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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Tianli Education International Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank or stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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天立教育国际控股有限公司
Tianli Education International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1773)

CONTINUING CONNECTED TRANSACTION 2021 SCHOOL CONSTRUCTION FRAMEWORK AGREEMENT

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



Gram Capital Limited
嘉林資本有限公司

A letter from the Board is set out on pages 4 to 14 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on page 15 of this circular. A letter from Gram Capital Limited, the independent financial adviser, containing its advice and recommendations to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 25 of this circular.

A notice convening the EGM to be held at Sichuan Room, 3/F, Futian Shangri-La Hotel, Shenzhen, 4088 Yi Tian Road, Futian District, Shenzhen, China on Wednesday, 13 October 2021 at 10:30 a.m. is set out on pages 31 to 32 of this circular.

Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the office of the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time scheduled for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

20 September 2021

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“2021 School Construction Framework Agreement”	the new agreement entered into between Tianli Education and Nanyuan Construction on 9 September 2021 pursuant to which the New School Construction Framework Agreement is renewed for a term of three years until 31 August 2024;
“Announcement”	the announcement dated 9 September 2021 in relation to the 2021 School Construction Framework Agreement;
“Annual Cap(s)”	the proposed annual caps for the transactions contemplated under the 2021 School Construction Framework Agreement for each of the three years ending 31 August 2024 as set out in the Announcement;
“Board” or “Board of Directors”	the board of Directors of the Company;
“China” or the “PRC”	the People’s Republic of China excluding, for the purpose of this circular, Hong Kong, Macau Special Administrative Region and Taiwan;
“Company”	Tianli Education International Holdings Limited (天立教育國際控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 1773);
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“Directors”	the directors of the Company;
“EGM”	the extraordinary general meeting of the Company to be held at 10:30 a.m. on Wednesday, 13 October 2021 at Sichuan Room, 3/F, Futian Shangri-La Hotel, Shenzhen, 4088 Yi Tian Road, Futian District, Shenzhen, China;
“Group”	the Company, its subsidiaries and entities under the Company’s control through contractual arrangements in PRC;

DEFINITIONS

“Hong Kong Listing Rules” or “Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time;
“Independent Board Committee”	an independent committee of the Board (which comprises Mr. Liu Kai Yu Kenneth, Mr. Yang Dong and Mr. Cheng Yiqun, all of them are independent non-executive Directors) established to advise the Independent Shareholders in respect of the continuing connected transaction contemplated under the 2021 School Construction Framework Agreement and the Annual Caps;
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the 2021 School Construction Framework Agreement and the corresponding Annual Caps;
“Independent Shareholder(s)”	Shareholders other than Mr. Luo Shi, his associates and all other Shareholders materially interested in the 2021 School Construction Framework Agreement, the continuing connected transaction contemplated thereunder and the Annual Caps;
“Latest Practicable Date”	14 September 2021;
“Management”	management of the Company;
“Nanyuan Construction”	Sichuan Nanyuan Construction Co., Ltd. (四川南苑建設有限公司), a limited liability company established in the PRC on 30 June 2000 and is wholly-owned by Tianli Holding, a connected person of the Company, it was formerly known as Luzhou Nanyan Construction Engineering Co., Ltd. (瀘州市南苑建築工程有限公司);
“New School Construction Framework Agreement”	the agreement entered into between the Company and Nanyuan Construction on 16 April 2019 for providing construction services to PRC Operating Entities;

DEFINITIONS

“PRC Operating Entities”	the collective of the schools and entities which the Group controls through the contractual arrangements;
“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 issued by the Company in connection with the Hong Kong public offering dated 28 June 2018;
“Self-Owned School(s)”	school(s) that are funded by the Group to build and held by the Group;
“Shareholders”	the shareholders of the Company;
“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); and
“Tianli Holding”	Shenzhou Tianli Holdings Group Limited (神州天立控股集團有限公司), formerly Shenzhou Tianli Investment Group Limited (神州天立投資集團有限公司), a limited liability company established in the PRC on 13 April 2006.

LETTER FROM THE BOARD



天立教育国际控股有限公司
Tianli Education International Holdings Limited

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

Executive Directors:

Mr. Luo Shi (*Chairman and Executive Director*)
Ms. Yang Zhaotao
Mr. Wang Rui

Non-executive Director:

Mr. Tian Mu

Independent Non-Executive Directors:

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

Registered office:

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

*Principal place of business
in Hong Kong:*

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

20 September 2021

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION
RENEWAL OF SCHOOL CONSTRUCTION FRAMEWORK AGREEMENT

BACKGROUND

Reference is made to the announcement of the Company dated 16 April 2019 and the circular of the Company dated 21 June 2019 that, among other things, the Company and Nanyuan Construction entered into the New School Construction Framework Agreement for provision of construction services, including construction, for schools sponsored or owned by our PRC Operating Entities on 16 April 2019.

As the New School Construction Framework Agreement is going to expire on 31 December 2021, and in light of the business needs and benefits of continuing the existing transactions with Nanyuan Construction, the Board proposes to seek the approval of the Independent Shareholders for entering into the 2021 School Construction Framework Agreement, the transactions contemplated under the 2021 School Construction Framework Agreement and the Annual Caps.

LETTER FROM THE BOARD

The principal terms of the 2021 School Construction Framework Agreement are set out below:

2021 SCHOOL CONSTRUCTION FRAMEWORK AGREEMENT

Date

9 September 2021

Parties

- (1) Tianli Education
- (2) Nanyuan Construction

Subject matter

Pursuant to the 2021 School Construction Framework Agreement, Nanyuan Construction will, if engaged by our PRC Operating Entities, provide construction services, including construction, for schools sponsored/owned by our PRC Operating Entities.

Term

The 2021 School Construction Framework Agreement will be valid for a term of three years from 1 September 2021 to 31 August 2024.

