condensed financial information was approved and authorised for issue by the board of directors on 26 April 2024.

Definitions

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

“Audit Committee”	a committee of the Board established by the Board for the purpose of overseeing the accounting and financial reporting processes of the Company and audits of the financial statements of the Company
“Board”	the board of Directors of the Company
“Company”	Tianli International Holdings Limited (天立國際控股有限公司), a company incorporated in the Cayman Islands with limited liability on 24 January 2017, the Shares of which are listed on the Main Board of the Stock Exchange
“CG Code”	Corporate Governance Code as set out in part 2 of Appendix C1 to the Listing Rules
“Director(s)”	the director(s) of the Company
“Gaokao”	the National Higher Education Entrance Examination (普通高等學校招生全國統一考試)
“Group”, “we”, “us” or “our”	the Company, its subsidiaries and entities under the Company’s control through contractual arrangements in the PRC
“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
“Nomination Committee”	a committee of the Board established by the Board to assist, identify, screen and recommend to the Board appropriate candidates to serve as Directors of the Company, to oversee the process for evaluating the performance of the Board and to develop, recommend to the Board and monitor nomination guidelines for the Company
“PRC”	the People’s Republic of China which, for the purpose of this report, excludes the Hong Kong Special Administrative Region of the People’s Republic of China, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Pre-IPO Restricted Share Award Scheme”	the pre-IPO restricted share award scheme for the award of Shares to eligible participants, adopted by the Company on 26 January 2018, the principal terms of which are set out in the section headed “Statutory and General Information – D. Restricted Share Award Scheme” in Appendix V to the Prospectus
“Prospectus”	the prospectus of the Company dated 28 June 2018 issued by the Company in relation to the listing of its Shares on the Main Board of the Stock Exchange
“Reporting Period”	the period for the six months ended 29 February 2024
“Restricted Share Award Scheme”	the restricted share award scheme for the award of Shares to eligible participant, adopted by the Company on 17 December 2018, pursuant to the announcement made by the Company on 17 December 2018
“RMB”	Renminbi yuan, the lawful currency of the PRC

Definitions (Continued)

“Selected Participants”	eligible persons selected by the Board or authorized administrators to be granted the share awards under the Restricted Share Award Scheme at its sole discretion
“Share(s)”	ordinary share(s) in the capital of the Company with nominal value of HKD0.1 each
“Share Option Scheme”	the share option scheme of our Company, adopted pursuant to a resolution of our Shareholders on 24 June 2018, the principal terms of which are summarized in the section headed “Statutory and General Information – E. Share Option Scheme” in Appendix V to the Prospectus
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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)
“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)