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

2020
ANNUAL REPORT

* For identification purposes only

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2020 ANNUAL REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Shu Liang Sherman Jen
*(Chairman and Chief Executive Officer ("**CEO**"))*
Ms. Jingxia Zhang
*(Co-Chief Financial Officer ("**Co-CFO**"))*
Mr. James William Beeke

Non-executive Director

Mr. Howard Robert Balloch *(Vice Chairman)**

Independent Non-executive Directors

Mr. Peter Humphrey Owen
Mr. Alan Shaver
Mr. Lap Tat Arthur Wong

AUDIT COMMITTEE

Mr. Lap Tat Arthur Wong *(Chairman)*
Mr. Peter Humphrey Owen
Mr. Alan Shaver

REMUNERATION COMMITTEE

Mr. Peter Humphrey Owen *(Chairman)*
Mr. Alan Shaver
Mr. Howard Robert Balloch*
Mr. James William Beeke#

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

Mr. Shu Liang Sherman Jen *(Chairman)*
Mr. Peter Humphrey Owen
Mr. Alan Shaver

* *Resigned on 30 June 2020*
\# *Appointed on 26 August 2020*

COMPANY SECRETARY

Ms. Wan Mun Yee, Sabine

AUTHORIZED REPRESENTATIVES

Ms. Jingxia Zhang
Ms. Wan Mun Yee, Sabine

AUDITORS

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

LEGAL ADVISORS

As to Hong Kong law
Herbert Smith Freehills

As to PRC law
Tian Yuan Law Firm

As to Cayman Islands law
Maples and Calder (Hong Kong) LLP

CORPORATE INFORMATION

REGISTERED OFFICE

Maples Corporate Services Limited
P.O. Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN CHINA

Maple Leaf Educational Park
6 Central Street
Jinshitan National Tourist Area
Dalian, Liaoning Province 116650
China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1302, 13/F., Tai Tung Building
8 Fleming Road, Wan Chai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODE

1317

COMPANY WEBSITE

www.mapleleaf.cn

INVESTOR RELATIONS

Email: ir@mapleleaf.net.cn
Address: Room 1302, 13/F., Tai Tung Building
8 Fleming Road, Wanchai, Hong Kong

LETTER FROM THE CHAIRMAN

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of China Maple Leaf Educational Systems Limited, I am pleased to present the annual report comprising the consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 August 2020.

RESULTS AND DIVIDENDS

Notwithstanding the significant impact of the pandemic to the global economy, our Group's business has achieved a steady growth for the year ended 31 August 2020. Our total revenue slightly decreased by 2.7% to RMB1,528.6 million. Our profit decreased by 22.2% to RMB509.1 million. The Board of the Company has resolved not to declare a final dividend for the year ended 31 August 2020.

KEY ACHIEVEMENTS

The past year saw a satisfactory growth for the Group through overseas acquisitions and steps taken to pave the way for further expansion abroad.

On 29 January 2020, the Company announced the offer to acquire all the ordinary shares of Kingsley Edugroup Limited ("**Kingsley**"), an international school operator in Malaysia, the ordinary shares of which are listed on GEM of the Stock Exchange, at a price of HK$0.54 per share and the total consideration is approximately HK$432,000,000 (equivalent to approximately RMB391,344,000). On 18 March 2020, the Company received valid acceptances in respect of an aggregate of 779,280,000 shares, representing approximately 97.41% of the entire issued share capital of Kingsley. A total of 20,720,000 shares, representing approximately 2.59% of the entire issued share capital of Kingsley were held by the public. On 22 July 2020, the Company completed the compulsory acquisition of the remaining shares, the listing of the Kingsley shares on the GEM of Stock Exchange was withdrawn with effect from 9:00 a.m. on 24 July 2020. and Kingsley becomes a wholly-owned subsidiary of the Company.

The acquisition of Kingsley would strengthen the brand name of Maple Leaf by increasing the market share of the Group. After the completion of the acquisition, the Group extended the geographical coverage of its education services to Malaysia. The acquisition of Kingsley also allowed the sharing of resources among the schools under both the Group and Kingsley. The acquisition is also an important milestone for the Company's Sixth Five-Year Plan to further expand its educational network globally.

On 22 June 2020, the Company announced that a Sale and Purchase Agreement was entered into with Rainbow Readers Pte. Ltd. to acquire 100% of the issued share capital of Star Readers Pte Ltd. (the "**Target Company**"). The Target Company is the sole shareholder of Canadian International School Pte. Ltd. (''**CIS Pte Ltd**''), the operator of Canadian International School ("**CIS**") in Singapore. CIS is a leading private education institution delivering the International Baccalaureate ("**IB**") curriculum and one of the largest for-profit premium international schools in Singapore in terms of revenue and student enrolment.

The First Closing took place on 26 August 2020. Upon First Closing, the Company has successfully acquired 90% of the issued share capital of the Target Company, and the financial statements of the Target Group will be entirely consolidated into the financial statements of the Group in the next financial year. The First Tranche Consideration of approximately SGD634.0 million, including an amount of approximately SGD220.3 million for the full settlement of the Bank Debt, will be adjusted by

LETTER FROM THE CHAIRMAN

the Closing Adjustment to be derived pursuant to the Sale and Purchase Agreement. Pursuant to the Sale and Purchase Agreement, the Second Closing for the acquisition of the remaining 10% of the issued share capital of the Target Company shall take place after the end of the Academic Year 2022.

In combination with the acquisition of Kingsley, CIS Pte Ltd will provide the Company with a solid and stable platform for further expansion and growth in the ASEAN region through potential bolt-on acquisitions as well as organic growth.