Conditions precedent

The 2021 School Construction Framework Agreement and its performance are subject to compliance by the Company with any applicable disclosure and/or the Independent Shareholders' approval in accordance with the Listing Rules.

Pricing basis

Under the 2021 School Construction Framework Agreement, service fees charged by Nanyuan Construction will be the actual costs plus a premium in the range of 9% to 11% of the actual costs, depending on the prevailing market circumstances. The actual costs include all costs incurred in relation to the construction of the project (such as labor, materials, equipment, and project management and planning) and all taxes payable by Nanyuan Construction. The Board has considered the market range of premium which is based on, among other things, applicable regulations and guidance on transfer pricing, as well as selected market comparables, with the assistance of an independent business consulting firm. The Board is of the view that the premium percentage range under the 2021 School Construction Framework Agreement is within such range.

LETTER FROM THE BOARD

Having reviewed the 2021 School Construction Framework Agreement and other relevant documents, and based on the Company's confirmation on the method of pricing, the PRC legal advisor of the Company was of the view that the pricing of the transactions contemplated under the 2021 School Construction Framework Agreement has complied with the applicable PRC regulations and guidance on transfer pricing transactions, including Enterprise Income Tax Law (2018 Amendment) (《企業所得稅法(2018修正)》), Law of the PRC on the Administration of Tax Collection (2015 Amendment)(《中華人民共和國稅收徵收管理法(2015修正)》), Special Tax Adjustment Implementation Measures (Trial) (《特別納稅調整實施辦法(試行)》), and Special Taxation Survey Adjustment and Mutual Consultation Procedures Management Measures (《特別納稅調查調整及相互協商程序管理辦法》).

REASONS FOR AND BENEFITS OF THE 2021 SCHOOL CONSTRUCTION FRAMEWORK AGREEMENT

Taking into account (i) Nanyuan Construction's experience and reputation in property development and construction; (ii) Nanyuan Construction's track record in providing construction services to our schools, particularly its reliability in delivering completed properties in a timely manner and its ability to select appropriate sub-contractors and manage them effectively; (iii) Nanyuan Construction's in depth understanding of school construction, which the Board consider to be relatively more customised than the construction of typical residential or commercial properties; and (iv) the Group's needs as a school operator, the Board is of the view that engaging Nanyuan Construction and entering into the 2021 School Construction Framework Agreement instead of engaging other independent contractors is more reliable and is of the best interest of the Group and our Shareholders. The price and quality of deliverables of Nanyuan Construction will be under constant review, and in the event that our Company is able to source a supplier who is able to deliver better quality construction at a lower price, we will consider replacing Nanyuan Construction with such supplier.

LETTER FROM THE BOARD

HISTORICAL ANNUAL CAPS AND TRANSACTION AMOUNTS

The table below sets forth the historical annual caps for the three years ending 31 December 2021 as set out in the announcement of the Company dated 16 April 2019 and also the historical transaction amounts between the Company and Nanyuan Construction in relation to the New School Construction Framework Agreement for the two years ended 31 December 2020 and the six months ended 30 June 2021:

	For the year ended 31 December 2019 (RMB'000)	For the year ended 31 December 2020 (RMB'000)	For the year ending 31 December 2021 (RMB'000)
Annual caps	1,700,000	2,000,000	2,400,000

	For the year ended 31 December 2019 (RMB'000)	For the year ended 31 December 2020 (RMB'000)	For the six months ended 30 June 2021 (RMB'000)
Historical transaction amounts	965,411	1,285,760	1,276,426

ANNUAL CAPS FOR THE THREE YEARS ENDING 31 AUGUST 2024

The table below sets out the Annual Caps of the 2021 School Construction Framework Agreement for the three financial years ending 31 August 2024 (to align with the change of financial year end date of the Company, which took effect from 1 September 2021):

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

LETTER FROM THE BOARD

Basis for the Annual Caps

In determining the above Annual Caps, the Board has considered, among other factors:

- (i) For the services provided by Nanyuan Construction, the actual historical service fees for the two financial years ended 31 December 2020 and the six months ended 30 June 2021. It is contemplated that the Group will continue to engage Nanyuan Construction to construct schools and conduct improvement and expansion work in the next few years based on its expansion plan detailed below.
- (ii) The robust expansion plan deployed by the Group, which was substantiated by the fact that the Group is planning to expand school network geographically. The Group expects to open approximately five to ten schools in each of the three years from September 2022 to September 2024, of which approximately five schools will be Self-Owned Schools each year. The Group intends to gradually increase the percentage of Self-Owned Schools to be constructed by independent third parties in order to control the size of the transactions with Nanyuan Construction and hence ensure a higher degree of independence of the Company. A transition period is needed to find and negotiate with suitable independent third parties contractors. Hence, approximately 20% of the Group's Self-Owned Schools is expected to be constructed by independent third party for the year ending 31 August 2022, approximately 40% of the Group's Self-Owned Schools is expected to be constructed by independent third party for each of the year ending 31 August 2023 and 2024.
- (iii) The average historical actual cost of construction for each school, the characters of the schools to be built including but not limited to area, capacity and function of the campus, and the local economic conditions.
- (iv) The expected service fees for construction work to be provided by Nanyuan Construction for the new schools of the Group under development with anticipated inflation and increase in development costs.

