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## **China Maple Leaf Educational Systems Limited**

**中國楓葉教育集團有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1317)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 28 FEBRUARY 2023**

The board (the “**Board**”) of directors (the “**Directors**”) of China Maple Leaf Educational Systems Limited (the “**Company**” or “**Maple Leaf**”, together with its subsidiaries and consolidated affiliated entities, the “**Group**”) is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 28 February 2023.

#### **KEY FINANCIAL HIGHLIGHTS**

	<b>Six months ended 28 February</b>		<b>Percentage Change</b>
	<b>2023</b>	<b>2022</b>	
	<b>RMB’000</b>	<b>RMB’000</b>	
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	
Revenue	<b>574,925</b>	519,505	<b>+10.7%</b>
PRC	<b>208,965</b>	205,598	<b>+1.6%</b>
Overseas	<b>365,960</b>	313,907	<b>+16.6%</b>
Gross profit	<b>241,189</b>	204,286	<b>+18.1%</b>
Profit/(loss) for the period	<b>15,479</b>	(45,583)	<b>+134.0%</b>
Adjusted net profit ( <i>Note</i> )	<b>81,295</b>	48,612	<b>+67.2%</b>

*Note:* The Adjusted Net Profit for the period is calculated as profit for the period, taking into account (i) the amortisation of other intangible assets and depreciation of properties arising from acquisition; (ii) change in fair value of the Convertible Bonds (as defined below); (iii) share-based payments and (iv) change in fair value of financial assets at fair value through profit or loss. Please see the table headed “Calculation of the Adjusted Net Profit” below for further details.

## CALCULATION OF THE ADJUSTED NET PROFIT

	<b>Six months ended</b>	
	<b>28 February</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Profit/(loss) for the period	<b>15,479</b>	(45,583)
Add: Amortisation of other intangible assets and depreciation of properties arising from acquisition (including discontinued operation)	<b>36,811</b>	39,983
Change in fair value of the Convertible Bonds	<b>26,931</b>	(26,456)
Share-based payments (including discontinued operation)	<b>1,945</b>	6,072
Change in fair value of contingent consideration	–	(24,139)
Change in fair value of financial assets at FVTPL	<b>129</b>	(470)
Compensation of Hong Kong Zhixin Financial News Agency Ltd. (“ <b>Zhixin</b> ”) case (the “ <b>Zhixin Case</b> ”)	–	99,205
<b>Adjusted Net Profit for the period</b>	<b><u>81,295</u></b>	<b><u>48,612</u></b>

### Non-IFRS measures

To supplement the Group’s consolidated financial statements which are presented in accordance with the International Financial Reporting Standards (“**IFRS**”), the Company also uses Adjusted Net Profit and other adjusted figures as additional financial measures, which are not required by, or presented in accordance with, IFRS. The Company believes that these non-IFRS measures facilitate comparisons of operating performance from period to period by eliminating potential impacts of items that the management does not consider to be indicative of the Group’s operating performance. The Company believes that these measures provide useful information to the shareholders of the Company (“**Shareholders**”) and potential investors in understanding and evaluating the Group’s consolidated results of operations in the same manner as they help the Group’s management.

However, the use of these non-IFRS measures have limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, the Group’s results of operations or financial condition as reported under IFRS.

## MANAGEMENT DISCUSSION AND ANALYSIS

### The Group's Market Position

With over 28 years of experience in operating international schools in China, the Group is one of the leading international school operators in China in terms of student enrolment, offering high-quality and bilingual education, combining the merits of both Western and Eastern educational philosophies. We also operate international schools in Malaysia, Singapore and Canada.

Maple Leaf World School Program (“**World School Program**”) is the first international program with oriental cultural characteristics in the world. It cooperates with two of the world's largest educational institutions, benchmarked by ECCTIS, and accredited by Cognia. As of 28 February 2023, we have received official support letters from 113 universities in 12 countries and have successfully promoted World School Program in domestic universities in China. ECCTIS had completed the benchmarking of the World School Program which marks that the World School Program has become a globally certified course after A-Level and International Baccalaureate (the “**IB**”) programs, and has filled the gap in China's international education program.

World School Program is in line with the national strategy in education, namely, Opinions of eight government departments including the Ministry of Education on accelerating and expanding the opening-up of education in the new era\* (《教育部等八部門關於加快和擴大新時代教育對外開放的意見》) issued by the Ministry of Education in June 2020.

Our high schools in China provide World School Program at the commencement of the 2020/2021 school year. The unique programs and systems are designed to cultivate elite talents with a global perspective and proficiency in Chinese culture and wisdom. The combination of “Chinese language curriculum” and “English academic curriculum” is a set of “curricula for Chinese plus high school subjects” which happens to be suitable for international students in China and students around the globe preparing for undergraduate study in China from a multi-dimensional perspective.

The Group relocated its headquarters to Shenzhen in March 2021. Shenzhen headquarters was officially launched at the commencement of 2022/2023 school year. The relocation of the Group's headquarters to Shenzhen is a strategic move intended to bolster the Group's further development and ensure the success of the Group's sixth five-year plan (from 2020/2021 to 2024/2025 school years) (the “**Sixth Five-Year Plan**”) and strengthen its ability to recruit and retain talents for its expansions in China and overseas. Moreover, the new headquarters will increase the brand awareness of the “Maple Leaf” brand and accelerate our business development in first-tier cities in China, especially in the Greater Bay Area.

\* For identification purpose only

Our overseas school, Kingsley International School (“**KIS**”), offers A-Level program from preschool to Year 12 (“**K-12**”) students in Malaysia. KIS targets mainly local as well as international students primarily from Asian countries. Canadian International School (“**CIS**”) offers IB curriculum for K-12 students across two campuses, the Tanjong Katong campus and the Lakeside campus, in Singapore. CIS is one of the largest for-profit premium international schools in Singapore in terms of revenue and student enrolment, and targets expatriate families employed in Singapore, especially those from the United States, India and other Asian countries. CIS is well known for its highly acclaimed bilingual English/Chinese program where students are fully immersed culturally and taught by qualified native English speakers who are also IB certified.

## **University Placements**

The quality of Maple Leaf education is reflected in the achievements of our students. Despite the impacts of the pandemic globally, for the six months ended 28 February 2023, 1,145 Maple Leaf high school students of the class of 2023 (“**Class 2023 Students**”) received over 3,217 offer letters from universities in 13 countries. Moreover, 15 of our Class 2023 Students received offer letters from Quacquarelli Symonds (“**QS**”) Top 10 universities including prestigious University College London and Imperial College London in the United Kingdom. In addition, 836 students, approximately 73.0% of our Class 2023 Students, received at least one offer letter from the Maple Leaf Educational Systems Global Top 100 universities.

In April 2023, the Group entered into agreement with Arizona State University (“**ASU**”) to facilitate ASU’s delivery of two first-year higher education experiences, including the New College of Interdisciplinary Arts and Sciences, focusing on Humanities and Mathematics and Sciences, for Maple Leaf graduates in the PRC (the “**1+3 Program**”). The 1+3 Program was welcomed by Maple Leaf graduates, as at the date of this announcement, we have enrolled 14 Maple Leaf students with the program.

In order to provide Maple Leaf graduates with a wider range of further education opportunities, the Group has entered into cooperation agreements with more than 23 well-known domestic universities, such as the Beijing Foreign Studies University, Central University of Finance and Economics, and Southwest University of Political Science & Law, etc. These universities offer programs in various disciplines in cooperation with overseas universities. We will continue to increase cooperation with Chinese domestic universities and offer a variety of options to our high school graduates. Since then, Maple Leaf has been offering domestic and international “Dual Graduation Exit” to its high school students for pursuing higher education.

Maple Leaf maintains long-term relationships with a significant number of universities and colleges around the world. Various universities and colleges have memoranda of understanding with us to facilitate the admission process for our high school graduates. Our Group provides consulting services to assist our students in making informed decisions about the universities and colleges they choose to attend. Maple Leaf has held annual university and college recruitment fairs on our campuses mainly for overseas participants since November 2005. In March 2023, the second domestic universities and colleges recruitment fair was held in various Maple Leaf schools in the PRC. In addition, we assist our students with respect to admissions, visas and scholarships, preparing them to study abroad. We believe that our services ensure a smooth transition for our students from our high schools to higher education.

### **Update on the Regulations for the Implementation of the Private Education Promotion Law of the People’s Republic of China**

On 14 May 2021, the PRC State Council announced the Regulations for the Implementation of the Private Education Promotion Law of the People’s Republic of China\* (《中華人民共和國民辦教育促進法實施條例》) (the “**Implementation Regulations**”), which came into effect on 1 September 2021. The Implementation Regulations lay down a concrete measure to implement the top-level design of the classification management system of the superior law – Private Education Promotion Law of the People’s Republic of China – and help regulate and promote the policies of “classification management”, “classification support” and “classification development” of private education in China. It will help realise the development of private education with distinctive characteristics and high quality, and meet the diversified and selective needs of different families for education in the new era.

The restrictions in the Implementation Regulations on the prohibition of foreign participation in private schools that provide compulsory education and not-for-profit preschools by means of mergers and acquisitions, contractual agreements and related party transactions. The restrictions are intended to ensure the legitimate rights and interests of not-for-profit schools, especially to protect the property rights and interests of not-for-profit schools and to avoid the improper transfer of proceeds from the operation of not-for-profit schools.

The Implementation Regulations strengthen the supervision of compulsory education schools, and at the same time, specify that private education enjoys preferential taxation policies stipulated by the Chinese government. The Implementation Regulations grant for-profit schools the autonomy to charge fees, and encourage and support private schools to use internet technology to implement online education, grant private schools, which carry out higher education and secondary vocational and technical education, the autonomy to self-establish majors, designing courses and other greater autonomy, enriching the operation of and expanding student sources of private schools and facilitating the development of private schools.

\* *For identification purpose only*

The Implementation Regulations impose significant uncertainties and restrictions on the Group's control over the affiliated entities operating private schools offering compulsory education and not-for-profit preschools in the PRC. As the Implementation Regulations have been in effect for a relatively short period of time, and local governments have not yet issued corresponding classification management regulations and rules for the Implementation Regulations, there are uncertainties concerning the validity and enforceability of the contractual arrangements between the Group and the Affected Schools and therefore it could not be concluded that they are legally binding and enforceable upon the Implementation Regulations becoming effective on 1 September 2021. Consequently, the Affected Schools were deconsolidated from the consolidated financial statements of the Company for the year ended 31 August 2021. Please refer to the 2021 annual report of the Company for further details of the deconsolidation of the Affected Schools.

The Group has determined to take measures to optimise its operating structure to mitigate the impact of the Implementation Regulations. Such measures include, among others, transferring current students from high schools which are under the same operating licences with private schools providing compulsory education and/or not-for-profit preschools in the PRC (the “**Mixed High Schools**”) to high schools that have their own operating licences in the PRC (the “**Independent High Schools**”) and making registration and filings with the relevant local government departments in the PRC for individual operating licences for the seven Mixed High Schools. Xi'an Maple Leaf School\* (西咸新區空港楓葉學校) (“**Xi'an School**”) obtained a private school operating license as an Independent High School and a registration certificate for private non-enterprise entities to operate as the Independent High School in August 2022 and January 2023 respectively. The financial positions of Xi'an School were re-consolidated with the Group as at 10 August 2022. The Group has also registered four for-profit preschools in Dalian, China for the year ended 31 August 2022 and one for-profit preschool in Chongqing, China at the commencement of the 2022-2023 school year.

The Group has adjusted its enrolment strategy from the pyramid structure to inverted pyramid structure in the Sixth Five-Year Plan, which focuses on its development of high schools providing World School Program. We will expand online education offering World School Program, English as a second language (“**ESL**”) curriculum and Chinese as a second language (“**CSL**”) curriculum as well as certificate examination training or other new educational products to domestic and overseas learners.