BUSINESS HIGHLIGHTS

The Group operates most of our schools under the "Maple Leaf" brand. Each school year normally runs from the beginning of September each year to the middle of July in the following year in China. At the end of the 2019/2020 school year, a total of 45,604 students were enrolled in 109 schools located in 28 cities in China, Canada, Malaysia, Singapore and Australia, representing a growth of 10.6% compared to the student enrolment as at the end of the 2018/2019 school year. Revenue from tuition and boarding fees increased by 4.4% to RMB1,376.8 million. At the end of the 2019/2020 school year, 2,265 high school students from the class of 2020 graduated from our schools, 216 of whom received offers from QS top 10 universities in the world, and approximately 79% of them received offers from at least one of the Maple Leaf Global Top 100 universities. In the beginning of 2020/2021 school year, we opened a total of four schools using an asset light model in a new city, Hohhot and two cities where we already have schools, namely Xiangyang and Ji'nan. We also opened two self-developed schools in Dalian. Now our Group operates 114 schools located in 23 Chinese cities, three Canadian cities, one Malaysian city, one Australian city and one in Singapore.

OUTLOOK

The 2019/2020 school year is the last year of the Group's Fifth Five-Year Plan. The target student enrollment has been achieved at the end of the year. The Group has established three Maple Leaf Educational School Districts, namely Hainan, Wuhan and Tianjin.

The Group implemented the Sixth Five-Year Plan in September 2020, the overall goal is to establish ten educational school districts in China, and two educational school districts in North America and Asia Pacific areas at the end of the Sixth Five-Year Plan with estimated target enrollment of 110,000 students. The Company also launched Maple Leaf World School Program ("**World School Program**") at the commencement of the 2020/2021 school year. Pursuant to the World School Program, the Company's

LETTER FROM THE CHAIRMAN

high school program in China will be shifting from the British Columbia curriculum to the Maple Leaf World School curriculum. The Company's first batch of graduates from the World School Program will receive the Maple Leaf High School Graduation Diplomas in June 2023, endorsed by Cognia (formerly known as AdvancED), which is the largest school accrediting agency in the world.

Apart from the expansion plan in China, the Board is of the view that further overseas expansion is a part of our long-term growth strategies. We can see the growing demand for bilingual English and Chinese education in "Belt and Road" countries, where China and other countries are making strategic investments in infrastructure and development. The Group believes Maple Leaf has unique advantages in filling up the gap between the limited provision and the huge demand for quality international K-12 education along the Belt and Road. We also believe that our students in China will benefit from a global presence of Maple Leaf branded schools.

The Board is confident that the Group will maintain its leading position as an international school operator in China by combining the best of both Western and Eastern educational philosophies.

INCENTIVE SCHEMES

The Board recognises the importance of the retention and motivation of talents in the implementation of the Sixth Five-Year Plan. The Company has adopted a restricted share award scheme ("**Share Award Scheme**") and a post-IPO share option scheme under which share awards and/or share options will be granted to the Directors, executive officers, senior management, employees and consultants of the Group. The Company also adopted an Employee Share Purchase Plan ("**ESPP**"), and a pension plan (the "**Pension Plan**"). Pursuant to the ESPP, the Group will grant one Share for every three Shares held by employees. According to the Pension Plan, the leaving employees will receive part or all of the funds paid by the Group based on the completed years of service in the Group.

The incentive schemes will assist to attract and retain talents, recognise their contributions, and align their interests with those of the shareholders of the Company (the "**Shareholders**"). As of 31 August 2020, more than 1,300 eligible participants have participated the incentive schemes of the Group.

APPRECIATION

In the exciting moment of celebrating the 6th anniversary of the listing of the Company and the 25th anniversary of the establishment of the Group, I would like to express my heartfelt gratitude to our students' parents, the local governments, and our Shareholders for their continuing support on behalf of the Board. I also wish to thank our fellow Board members and senior management for their contributions and hard work during the year and extend my appreciation to our management, teachers and staff for their endeavors and commitments in providing the highest quality education for tens of thousands of Maple Leaf students.

Shu Liang Sherman Jen
China Maple Leaf Educational Systems Limited
Chairman and Chief Executive Officer

Hong Kong, 30 November 2020

CORPORATE PROFILE

China Maple Leaf Educational Systems Limited (the "**Company**", together with its subsidiaries and consolidated affiliated entities, collectively the "**Group**") is one of the leading international school operators in terms of student enrollment, from preschool to grade 12 ("**K-12**") education, mainly in the People's Republic of China ("**China**" or the "**PRC**").

Founded in 1995, the Group's headquarter is located in Dalian, Liaoning Province, China. With over twenty five years of experience in operating international schools in China, the Group provides high quality K-12 education by combining the merits of both Western and Eastern educational philosophies in 29 cities in China, Canada, Malaysia, Singapore and Australia, namely Dalian, Wuhan, Tianjin, Chongqing, Zhenjiang, Luoyang, Ordos, Shanghai, Pingdingshan, Jingzhou, Yiwu, Huai'an, Pinghu, Xi'an, Haikou, Weifang, Huzhou, Yancheng, Shenzhen, Xiangyang, Luzhou, Ji'nan, Hohhot, Kamloops, Richmond, Thunder Bay, Kuala Lumpur, Singapore and Adelaide.

Maple Leaf Educational System has attained Cognia (formerly known as AdvancED) Corporate Systems accreditation and all of its high schools, middle schools, elementary schools and foreign national schools are accredited by Cognia, the largest school accreditation agency in the world.