Based on the current expansion plan of the Company, the following table sets out (i) the number of Self-Owned Schools that the Group plans to construct in the next three years; and (ii) the construction service fees estimated to be paid to Nanyuan Construction for the financial years ending 31 August 2022, 31 August 2023 and 31 August 2024 for the construction of these Self-Owned Schools:

LETTER FROM THE BOARD

	Estimated construction service fees (RMB'000)			Status of school construction
	1 September 2021 to 31 August 2022	1 September 2022 to 31 August 2023	1 September 2023 to 31 August 2024	
Number of Self-Owned Schools				
Schools in operation				
Expansion works of 10 schools	702,140	135,270	–	Construction will be completed by September 2023
September 2022				
4 schools	784,000	–	–	Construction will be completed by September 2022
September 2023				
3 schools	–	588,000	–	Construction will be completed by September 2023
September 2024				
3 schools	–	–	588,000	Construction will be completed by September 2024
Total	1,486,140	723,270	588,000	

The abovementioned timeframe is based on the Company's plan and estimation and may be subject to change depending the actual circumstances.

Shareholders and potential investors should note that the Annual Caps should not be construed as an assurance or forecast by the Company of the future revenues of the Group.

LETTER FROM THE BOARD

INTERNAL CONTROL

The Group will adopt the measures to protect the interests of the Independent Shareholders. Such measures include adoption of an independent mechanism to govern and monitor the selection process for the Company's potential bidders, of which an internal tender review committee comprising members appointed by the independent non-executive Directors and accountable to the independent non-executive Directors, will be established for reviewing the terms and conditions of tenders, complying with the relevant laws and regulations and screening out unsuitable tenders. The Company will conduct sampling check covering the receipt in the amount of at least 70% of the total actual costs incurred.

Pursuant to the Group's tender policy, all potential bidders for the Group's construction works are subject to a standard and systematic tender review procedure maintained by the Group, which applies to tenders submitted by both connected persons and independent third parties. The standard and systematic tender review procedure generally involves (i) receiving potential bidders' tender documents; (ii) initial review of the tender documents; (iii) assessment of the potential bidders' credentials. Having considered factors including the technical requirements of the concerned construction work, the potential bidders' qualification and experience, the expected completion time of the construction projects, the Group will then shortlist three potential candidates. Out of the three potential candidates, the Group will generally select the bidder who offered the lowest bidding price.

The Company has established procedures for monitoring its continuing connected transaction in which various departments including the Construction Department, the Legal Department and the Finance Department of the Group will be responsible for the implementation, monitoring and review of such procedures. Before entering into a contract with Nanyuan Construction, each contract with Nanyuan Construction will be reviewed and approved by the department heads of the Construction Department, the Legal Department, the Finance Department and the chief executive. The premium of each contract with Nanyuan Construction will be reviewed by the Group's Finance Department to ensure the premium charged by Nanyuan Construction is within 9% to 11% as stated under the 2021 School Construction Framework Agreement.

The Company's external auditors will review the transactions as contemplated under the 2021 School Construction Framework Agreement annually to check and confirm, among others, whether the pricing terms have been adhered to and whether the Annual Caps have been exceeded.

The Directors consider that the proposed internal control system of the Group is adequate to ensure that the transactions as contemplated under the 2021 School Construction Framework Agreement will be on normal commercial terms and no less favourable to the Company than those offered by independent third parties.

LETTER FROM THE BOARD

INFORMATION OF THE RELEVANT PARTIES

The Company

Established in 2002, the Company is a leading comprehensive education service operator in Western China. We strive to provide comprehensive education management and diversified services for customers. Our business is distributed in 27 cities in Provinces including Sichuan, Yunnan, Guizhou, Shandong, Henan and Jiangxi, etc.

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 is the principal operating subsidiary of the Company, 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).

Nanyuan Construction

Nanyuan Construction was established in June 2000 and is wholly-owned by Tianli Holding. Tianli Holding is owned as to 75.80% by Mr. Luo Shi, 10.36% by Mr. Liu Hongxi, 4.82% by Mr. Tao Yi, 4.52% by Mr. Zhang Huaxuan, 2.77% by Mr. Luo Yongsheng, 1.42% by Ms. He Guangmin and 0.31% by Ms. Yin Qing. It mainly engaged in the construction of residential projects and school complexes in the PRC.

It mainly engaged in the construction of residential projects and school complexes in the PRC, which obtained qualification certificates for operating as a general building main contractor, which include first class main contractor in general building construction works (建築工程施工總承包一級資質), first class in building decoration works professional contractor (建築裝修裝飾工程專業承包一級資質). Nanyuan Construction was awarded as the honor of provincial-class enterprises of observing contract and valuing credit (守合同重信用企業) yearly since 2000 to 2019. Additionally, Nanyuan Construction was named as advanced enterprise by Luzhou Construction Industry Association (瀘州建築業協會).

Nanyuan Construction has completed 23 school construction projects for the Group since 2015. All of which was completed in a timely manner in accordance with contracts. There was no material delay in providing construction services for us. The key school construction projects completed by Nanyuan Construction include Chengdu Longquan Tianli School (成都龍泉天立學校), Chengdu Pidu Tianli School (成都郫都天立學校), Henan Zhoukou Tianli School (河南周口天立學校), Shandong Rizhao Tianli School (山東日照天立學校), Jiangxi Yichun Tianli School (江西宜春天立學校), Guizhou Zunyi Tianli School (貴州遵義天立學校), and Yunnan Baoshan Tianli School (雲南保山天立學校), etc.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

Mr. Luo Shi is an executive Director, the chairman and the chief executive officer of the Company. Mr. Luo Shi, our controlling shareholder, together with his associates, are interested in approximately 40.62% of the Company's issued share capital as at the date of this circular. Mr. Luo Shi controlled an aggregate of approximately 75.80% of voting rights in Tianli Holding. As Nanyuan Construction is wholly-owned by Tianli Holding, Nanyuan Construction is a connected person pursuant to Rule 14A.07 by virtue of being an associate (as defined under the Listing Rules) of Mr. Luo Shi.

As a result, the 2021 School Construction Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under the Listing Rules.