Up to the date of this announcement, both 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 Impact of Covid-19**

Despite the global pandemic of Covid-19, our schools in China resumed face-to-face teaching since the commencement of the 2022/2023 school year. Before the opening of schools, Maple Leaf has thoroughly cleaned and disinfected all campuses and ensured that various pandemic prevention supplies were sufficient to improve campus safety and safeguard the health and safety of all students and employees. For the six months ended 28 February 2023, as small scale of Covid-19 outbreak took place in different areas in China from time to time, we provided mixed mode of learning classes comprising face-to-face and online teaching during this period.

Our overseas school, KIS, targets both local students and international students. CIS targets expatriate families employed in Singapore as well as international students. For the six months ended 28 February 2023, both CIS and KIS mainly delivered face-to-face teaching. One overseas high school in Canada was temporarily closed due to the tight travel restrictions and visa conditions. With the widespread vaccination and the stabilisation of the pandemic, overseas countries have gradually lifted travel restrictions and relaxed visa conditions, which will increase the student enrolment in our overseas schools, and benefit both domestic and overseas Maple Leaf schools.

### **Suspension of Trading and Resumption Guidance**

On 13 May 2022, the Company received a letter from the former auditor of the Company (“**Letter**”) regarding significant matters in relation to certain transactions of the Group (“**Relevant Matters**”) identified during the course of its review of the unaudited interim results for the six months ended 28 February 2022 (“**2022 Interim Results**”). Trading in the shares of the Company (Stock Code: 1317) and the debt securities of the Company (Debt Securities Stock Code: 40564) on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) has been suspended with effect from 9:00 a.m. on 3 May 2022 due to the delay in publication of the 2022 Interim Results.

On 27 May 2022, the Company was notified by the Stock Exchange of the following resumption guidance (“**Resumption Guidance**”) for the Company: (i) publish all outstanding financial results required under the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”) and address any audit modifications; (ii) demonstrate the Company’s compliance with Rule 13.24 of the Listing Rules; (iii) conduct an appropriate independent forensic investigation into the matters identified in the Letter, announce the findings and take appropriate remedial actions; (iv) demonstrate that there is no reasonable regulatory concern about the management integrity and/or the integrity of any persons with substantial influence over the Company’s management and operations, which may pose a risk to investors and damage market confidence; (v) conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meet its obligations under the Listing Rules; and (vi) announce all material information for the Shareholders and investors to appraise its position.

The Company has been working closely with the professional parties to fulfill the Resumption Guidance and to achieve resumption of trading of the shares as soon as practicable. Updates on the progress of the fulfillment of the Resumption Guidance and actions taken by the Company have been set out in the quarterly update announcements published by the Company and under the section headed “Subsequent Events after the Reporting Period” in this announcement.

Amidst the challenges brought forth by the Implementation Regulations, the pandemic and the suspension of trading of the securities of the Company, the Group has been using its best endeavours to maintain our business operations and achieve resumption of trading as soon as practicable.

## BUSINESS REVIEW

The Group offers high-quality and bilingual education in the PRC under Maple Leaf brand and in southeast Asia under CIS and KIS brands. In addition to the provision of academic education service, we also develop education industry chain business including, sales of ancillary products and provision of catering service to our students.

### Student Enrolment

	<b>At 28 February 2023</b>	<b>% of Total</b>	<b>At 28 February 2022</b>	<b>% of Total</b>
<b>PRC</b>				
High schools	<b>3,504</b>	<b>34.3</b>	2,764	33.2
Preschools	<b>2,055</b>	<b>20.1</b>	1,262	15.1
Foreign national schools	<b>273</b>	<b>2.7</b>	266	3.2
	<b><u>5,832</u></b>	<b><u>57.1</u></b>	<u>4,292</u>	<u>51.5</u>
<b>Overseas</b>				
High schools	<b>627</b>	<b>6.2</b>	618	7.4
Middle schools	<b>1,224</b>	<b>12.0</b>	1,128	13.6
Elementary schools	<b>2,065</b>	<b>20.2</b>	1,885	22.6
Preschools	<b>461</b>	<b>4.5</b>	409	4.9
	<b><u>4,377</u></b>	<b><u>42.9</u></b>	<u>4,040</u>	<u>48.5</u>
Total number of students enrolled	<b><u>10,209</u></b>	<b><u>100</u></b>	<u>8,332</u>	<u>100</u>



The total number of students enrolled increased by 1,877 or 22.5% from 8,332 as at 28 February 2022 to 10,209 as at 28 February 2023, which was primarily due to (i) the consolidation of Xi'an School since the 2022/23 school year; (ii) the addition of four for-profit preschools in the PRC; and (iii) the increase in enrollment in overseas schools.

The Group has adjusted its enrolment strategy from the pyramid structure to inverted pyramid structure in the Sixth Five-Year Plan. Maple Leaf will focus on its development of high schools providing World School Program, with moderate development of regular high schools whereby students are sitting for the National College Entrance Examination (“**Gaokao**”).

### The Group's Schools

The following table shows a summary of the Group's schools by category as at the end of the two periods:

	At 28 February 2023	2022
<b>PRC</b>		
High schools	7	6
Preschools	13	9
Foreign national schools	3	3
	<u>23</u>	<u>18</u>
<b>Overseas</b>		
High schools	3	4
Middle schools	2	2
Elementary schools	3	3
Preschools	2	2
	<u>10</u>	<u>11</u>
<b>Total</b>	<u>33</u>	<u>29</u>

As at 28 February 2023, five schools were added to the Group's school network in China, including one high school in Xi'an, Shaanxi Province and four preschools in Dalian, Liaoning Province.

As at 28 February 2023, one overseas high school in Canada was temporarily closed, due to the tight travel restrictions and visa conditions implemented in the country as a result of the Covid-19 pandemic. The Group will assess the possibility to re-open that school when the pandemic ends and market conditions improve within one or two years.

## **The Group's Teachers**

Teachers are the key to maintaining high-quality educational programs and services as well as maintaining our brand and reputation. Our globally certified teachers form a core group within our teaching staff, allowing us to maintain the quality of our educational services while undergoing expansion. Our Group has established a global recruitment office (the “**Global Recruitment Office**”) to recruit high school foreign teachers and ESL foreign teachers worldwide. The establishment of the Global Recruitment Office ensures both the quality and quantity of Maple Leaf foreign teachers and satisfies the development needs of the Group's Sixth Five-Year Plan. As at 28 February 2023, the Group employed 293 IB certified teachers (as at 28 February 2022: 295 IB certified teachers).

## **FUTURE DEVELOPMENT**

Following the promulgation of the Implementation Regulations, Maple Leaf has adjusted its development strategy from the pyramid structure to inverted pyramid structure and our high schools carry on a dual development scheme in China. We will focus on the development of high schools providing World School Program, with moderate development of regular high schools whereby students are sitting for Gaokao.

We will expand online education offering the World School Program, ESL curriculum and CSL curriculum as well as certificate examination training or other new educational products to domestic and overseas learners. Maple Leaf entered into a cooperation agreement and a memorandum of understanding with an education and technology company in Beijing to strategically cooperate in online education.

In addition to providing the academic education services, the Group also plans to further develop education industry chain business which previously provided services only to Maple Leaf students internally. We plan to offer professional catering services for universities, boarding schools, institutions, and corporate canteens; and provide services of supplies of school uniforms and professional uniforms for various schools, institutions and corporate customers. The Group launched a pilot canteen which provides dine-in and take-away catering services to the public in June 2023 in Shenzhen, the PRC. This is a one-stop small group meal customized catering brand and we plan to develop it to become a catering service platform serving tens of thousands of urban elites in the future. We strive to forge Maple Leaf brand to a professional catering and professional uniforms brand and generate additional income for the Group.

## **Standard Implementation Strategy**

Under the Standard Implementation Strategy, the Group launched the World School Program, China's first internationally accredited curriculum with self-developed intellectual property, at the commencement of 2020/2021 school year. The World School Program was developed by Maple Leaf curriculum experts and meets high academic and curriculum standards, which get students well equipped for entering into the world's top ranked universities. The World School Program was benchmarked by ECCTIS and has acquired accreditation from Cognia – two of the world's most recognised certification institutions – providing further assurance that Maple Leaf graduates will be able to transit to universities across the globe seamlessly. The Group's first batch of graduates from the World School Program received Maple Leaf High School Graduation Diplomas in June 2023, endorsed by Cognia.

## Overseas Expansion

Overseas expansion is an important part of the Group's long-term growth strategy. The Group believes that a global presence of Maple Leaf branded schools will help the Group's student recruitment in China as Chinese parents recognise that Maple Leaf is able to offer a broader array of educational opportunities for their children. In fact, the demand for bilingual English and Chinese education is growing not only in China but also along the Belt and Road countries, such as Southeast Asia, and around the world, such as the North America. Accordingly, the Group believes that with its unique advantages in having both English and Chinese curricula, and both ESL and CSL curricula, it is precisely positioned to meet the demand for quality international K-12 education along the Belt and Road countries, where there is a demand for blending the best of Western and Eastern cultures. The Group will further expand its school network under the brand of CIS and KIS in the Southeast Asian countries.

## Conclusion

Pursuant to the Sixth Five-Year Plan, the Group will continue to adopt multiple expansion strategies including, but not limited to, increasing our student enrolment, increasing tuition fee rate, acquiring schools with synergy to the Group, and expanding our established schools to achieve the growth targets in both China and overseas, and strive to become one of the largest international school operators in the world.

## OTHER INFORMATION

### Issuance of US\$125.0 million 2.25% Convertible Bonds due 2026

On 12 January 2021, the Company entered into a subscription agreement (the "**Subscription Agreement**") with UBS AG Hong Kong Branch (the "**Manager**"), under which the Manager agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, convertible bonds (the "**Convertible Bonds**") due 2026 in an aggregate principal amount of US\$125.0 million. The Manager informed the Company that it intended to offer and sell the Convertible Bonds to no less than six independent placees (who would be independent individual, corporate and/or institutional investors). The closing price of the ordinary shares of par value US\$0.0005 each in the share capital of the Company (the "**Shares**") quoted on the Stock Exchange on the date of the Subscription Agreement, i.e. 12 January 2021, was HK\$2.020 per Share. The net proceeds from the subscription of the Convertible Bonds, after deduction of underwriting commission and expenses, amounted to approximately US\$123.1 million. The issue of the Convertible Bonds can provide the Company with additional funds at lower funding cost. Among the total net proceeds from the issuance of the Convertible Bonds, the Company intended to use the net proceeds for the repayment of existing borrowings as to approximately US\$119.0 million and, acquisitions related expenses and general corporate purposes as to approximately US\$4.1 million.

Based on the initial conversion price (subject to adjustments) of HK\$2.525 per Share and assuming full conversion of the Convertible Bonds, the Convertible Bonds will be convertible into approximately 383,881,188 new Shares (subject to adjustments) which will have an aggregate nominal value of approximately US\$191,940.59. The net price of each new Share, based on the net proceeds of US\$123.1 million and assuming the full conversion of the Convertible Bonds at the initial conversion price, is approximately HK\$2.487.

The new Shares (if any) are to be issued under the general mandate granted to the Directors pursuant to an ordinary resolution of the Shareholders passed on 22 January 2020 to allot, issue and deal with, among other securities, up to 599,064,184 Shares. The issue of the Convertible Bonds is not subject to the specific approval of the Shareholders.

The Convertible Bonds bear interest on their outstanding principal amount from and including 27 January 2021 at the rate of 2.25% per annum, payable semi-annually in arrears on 27 January and 27 July in each year until 27 January 2026, being the maturity date. Subject to the conditions as stipulated in the Subscription Agreement, each Convertible Bond shall entitle the bondholder to convert such Convertible Bond into new Shares credited as fully paid at any time on or after 9 March 2021 up to the close of business on the seventh day prior to the maturity date (i.e. 27 January 2026) (both days inclusive) (unless previously redeemed, converted or purchased or cancelled). On 27 January 2021, with the fulfilment of all conditions required for the Convertible Bonds under the Subscription Agreement, the Company issued the Convertible Bonds with an aggregate principal amount of US\$125.0 million for the repayment of existing borrowings, acquisitions and general corporate purposes. Permission for the listing of, and dealing in, the Convertible Bonds and the new Shares upon conversion of the Convertible Bonds on the Stock Exchange became effective on 28 January 2021.