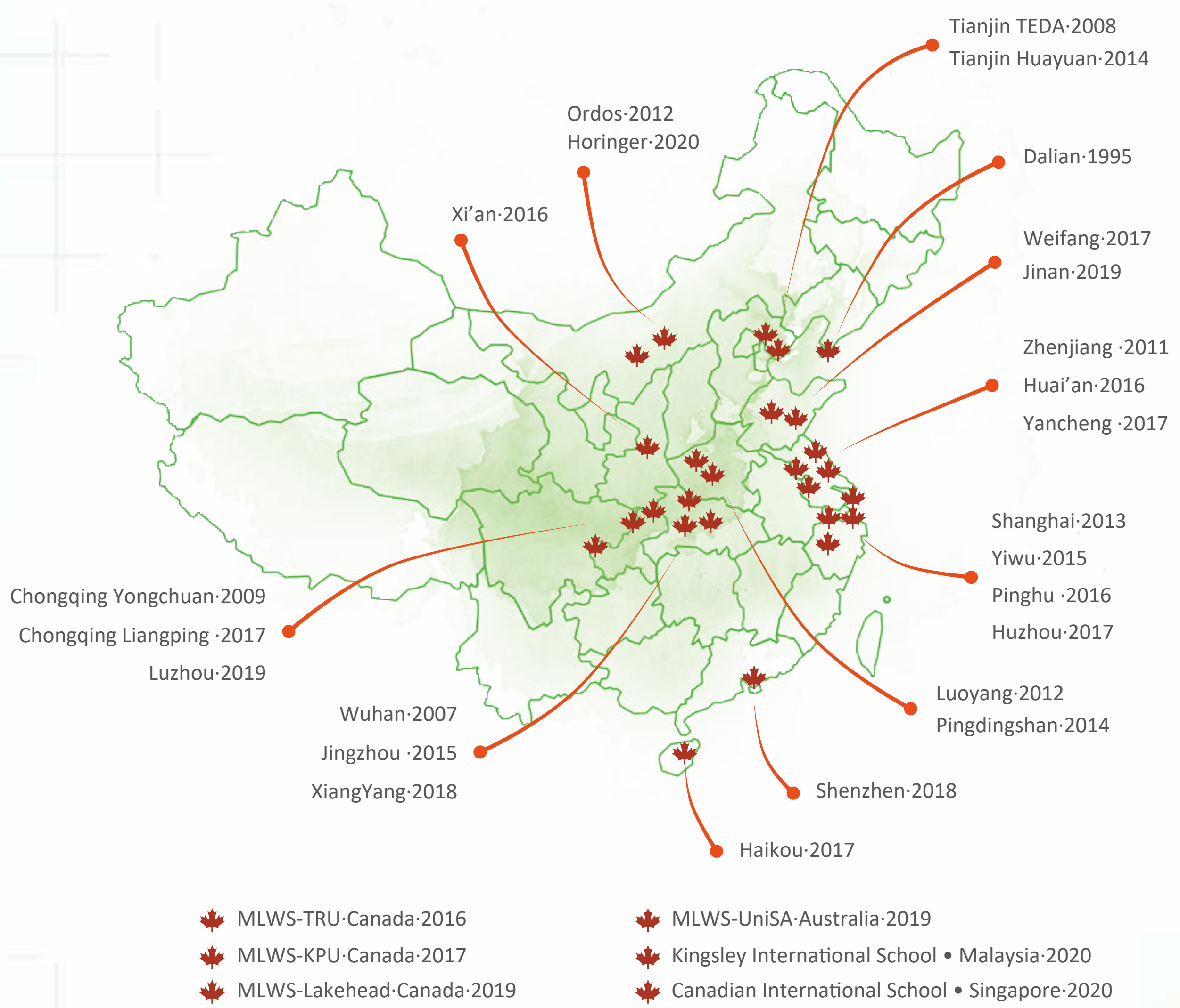
The Group launched the Maple Leaf World School Program, China's first internationally accredited curriculum with self-developed intellectual property, at the commencement of the 2020/2021 school year. The Group's first batch of graduates from the World School Program will receive the Maple Leaf High School Graduation Diplomas in June 2023, endorsed by Cognia.

CORPORATE PROFILE

At the end of the 2019/2020 school year, a total of over 18,600 high school students have successfully completed our high school program and become a significant part of the wave of Chinese studying in post-secondary institutions abroad. The Group graduated 2,265 high school students in the 2019/2020 school year, 216 of whom received offers from QS top 10 universities in the world, including Imperial College London and University College London, and 1,781 graduates, being approximately 79% of them received offers from at least one of the Maple Leaf Global Top 100 universities.

As at 15 October 2020, the Group enrolled 44,338 students and had 3,943 teachers. As of 15 October 2020, we had 114 schools of which 101 are in China, three in Canada, four in Malaysia, five in Singapore and one in Australia, comprising 18 high schools, 29 middle schools, 32 elementary schools, 32 preschools and 3 foreign nationals schools. Approximately 90% of our students are local Chinese mainly from increasingly affluent middle-income families and the rest are from other countries.

OUR SCHOOL NETWORK



FIVE-YEAR FINANCIAL SUMMARY

RESULTS

	Year ended 31 August				
	2016 RMB'000	2017 RMB'000	2018 RMB'000	2019 RMB'000	**2020 RMB'000**
Revenue	829,770	1,083,182	1,341,267	1,570,231	**1,528,608**
Cost of revenue	(428,029)	(543,331)	(717,163)	(835,397)	**(815,383)**
Gross profit	401,741	539,851	624,104	734,834	**713,225**
Profit before taxation	325,890	440,662	547,879	680,899	**522,857**
Profit for the year	307,564	413,723	538,403	654,169	**509,079**
Adjusted net profit (Note)	322,587	437,227	592,393	690,263	**524,745**
Basic earnings per share (RMB cents)	11.57	15.32	19.02	22.20	**17.01**

	Year ended 31 August				
Profitability Margins	2016	2017	2018	2019	**2020**
Gross profit margin	48.4%	49.8%	46.5%	46.8%	**46.7%**
Net profit margin	37.1%	38.2%	40.1%	41.7%	**33.3%**
Adjusted net profit margin	38.9%	40.4%	44.2%	44.0%	**34.3%**

Note: Adjusted net profit was derived from the profit for the year after adjusting for those items which are not indicative of the Group's operating performances, including (i) dividend income from financial assets at fair value through profit or loss and (ii) share-based payments.