Based on the Annual Caps, as at least one of the applicable percentage ratios under the Listing Rules exceeds 5%, the transactions contemplated under the 2021 School Construction Framework Agreement constitute continuing connected transactions which are subject to reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The nature of the contracts to be entered into with Nanyuan Construction for each school construction project are service contracts, pursuant to which Nanyuan Construction will provide project management services to the Group as the general contractor and will subcontract most of the construction works to third party subcontractors. As Nanyuan Construction merely provides project management services to the Group and that the pricing of the construction of schools is on cost plus basis, the contracts to be entered into with Nanyuan Construction for each school construction project should not be treated as notifiable transactions under Chapter 14 of the Listing Rules.

The Directors (other than Mr. Luo Shi who has abstained from voting due to his interest in the 2021 School Construction Framework Agreement), are of the view that, the terms of the 2021 School Construction Framework Agreement are fair and reasonable, on normal commercial terms and the 2021 School Construction Framework Agreement is entered into in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

The Company's Director, Mr. Luo Shi, being a controlling shareholder of the holding company of Nanyuan Construction, is deemed to have material interests in the continuing connected transactions contemplated under the 2021 School Construction Framework Agreement and has abstained from voting on the relevant resolution of the Board. Save for the Director mentioned above, none of the other Directors is or is deemed to have a material interest in the above transactions.

LETTER FROM THE BOARD

THE EGM

The EGM will be held for the Independent Shareholders to consider and, if thought fit, approve the 2021 School Construction Framework Agreement and the transactions contemplated thereunder and the Annual Caps. In accordance with the Listing Rules, Mr. Luo Shi and his associates, being connected persons of the Company and having material interests in the 2021 School Construction Framework Agreement (which are different from those of the Independent Shareholders), will abstain from voting at the EGM in respect of the resolution.

The votes of the Independent Shareholders will be taken by way of poll at the EGM. As at the Latest Practicable Date, Mr. Luo Shi and his associates (including his spouse Ms. Tu Mengxuan) were interested in a total of 879,819,569 Shares, representing approximately 40.62% of the total issued share capital of the Company, of which (i) 871,341,316 Shares were held by Sky Elite Limited, a company controlled by Mr. Luo; (ii) Mr. Luo Shi has been granted 6,521,733 Shares under the Pre-IPO Restricted Share Award Scheme, 5,217,384 Shares of which have been vested as at the date of this circular; (iii) Ms. Tu Mengxuan has been granted 1,956,520 shares under the Pre-IPO Restricted Share Award Scheme, 782,608 Shares of which have been vested as at the date of this circular.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, other than Mr. Luo Shi and his associates, there is no connected person of the Company, any Shareholder or their respective associates who has a material interest in the relevant resolution and is required to abstain from voting at the EGM.

A notice to convene the EGM is set out on pages 31 to 32 of this circular. The EGM will be held at Sichuan Room, 3/F, Futian Shangri-La Hotel, Shenzhen, 4088 Yi Tian Road, Futian District, Shenzhen, China on Wednesday, 13 October 2021 at 10:30 a.m.. The form of proxy for use by the Shareholders at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the office of the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time scheduled for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee set out on page 15 of this circular and the letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders set out on pages 16 to 25 of this circular in connection with the continuing connected transactions contemplated under the 2021 School Construction Framework Agreement, the Annual Caps and the principal factors and reasons considered by Gram Capital in arriving at such advice.

LETTER FROM THE BOARD

The Independent Board Committee, having taken into account the advice of Gram Capital, considers that the terms of the 2021 School Construction Framework Agreement and the Annual Caps are fair and reasonable, on normal commercial terms and the 2021 School Construction Framework Agreement was entered into in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution to approve the entering into of the 2021 School Construction Framework Agreement, the transactions contemplated under the 2021 School Construction Framework Agreement and the Annual Caps at the EGM.

Accordingly, the Board (including the independent non-executive Directors) also recommends the Independent Shareholders to vote in favour of the resolution to approve the entering into of the 2021 School Construction Framework Agreement, the transactions contemplated under the 2021 School Construction Framework Agreement and the Annual Caps at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendices to this circular.

Yours faithfully,

For and on behalf of the Board

Tianli Education International Holdings Limited

Luo Shi

Chairman, Executive Director and Chief Executive Officer

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



天立教育国际控股有限公司
Tianli Education International Holdings Limited

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

20 September 2021

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION RENEWAL OF SCHOOL CONSTRUCTION FRAMEWORK AGREEMENT

We refer to the circular of the Company dated 20 September 2021 (the “**Circular**”) of which this letter forms part. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used herein.

We have been appointed by the Board to form the Independent Board Committee to consider and advise the Independent Shareholders as to whether, in our opinion, the entering into the 2021 School Construction Framework Agreement, the transactions contemplated under the 2021 School Construction Framework Agreement and the Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Having considered the terms of the 2021 School Construction Framework Agreement and the advice of Gram Capital in relation thereto as set out on pages 16 to 25 of the Circular, we are of the opinion that the terms of the 2021 School Construction Framework Agreement and the Annual Caps are fair and reasonable, on normal commercial terms and the 2021 School Construction Framework Agreement is entered into in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to approve the entering into of the 2021 School Construction Framework Agreement, the transactions contemplated under the 2021 School Construction Framework Agreement and the Annual Caps at the EGM.