As at 28 February 2023, all the proceeds had been applied for the repayment of the then borrowings as to approximately US\$119.0 million, and general corporate purposes as to approximately US\$4.1 million. The net proceeds from the issuance of the Convertible Bonds were used according to the intentions previously disclosed by the Company. For the six months ended 28 February 2023, no conversion right attached to the Convertible Bonds was exercised by the bondholders and no Convertible Bonds were redeemed, purchased or cancelled by the Company. In accordance with the then prevailing terms and conditions of the Convertible Bonds, on 3 February 2023, the Company redeemed (on a pro rata basis) 40 per cent. of the aggregate principal amount of the Convertible Bonds then outstanding (being an amount of US\$50.0 million), together with interest accrued but unpaid in respect of such amount from, and including, the previous Interest Payment Date (being 27 January 2023) up to, but excluding, the First Mandatory Redemption Date (being 3 February 2023). As at 28 February 2023, the Convertible Bonds issued by the Company in an aggregate principal amount of US\$75.0 million remained outstanding.

Assuming there is full conversion of the outstanding Convertible Bonds at the initial conversion price of HK\$2.525 per Share, the Convertible Bonds will be convertible into approximately 230,328,713 new Shares (subject to adjustment), representing approximately 7.69% of the total number of Shares in issue as at 28 February 2023 and approximately 7.14% of the total number of Shares in issue as enlarged by the allotment and issue of the new Shares (assuming no other change in the issued share capital of the Company). Such allotment and issue of the new Shares will result in the respective shareholdings of the Shareholders being diluted by approximately 7.14%.

*First occurrence of the relevant event on 23 May 2022*

- (a) as disclosed in the announcement of the Company dated 1 June 2022, a relevant event (“**Applicable Relevant Event**”) occurred on 23 May 2022 on the basis that, the Shares has been suspended from trading on the Stock Exchange for a period equal to or exceeding 14 consecutive trading days. On 1 June 2022, a notice in relation to the occurrence of the Applicable Relevant Event was given by the Company to the Bondholders, regarding the Bondholders’ right under Condition 8(E) (*Redemption for Relevant Event*) of the Bond Conditions to require the Company to redeem all or some of each such holder’s Bonds on the Relevant Event Redemption Date at the Early Redemption Amount together with interest accrued but unpaid to (but excluding) such date, by delivering a Relevant Event Redemption Notice to the Paying Agent in accordance with the Bond Conditions. As further disclosed in the announcement of the Company dated 5 October 2022, notwithstanding the occurrence of the Applicable Relevant Event, on 15 August 2022, the Consenting Bondholders entered into the First Standstill Agreement which set out, among other things, the parties’ in-principle agreement to implement and otherwise give effect to the original “Proposal” as defined in the notice of meeting from the Company to the Bondholders dated 1 September 2022. The First Standstill Agreement was automatically terminated in accordance with its terms on 14 September 2022, following which the Company and the Consenting Bondholders entered into further negotiations, including in relation to the Escrow Agreement. On 4 October 2022, the Company and the Consenting Bondholders entered into the Second Standstill Agreement, which set out, among other things, the parties’ in-principle agreement to implement and otherwise give effect to the new Proposal;
- (b) the Second Standstill Agreement was drafted on substantially similar terms as the First Standstill Agreement, albeit the Mandatory Redemption Undertaking (as defined in the announcement of the Company dated 16 August 2022) was amended such that the Redemption Amount shall take place on the Amended Mandatory Redemption Date. Until the Amended Mandatory Redemption Date, an amount equal to 40 per cent. of the Convertible Bonds originally issued at their principal amount plus accrued and unpaid interest up to 8 November 2022 (which comprises all, or substantially all, of the Redemption Amount) shall be subject to the terms of the Escrow Agreement;
- (c) the Meeting was convened and held on 27 October 2022. The Extraordinary Resolution as set out in the Notice of Meeting was duly passed at the Meeting by the requisite majority of Bondholders in accordance with the terms of the Trust Deed. The Proposed Waivers in relation to the Convertible Bonds became immediately effective upon the passing of the Extraordinary Resolution. The Amended and Restated Trust Deed and the Amended and Restated Agency Agreement giving effect to the Proposed Amendments were duly executed by each of the parties thereto on 27 October 2022. As a result, each present and future holder of the Convertible Bonds were bound by the terms of the Amended and Restated Trust Deed (which amended and restated the Trust Deed), and by the terms of the Amended and Restated Agency Agreement (which amended and restated the Agency Agreement); and

- (d) in accordance with paragraph (i) of Condition 8(F) (*Mandatory redemption*) of the terms and conditions of the Convertible Bonds, the Company has (i) redeemed (on a pro rata basis) 40 per cent. of the aggregate principal amount of the Convertible Bonds outstanding (being an amount of US\$50.0 million) (“**Redemption Amount**”), together with interest accrued but unpaid in respect of such amount from, and including, the previous Interest Payment Date (being 27 January 2023) up to, but excluding, the First Mandatory Redemption Date (being 3 February 2023). For the avoidance of doubt, interest accrued on the Redemption Amount from and including 8 November 2022 up to but excluding 27 January 2023 was paid by the Company in accordance with Condition 5 (*Interest*) of the Convertible Bonds.

Please refer to the announcements of the Company dated 13 January 2021, 27 January 2021, 28 January 2021, 17 January 2022, 1 June 2022, 1 August 2022, 16 August 2022, 1 September 2022, 16 September 2022, 5 October 2022, 27 October 2022, 20 January 2023 and 3 February 2023 and the offering circular of the Company dated 22 January 2021 for further details. For the relevant events after the reporting period and the updates in relation to the Convertible Bonds, please refer to the section “Subsequent Events after the Reporting Period” of this announcement for further details.

### **Adoption of New Memorandum and Articles of Association**

In order to be in line with the latest legal and regulatory requirements, including (i) the Companies Ordinance (Chapter 622 of the Laws of Hong Kong); and (ii) the amendments made to Appendix 3 to the Listing Rules, which took effect on 1 January 2022, introducing a common set of core shareholder protection standards applicable to all listed issuers in Hong Kong, the Board has put forward to the shareholders of the Company a special resolution to adopt a new memorandum and articles of association of the Company (“**New M&A**”) in substitution for, and to the exclusion of, the then constitution of the Company (“**Existing M&A**”). On 28 February 2023, a special resolution for adopting the New M&A in substitution for and to the exclusion of the Existing M&A was passed by the Shareholders at the annual general meeting of the Company held on 28 February 2023 (“**2023 AGM**”). For details of the New M&A, please refer to the announcements of the Company dated 31 January 2023 and 28 February 2023 and the circular of the Company dated 3 February 2023.

## **FINANCIAL REVIEW**

### **Overview**

The revenue of the Group was RMB574.9 million and RMB519.5 million for the six months ended 28 February 2023 and 28 February 2022 respectively. The profit for the six months ended 28 February 2023 was RMB15.5 million and the loss for the six months ended 28 February 2022 was RMB45.6 million.

### **Revenue**

The Group derives revenue from tuition and boarding fees from the Group’s high schools, middle schools, elementary schools, preschools and foreign national schools, summer and winter camps, sales of textbooks, sales of goods and materials, catering services income, extracurricular activities and others.

The total revenue of the Group increased by RMB55.4 million, or 10.7%, from RMB519.5 million for the six months ended 28 February 2022 to RMB574.9 million for the six months ended 28 February 2023. The increase in revenue was primarily due to the increase in tuition income, which has remained as the principal source of revenue of the Group. Amongst the revenue of the Group for the six months ended 28 February 2023, RMB209.0 million (approximately 36.4%) was contributed by the operations in the PRC, and RMB365.9 million (approximately 63.6%) was contributed by the operations overseas.

### **Cost of Revenue**

The Group's cost of revenue primarily consists of (i) staff costs; (ii) depreciation and amortisation; and (iii) other costs. Cost of revenue increased by RMB18.5 million, or 5.9%, from RMB315.2 million for the six months ended 28 February 2022 to RMB333.7 million for the six months ended 28 February 2023. The increase in cost of revenue was largely due to the consolidation of Xi'an School in the PRC.

### **Gross Profit and Gross Profit Margin**

Gross profit increased by 18.1% from RMB204.3 million for the six months ended 28 February 2022 to RMB241.2 million for the six months ended 28 February 2023. Gross profit margin increased from 39.3% for the six months ended 28 February 2022 to 42.0% for the six months ended 28 February 2023, primarily due to the higher gross profit margin generated by CIS as a result of good cost control.

### **Investment and Other Income**

Investment and other income consist mainly of (i) interest income from our bank deposits; (ii) rental income from investment properties; and (iii) government grants. Investment and other income decreased by 76.6% from RMB38.8 million for the six months ended 28 February 2022 to RMB9.1 million for the six months ended 28 February 2023. Bank interest income decreased by 78.5% from RMB20.2 million for the six months ended 28 February 2022 to RMB4.3 million for the six months ended 28 February 2023. Rental income from investment properties decreased by 85.9% from RMB8.4 million for the six months ended 28 February 2022 to RMB1.2 million for the six months ended 28 February 2023. Government grant decreased by 84.3% from RMB9.9 million for the six months ended 28 February 2022 to RMB1.6 million for the six months ended 28 February 2023.

### **Other Gains and Losses**

Other gains and losses consist primarily of (i) net foreign exchange gain/(loss); (ii) changes in fair value of the Convertible Bonds; (iii) change in fair value of contingent consideration; (iv) compensation of Zhixin Case and (v) gain on disposal of property, plant and equipment. Other gains and losses changed from a loss of RMB63.1 million for the six months ended 28 February 2022 to a gain of RMB38.9 million for the six months ended 28 February 2023. Such change was mainly attributable to (i) a change in fair value of the Convertible Bonds from a fair value gain of RMB26.5 million for the six months ended 28 February 2022 to a fair value loss of RMB26.9 million for the six months ended 28 February 2023; (ii) the absence of compensation of Zhixin Case for the six months ended 28 February 2023; and (iii) the change of the net foreign exchange gain/(loss) from a loss of RMB16.5 million for the six months ended 28 February 2022 to a gain of RMB57.9 million for the six months ended 28 February 2023.

## **Marketing Expenses**

Marketing expenses consist mainly of (i) commercials and expenses for producing, printing and distributing advertising and promotional materials; and (ii) salaries and benefits for personnel engaged in selling and marketing activities. Marketing expenses increased by 51.7% from RMB5.0 million for the six months ended 28 February 2022 to RMB7.5 million for the six months ended 28 February 2023. Marketing expenses as a percentage of revenue increased from 1.0% for the six months ended 28 February 2022 to 1.3% for the six months ended 28 February 2023, primarily due to CIS incurring more marketing, advertising and promotional expenses for the six months ended 28 February 2023 due to the resumption of the economic activities in the post-pandemic of Covid-19.

## **Administrative Expenses**

Administrative expenses consist primarily of (i) salaries and other benefits for general and administrative staff; (ii) depreciation of office buildings and equipment; (iii) travel expenses; (iv) employee share-based payments; and (v) certain professional expenses. Administrative expenses increased by 21.3% from RMB117.0 million for the six months ended 28 February 2022 to RMB141.9 million for the six months ended 28 February 2023, mainly due to the increase in administrative expenses in CIS.

## **Finance Costs**

For the six months ended 28 February 2023, finance costs mainly represented (i) interest expenses and related bank arrangement fees for secured bank borrowings; (ii) interest expenses for the Convertible Bonds; and (iii) other finance cost. Finance costs increased from RMB95.9 million for the six months ended 28 February 2022 to RMB97.5 million for the six months ended 28 February 2023 primarily due to the increase in interest expenses for the Convertible Bonds.

## **Profit/(loss) before Taxation**

The Group recorded a profit before taxation of RMB42.2 million for the six months ended 28 February 2023, compared to a loss before taxation of RMB37.6 million for the six months ended 28 February 2022. Profit before taxation as a percentage of revenue of the Group was 7.3% for the six months ended 28 February 2023 and loss before taxation as a percentage of revenue was 7.2% for the six months ended 28 February 2022. Amongst the profit before taxation for the six months ended 28 February 2023, before allocating Directors' and chief executives' fee and headquarter expenses of approximately RMB12.1 million, RMB34.3 million was contributed by the operations in the PRC, and RMB20.0 million was contributed by the operations overseas.