OPERATIONAL DATA

	At the end of school year				
	2015/2016	2016/2017	2017/2018	2018/2019	**2019/2020**
Total student enrolment	19,334	26,088	33,478	41,241	**45,604**
Total number of schools	46	60	82	95	**109**
Estimated total capacity for students	30,040	38,660	51,715	60,400	**71,320**
Overall utilisation rate	64.4%	67.5%	64.7%	68.3%	**63.9%**

FIVE-YEAR FINANCIAL SUMMARY

ASSETS AND LIABILITIES

	At 31 August				
	2016 RMB'000	2017 RMB'000	2018 RMB'000	2019 RMB'000	**2020 RMB'000**
Non-current assets	1,941,628	2,672,680	3,005,907	3,475,273	**8,291,609**
Current assets	1,284,696	1,744,238	2,790,223	3,048,461	**2,977,621**
Current liabilities	1,183,564	1,566,413	1,866,728	2,018,979	**4,584,093**
Net current assets/(liabilities)	101,132	177,825	923,495	1,029,482	**(1,606,472)**
Total assets less current liabilities	2,042,760	2,850,505	3,929,402	4,504,755	**6,685,137**
Total equity	2,021,485	2,501,518	3,691,829	4,245,775	**4,623,635**
Non-current liabilities	21,275	348,987	237,573	258,980	**2,061,502**
Total equity and non-current liabilities	2,042,760	2,850,505	3,929,402	4,504,755	**6,685,137**

	At 31 August				
Selected Major Items	2016 RMB'000	2017 RMB'000	2018 RMB'000	2019 RMB'000	**2020 RMB'000**
Property, plant and equipment	1,505,847	1,814,438	2,105,782	2,419,241	**3,842,542**
Bank balances and cash	1,237,902	1,649,296	2,220,694	2,762,328	**1,310,907**
Bank borrowings	–	424,146	431,338	330,989	**3,630,566**
Deferred revenue	802,848	1,008,348	1,168,873	–	**–**
Contract liabilities	–	–	–	1,375,604	**1,506,002**

	At 31 August				
Liquidity	2016	2017	2018	2019	**2020**
Gearing ratio (Note)	–	17.0%	11.7%	7.8%	**78.5%**

Note: The gearing ratio was calculated as total borrowings divided by total equity as at the end of the relevant financial year.

FIVE-YEAR FINANCIAL SUMMARY

OPERATING CASH FLOWS

	Year ended 31 August				
	2016 RMB'000	2017 RMB'000	2018 RMB'000	2019 RMB'000	**2020** **RMB'000**
Net cash from operating activities	532,877	698,681	750,359	857,009	**625,818**

CAPITAL EXPENDITURES

	Year ended 31 August				
	2016 RMB'000	2017 RMB'000	2018 RMB'000	2019 RMB'000	**2020** **RMB'000**
Purchase of property, plant and equipment	146,713	224,071	214,445	135,263	**229,827**

DIVIDEND PER SHARE

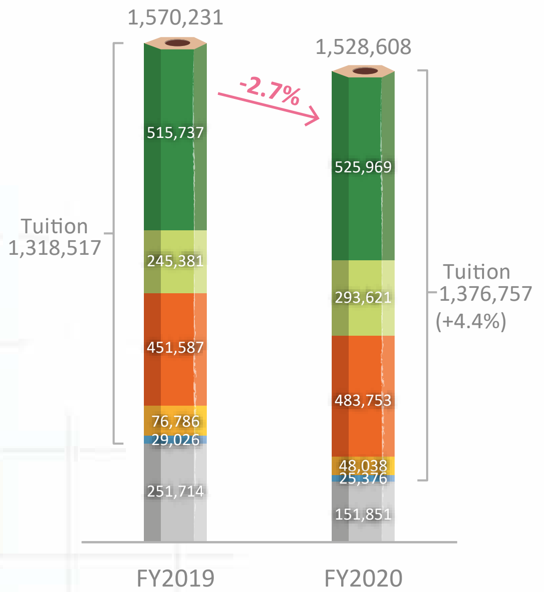
	Year ended 31 August				
	2016 HK$ cents	2017 HK$ cents	2018 HK$ cents	2019 HK$ cents	**2020** **HK$ cents**
Interim dividend	2.1	3.0	4.0	4.7	**–**
Final dividend	2.9	4.3	5.1	5.6	**–**
Special dividend	–	–	–	–	**–**
Total	5.0	7.3	9.1	10.3	**–**

FINANCIAL AND OPERATIONAL HIGHLIGHTS

For the year ended 31 August 2020

REVENUE BY CATEGORY

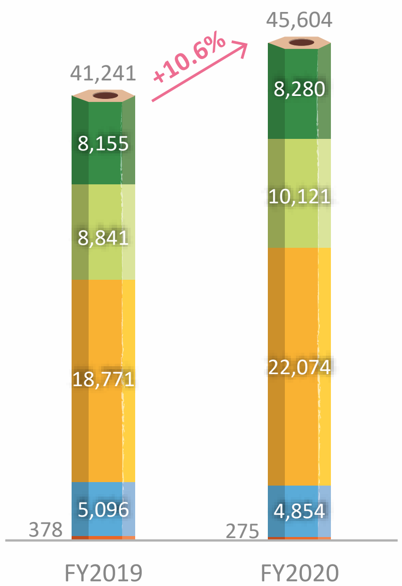
RMB'000



NUMBER OF SCHOOLS BY CATEGORY

High school | Middle school | Elementary school
Pre-school | Foreign national school | Others

STUDENT ENROLMENT



High school | Middle school | Elementary school
Pre-school | Foreign national school

AVERAGE TUITION FEE PER STUDENT*

RMB

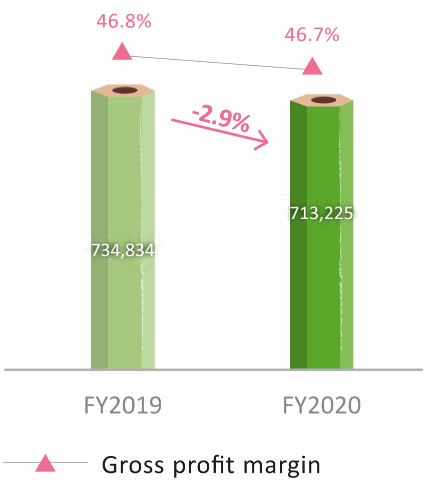
* Average tuition fee per student is calculated by dividing total tuition fees for the year over average total student enrolment during the year