Yours faithfully,
For and on behalf of the
Independent Board Committee

Mr. YANG Dong

Mr. LIU Kai Yu Kenneth
Independent non-executive Director

Mr. CHENG Yiqun

LETTER FROM GRAM CAPITAL

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transactions for the purpose of inclusion in this circular.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

20 September 2021

*To: The independent board committee and the independent shareholders
of Tianli Education International Holdings Limited*

Dear Sirs,

CONTINUING CONNECTED TRANSACTION 2021 SCHOOL CONSTRUCTION FRAMEWORK AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the 2021 School Construction Framework Agreement (the “**Transactions**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 20 September 2021 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

As the New School Construction Framework Agreement is going to expire on 31 December 2021, and in light of the business needs and benefits of continuing the existing transactions with Nanyuan Construction, the Board proposes to seek the approval of the Independent Shareholders for entering into the 2021 School Construction Framework Agreement, the transactions contemplated under the 2021 School Construction Framework Agreement and the Annual Caps. The 2021 School Construction Framework Agreement was entered into between Tianli Education (the principal operating subsidiary of the Group) and Nanyuan Construction on 9 September 2021.

With reference to the Board Letter, the Transactions constitute continuing connected transactions of the Company under the Listing Rules and are therefore subject to reporting, annual review, announcement and Independent Shareholders’ approval requirements under the Listing Rules.

LETTER FROM GRAM CAPITAL

The Independent Board Committee comprising Mr. Liu Kai Yu Kenneth, Mr. Yang Dong and Mr. Cheng Yiqun (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Transactions are on normal commercial terms and are fair and reasonable; (ii) whether the Transactions are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution to approve the Transactions at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

INDEPENDENCE

We were not aware of (i) any relationships or interests between Gram Capital and the Company; or (ii) any services provided by Gram Capital to the Company during the past two years immediately preceding the Latest Practicable Date, or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Transactions. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement therein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

LETTER FROM GRAM CAPITAL

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, Nanyuan Construction, their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Transactions. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Transactions, we have taken into consideration the following principal factors and reasons:

1. Background of and reasons for the Transactions

Information on the Group

With reference to the Board Letter, established in 2002, the Company is a leading comprehensive education service operator in Western China. It strives to provide comprehensive education management and diversified services for customers. Its business is distributed in 27 cities in Provinces including Sichuan, Yunnan, Guizhou, Shandong, Henan and Jiangxi, etc.

With reference to the Board Letter, 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 is the principal operating subsidiary of the Company, 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).

Information on Nanyuan Construction

With reference to the Board Letter, Nanyuan Construction was established in June 2000 and is wholly-owned by Tianli Holding. It is mainly engaged in the construction of residential projects and school complexes in the PRC, which obtained qualification certificates for operating as a general building main contractor, which include 建築工程施工總承包一級資質

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(First Class Main Contractor in General Building Construction Works*), 建築裝修裝飾工程專業承包一級資質 (First Class in Building Decoration Works Professional Contractor*). Nanyuan Construction was awarded as the 省級守合同重信用企業 (Honor of Provincial-class Enterprises of Observing Contract and Valuing Credit*) yearly from 2000 to 2019. Additionally, Nanyuan Construction was named as advanced enterprise by 瀘州建築業協會 (Luzhou Construction Industry Association*).

With reference to the Board Letter, Nanyuan Construction has completed 23 school construction projects for the Group since 2015. The key school construction projects completed by Nanyuan Construction include Chengdu Longquan Tianli School (成都龍泉天立學校), Chengdu Pidu Tianli School (成都郫都天立學校), Henan Zhoukou Tianli School (河南周口天立學校), Shandong Rizhao Tianli School (山東日照天立學校), Jiangxi Yichun Tianli School (江西宜春天立學校), Guizhou Zunyi Tianli School (貴州遵義天立學校), and Yunnan Baoshan Tianli School (雲南保山天立學校), etc..

Reasons for and benefits of the Transactions

With reference to the Board Letter, taking into account (i) Nanyuan Construction's experience and reputation in property development and construction; (ii) Nanyuan Construction's track record in providing construction services to the Group's schools, particularly its reliability in delivering completed properties in a timely manner and its ability to select appropriate sub-contractors and manage them effectively; (iii) Nanyuan Construction's in depth understanding of school construction, which the Board considers to be relatively more customised than the construction of typical residential or commercial properties; and (iv) the Group's needs as a school operator, the Board is of the view that engaging Nanyuan Construction and entering into the 2021 School Construction Framework Agreement instead of engaging other independent contractors is more reliable and is in the best interests of the Group and its Shareholders.

With reference to the Board Letter, the price and quality of deliverables of Nanyuan Construction will be under constant review, and in the event that the Company is able to source a supplier who is able to deliver better quality construction at a lower price, the Group will consider replacing Nanyuan Construction with such supplier.

With reference to the Company's annual report for the year ended 31 December 2020, the Group is exploring to establish new schools in selected first-to-second-tier cities as part of its comprehensive strategy to become one of the leading comprehensive education service operators in the PRC. Therefore, the Transactions will facilitate the Group to implement its business strategy.

In addition, with reference to the Company's announcement dated 24 May 2021, the Company resolved to change the financial year end date from 31 December to 31 August to align the financial year end date of the Group with the academic year of the schools operated by the Group in the PRC, which ends in August each year. The Board considered that the change of financial year end date will follow more closely with the business cycle in which the

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Group operates, and better reflect the operational results of the Group for the financial year. The Board further considers that the proposed annual caps commence from 1 September 2021 and end on 31 August 2024 will align with new financial year end date of the Company (i.e. 31 August).

Having considered the above, we concur with the Directors that the Transactions are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and its Shareholders as a whole.

2. Principal terms of the 2021 School Construction Framework Agreement

The tables below summarise the major terms of the 2021 School Construction Framework Agreement:

Date:	9 September 2021
Parties:	(i) Tianli Education; and (ii) Nanyuan Construction
Subject matter:	Pursuant to the 2021 School Construction Framework Agreement, Nanyuan Construction will, if engaged by the PRC Operating Entities, provide construction services, including construction, for schools sponsored/owned by the PRC Operating Entities.
Term:	The 2021 School Construction Framework Agreement will be valid for a term of three years from 1 September 2021 to 31 August 2024.