## **Taxation**

Income tax expense of the Group increased from RMB8.0 million for the six months ended 28 February 2022 to RMB26.7 million for the six months ended 28 February 2023, mainly because a deferred tax assets of RMB29.0 million was recognised for the six months ended 28 February 2022 and the Company utilised the deferred tax assets of RMB5.1 million during the six months ended 28 February 2023.



## **Profit/(Loss) for the Period**

As a result of the above factors, profit/(loss) for the period increased from a loss of RMB45.6 million for the six months ended 28 February 2022 to a profit of RMB15.5 million for the six months ended 28 February 2023. The increase in profit for the six months ended 28 February 2023 was mainly due to the combined effect of the absence of compensation of Zhixin Case and the change in fair value of the Convertible Bonds.

## **Capital Expenditures**

For the six months ended 28 February 2023, the Group paid RMB95.5 million primarily related to the construction of new buildings in Shenzhen headquarters and Hainan and campus expansion of CIS. For the six months ended 28 February 2022, the Group paid RMB150.6 million primarily related to the construction of new buildings in Shenzhen headquarters and Hainan and campus expansion of CIS.

## **Liquidity, Financial Resources and Capital Structure**

As at 28 February 2023, the Group's bank balances and cash amounted to RMB309.5 million, which were mainly denominated in RMB and Singapore dollars ("SGD"). Bank balances and cash was RMB734.3 million as at 28 February 2022. Net cash used in financing activities increased by RMB7.9 million, which was primarily due to the repayment of Convertible Bonds for the six months ended 28 February 2023.

As at 28 February 2023, the Group's bank borrowings were RMB1,053.3 million which were mainly denominated in USD and Malaysian ringgit ("MYR"), with variable interest rates with reference to Singapore Interbank Offered Rate and with variable profit rate with reference to Malaysian bank's cost of fund. Of the Group's bank borrowings as at 28 February 2023, 1.2% will mature within one year or on demand and the remaining will mature after one year. These bank borrowings were secured by certain properties and shares of the offshore Group.

As at 28 February 2023, the Convertible Bonds issued by the Company in an aggregate principal amount of US\$75.0 million due in 2026 remained outstanding. The Convertible Bonds bear interest on their outstanding principal amount from and including 27 January 2021 at the rate of 2.25% per annum, payable semi-annually in arrears on 27 January and 27 July in each year until 27 January 2026.

For the relevant events after the reporting period and the updates in relation to the Convertible Bonds. Please refer to the section "Subsequent Events after the Reporting Period" of this announcement for further details.

The Group expects that its future capital expenditures will primarily be financed by bank borrowings and its internal resources. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

## **Gearing Ratio**

The gearing ratio of the Group was calculated as total borrowings divided by total equity as at the end of the relevant financial year/period. Gearing ratio decreased from 1.06 for the year ended 31 August 2022 to 1.02 for the six months ended 28 February 2023 primarily due to the repayment of bank borrowings by the Group during the period.

## **Foreign Exchange Exposure**

The majority of the Group's revenue and expenditures are denominated in RMB, the functional currency of the Company, except that certain expenditures and liabilities are denominated in foreign currencies such as HKD, USD, Canadian dollars ("**CAD**"), MYR and SGD. As at 28 February 2023, certain bank balances and cash and liabilities were denominated in HKD, USD, CAD and SGD. The Group did not enter into any financial arrangement for hedging purposes as it is expected that its foreign exchange exposure will not be material.

## **Contingent liabilities**

As at 28 February 2023, the Group had no contingent liabilities.

## **Zhixin Case**

On 15 November 2016, the Company received a writ of summons from Hong Kong Zhixin Financial News Agency Ltd. ("**Zhixin**") seeking, among other things, specific performance of the consultancy agreement ("**Agreement**") between the Company and Zhixin by the allotment and issue of 7,000,000 shares of the Company to Zhixin, and damages in lieu or in addition thereof ("**Zhixin Case**"). On 28 November 2016, the Company filed with the High Court of the Hong Kong Special Administrative Region ("**Court**") its acknowledgement of service of the writ and indicated its intention to defend the claim.

In December 2016, Zhixin took out an application for summary judgment against the Company. The hearing of the summary judgment application took place on 25 October 2017 in which Zhixin's application was dismissed. The case proceeded to the main trial stage.

On 29 January 2018, Zhixin filed its amended statement of claim to allege that it is entitled to 17,500,000 shares of the Company by virtue of an option provided in the Agreement. The date of hearing at the Court of First Instance for the Zhixin Case was fixed on 16 May 2022.

The number of shares disclosed in the Zhixin Case has not considered the effect of share subdivision that became effective on 9 July 2018.

In late August 2022, the Company received the judgment on the Zhixin Case ("**Judgment**") dated 31 August 2022 from the Court. For details of the Judgment, please refer to the announcement of the Company dated 5 September 2022.

Pursuant to the Judgment, it was ruled in favour of Zhixin and held that, among others, (1) the Company was ordered to pay damages in the amount of HK\$70,840,000 together with interest; (2) the counterclaims of the Company for misrepresentation, declaratory relief and/or restitution against Zhixin were dismissed; and (3) a costs order nisi was made that costs of the proceedings be paid by the Company to Zhixin, with certificate for two counsel, to be taxed if not agreed. The Court made a further order on 23 September 2022 (“**Order of 23 September 2022**”) in relation to the amount payable in connection with the proceedings of the Zhixin Case. In accordance with the Order of 23 September 2022, the sum paid into court by the Company of approximately HK\$17.6 million were paid out forthwith to Zhixin in part satisfaction of the judgment sum in November 2022. Subsequently, Zhixin and the Company reached an agreement to settle all sums payable in connection with the Judgment and the Order of 23 September 2022 (“**Settlement**”). On 5 January 2023, in light of the Settlement reached by the parties, Zhixin and the Company jointly applied to the Court for an order to stay the enforcement of the Judgment and the Order of 23 September 2022. Pursuant to the terms of the Settlement, on 6 January 2023, a settlement sum of approximately HK\$100.6 million was paid by the Company to Zhixin (which has acknowledged receipt of such payment) to fully settle the Company of its payment obligations owed to Zhixin in respect of the Judgment inclusive of damages, costs and accrued interests as set out in the Judgment and the Order of 23 September 2022. On 25 May 2023, the Court made an order that the full payment of approximately HK\$100.6 million paid by the Company on 6 January 2023 shall fully settle the Company’s outstanding payment obligations owed to Zhixin in respect of the judgment sum inclusive of damages, costs and accrued interests as set out in the Judgment and the Order of 23 September 2022.

### **Pledge of Assets and Charges on Group Assets**

As at 28 February 2023, the Group pledged debt service reserve account, certain properties and shares of the offshore Group to certain licenced banks for certain banking facilities. As at 28 February 2023, a borrowing of the Company was secured by, among others, certain fixed and floating charge and joint control and monitoring rights over cash accounts of certain subsidiaries of the Group and fixed and floating charge over all assets of certain subsidiaries of the Group.

### **Future Plans for Material Investments and Capital Assets**

Save as disclosed in this announcement, the Group does not have other plans for material investments and capital assets.

### **Material Acquisition and Disposal**

Save as disclosed in this announcement, the Group had no other material acquisition and disposal during the six months ended 28 February 2023.

### **Significant Investment Held**

As at 28 February 2023, no significant investment was held by the Group.

## **Employee Benefits**

As at 28 February 2023, the Group had 1,917 (as at 28 February 2022: 1,995) full-time employees. The Group provides external and internal training programs to its employees. The Group participates in various employee benefit plans, including provident fund, housing pension, medical, basic pension and unemployment benefit plans, occupational injury and maternity leave insurance. The Company also has a post-IPO share option scheme, a share award scheme, an employee share purchase plan and a pension plan set up for its employees and other eligible persons. Salaries and other benefits of the Group's employees are generally reviewed on a regular basis in accordance with individual qualifications and performance, results and performance of the Group and relevant market conditions. Total employees' remuneration (including directors' remuneration) for the six months ended 28 February 2023 amounted to RMB264.0 million (for the six months ended 28 February 2022: RMB250.7 million). Mr. Shu Liang Sherman Jen, an executive Director and the chairman of the Board, voluntarily reduced his annual remuneration by HKD1 million to tide the Company over amidst the challenges.

## **Pension Plan**

To ensure the smooth implementation of the Sixth Five-Year Plan, the Group has devised incentive plans aiming at encouraging employees to provide their services to the Group on a long-term basis, and to share the fruits of the Group's development.

The pension plan is specifically designed for foreign teachers who work in the Group's schools operated in China. Under the pension plan, every month a sum amounting to 3.0% of the eligible employee's monthly salary will be paid by each foreign employee and by the Group respectively, as contribution to the employee's pension. The Group has entrusted a professional trustee to manage the funds under the pension plan. The leaving employees will receive part or all of the funds paid by the Group according to the number of years of service in the Group.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the six months ended 28 February 2023*

		<b>Six months ended</b>	
		<b>28 February</b>	
	<i>Notes</i>	<b>2023</b>	2022
		<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	4	<b>574,925</b>	519,505
Cost of revenue		<b>(333,736)</b>	(315,219)
<b>Gross profit</b>		<b>241,189</b>	204,286
Investment and other income	5	<b>9,067</b>	38,804
Other gains and losses	6	<b>38,900</b>	(63,114)
Impairment losses under expected credit loss model, net of reversal		–	331
Marketing expenses		<b>(7,544)</b>	(4,972)
Administrative expenses		<b>(141,906)</b>	(117,031)
Finance costs	7	<b>(97,498)</b>	(95,859)
<b>Profit/(loss) before taxation</b>		<b>42,208</b>	(37,555)
Taxation	8	<b>(26,729)</b>	(8,028)
<b>Profit/(loss) for the period</b>	9	<b>15,479</b>	(45,583)
<b>Profit/(loss) for the period attributable to owners of the Company</b>		<b>15,479</b>	(45,583)
<b>Other comprehensive income/(expenses)</b> <i>that may be subsequently reclassified to profit or loss:</i>			
Exchange differences on translation of financial statements of foreign operations		<b>9,409</b>	(18,652)
Other comprehensive income/(expenses) for the period, net of tax		<b>9,409</b>	(18,652)
<b>Total comprehensive income/(expenses) for the period</b>		<b>24,888</b>	(64,235)

		<b>Six months ended</b>	
		<b>28 February</b>	
		<b>2023</b>	2022
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Earnings/(loss) per share (RMB cents)</b>	<i>11</i>		
– Basic		<b>0.52</b>	<b>(1.53)</b>
		<hr/>	<hr/>
– Diluted		<b>0.52</b>	<b>(1.93)</b>
		<hr/>	<hr/>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 28 February 2023

		At 28 February 2023 <i>RMB'000</i> (Unaudited)	At 31 August 2022 <i>RMB'000</i> (Audited)
<b>Non-Current Assets</b>			
Property, plant and equipment	12	2,355,335	2,285,196
Right-of-use assets		75,818	80,992
Investment properties		16,958	17,748
Goodwill	13	2,036,505	1,949,551
Other intangible assets		798,775	803,961
Prepayments for acquisition of property and equipment		1,956	1,780
Books for lease		431	652
Deferred tax assets		17,944	20,704
		<b>5,303,722</b>	<b>5,160,584</b>
<b>Current Assets</b>			
Inventories		9,642	13,968
Deposits, prepayments, trade and other receivables	14	90,075	99,546
Financial assets at fair value through profit or loss		29,015	31,705
Bank balances and cash		309,523	805,876
Amount due from related parties	19	226,337	245,103
		<b>664,592</b>	<b>1,196,198</b>
<b>Current Liabilities</b>			
Contract liabilities	15	420,053	501,550
Other payables and accrued expenses	16	250,857	412,627
Lease liabilities		6,551	9,352
Income tax payable		78,268	82,405
Borrowings	17	12,303	691,592
Consideration payable	18	–	219,591
Convertible bonds	19	465,971	506,131
Amount due to related parties	20	140,476	40,223
		<b>1,374,479</b>	<b>2,463,471</b>
<b>Net Current Liabilities</b>		<b>(709,887)</b>	<b>(1,267,273)</b>
<b>Total Assets Less Current Liabilities</b>		<b>4,593,835</b>	<b>3,893,311</b>