FINANCIAL AND OPERATIONAL HIGHLIGHTS

For the year ended 31 August 2020

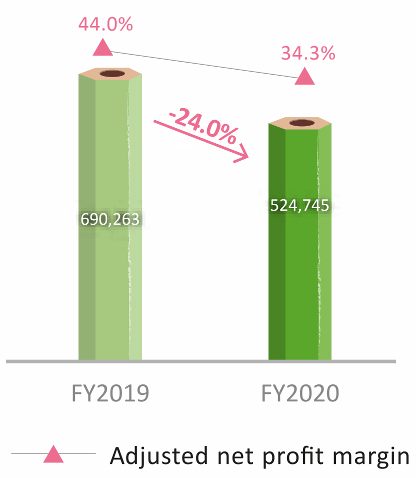
GROSS PROFIT AND MARGIN

RMB'000

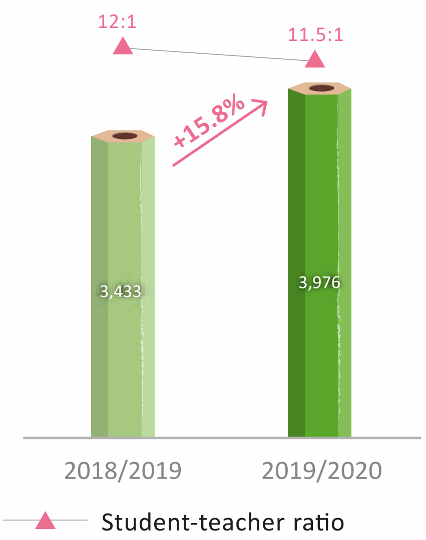


ADJUSTED NET PROFIT AND MARGIN

RMB'000



NUMBER OF TEACHERS AND STUDENT-TEACHER RATIO



SCHOOL CAPACITY AND UTILIZATION

MANAGEMENT DISCUSSION AND ANALYSIS

PERFORMANCE REVIEW

The 2019/2020 school year was the last year of the Group's Fifth Five-Year Plan (from 2015/2016 to 2019/2020 school years) ("**Fifth Five-Year Plan**"). At the end of the school year, our total student enrollment was 45,604. We have achieved the targeted student enrollment pursuant to the Fifth Five-Year Plan. Moreover, the Group has established three educational districts, namely Hainan, Hubei and Tianjin districts. The three districts are advanced setup for our Sixth Five-Year Plan (from 2020/2021 to 2024/2025 school years) ("**Sixth Five-Year Plan**") of ten educational districts. During this school year, we have actively continued our overseas mergers & acquisitions projects, further promoted the expansion of the Group's global school network and completed the acquisitions of two premium international schools, the Canadian International School in Singapore and the Kingsley International School in Malaysia. The global school network has increased from 95 schools as at 31 August 2019 to 109 schools as at 31 August 2020, of which 96 are located in 22 cities in mainland China and 13 are located in Canada, Singapore, Malaysia and Australia.

Although affected by the pandemic globally, the offer letters received by 2,265 high school graduates in the 2019/2020 school year were not affected. Among them, 216 students received offer letters from QS top 10 universities in the world (including Imperial College London and University College London). In addition, 1,781 graduates, approximately 79% of the graduate class, received at least one offer letter from the Maple Leaf Education Global Top 100 universities.

MANAGEMENT DISCUSSION AND ANALYSIS

In the beginning of the 2020/2021 school year, the Maple Leaf World School Program ("**World School Program**") was officially launched in China and we have completed the first year of high school enrollment. World School Program has been developed for five years by Eastern and Western Education Specialists and meeting high academic and curriculum standards. It is the first international program with oriental cultural characteristics in the world. Moreover, World School Program cooperates with two of the world's largest educational institutions, where the benchmarking and recognition by UK NARIC benchmarking accreditation and the certification by Cognia (formerly known as AdvancED). As of November 2020, we have received official support letters from at least 105 universities in 12 countries. We are confident that World School Program will become a world-class program equivalent to A-Level and IB program in the future.

The impact of COVID-19

In early 2020, the global outbreak of COVID-19 impacted the education business of the Group, mainly due to global travel restrictions and various precautionary measures undertaken by respective local authorities which include, inter alia, campus closures and delays in school commencement during the outbreak. The Group has put in place certain alternative action plans for the students during the campus closure period, which include implementation of online teaching and consultation. Maple Leaf applied Canvas online system to optimize the physical experience and quality of lectures in high school. As the mainland pandemic situation gradually improved, all of the Group's schools resumed face-to-face teaching at the commencement of the 2020/2021 school year. Before the opening of the schools, Maple Leaf has thoroughly cleaned and disinfected all campuses and ensured that various pandemic prevention supplies are sufficient to improve campus safety.

Although the Group has taken active measures to minimize the impact of the pandemic, our operations have been affected considerably. During the pandemic, our Group refunded approximately RMB38 million tuition and boarding fees in accordance with the requirements of relevant local government authorities. At the same time, the Group's preschool business barely operated in the second half of the school year, which reduced revenue by nearly RMB30 million. The Group's non-tuition fee income took the biggest hit. In order to ensure the safety of students, we cancelled the winter and summer camps for the whole year, which reduced revenue by more than RMB50 million. Moreover, due to the closure of the campuses during the pandemic, which reduced the service income from other sources by RMB15 million. Regardless of the impact of the pandemic, the Group's business has achieved a steady growth in this school year as compared to the same period last year.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's Market Position

With over 25 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, bilingual K-12 education and combining the merits of both Western and Eastern educational philosophies. Furthermore, the Maple Leaf Educational System has attained Cognia Corporate Systems accreditation and all of its high schools, middle schools, elementary schools and foreign national schools are accredited by Cognia, the largest school accreditation agency in the world. Our middle and elementary schools provide Chinese compulsory education with English enhancement classes to students. Our preschools provide a game-based, bilingual curriculum designed and developed by Maple Leaf Educational Systems.