Pricing basis

Under the 2021 School Construction Framework Agreement, service fees charged by Nanyuan Construction (the “**Service Fees**”) will be the actual costs plus a premium in the range of 9% to 11% of the actual costs, depending on the prevailing market circumstances. The actual costs include all costs incurred in relation to the construction of the project (such as labor, materials, equipment, and project management and planning) and all taxes payable by Nanyuan Construction.

We noted that the Service Fees are same as that under the New School Construction Framework Agreement. Upon our enquiry, the Directors advised us that the Group did not engage independent third parties to provide construction services, which are similar to the construction services provided by Nanyuan Construction to the Group during the past two years.

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For the purpose of assessing the fairness and reasonableness of the Service Fees, we (i) searched for companies listed in Hong Kong which are engaged in construction projects in the PRC as a main/general contractor, and derived majority of their revenue from such business based on their respective published financial information of the latest financial year; and (ii) observed their premium for comparison. To the best of our knowledge and as far as we are aware of, we found 7 companies listed in Hong Kong which meet the said criteria (the “Comparable Companies”).

Set out below are premium of the Comparable Companies based on their published financial information of the latest financial year:

Company name (stock code)	Year-end date	Premium (Note) %
China Railway Construction Corporation Limited (1186 & SH601186)	31 December 2020	10.21
China Tianbao Group Development Company Limited (1427)	31 December 2020	22.91
Jujiang Construction Group Co., Ltd. (1459)	31 December 2020	5.16
Hebei Construction Group Corporation Limited (1727)	31 December 2020	5.63
China Aluminum International Engineering Corporation Limited (2068 & SH601068)	31 December 2020	9.89
Baoye Group Company Limited (2355)	31 December 2020	8.95
China State Construction International Holdings Limited (3311)	31 December 2020	17.46
Maximum		22.91
Minimum		5.16
Average		11.46

Note: Premium was calculated by gross profit over cost of sales.

We noticed from the above table that the premium of the Comparable Companies ranged from approximately 5.16% to 22.91%. The average premium of the Comparable Companies was approximately 11.46%. The premium charged by Nanyuan Construction (i.e. 9% to 11% of the actual costs) is lower than the average premium of the Comparable Companies and within the said range. Accordingly, we consider the Service Fees (including the premium to be charged by Nanyuan Construction) to be fair and reasonable.

With reference to the Board Letter, the Group adopted measures to protect the interests of the Independent Shareholders. Such measures include adoption of an independent mechanism to govern and monitor the selection process for the Company’s potential bidders, complying with the relevant laws and regulations and screening out unsuitable tenders.

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Pursuant to the Group's tender policy, all potential bidders for the Group's construction works are subject to a standard and systematic tender review procedure maintained by the Group, which applies to tenders submitted by both connected persons and independent third parties. The standard and systematic tender review procedure generally involves (i) receiving potential bidders' tender documents; (ii) initial review of the tender documents; and (iii) assessment of the potential bidders' credentials. Having considered the factors, including the technical requirements of the concerned construction works, the potential bidders' qualifications and experiences, and the expected completion time of the construction projects, the Group will then shortlist three potential candidates. Out of the three potential candidates, the Group will generally select the bidder who offered the lowest bidding price. Based on the aforesaid procedures, we consider the effective implementation of the procedures will ensure the fair pricing of the Transactions.

The Company will conduct sampling check covering the receipt in the amount of at least 70% of the total actual costs incurred.

The Annual Caps

Set out below are (i) the historical annual caps and the historical transaction amounts for the three years ending 31 December 2021; and (ii) the Annual Caps for the three years ending 31 August 2024 (to align with the change of financial year end date of the Company, which took effect from 1 September 2021):

	For the year ended 31 December 2019 RMB'000	For the year ended 31 December 2020 RMB'000	For the year ending 31 December 2021 RMB'000
Historical transaction amounts	965,411	1,285,760	1,276,426 (<i>Note</i>)
Existing annual caps	1,700,000	2,000,000	2,400,000
	For the year ending 31 August 2022 RMB'000	For the year ending 31 August 2023 RMB'000	For the year ending 31 August 2024 RMB'000
Annual Caps	1,500,000	750,000	600,000

Note: The historical transaction amount was for the six months ended 30 June 2021.

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The basis for determining the Annual Caps for the three years ending 31 August 2024 are set out under the sub-section headed “Basis for the Annual Caps” of the Board Letter.

We noted that the utilisation of the historical annual cap for the year ended 31 December 2020 reached approximately 64.29%. As advised by the Directors, it was mainly due to the delay of entering into agreements for new schools construction.

We further noted that the Annual Caps for the three years ending 31 August 2024 are much lower than the existing annual caps for the three years ending 31 December 2021. As advised by the Directors, the Annual Caps are set at lower amounts as the Group proposed to operate certain new schools by leasing properties for the three years ending 31 August 2024.

For our due diligence purpose, we obtained the calculation of the estimated Service Fees for each of the three years ending 31 August 2024 (the “**Calculation**”). The Calculation was based on the aggregate of (i) the estimated Service Fees for construction work to be provided by Nanyuan Construction for the improvement and expansion of the Group’s existing schools (the “**Expansion Fees**”); and (ii) the estimated Service Fees for construction works to be provided by Nanyuan Construction for the Group’s new Self-Owned Schools (the “**Construction Fees**”).

According to the Calculation,

- (a) the estimated Service Fees for the year ending 31 August 2022 were calculated by the aggregate of (i) the Expansion Fees of approximately RMB702.14 million; and (ii) the Construction Fees of approximately RMB784.00 million;
- (b) the estimated Service Fees for the year ending 31 August 2023 were calculated by the aggregate of (i) the Expansion Fees of approximately RMB135.27 million; and (ii) the Construction Fees of approximately RMB588.00 million; and
- (c) the estimated Service Fees for the year ending 31 August 2024 were calculated by the Construction Fees of approximately RMB588.00 million.