		At 28 February 2023 <i>RMB'000</i> (Unaudited)	At 31 August 2022 <i>RMB'000</i> (Audited)
<b>Non-Current Liabilities</b>			
Deferred tax liabilities		242,875	242,738
Other payables and accrued expenses	16	35,000	–
Borrowings	17	1,041,013	71,544
Lease liabilities		6,482	8,701
Convertible bonds	19	–	272,532
Amount due to related parties	20	1,784,819	1,840,983
		<u>3,110,189</u>	<u>2,436,498</u>
<b>Net Assets</b>		<u>1,483,646</u>	<u>1,456,813</u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		9,309	9,309
Reserves		1,474,337	1,447,504
<b>Total Equity</b>		<u>1,483,646</u>	<u>1,456,813</u>



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 28 February 2023

### 1. GENERAL INFORMATION

China Maple Leaf Educational Systems Limited (the “**Company**” together with its subsidiaries collectively referred to as the “**Group**”) was incorporated in the Cayman Islands as an exempted company with limited liability under Companies Law Chapter 22 of the Cayman Islands on 5 June 2007. Its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Its parent is Sherman Investment Holdings Limited incorporated in the British Virgin Islands (“**BVI**”) and its ultimate controlling party is Mr. Shu Liang Sherman Jen, who is also the Chairman of the board and Chief Executive Officer of the Company. The address of the registered office of the Company is Maples Corporate Services Limited, PO Box 309, Uglund House, the Grand Cayman, KY1-1104, Cayman Islands and the address of principal place of business of the Company is No. 13, Baolong First Road, Baolong Street, Longgang District, Shenzhen, Guangdong Province 518116, the People’s Republic of China (the “**PRC**”).

The condensed consolidated interim financial statements (“**Interim Financial Statements**”) are presented in Renminbi (the “**RMB**”), which is the Company’s presentation currency and the functional currency of the principal operating subsidiaries of the Group.

The Group operates a network of bilingual private schools and preschools in the PRC under the “Maple Leaf” brand and in the Southeast Asia under the brand “Canadian International School” and “Kingsley International School”, focusing on high schools that offer World School Program and bilingual education mainly within the PRC and Southeast Asia.

### 2. GOING CONCERN BASIS

As at 28 February 2023, the Group had net current liabilities of approximately RMB709,887,000. The Group’s total secured bank borrowings and convertible bonds amounted to approximately RMB1,053,316,000 and RMB465,971,000 respectively as of 28 February 2023; while its cash and cash equivalents amounted to approximately RMB309,523,000 as at 28 February 2023.

As of the date of this announcement, the aggregate outstanding principal amount of the convertible bonds in the book of the Company, as well as secured bank borrowings in the book of CIS (the “**CIS Loan**”), are USD75,000,000 (equivalent to approximately RMB543,750,000) (the “**Outstanding Bonds**”) and the CIS Loan of USD143,000,000 (equivalent to approximately RMB1,036,750,000) respectively.

Certain of the Outstanding Bonds amounted to USD31,250,000 (equivalent to approximately RMB226,563,000) were agreed to be repaid in January 2024, while the CIS Loan is repayable in July 2024 and the Group has the right to apply an extension of 12 months which is subject to the approval from the lender of the CIS Loan. The detailed information on the Outstanding Bonds and the CIS Loan is illustrated in Notes 19 and 17 respectively to the Interim Financial Statements.

The above conditions indicate the existence of material uncertainties which cast significant doubt regarding the Group’s ability to continue as a going concern. In view of such circumstances, the Directors considered that even in the very unlikely event that the CIS Loan will default in the future, it will not affect the continuity of the business of the Company as well as the Group’s PRC segment, as there is no corporate guarantee nor any other means of shares pledged on the Company or the PRC segments on the CIS Loan. And even though the default of the CIS Loan will trigger a cross-default terms over the Outstanding Bonds, the Directors of the Company believe that the Group can raise and possess sufficient cash and cash equivalents for the repayment of the Outstanding Bonds in case the cross-default terms had been triggered.

In addition to the above, the Directors also have undertaken a number of plans and measures to improve the Group's liquidity and financial position, including: (i) negotiating a new bank loan of SGD300,000,000 (equivalent to approximately RMB1,442,000,000) (the "**New Negotiating Loan**") to replace the CIS Loan and repay the Outstanding Bonds; (ii) exercising the right to apply an extension of 12 months on the CIS Loan in accordance with the CIS Loan agreement which will be subjected to the approval from the lender of the CIS Loan; (iii) remitting and maintaining sufficient offshore fund to repay the Outstanding Bonds from subsidiaries of the People's Republic of China (the "**PRC**"); (iv) in discussions with local government departments to comply with implementation regulations of the PRC for the law for promoting of private education (the "**Implementation Regulations**"); and (v) adjusting the strategy to focus on development of high schools and overseas schools which are not affected by the Implementation Regulations.

The Directors consider that the Group can continue as a going concern based on the assumptions that (i) the Group can raise and possess sufficient cash and cash equivalents for the repayment of the Outstanding Bonds; (ii) the above financing plan can be successfully completed; and (iii) no further rules and interpretation from the government will adversely affect the continuing operations.

Should the Group be unable to continue as a going concern, adjustments would have to be made to the Interim Financial Statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the Interim Financial Statements.

### 3. BASIS OF PREPARATION

#### Contractual Arrangements

Due to regulatory restrictions on foreign ownership in the schools in the PRC, the Group conducts a substantial portion of the business through Dalian Maple Leaf Educational Group Co., Ltd ("**Dalian Educational Group**"), Shenzhen Maple Leaf Educational Group Co., Ltd ("**Shenzhen Educational Group**"), Dalian Maple Leaf Foreign National School ("**Dalian Foreign School**") and Wuhan Maple Leaf Foreign National School ("**Wuhan Foreign School**") (collectively referred to as "**Consolidated Affiliated Entities**") in the PRC. The wholly-owned subsidiaries, Dalian Beipeng Educational Software Development Inc. ("**Dalian Beipeng Software**"), Shenzhen Beipeng Educational Software Development Inc. ("**Shenzhen Beipeng Software**") (collectively referred to as "**Beipeng Software**"), have entered into the contractual arrangements (the "**Contractual Arrangements**") with the Consolidated Affiliated Entities and their respective equityholders, which enable Beipeng Software and the Group to:

- exercise effective financial and operational control over the Consolidated Affiliated Entities;
- exercise equity holders' voting rights of the Consolidated Affiliated Entities;
- receive substantially all of the economic interest returns generated by the Consolidated Affiliated Entities in consideration for the business support, technical and consulting services provided by Beipeng Software;
- obtain an irrevocable and exclusive right to purchase all or part of equity interests in the Consolidated Affiliated Entities from the respective equity holders at nil consideration or a minimum purchase price permitted under PRC laws and regulations. Beipeng Software may exercise such options at any time until it has acquired all equity interests and/or all assets of the Consolidated Entities. In addition, the Consolidated Affiliated Entities are not allowed to sell, transfer, or dispose any assets, or make any distribution to their equity holders without prior consent of Beipeng Software; and obtain a pledge over the entire interest of Dalian Educational Group and Shenzhen Educational Group from their equity holders as collateral security for all of Dalian Educational Group and Shenzhen Educational Group's payments due to Beipeng Software and to secure performance of Dalian Educational Group, Shenzhen Educational Group and their respective subsidiaries obligations under the Contractual Arrangements.

There are no pledge arrangement for Dalian Foreign School and Wuhan Foreign School due to the PRC law restriction. To further enhance the Company's security over Dalian Foreign School and Wuhan Foreign School, the Company segregated the duties of different people and functions to ensure that the company seals of Dalian Foreign School and Wuhan Foreign School are properly secured, are within the full control of the Company and cannot be used without its permission.

The Group does not have any equity interest in the Consolidated Affiliated Entities. However, as a result of the Contractual Arrangements, the Group has power over the Consolidated Affiliated Entities, has rights to variable returns from its involvement with the Consolidated Affiliated Entities and has the ability to affect those returns through its power over the Consolidated Affiliated Entities and is considered to have control over the Consolidated Affiliated Entities. Consequently, the Company regards the Consolidated Affiliated Entities as indirect subsidiaries. The Group has consolidated the assets and liabilities and income and expenses of the Consolidated Affiliated Entities (other than the Affected School, see below) in the consolidated financial statements of the Group.

The Interim Financial Statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board.

The Interim Financial Statements should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 August 2022. The accounting policies and methods of computation used in the preparation of the Interim Financial Statements are consistent with those used in the annual consolidated financial statements for the year ended 31 August 2022.

#### 4. REVENUE AND SEGMENT INFORMATION

##### 4A. Disaggregation of revenue from contracts with customers

	Six months ended 28 February	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Types of goods or services</b>		
Tuition and boarding fees	452,169	414,832
Sales of textbooks	15,864	5,100
Sales of goods and materials	24,496	31,898
Summer and winter camps	632	37
Catering services income	25,351	25,373
Extracurricular activities	19,892	5,454
Others	36,521	36,811
	<u>574,925</u>	<u>519,505</u>
<b>Geographical markets</b>		
PRC	208,965	205,598
Overseas	365,960	313,907
	<u>574,925</u>	<u>519,505</u>
<b>Timing of revenue recognition</b>		
Over time	490,915	445,412
At a point in time	84,010	74,093
	<u>574,925</u>	<u>519,505</u>

##### 4B. Operating Segments

Information reported to the Group's Chief Executive Officer, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of services provided.

Following the acquisition of Star Readers Pte. Ltd. ("STAR") in Singapore on 26 August 2020, the Group's international school education business in overseas starts to contribute significant portion of revenue and profits. Starting from this interim period, discrete segment information is developed and reported to the CODM. Specifically, the Group's reportable segments under IFRS 8 are as follows:

- (i) PRC Segment
- (ii) Overseas Segment

## Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segments:

	<b>PRC Segment RMB'000</b>	<b>Overseas Segment RMB'000</b>	<b>Total RMB'000</b>
<b>For the six months ended 28 February 2023 (unaudited)</b>			
Segment revenue	<u>208,965</u>	<u>365,960</u>	<u>574,925</u>
Segment profit	<u>34,312</u>	<u>19,960</u>	<u>54,272</u>
Unallocated items:			
Directors' and chief executives' emoluments			(3,784)
Corporate administrative expense			<u>(8,280)</u>
Group's profit before income tax			<u><b>42,208</b></u>
	<b>PRC Segment RMB'000</b>	<b>Overseas Segment RMB'000</b>	<b>Total RMB'000</b>
<b>For the six months ended 28 February 2022 (unaudited)</b>			
Segment revenue	<u>205,598</u>	<u>313,907</u>	<u>519,505</u>
Segment (loss)/profit	<u>(62,760)</u>	<u>32,044</u>	<u>(30,716)</u>
Unallocated items:			
Directors' and chief executives' emoluments			(5,976)
Corporate administrative expense			<u>(863)</u>
Group's loss before income tax			<u><b>(37,555)</b></u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of corporate administrative expense and directors' and chief executives' emoluments. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

## Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

	At 28 February 2023 <i>RMB'000</i> (Unaudited)	At 31 August 2022 <i>RMB'000</i> (Audited)
<b>Segment assets</b>		
PRC segment	1,680,977	2,177,186
Overseas segment	4,287,337	4,179,596
	<u>5,968,314</u>	<u>6,356,782</u>
<b>Consolidated assets</b>		
	At 28 February 2023 <i>RMB'000</i> (Unaudited)	At 31 August 2022 <i>RMB'000</i> (Audited)
<b>Segment liabilities</b>		
PRC segment	2,819,622	3,238,569
Overseas segment	1,665,046	1,661,400
	<u>4,484,668</u>	<u>4,899,969</u>
<b>Consolidated liabilities</b>		

For the purposes of monitoring segment performance and allocating resources between segments, all assets and liabilities are allocated to operating segments. Assets and liabilities used jointly by operating segments are allocated to the PRC segment as the amount is insignificant.