The Group targets mainly Chinese students from increasingly affluent middle-income families in China who aim to pursue higher education abroad and for whom our tuition fees are affordable and competitive. The Group mainly operates its schools in China under the "Maple Leaf" brand, most of which are located in second and third-tier cities in China (with the exception of Shanghai and Shenzhen being first-tier cities). As of 31 August 2020, over 18,600 high school students have successfully completed our high school program and become a significant part of the wave of Chinese studying in post-secondary institutions abroad.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group launched the World School Program, China's first internationally accredited curriculum with self-developed intellectual property, at the commencement of the 2020/2021 school year. The Company's first batch of graduates from the World School Program will receive the Maple Leaf High School Graduation Diplomas in June 2023, endorsed by Cognia. The World School Program was developed by Maple Leaf curriculum experts and meets high academic and curriculum standard, which will prepare students well for entering into the world's top ranked universities. The World School Program has obtained the benchmarking agreement with UK NARIC and accreditation of 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.

BUSINESS REVIEW

Student Enrolment

	At the end of school year			
	2019/2020	**% of Total**	2018/2019	% of Total
High school	**8,280**	**18.2**	8,155	19.8
Middle school	**10,121**	**22.2**	8,841	21.4
Elementary school	**22,074**	**48.4**	18,771	45.5
Preschool	**4,854**	**10.6**	5,096	12.4
Foreign national school	**275**	**0.6**	378	0.9
Total number of students enrolled	**45,604**	**100**	41,241	100

The total number of students enrolled at the end of the 2019/2020 school year increased by 4,363 or 10.6%, which mainly came from the newly acquired Kingsley International School in Malaysia in March 2020 and Canadian International School ("**CIS**") in Singapore in August 2020. The total enrollment in overseas campuses was 4,255 as at the end of 2019/2020 school year compared to 137 as at the end of the 2018/2019 school year.

At the end of the 2019/2020 school year, the proportion of high school students decreased while the aggregate proportion of middle school and elementary school students increased largely due to the addition of 4 middle schools and 5 elementary schools in the 2019/2020 school year. This was in line with the Group's strategic objective of increasing the capacity of the Group's middle schools for the Group's high schools, improving the preparedness for high school entrants and reducing the need for student intake outside the Maple Leaf system.

MANAGEMENT DISCUSSION AND ANALYSIS

Average Tuition Fee per Student

	For the year ended 31 August	
	2020	2019
Tuition fees *(RMB'000)*	**1,376,757**	1,318,517
Average student enrolment*	**43,422**	37,359
Average tuition fee per student# *(RMB'000)*	**31.7**	35.3

* *Average student enrolment is calculated as the average of the total number of students enrolled at the end of two consecutive school years.*

\# *Average tuition fee per student is calculated by dividing tuition fees for the year ended 31 August of the relevant year over average student enrolment.*

Average tuition fee per student decreased by approximately 10.2% due to the combined effect of (i) the tuition and boarding fee refund due to the pandemic; (ii) the closure of preschools due to the pandemic; (iii) an increase in the number of students enrolled in the middle schools, elementary schools and preschools which charge a relatively lower tuition fee as compared to the average tuition fee charged by the Group and (iv) the tuition income from the newly acquired CIS having not been consolidated into the revenue of the Group.

The Group's Schools

14 new schools were added to the Group's school network for the year ended 31 August 2020, including a preschool, an elementary school, a middle school, a high school in Kuala Lumpur, Malaysia; an elementary school and a middle school in Ji'nan, Shandong Province; an elementary school and a middle school in Xiangyang, Hubei Province; a preschool, two elementary schools, a middle school and a high school in Singapore and a high school in Thunder Bay, Ontario, Canada.

As at 31 August 2020, the Group had 109 schools located in 28 cities in China, Canada, Malaysia, Singapore and South Australia, namely Dalian, Wuhan, Tianjin, Chongqing, Zhenjiang, Luoyang, Ordos, Shanghai, Pingdingshan, Jingzhou, Yiwu, Huai'an, Pinghu, Xi'an, Haikou, Weifang, Huzhou, Yancheng, Shenzhen, Xiangyang, Luzhou, Ji'nan, Kamloops, Richmond, Thunder Bay, Kuala Lumpur, Singapore and Adelaide. The following table shows a summary of the Group's schools by category as at the end of the two financial years:

	As at 31 August	
	2020	2019
High schools	**18**	15
Middle schools	**28**	24
Elementary schools	**30**	25
Preschools	**30**	28
Foreign national schools	**3**	3
Total	**109**	95

MANAGEMENT DISCUSSION AND ANALYSIS

Utilisation of the Group's Schools

Utilisation rate is calculated as the number of students divided by the estimated capacity of a given school. Except for our preschools and foreign national schools, our schools are generally boarding schools. For our boarding schools, the capacity for students is based on the number of beds in their dormitories. For our preschools, the capacity for students is based on the number of beds used for napping in the schools. For our foreign national schools, the capacity for students is based on the number of desks in their classrooms.

	As at the end of school year	
	2019/2020	2018/2019
Total number of students enrolled	**45,604**	41,241
Total capacity	**71,320**	60,400
Overall utilisation	**63.9%**	68.3%

Total capacity for students increased due to the addition of 14 new schools during the school year. The 4.4% decrease in the overall utilisation rate was due to the utilization rate of newly opened schools in Ji'nan, Xiangyang and newly acquired schools in Kuala Lumpur being lower than the average utilisation rate of the existing schools.

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 certified teachers form a core group within our teaching staff, allowing us to maintain the quality of our educational services while undergoing expansion.