Expansion Fees

Upon our request, the Directors provided us the detailed Expansion Fees for each individual expansion project, the sum of which is the total Expansion Fees. We further selected three individual expansion projects and requested the Company to provide further breakdowns of Expansion Fees for the aforesaid three individual expansion projects. We noted that the Expansion Fees for these three individual expansion projects as shown in the Calculation were consistent with respective Expansion Fees breakdowns for the aforesaid three individual expansion projects. Accordingly, we consider the Expansion Fees of approximately RMB702.14 million for the year ending 31 August 2022 and approximately RMB135.27 million for the year ending 31 August 2023 to be justifiable.

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Construction Fees

We obtained the development plan of the Group's new schools to be constructed by Nanyuan Construction and the breakdown of estimated Construction Fees per new school. We noted that (i) the Group planned to establish four new Self-Owned Schools (which will be constructed by Nanyuan Construction) for the year ending 31 August 2022, three new Self-Owned Schools (which will be constructed by Nanyuan Construction) for the year ending 31 August 2023 and three new Self-Owned Schools (which will be constructed by Nanyuan Construction) for the year ending 31 August 2024; and (ii) the estimated Construction Fees per Self-Owned School were estimated to be approximately RMB196.00 million.

We understood that the new Self-Owned Schools to be constructed by Nanyuan Construction will be high schools with logistics service centers. According to the Company's previous annual reports, numbers of schools operated by the Company were 17 (administered 7 high school programs), 24 (administered 13 high school programs), and 32 (administered 20 high school programs) as at 31 December 2018, 31 December 2019 and 31 December 2020 respectively. Accordingly, we consider the estimated number of new Self-Owned Schools to be constructed by Nanyuan Construction for each of the three years ending 31 August 2024 to be justifiable.

Upon our further request, we also enquired into the Directors in respect of cost of construction, estimated construction area and land site area. The estimated Construction Fees per the Group's new Self-Owned School were calculated in accordance with the aforesaid information.

Based on the above factors, we consider the Construction Fees of approximately RMB784.00 million (based on four new Self-Owned Schools) for the year ending 31 August 2022 and RMB588.00 million (based on three new Self-Owned Schools) for each of the two years ending 31 August 2024 to be justifiable.

Having considered the above basis for determining the Annual Caps, we are of the view that the Annual Caps for the three years ending 31 August 2024 are fair and reasonable.

Shareholders should note that as the Annual Caps for the three years ending 31 August 2024 are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 August 2024, and they do not represent forecasts of cost or expense incurred under the Transactions. Consequently, we express no opinion as to how closely the actual cost or expense to be incurred under the Transactions will correspond with the Annual Caps.

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3. Listing Rules implication

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the value of the Transactions must be restricted by the Annual Caps for the period concerned under the 2021 School Construction Framework Agreement; (ii) the terms of the Transactions must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the terms of the Transactions must be included in the Company's subsequent published annual reports.

Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the Transactions (i) have not been approved by the Board; (ii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iii) have exceeded the Annual Caps.

In the event that the total amounts of the Transactions are anticipated to exceed the Annual Caps, or that there is any proposed material amendment to the terms of the 2021 School Construction Framework Agreement, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the Transactions and thus the interest of the Independent Shareholders would be safeguarded.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Transactions are on normal commercial terms and are fair and reasonable; and (ii) the Transactions are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Transactions and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.

* *For identification purposes only*

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

As at the Latest Practicable Date, the interests and short positions of the Directors and the 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 Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the “SFO”)) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO), or are required, pursuant to Section 352 of the SFO, to be recorded in the register required to be kept by the Company, or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules are listed as follows:

Long Position in the Shares

Name	Capacity/Nature of interest	Number of Shares held/interested	Approximate percentage of interest
Mr. Luo Shi (<i>Note 1</i>)	Interest of a controlled corporation/Interest of spouse/Beneficiary of a trust	879,819,569	40.62%
Ms. Yang Zhaotao (<i>Note 2</i>)	Beneficiary of a trust	1,956,520	0.09%
Mr. Wang Rui (<i>Note 3</i>)	Beneficiary of a trust	1,956,520	0.09%
Mr. Tian Mu (<i>Note 4</i>)	Interest of a controlled corporation	3,700,737	0.17%

Notes:

- 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 871,341,316 shares of the Company. In addition, Ms. Tu Mengxuan has been granted 1,956,520 shares under the Pre-IPO Restricted Share Award Scheme, 782,608 shares of which have been vested as at the date of this circular. Ms. Tu Mengxuan is the spouse of Mr. Luo Shi. By virtue of the SFO, Mr. Luo is deemed or taken to be interested in the shares in which Sky Elite Limited and Ms. Tu Mengxuan are interested. Furthermore, Mr. Luo has been granted 6,521,733 shares under the Company's Pre-IPO Restricted Share Award Scheme, 5,217,384 shares of which have been vested as at the date of this circular.
- Ms. Yang Zhaotao is an executive Director and has been granted 1,956,520 shares under the Pre-IPO Restricted Share Award Scheme, 1,565,216 shares of which have been vested as at the date of this circular.

3. Mr. Wang Rui is an executive Director and has been granted 1,956,520 shares under the Pre-IPO Restricted Share Award Scheme, 1,565,216 shares of which have been vested as at the date of this circular.
4. Mr. Tian Mu is a non-executive Director who wholly-owns 100% of the issued share capital of Healthy and Peaceful Limited.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had 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.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, 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:

Name	Capacity/Nature of interest	Number of Shares held/interested	Approximate percentage of interest
Sky Elite Limited (<i>Note 1</i>)	Beneficial interest	871,341,316	40.23%
Ms. Tu Mengxuan (<i>Note 2</i>)	Beneficiary of a trust	1,956,520	
	Interest of spouse	<u>877,863,049</u>	
		879,819,569	40.62%

Notes:

1. Mr. Luo holds 100% of the issued share capital of Sky Elite Limited and therefore Mr. Luo 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, 782,608 Shares of which have been vested as at the date of this circular. Ms. Tu Mengxuan is the spouse of Mr. Luo. Under the SFO, Ms. Tu Mengxuan is deemed to be interested in the same number of Shares in which Mr. Luo is interested.