## 5. INVESTMENT AND OTHER INCOME

	Six months ended 28 February	
	2023 <i>RMB'000</i> (Unaudited)	2022 <i>RMB'000</i> (Unaudited)
Bank interest income	4,337	20,216
Government grant	1,554	9,899
Rental income from investment properties	1,180	8,361
Others	1,996	328
	<u>9,067</u>	<u>38,804</u>

## 6. OTHER GAINS AND LOSSES

	Six months ended 28 February	
	2023 <i>RMB'000</i> (Unaudited)	2022 <i>RMB'000</i> (Unaudited)
Reversal of other payables	2,469	5,679
Net foreign exchange gain/(loss)	57,924	(16,503)
(Loss)/gain arising from changes in fair value of financial assets measured at fair value through profit or loss (“FVTPL”)	(129)	470
(Loss)/gain arising from fair value changes of convertible bonds	(26,931)	26,456
Gain on disposal of property, plant and equipment	5,962	5
Gain arising from fair value changes of contingent consideration	–	24,139
Compensation of Zhixin Case	–	(99,205)
Others	(395)	(4,155)
	<u>38,900</u>	<u>(63,114)</u>

## 7. FINANCE COSTS

	Six months ended 28 February	
	2023 <i>RMB'000</i> (Unaudited)	2022 <i>RMB'000</i> (Unaudited)
Interest on bank loans and other borrowings	86,516	88,099
Interest on convertible bonds	10,598	7,343
Leases interests	384	417
	<u>97,498</u>	<u>95,859</u>

## 8. TAXATION

	Six months ended 28 February	
	2023 <i>RMB'000</i> (Unaudited)	2022 <i>RMB'000</i> (Unaudited)
<b>The charge comprises</b>		
Current tax		
PRC enterprise income tax	12,017	15,702
Singapore enterprise income tax	19,808	14,634
Under-provision in prior years		
Singapore enterprise income tax	–	6,648
Deferred tax	(5,096)	(28,956)
	<u>26,729</u>	<u>8,028</u>

## 9. PROFIT/(LOSS) FOR THE PERIOD

	Six months ended	
	28 February	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit/(loss) for the period has been arrived at after charging/(crediting):		
Staff costs, including directors' remuneration		
– salaries and other allowances	259,905	243,837
– retirement benefit scheme contributions	2,140	770
– share-based payments	1,945	6,072
	<u>263,990</u>	<u>250,679</u>
Total staff costs		
	<u>263,990</u>	<u>250,679</u>
Gross rental income from investment properties	(564)	(8,361)
Less: Direct operating expenses incurred for investment properties (included in administrative expenses)	39	98
	<u>(525)</u>	<u>(8,263)</u>
Depreciation of property, plant and equipment	49,982	40,150
Loss/(gain) arising from fair value changes of convertible bonds	26,931	(26,456)
Amortisation of intangible assets	37,433	41,336
Depreciation of right-of-use assets	5,686	5,463
Depreciation of investment properties	497	1,917
Amortisation of books for lease	243	153
Gain arising from fair value changes of contingent consideration	–	(24,139)
	<u>–</u>	<u>(24,139)</u>

## 10. DIVIDENDS

No dividends were paid, declared or proposed during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the interim period.



## 11. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share attributable to the owners of the Company is based on the following data:

	<b>Six months ended</b>	
	<b>28 February</b>	
	<b>2023</b>	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b><u>Earnings/(loss):</u></b>		
Earnings/(loss) for the purpose of calculating basic earnings/(loss) per share	<b>15,479</b>	(45,583)
Interest on convertible bonds (net of income tax)	–	7,343
Gain arising from fair value changes of convertible bonds	–	(26,456)
	<hr/>	<hr/>
Earnings/(loss) for the purpose of calculating diluted earnings/(loss) per share	<b>15,479</b>	(64,696)
	<hr/>	<hr/>
	<b>Six months ended</b>	
	<b>28 February</b>	
	<b>2023</b>	2022
	<i>'000</i>	<i>'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b><u>Number of shares:</u></b>		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	<b>2,971,011</b>	2,971,011
Effect of dilutive potential ordinary shares arising from convertible bonds outstanding	–	383,881
	<hr/>	<hr/>
Weighted average number of ordinary shares for the purposes of calculating diluted earnings/(loss) per share	<b>2,971,011</b>	3,354,892
	<hr/>	<hr/>

The number of shares adopted in the calculation of the basic earnings/(loss) per share for the six months ended 28 February 2023 and 2022 has been arrived after eliminating the ungranted or unvested shares of the Company held under the Share Award Scheme.

The number of shares adopted in the calculation of the diluted loss per share for the six months ended 28 February 2022 has been arrived after assuming the full conversion of the Convertible Bonds.

As the Company's outstanding convertible bonds where applicable had an anti-dilutive effect to the basic earnings per share calculation, the conversion of the above potential dilutive shares is not assumed in the calculation of diluted earnings per share for the six months ended 28 February 2023.

The number of shares adopted in the calculation of the diluted earnings/(loss) per share for the six months ended 28 February 2023 and 2022 does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price of shares for the six months ended 28 February 2023 and 2022.

## 12. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group disposed of certain property and equipment with an aggregate carrying amount of approximately RMB12,085,000 (for the six months ended 28 February 2022: RMB1,317,000) for cash proceeds of approximately RMB18,047,000 (for the six months ended 28 February 2022: RMB1,322,000), resulting in a gain on disposal of approximately RMB5,962,000 (for the six months ended 28 February 2022: RMB5,000).

The Group paid a net cash consideration of RMB95,512,000 to purchase property, plant and equipment (for the six months ended 28 February 2022: RMB150,584,000).

## 13. GOODWILL

	At 28 February 2023 <i>RMB'000</i> (Unaudited)	At 31 August 2022 <i>RMB'000</i> (Audited)
<b>Cost and carrying values:</b>		
At 1 September	1,949,551	1,896,803
Exchange adjustment	<u>86,954</u>	<u>52,748</u>
At 28 February or 31 August	<u><b>2,036,505</b></u>	<u>1,949,511</u>

## 14. DEPOSITS, PREPAYMENTS, TRADE AND OTHER RECEIVABLES

	At 28 February 2023 <i>RMB'000</i> (Unaudited)	At 31 August 2022 <i>RMB'000</i> (Audited)
Receivable from third parties	21,672	13,811
Short-term loan to a third party	–	25,193
Prepaid rent and other prepaid expenses	22,516	11,561
Trade receivables net of allowance for credit losses	12,609	16,568
Deposits	5,842	6,040
Staff advances	144	328
Management fees receivables	223	–
Others	<u>27,069</u>	<u>26,045</u>
	<u><b>90,075</b></u>	<u>99,546</u>

The following is an analysis of trade receivables by age, presented based on the dates the students were informed for payment.

	At <b>28 February</b> <b>2023</b> <i>RMB'000</i> (Unaudited)	At 31 August 2022 <i>RMB'000</i> (Audited)
Not past due	8,249	13,513
0–30 days	346	704
31–60 days	483	205
61–90 days	28	8
>90 days	3,503	2,138
	<u>12,609</u>	<u>16,568</u>

#### 15. CONTRACT LIABILITIES

	At <b>28 February</b> <b>2023</b> <i>RMB'000</i> (Unaudited)	At 31 August 2022 <i>RMB'000</i> (Audited)
Tuition and boarding fees	365,290	425,760
Others	54,763	75,790
	<u>420,053</u>	<u>501,550</u>

Contract liabilities of the Group were expected to be recognized as revenue within one year.

## 16. OTHER PAYABLES AND ACCRUED EXPENSES

	At 28 February 2023 <i>RMB'000</i> (Unaudited)	At 31 August 2022 <i>RMB'000</i> (Audited)
Payables for purchase of property, plant and equipment	72,970	116,112
Miscellaneous expenses received from students ( <i>Note i</i> )	37,663	38,846
Accrued payroll	20,536	18,737
Deposits received from students	30,540	23,257
Acquisition consideration payable	25,876	9,272
Payables for purchase of goods	9,272	7,469
Accrued operating expenses	7,881	17,644
Prepayment from lessee	19	19,768
Borrowing from a third party ( <i>Note ii</i> )	35,000	–
Compensation of Zhixin Case	–	84,528
Other tax payables	–	24,176
Others	46,100	52,818
	<b>285,857</b>	<b>412,627</b>
Analysed as:		
Current liabilities	250,857	412,627
Non-current liabilities	35,000	–
	<b>285,857</b>	<b>412,627</b>

### Notes:

- i The amount represents the miscellaneous expenses received from students which will be paid out on behalf of students.
- ii. In December 2022, the Group entered into a loan agreement with an independent third party of RMB35,000,000, the loan will be mature in 2025. According to the loan agreement, the interest rate shall be the same as base rate published by the People's Bank of China for the same period.

## 17. BORROWINGS

	At 28 February 2023 RMB'000 (Unaudited)	At 31 August 2022 RMB'000 (Audited)
Secured bank borrowings	<u>1,053,316</u>	<u>763,136</u>
The carrying amounts of the above borrowings are repayable:		
Within one year	12,303	691,592
Within a period of more than one year but not exceeding two years	1,041,013	15,060
Within a period of more than two years but not exceeding five years	–	47,492
Within a period of more than five years	–	8,992
	<u>1,053,316</u>	<u>763,136</u>
Less: Amounts due within one year shown under current liabilities	<u>(12,303)</u>	<u>(691,592)</u>
Amounts shown under non-current liabilities	<u>1,041,013</u>	<u>71,544</u>

- (a) As of 31 August 2022, the borrowings amounting to SGD138,750,000 (equivalent to RMB678,465,000) (2021: SGD304,648,000) is secured over (1) all the shares of the Offshore Group (including CIS) and Maple Leaf CIS Holdings Pte. Ltd.; (2) all the assets of the Offshore Group; (3) debt service reserve account held by the IS; (4) dividend accounts (if any), and (5) pledge over all the shares of Dalian Beipeng Software. The maturity date of the borrowings is on 31 August 2023.

According to the loan agreement, the loan will become repayment on demand if (1) the adjusted leverage ratio (the adjusted leverage ratio means operating profit before interest, tax, depreciation and amortisation (the “EBITDA”) adjusted for (a) adding EBITDA of subsidiaries acquired during the year prior to the acquisition of such subsidiary; and (b) deducting EBITDA of subsidiaries disposed during the year prior to the disposal of such subsidiary) of the Group exceed 2.50:1; or (2) change in any educational law or regulation in the PRC, which requires the Group to cease to operate, close or dispose of or transfer to a third party any of its assets in order to comply with such law or regulation. As at 31 August 2021, due to the deconsolidation of the Affected Schools, the above loan covenants have been breached and the loan is considered repayable on demand. Accordingly, the borrowing was reclassified as current liability.

Prior to the date of this announcement, the abovementioned borrowings were fully repaid.

- (b) As of 28 February 2023, the borrowings amounting to MYR51,245,000 (equivalent to approximately RMB79,632,000) (31 August 2022: MYR54,830,000 (equivalent to approximately RMB84,671,000)) are secured by pledge of debt service reserve account held by Kingsley International Sendirian Berhad (subsidiaries owned by Kingsley Edugroup Berhad (“Kingsley”)) and debenture incorporating fixed and floating charge over all assets and undertakings of Kingsley.

These borrowings carry interest at fixed or variable interest rates ranging from 0.75% to 5.35% (31 August 2022: 0.65% to 5.61%) per annum.