	As at the end of school year	
	2019/2020	2018/2019
Total number of certified teachers	**3,976**	3,433

The total number of certified teachers increased primarily because more certified teachers were recruited for the addition of 14 schools during the 2019/2020 school year. Our student-teacher ratio slightly decreased from 12:1 at the end of the 2018/19 school year to 11.5:1 at the end of the 2019/2020 school year due to the lower than average student-teacher ratio, 10.3:1, in CIS.

MANAGEMENT DISCUSSION AND ANALYSIS

RECENT BUSINESS UPDATE

Growth in Student Enrolment as at 15 October 2020

	As at 15 October		Change	Percentage Change
	2020	2019		
Total number of students enrolled	**44,338**	41,508	+2,830	+6.8%

The financial year of the Group ends on 31 August each year, while its school year normally runs from the beginning of September each year to the middle of July in the next year and each school year is divided into two terms in China. The number of students enrolled may vary from time to time in each school year. The above student enrolment numbers as at 15 October represent unaudited internal statistics of the total number of students enrolled in the first term of the relevant school year and are used for comparison purposes only.

According to the Group's experience, the Group expects student enrolment to further increase in the second half of the 2020/2021 school year because additional students will generally be admitted in the second term.

MANAGEMENT DISCUSSION AND ANALYSIS

New Schools Opened in September 2020

As of 30 September 2020, the Group opened the following 6 new schools in China, 4 of which used an asset light model and after which the total number of schools increased to 114.

City	Number of schools	Category of schools	Estimated Student Capacity
Horinger New Area, Hohhot, Inner Mongolia Province	2	Middle school and elementary school	1,080
Ji'nan, Shandong Province	1	High school	–
Dalian, Liaoning Province	2	Elementary school and preschool	–
Xiangyang, Hubei Province	1	Preschool	–

Acquisition of Kingsley, Malaysia

On 29 January 2020, the Company announced the offer to acquire all the ordinary shares of Kingsley Edugroup Limited ("**Kingsley**"), the ordinary shares of which are listed on GEM of the Stock Exchange, at a price of HK$0.54 per share and the total consideration is approximately HK$432,000,000 (equivalent to approximately RMB391,344,000). On 18 March 2020, the Company received valid acceptances in respect of an aggregate of 779,280,000 shares, representing approximately 97.41% of the entire issued share capital of Kingsley. A total of 20,720,000 shares, representing approximately 2.59% of the entire issued share capital of Kingsley were held by the public. As Kingsley does not fulfil the public float requirement as set out under the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**"), the shares of Kingsley were suspended from trading from 19 March 2020 due to insufficient public float pursuant to Rule 11.23(7) of GEM Listing Rules. The Company exercised the compulsory acquisition rights to which it is entitled under Rule 2.11 of the Takeovers Code and the Companies Law to privatize Kingsley. On 22 July 2020, the Company completed the compulsory acquisition of the remaining shares, and Kingsley becomes a wholly-owned subsidiary of the Company. The listing of the Kingsley shares on the GEM of Stock Exchange was withdrawn with effect from 9:00 a.m. on 24 July 2020. Please refer to the announcements and circular of the Company dated 29 January 2020, 19 February 2020, 25 February 2020, 26 February 2020, 28 February 2020, 18 March 2020, 27 May 2020, 22 June 2020, 17 July 2020 and 23 July 2020 for further details.

MANAGEMENT DISCUSSION AND ANALYSIS

The acquisition of Kingsley would strengthen the brand name of Maple Leaf by increasing the market share of the Group. After the completion of the acquisition, the Group extended the geographical coverage of its education services to Malaysia. The acquisition of Kingsley also allowed the sharing of resources among the schools under both the Group and Kingsley. The acquisition is also an important milestone for the Company's Sixth Five Year Plan to further expand its educational network globally.

Acquisition of CIS, Singapore

On 22 June 2020, the Company announced that a Sale and Purchase Agreement was entered into with Rainbow Readers Pte. Ltd. to acquire 100% of the issued share capital of Star Readers Pte. Ltd. (the "**Target Company**"). The Target Company is the sole shareholder of Canadian International School Ptd. Ltd., the operator of CIS in Singapore.

CIS is a leading private education institution and one of the largest for-profit premium international schools in Singapore in terms of revenue and student enrolment. Operating under the Canadian International School brand, CIS delivers the International Baccalaureate ("**IB**") curriculum to Nursery/Pre-Kindergarten up to grade 12 students, with approximately 3,500 students across two campuses, namely the Tanjong Katong campus located in eastern region of the Central Region of Singapore and the Lakeside campus located in the West Region Singapore, which is undergoing expansion.

MANAGEMENT DISCUSSION AND ANALYSIS

The acquisition of CIS allows the Company to tap the excellent academic track record, strong IB program and differentiated interdisciplinary programmes of CIS, including specifically the English/Chinese bilingual programme which the Company aims at further enhancing and promoting, leveraging its resources and expertise of operating international schools in the PRC.

Given the growing economic influence of the PRC in the ASEAN region, it is expected that Singapore will continue to witness further investments from Chinese companies and increasing immigration of PRC nationals. With a presence in 23 cities in the PRC, the Company is ideally positioned to promote the global network of schools it operates in various regions including CIS in Singapore and would be able to leverage its existing marketing channels to source prospective students as well as to recruit native Chinese academic staff. The Company may also benefit from CIS's 30-year track record in Singapore in establishing and promoting a new campus at Hillside Drive in Singapore, which the Company acquired in 2016. The Hillside Drive school has a capacity of 800 students and is currently leased to Hillside World Academy until 30 June 2022.