Save as disclosed above, as at the Latest Practicable Date, 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 “Disclosure of Interests of Directors and Chief Executives” above, had any interests or short positions 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.

4. INTEREST OF DIRECTORS IN COMPETING BUSINESS

As at the Latest Practicable Date, the Directors were not aware that any of them or any of their respective close associates had interests in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group which would fall to be discloseable under the Listing Rules.

5. DIRECTORS’ INTEREST IN ASSET AND CONTRACTS OF THE GROUP

As at the Latest Practicable Date, save as those disclosed in the section headed “Disclosure of Interests of Directors and Chief Executives” above, the New School Construction Framework Agreement and other connected transaction as disclosed in the annual report of the Company for the year ended 31 December 2020, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2020 (being the date to which the latest published audited consolidated financial statements of the Company were made up), (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Group.

6. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into any service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading positions of the Group since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Group were made up.

8. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice for inclusion in this circular:

Name	Qualifications
Gram Capital Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

Gram Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter of advice or references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, Gram Capital did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Gram Capital had no direct or indirect interests in any assets which has been acquired or disposed of by or leased to any member of the Group since 31 December 2020 (the date to which the latest published audited consolidated financial statements of the Company were made up) or proposed to be acquired, disposed of or leased to.

9. CORPORATE INFORMATION OF THE COMPANY

Registered office	PO Box 309 Ugland House Grand Cayman KY1-1104 Cayman Islands
Head office and principal place of business in Hong Kong	40th Floor, Dah Sing Financial Centre No. 248 Queen's Road East Wanchai Hong Kong
Principal share registrar and transfer agent	Maples Fund Services (Cayman) Limited PO Box 1093 Boundary Hall Cricket Square Grand Cayman KY1-1102 Cayman Islands

Hong Kong share registrar

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

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Company's principal place of business in Hong Kong at 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong from the date of this circular up to and including the date of the EGM:

- (a) the 2021 School Construction Framework Agreement;
- (b) the letter from the Independent Board Committee, the text of which is set out on page 15 of this circular;
- (c) the letter from Gram Capital, the text of which is set out on pages 16 to 25 of this circular; and
- (d) the letter of consent from Gram Capital referred to in the above paragraph headed "Expert and Consent" in the Appendix to this circular.

NOTICE OF EGM



天立教育国际控股有限公司 Tianli Education International Holdings Limited

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

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Tianli Education International Holdings Limited (the “**Company**”) will be held at Sichuan Room, 3/F, Futian Shangri-La Hotel, Shenzhen, 4088 Yi Tian Road, Futian District, Shenzhen, China on Wednesday, 13 October 2021 at 10:30 a.m. for the purpose of considering and, if thought fit, passing the following resolution:

ORDINARY RESOLUTION

THAT

- “1. the execution of the construction services agreement dated 9 September 2021 (the “**2021 School Construction Framework Agreement**”) (a copy of which has been produced to the EGM marked “A” and signed by the Chairman of the EGM for identification purpose) entered into between Tianli Education and Sichuan Nanyuan Construction Co., Ltd. (“**Nanyuan Construction**”) (四川南苑建设有限公司) by any director(s) of the Company be and is hereby approved, confirmed and ratified and any director(s) of the Company be and is hereby authorized to sign, execute, perfect and deliver all such documents and to affix the common seal of the Company on any such document as and when necessary and do all such deeds, acts, matters and things as he may in his discretion consider necessary or desirable for the purposes of or in connection with the implementation of the 2021 School Construction Framework Agreement and the transactions contemplated thereunder; and the further annual caps for the three years ending 31 August 2024 (the “**Annual Caps**”) in relation to the purchase of construction services from Nanyuan Construction under the 2021 School Construction Framework Agreement as set out in the circular of the Company dated 20 September 2021 be and are hereby approved.”

By Order of the Board

Tianli Education International Holdings Limited

LUO Shi

Chairman, Executive Director and Chief Executive Officer

Hong Kong, 20 September 2021

NOTICE OF EGM

Notes:

1. For the purpose of determining the identity of the shareholders entitled to attend and vote at the meeting, the register of members of the Company will be closed from Friday, 8 October 2021 to Wednesday, 13 October 2021, both dates inclusive, during which period no transfer of shares will be effected. All transfers accompanied by the relevant certificates must be lodged with the Company's branch 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, Hong Kong for registration not later than 4:30 p.m. on Thursday, 7 October 2021.
2. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or, if he is the holder of two or more shares, more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
3. In the case of joint holders of shares in the Company, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s), seniority being determined by the order in which names stand in the register of members.
4. In order to be valid, the form of proxy must be in writing under the hand of the appointor or of his attorney duly authorized in writing, or if the appointor is a corporation, either under seal, or under the hand of an officer or attorney or other person duly authorized, and must be deposited with the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (together with the power of attorney or other authority, if any, under which it is signed or a certified copy thereof) not less than 48 hours before the time fixed for holding of the Meeting.
5. As at the date of this notice, the Board comprises Mr. LUO Shi as chairman and executive Director, Ms. YANG Zhaotao and Mr. WANG Rui as executive Directors, Mr. TIAN Mu as non-executive Director and Mr. LIU Kai Yu Kenneth, Mr. YANG Dong and Mr. CHENG Yiqun as independent non-executive Directors.