- (c) Intended for the purpose of repaying the aforementioned borrowing in note (a), in December 2022, the Company entered into a new borrowing agreement amounting to USD143,000,000 at a floating interest rate with a base rate of 3.60% due in July 2024 and has the right to apply an extension of 12 months which subject to an approval from the lender. Pursuant to the agreement, the borrowing is secured by (1) Share security over 100% shares in certain subsidiaries of the Group; (2) Fixed and floating charge and joint control and monitoring rights over cash accounts of certain subsidiaries of the Group; and (3) Fixed and floating charge over all assets of certain subsidiaries of the Group.

## 18. CONSIDERATION PAYABLE AND CONTINGENT CONSIDERATION

	At 28 February 2023 RMB'000 (Unaudited)	At 31 August 2022 RMB'000 (Unaudited)
<i>Consideration payable:</i>		
Amounts due within one year shown under current liabilities	–	219,591
Amounts shown under non-current liabilities	–	–
	<u>–</u>	<u>219,591</u>

On 19 June 2020, the Group has entered into a sales and purchase agreement (“**the Agreement**”) for the acquisition of entire equity interest of STAR. STAR is principally engaged in the operation of a K-12 boarding school located in Singapore through its wholly owned subsidiary CIS. According the Agreement, the total consideration is determined at SGD680,000,000 (equivalent to RMB3,434,204,000) subject to certain acquisition day adjustment and variation of contingent considerations.

The acquisition is structured in two tranches, on 26 August 2020, the acquisition of the first tranche of 90% of the equity interest of STAR was completed (the “**acquisition date**”). With effect from the closing of the first tranche acquisition, the Company has obtained control of STAR and has consolidated STAR since the acquisition date. The second tranche is for the transfer of the remaining 10% equity interest of STAR upon settlement of the second tranche consideration. It shall take place at the end of the academic year 2022 according to the Agreement. Based on the terms and arrangements of the Agreement and the structuring of the whole transaction, the Directors consider that the acquisition of the first 90% and the remaining 10% equity interest of STAR are linked transactions and therefore accounted it as a single acquisition transaction.

On 20 January 2023, the Group and the Seller signed a confirmation of second closing to confirm the second tranche amount of SGD44,438,000 (equivalent to approximately RMB219,591,000).

During the period ended 28 February 2023, the abovementioned consideration payable were fully repaid.

## 19. CONVERTIBLE BONDS

Financial liabilities designated at FVTPL:

	At <b>28 February 2023</b> <i>RMB'000</i> (Unaudited)	At 31 August 2022 <i>RMB'000</i> (Audited)
Convertible bonds ( <i>Note</i> )	<b>465,971</b>	778,663
Analysed for reporting purposes as:		
Current liabilities	<b>465,971</b>	506,131
Non-current liabilities	–	272,532
	<b>465,971</b>	778,663

*Note:*

On 12 January 2021, the Company entered into the subscription agreement with UBS AG Hong Kong Branch (the “**Manager**”) under which the Manager has agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the convertible bonds due in 2026 in an aggregate principal amount of USD125,000,000 (the “**Convertible Bonds**”).

On 27 January 2021 (the “**Issue Date**”), the Company completed the issuance of the Convertible Bonds. The cash proceeds related to the issuance of USD125,000,000 (equivalent to RMB808,551,000) were received by the Company on the Issue Date. The issuance cost related to the Convertible Bonds of approximately USD1,250,000 (equivalent to RMB8,138,000) was charged to the finance cost. The Convertible Bonds were recognised and measured as financial liabilities designated at FVTPL. The fair value as of the Issue Date and 31 August 2022 were RMB808,551,000 and RMB753,665,000, respectively. During six months ended 28 February 2023, the changes in fair value of the financial liabilities of RMB26,931,000 were charged (28 February 2022: RMB26,456,000 were credited) to other gain and losses.

The Convertible Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 2.25 per cent. per annum, payable semi-annually in arrears on 27 January and on 27 July in each year, commencing on 27 July 2021.

Pursuant to the subscription agreement, each of the Convertible Bonds will, at the option of the holder, be convertible (unless previously redeemed, converted or purchased and cancelled) on or after 9 March 2021 up to the close of business (at the place where the certificate evidencing the Convertible Bonds are deposited for conversion) on the seventh day prior to 27 January 2026 (the “**Maturity Date**”) (both days inclusive) (the “**Conversion Period**”) into fully paid ordinary shares with a par value of USD0.0005 each of the Company at an initial conversion price of HKD2.525 per share. The conversion price is subject to adjustment in the circumstances described under certain terms and conditions of the subscription agreement. The conversion price of the Convertible Bonds as at 28 February 2023 is HKD2.525 (31 August 2022: HKD2.525) per share.

On giving notice in accordance with the respective terms and conditions of the subscription agreement, at any time after 11 February 2024 and prior to the Maturity Date, the Convertible Bonds may be redeemed at the option of the Company. The Convertible Bonds may be redeemed at the option of the Company in whole but not in part for taxation reasons as described in the subscription agreement. The Convertible Bonds may be redeemed at the option of the holder following the occurrence of a relevant event described in the subscription agreement or on 27 January 2024 as the optional put date for the holder to request the Company to redeem all or some of the Convertible Bonds upon giving notice in accordance with the subscription agreement.

During the year ended 31 August 2022, pursuant to the conditions of the Convertible Bonds (the “**Bond Conditions**”), Applicable Relevant Event (being which occurred on 23 May 2022 as a result of the suspension of trading of the Share on the Stock Exchange commencing from 3 May 2022 in connection with the Company’s delay in the publication of the unaudited interim results of the Group for the six months ended 28 February 2022) occurred and the holder of each Bond will have the right, at such holders option (the “**Bondholder Put Option**”), to require the Company to redeem all or some only of such holder’s Bonds on the relevant event redemption date (the “**Relevant Event Redemption Date**”) at the early redemption amount together with interest accrued but unpaid to (but excluding) such date in accordance with the Bond Conditions by submitting to the specified office of the paying agent (the “**Paying Agent**”) a relevant event redemption notice (the “**Relevant Event Redemption Notice**”) within the applicable time period specified in Bond Conditions (the “**Exercise Period**”). Whether to exercise the Bondholder Put Option is at the discretion of the Bondholders.

In August 2022, the aggregate principal face value of the Bonds in respect of which the Paying Agent has received a Relevant Event Redemption Notice on or prior to the expiry of the Exercise Period is USD125,000,000 and the Relevant Event Redemption Date was 14 August 2022. However, the Company failed to pay the amount of principal, interest, and premium (if any) due in respect of the Bonds before the Relevant Event Redemption Date. On 15 August 2022, the Company and holders of the Bonds who collectively hold or are economically entitled to approximately 70 per cent. of the principal amount of the Bonds entered into a standstill and consent solicitation support agreement (the “**Standstill Agreements**”) which sets out the parties’ in-principle agreement to implement. The terms and conditions, including proposed waivers (the “**Proposed Waivers**”), proposed amendments (the “**Proposed Amendments**”) and new undertakings (the “**New Undertakings**”) of the Standstill Agreement were agreed upon in an extraordinary meeting (the “**Extraordinary Meeting**”) which was held subsequently after 31 August 2022 (being 23 September 2022).



The Proposed Waivers refers to the extraordinary resolution passed in the Extraordinary Meeting constitute a direction by the holders of the Bonds to the trustee to irrevocably and unconditionally consent to (a) a waiver of the Applicable Relevant Event; and (b) a waiver of any potential event of default or event of default that has occurred (1) in relation to Condition 8(E) (Redemption for Relevant Event) of the Bonds or otherwise directly in relation to the Applicable Relevant Event; and (2) as a result of the Company's entry into the Standstill Agreement.

The New Undertakings are summarized as follows:

### **Mandatory Redemption Undertaking**

The Company shall undertake, for the benefit of each holder of Bonds, that in the event that the Proposed Waivers and Amendments are approved by the requisite majority of Bondholders, it shall redeem the Bonds at the times and in the manner set out as below:

- (a) 40 per cent. of the aggregate principal amount of the Bonds originally issued at their principal amount plus accrued and unpaid interest on the Implementation Date (being 27 October 2022), and
  - (b) Subject to the security Undertaking, 25 per cent. of the aggregate principal amount of the Bonds originally issued at their principal amount plus accrued and unpaid interest on the date that is nine (9) months after the Implementation Date (the "**Second Mandatory Redemption**"),
- (a) to (b) together, (the "**Mandatory Redemption Undertaking**").

The Bonds selected for redemption shall be on a pro-rate basis.

The Company announced that the Company did not have sufficient offshore funds to make the Second Mandatory Redemption on 27 June 2023 due to the prevailing controls of the State Administration of Foreign Exchange of the People's Republic of China (the "**PRC**") and other related PRC policies and regulations which are currently prevailing the Company and its applicable Subsidiaries from remitting sufficient funds out of the PRC, resulting in the occurrence of default under the Bond Conditions. On 12 September 2023, the Company announced that on 11 September 2023, the bondholders passed resolutions, includes, among other matters, (1) Waived any and all Events of Default relating to the non-payment of the 25% Second Mandatory Redemption and the Relevant Event; and (2) 25% Second Mandatory Redemption pushed out to 27 January 2024.

During the six months ended 28 February 2023 and year ended 31 August 2022, no conversion related to the Convertible Bonds was exercised by the holders.

As of the date of this announcement, the aggregate outstanding principal amount of the Bonds is USD75,000,000 (equivalent to approximately RMB543,750,000) after repayment of the principal amount of USD50,000,000 (being 40 per cent. of the aggregate principal amount of the Bonds) during the six months ended 28 February 2023.

## 20. RELATED PARTY DISCLOSURES

Other than as disclosed elsewhere in these condensed consolidated financial statements, the Group has following transactions and balances with related parties:

### (a) Balances with a related parties

Relationships	Nature of balances	At	At
		28 February 2023 RMB'000 (Unaudited)	31 August 2022 RMB'000 (Audited)
Advances made to the affiliated entities operating private schools that offer compulsory education consisting of six years of primary school education and three years of middle school education to PRC residents and not-for-profit schools that provide preschool education in the People's Republic of China ("PRC" or "China") (the "Affected Schools")	Amounts due from (current)	226,337	245,103
The Affected Schools	Amounts due to (non-current)	1,784,819	1,840,983
The Affected Schools	Amounts due to (current)	140,476	40,223

The current portion of the amounts due to and amounts due from the Affected Schools represents balances which are due on demand. The non-current portion of the amounts due to Affected Schools represent long-term borrowing from Affected Schools. The original term of these borrowing were five years and interest free, the remaining term of these borrowing range from one to four years.

As of 28 February 2023 and 31 August 2022, the Affected Schools are legally owned by the affiliated entities of the Group, consequently the Affected Schools are related parties of the Group.

### (b) Transaction with a related party

During the six months ended 28 February 2022, the Group acquired a property from an executive director, Mr. Shu Liang Sherman Jen, at a consideration of RMB40,000,000. The property is located in PRC and intended to be used by the Group as its senior management's quarter.

Save as disclosed elsewhere in this announcement, the Group had no other material transaction with any related party during the six months ended 28 February 2023 and 28 February 2022.

(c) **Compensation of key management personnel**

The remuneration of directors and other members of key management of the Group are as follows:

	<b>Six months ended</b>	
	<b>28 February</b>	
	<b>2023</b>	<b>2022</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Short-term benefits	<b>3,406</b>	4,868
Post-employment benefits	<b>–</b>	12
Share-based payments	<b>168</b>	1,096
	<b><u>3,574</u></b>	<b><u>5,976</u></b>

**21. EVENTS AFTER THE REPORTING PERIOD**

Save as disclosed elsewhere in the notes to the consolidated financial statements, there were no material events after the report period to be disclosed.

**22. APPROVAL OF INTERIM FINANCIAL STATEMENTS**

The Interim Financial Statements were approved and authorised for issue by the Board of Directors on 8 October 2023.

## **CORPORATE GOVERNANCE AND OTHER INFORMATION**

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of the Shareholders and to enhance corporate value and accountability.

### **Compliance with the Corporate Governance Code**

During the six months ended 28 February 2023 and up to the date of this announcement, the Company has applied the principles as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Listing Rules and has complied with all the applicable code provisions, save and except for code provision C.2.1.

Code provision C.2.1 of Part 2 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Jen performs the dual roles of both chairman and chief executive officer of the Company (“**CEO**”). The Board believes that by vesting the roles of both chairman and CEO in the same person, the Company derives the benefit of ensuring consistent leadership within the Group, which in turn enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively.

The Board will continue to review and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices within the Company.

### **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 10 to the Listing Rules as its own securities dealing code to regulate all dealings by Directors and relevant employees of securities in the Company and other matters covered by the Model Code.

Specific enquiry has been made of all the Directors and the relevant employees and they have confirmed that they have complied with the Model Code during the six months ended 28 February 2023.

### **Purchase, Sale or Redemption of the Company’s Listed Securities**

In accordance with the then prevailing terms and conditions of the Convertible Bonds, on 3 February 2023, the Company redeemed (on a pro rata basis) 40 per cent. of the aggregate principal amount of the Convertible Bonds then outstanding (being an amount of USD50,000,000), together with interest accrued but unpaid.

Save as disclosed above, during the six months ended 28 February 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

### **Interim Dividend**

The Board has resolved not to declare an interim dividend for the six months ended 28 February 2023.

### **Audit Committee**

The Company has established an audit committee of the Board (“**Audit Committee**”) with written terms of reference in accordance with the Listing Rules and the CG Code. The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control procedures and risk management system of the Group, overseeing the audit process and performing other duties and responsibilities as assigned by the Board.

The Audit Committee comprised three members as at 28 February 2023, namely, Mr. King Pak Lau (Chairman), Mr. Peter Humphrey Owen and Mr. Alan Shaver, all being independent non-executive Directors.

The Audit Committee currently comprises three members, namely, Mr. King Pak Lau (appointed on 28 February 2023), Mr. Peter Humphrey Owen and Ms. Wai Fong Wong (appointed on 1 January 2023), all being independent non-executive Directors. Mr. King Pak Lau is the chairman of the Audit Committee with effect from 28 February 2023. Mr. Lap Tat Arthur Wong (“**Mr. Wong**”) ceased to be the chairman of the Audit Committee at the conclusion of the 2023 AGM upon his retirement as an independent non-executive Director on the same date. Mr. Alan Shaver ceased to be a member of Audit Committee with effect from 31 August 2023 upon his resignation as an independent non-executive Director on the same date. Ms. Wai Fong Wong was appointed as a member of the Audit Committee on 31 August 2023.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 28 February 2023 and has met with the independent auditors, Zhonghui Anda CPA Limited (“**ZHONGHUI**”). The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Company.

### **Subsequent Events after the Reporting Period**

#### ***Suspension of trading and resumption progress***

Trading in the shares of the Company (Stock Code: 1317) and the debt securities of the Company (Debt Securities Stock Code: 40564) on the Stock Exchange has been suspended since 9:00 a.m. on 3 May 2022 due to the delay in publication of the 2022 Interim Results and will remain suspended until the Company fulfils the Resumption Guidance.

As disclosed in the announcement of the Company dated 23 May 2022, the Board resolved to establish the independent board committee of the Board (“**IBC**”) to conduct the independent investigation of the Relevant Matters and the internal control over financial reporting (“**Independent Investigation**”). As disclosed in the announcement of the Company dated 14 June 2022, the IBC appointed RSM Corporate Advisory (Hong Kong) Limited as an independent forensic accountant (“**Independent Investigator**”) to conduct an independent forensic accounting review into the Relevant Matters and prepare an independent forensic accounting report on the findings of the Independent Investigation and provide recommendations to the IBC in respect of the Relevant Matters. In late August 2022, the Company appointed RSM Consulting (Hong Kong) Limited (“**IC Consultant**”) to conduct an independent review of the existing internal controls and procedures of the Company and make recommendations of remedial measures (“**IC Review**”).

On 20 June 2023, the Independent Investigator has completed the Independent Investigation and issued the investigation on the findings of the Independent Investigation and provide recommendation to the IBC in respect of the Relevant Matters (“**Investigation Report**”) to the IBC. The IBC having reviewed the findings and results of the Independent Investigation, presented the Investigation Report, together with the recommendations of the IBC, to the Board for consideration and approval on 20 June 2023. The Board concurred with the IBC that the content and findings of the Independent Investigation are reasonable and acceptable and the Board believed that (i) there was no reasonable regulatory concern regarding the integrity of the management or any individuals with substantial influence over the Company’s management and operations, which could potentially put investors at risk and undermine market confidence; and (ii) the enhanced internal control measures adopted by the Company were sufficient and effective in fulfilling the Company’s obligations and protecting its interests as per the Listing Rules. The Board accepted the IBC’s recommendations in their entirety and has resolved to (i) adopt the findings of the Investigation Report and (ii) implement the recommendations of the IBC.

The IC Consultant has finished the IC Review with a review period from 1 September 2021 to 31 August 2022 (“**First Review**”). The IC Consultant has identified certain key findings and made certain recommendations in the First Review and completed the follow-up review with a review period from the date of implementation of remedial measures by the Group to 20 June 2023 (“**Follow-up Review**”). The IC Consultant has issued a report in respect of the findings of the IC Review (“**IC Review Report**”) on 20 June 2023 and concluded that the Group has implemented recommended remedial measures to rectify the deficiencies identified in the First Review. No material deficiencies in the Company’s internal controls and procedures were noted in the Follow-up Review.

For more details regarding the Relevant Matters, the Resumption Guidance, the Independent Investigation, the Investigation Report, the IC Report and the resumption progress, please refer to the announcements of the Company dated 27 April 2022, 16 May 2022, 23 May 2022, 30 May 2022, 14 June 2022, 2 August 2022, 1 November 2022, 1 February 2023, 28 April 2023, 4 July 2023 and 1 August 2023. The Company will keep the Shareholders and potential investors informed of the latest developments by making further announcement(s) as and when appropriate.

### ***Change of Directors and change in composition of committees***

With effect from 1 January 2023, Ms. Wai Fong Wong has been appointed as an independent non-executive Director and a member of the IBC and Dr. Kem Hussain has been appointed as a non-executive Director.

Mr. Wong retired as an independent non-executive Director with effect from the conclusion of the 2023 AGM due to his intention to devote more time to his family and pursue other business opportunities. Mr. Wong also ceased to be (i) the chairman of the Audit Committee; and (ii) the chairman of the IBC.

Mr. King Pak Lau has been appointed as an independent non-executive Director and the chairman of each of the Audit Committee and the IBC, with effect from 28 February 2023 immediately after the conclusion of the 2023 AGM.

With effect from 31 August 2023, Mr. Alan Shaver (“**Mr. Shaver**”) resigned as an independent non-executive Director in order to pursue personal non-business activities and ceased to be a member of each of the Audit Committee, the remuneration committee of the Board (the “**Remuneration Committee**”), the nomination and corporate governance committee of the Board (the “**Nomination Committee**”) and the IBC. Ms. Wai Fong Wong, an independent non-executive Director, was appointed as a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee on the same date.

### ***Update regarding relevant events in relation to the Convertible Bonds***

References are made to the announcements of the Company dated 1 June 2022, 1 August 2022, 16 August 2022, 1 September 2022, 16 September 2022, 5 October 2022, 27 October 2022, 20 January 2023, 3 February 2023, 14 April 2023, 18 April 2023, 19 June 2023, 28 June 2023, 7 July 2023, 18 August 2023 and 12 September 2023 (collectively, the “**CB Announcements**”). Unless otherwise defined, capitalised terms used in this section shall have the same meanings as those defined in the CB Announcements. The updates regarding relevant events in relation to the Convertible Bonds after the reporting period are as follows:

#### ***Second occurrence of the relevant event on 17 April 2023***

- (a) as disclosed in the announcement of the Company dated 14 April 2023, despite the Company’s best efforts to comply with Condition 8(E) (*Redemption for Relevant Event*) of the Convertible Bonds, trading in the Company’s shares on the Stock Exchange continued to remain suspended on 17 April 2023 resulting in the occurrence of a Relevant Event;
- (b) as disclosed in the announcement of the Company dated 18 April 2023, a Relevant Event occurred on 17 April 2023 on the basis that, the Shares continue to remain suspended from trading on the Stock Exchange;
- (c) upon the occurrence of a Relevant Event, the holder of each Bond would have the right, at such holder’s option, to exercise the Bondholder Put Option;

- (d) as also disclosed in the announcement of the Company dated 14 April 2023, the Company shall not exercise the CIS Encumbrance Option pursuant to Condition 4(C) (*Second Ranking CIS Encumbrance*) of the Convertible Bonds on the basis that the creation of the Second Ranking CIS Encumbrance would trigger an ‘event of default’ under the New SGD Loan. Consequently, on 27 June 2023, under Condition 8(F)(ii) (*Mandatory redemption*) of the Convertible Bonds, the Company is required to make the Second Mandatory Redemption. However, due to the prevailing controls of the State Administration of Foreign Exchange of the PRC and other related PRC policies and regulations which are currently preventing the Company and its applicable Subsidiaries from remitting sufficient funds out of the PRC, regrettably, the Company will not have sufficient offshore funds to make the Second Mandatory Redemption on 27 June 2023, resulting in the occurrence of an Event of Default under Conditions 10(A)(i) and (v) of the Convertible Bonds;
- (e) as disclosed in the announcement of the Company dated 19 June 2023, the Exercise Period expired on 17 June 2023. As at 17 June 2023, the aggregate outstanding principal amount of the Convertible Bonds was U.S.\$75,000,000 and the aggregate principal face value of the Convertible Bonds in respect of which the Paying Agent has received a Relevant Event Redemption Notice on or prior to the expiry of the Exercise Period is US\$20,200,000;
- (f) as disclosed in the announcement of the Company dated 18 August 2023, The Company issued and disseminated to Bondholders a notice of meeting dated 18 August 2023 to request Bondholders to consider and, if thought fit, approve and pass the Extraordinary Resolution at a meeting of the Bondholders to be held on 11 September 2023, which will provide for certain amendments and waivers in relation to the Convertible Bonds; and
- (g) as disclosed in the announcement of the Company dated 12 September 2023, the Meeting was convened and held on 11 September 2023. The Extraordinary Resolution as set out in the Notice of Meeting was duly passed at the Meeting by the requisite majority of Bondholders in accordance with the terms of the Trust Deed. The Proposed Waivers in relation to the Convertible Bonds became immediately effective upon the passing of the Extraordinary Resolution and the occurrence of the Fee Pay Effective Date (which occurred on 12 September 2023). The Second Amended and Restated Trust Deed giving effect to the Proposed Amendments were duly executed by each of the parties thereto. As a result, each present and future holder of the Convertible Bonds were bound by the terms of the Second Amended and Restated Trust Deed.

For further details of the updates in relation to the Convertible Bonds after the reporting period, please refer to the CB Announcements. The Company will make further announcement(s) in relation to the above matters as and when appropriate.

## **PUBLICATION OF INTERIM REPORT**

This interim results announcement is published on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company at [www.mapleleaf.cn](http://www.mapleleaf.cn). The interim report of the Group for the six months ended 28 February 2023 will be despatched to the Shareholders and be made available for review on the aforesaid websites in due course.



## **CONTINUED SUSPENSION OF TRADING**

Trading in the shares of the Company (Stock Code: 1317) and the debt securities of the Company (Debt Securities Stock Code: 40564) on the Stock Exchange has been suspended since 9:00 a.m. on 3 May 2022 due to the delay in publication of the 2022 Interim Results and will remain suspended until the Company fulfils the Resumption Guidance imposed by the Stock Exchange on the Company as described in the announcement of the Company dated 30 May 2022.

**Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

By Order of the Board  
**China Maple Leaf Educational Systems Limited**  
**Shu Liang Sherman Jen**  
*Chairman and Chief Executive Officer*

Hong Kong, 8 October 2023

*As at the date of this announcement, the Board comprises Mr. Shu Liang Sherman Jen, Ms. Jingxia Zhang and Mr. James William Beeke as executive directors; Dr. Kem Hussain as a non-executive director; and Mr. Peter Humphrey Owen, Ms. Wai Fong Wong and Mr. King Pak Lau as independent non-executive directors.*

\* *For identification purposes only*