The First Closing took place on 26 August 2020. Upon First Closing, the Company has successfully acquired 90% of the issued share capital of the Target Company, and the financial statements of the Target Group will be entirely consolidated into the financial statements of the Group. The First Tranche Consideration of approximately SGD634.0 million, including an amount of approximately SGD220.3 million for the full settlement of the Bank Debt, will be adjusted by the Closing Adjustment to be derived pursuant to the Sale and Purchase Agreement. Pursuant to the Sale and Purchase Agreement, the Second Closing for the acquisition of the remaining 10% of the issued share capital of the Target Company shall take place after the end of the Academic Year 2022.

In combination with the acquisition of Kingsley, CIS will provide the Company with a solid and stable platform for further expansion and growth in the ASEAN region through potential bolt-on acquisitions as well as organic growth.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE DEVELOPMENT

Our goal is to maintain and further strengthen our position as the leading international school operator in China and to expand our school network to major cities in the PRC and outside of the PRC. The Group implemented the Sixth Five-Year Plan to map its future development.

Educational School District Development Strategy

Under the School District Development Strategy, over the next five years the Group intends to establish (i) up to 10 school districts in the PRC with a target enrollment of 100,000 students; and (ii) two offshore school districts with a target enrollment of at least 10,000 students. The Group aims to build Maple Leaf World Schools in approximately 50 cities worldwide, with around 150 campuses within and outside of the PRC and a total target enrollment of around 110,000 students. Implementation of this strategy is expected to enable the Group to become one of the largest international school operators in the global K-12 education sector.

Standard Implementation Strategy

Under the Standard Implementation Strategy, over the next five years the Group intends to fully implement the World School Program and complete its benchmarking against the A-Level and Canadian British Columbia ("**BC**") Programs. Pursuant to the World School Program, the Company's high school program in China will be shifting from the BC curriculum to the World School curriculum. The Company's first batch of graduates from the World School Program will receive the Maple Leaf High School Graduation Diplomas in June 2023 endorsed by Cognia, which is the largest school accrediting agency in the world.

Overseas Expansion

Overseas expansion is 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 in other regions of the world, such as Southeast Asia and North America. Accordingly, the Group believes that with its unique advantages in having both English and Chinese curricula, and both ESL and CSL programs, it is well 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 in the Southeast Asian countries.

University Placements

The quality of Maple Leaf education is reflected in the achievements of our students. As of August 2020, 2,265 Maple Leaf high school students of the class of 2020 have received over 8,400 offers from universities in 17 countries. The total offers received exceeded last year's record for the same period. The rate of our university placements continues to rise. As of August 2020, 216 of our students have received offers from QS Top 10 universities including prestigious University College London and Imperial College in the United Kingdom. The offers received in aggregate exceeded last year's record for the same period significantly.

Maple Leaf maintains long-term relationships with a significant number of universities and colleges around the world. Various universities and colleges have a memorandum of understanding with us to facilitate the admissions process for our high school graduates. Our Group holds annual university and college recruitment fairs on our campuses and provides consulting services to assist our students in making informed decisions about the universities and colleges they choose to attend. In addition, we assist our students with respect to admissions, visas and scholarships to prepare them for studying abroad. We believe that our services ensure a smooth transition for our students from our high schools to post-secondary educational institutions.

Conclusion

Pursuant to the Six Five-Year Plan, the Group will continue to adopt multiple expansion strategies including, but not limited to, increasing our enrollment, increasing tuition fee rate, building more asset-light schools, acquiring schools with synergy to the Group, and expanding our established schools to achieve the growth targets in both the PRC and overseas, and to strive to become one of the largest K-12 international school operators in the world.

MANAGEMENT DISCUSSION AND ANALYSIS

OTHER UPDATE

Latest Development of the Implementation Rules for the Law for Promoting Private Education

Interpretation of the major terms of the Draft for Review

On 10 August 2018, the Ministry of Justice issued the "Implementation Rules for the Law for Promoting Private Education of the People's Republic of China (Revised Draft) (Draft for Review)" (《中華人民共和國民辦教育促進法實施條例(修訂草案) (送審稿)》) (the "**Draft for Review**") for public consultation. The Draft for Review outlines the detailed implementation measures for the top-level design of the classified management system of the higher level law of the Law for Promoting Private Education, which helps to regulate and facilitate the classified management, classified support and classified development of private education in China, with an aim to promote the distinctive and quality development of private education by catering to the diversified and selective demands of different families for education in the new era.

The Draft for Review proposes certain restrictive measures such as "contractual arrangements", "education groups" and "connected transactions" to protect the legitimate interests and rights of non-profit schools, safeguarding in particular the property interest of non-profit schools and preventing the improper transfer of operating revenue of non-profit schools. These restrictive regulations represent the acknowledgement of the objective existence of "education groups" and "connected transactions" by the government, and also set out regulatory principles without detailed regulatory measures, which shall be implemented by the local governments through system innovation according to the development of their respective local economy and private education after the passing of the Draft for Review.

While strengthening the regulation of private schools, the Draft for Review specifies that private schools shall be entitled to tuition fee autonomy and tax preference policies enjoyed by public schools, which will be beneficial to the operation of schools operated by entities under the listed education groups. The new law allows private schools to enroll students from various regions after filing with the relevant authorities, which will not only enlarge the coverage of recruitment regions of private schools but also enrich their source of students, increasing the number of enrolled students in such schools.

The Draft for Review proposes classified reform on existing private schools, which shall be conducted in a smooth and orderly manner after taking into consideration of the history and actual situation of such schools.

After the issue of the Draft for Review on 10 August 2018, some local governments such as Sichuan and Wenzhou have issued their own Local Implementation Rules for the Law for Promoting Private Education, with an aim to encourage the expansion of resources to develop quality private education, enlarging the operational scale of the schools and realizing the group-oriented development of private schools, which represents the initial legislation intention by the state and local governments to encourage the healthy development of private education.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group derives revenue from tuition fees from the Group's high schools, middle schools, elementary schools, preschools and foreign national schools, the sale and lease of textbooks and other educational materials to the Group's students, fees from the Group's summer and winter camps and other educational services and revenue from self-operated supermarkets on the Group's campuses.

The total revenue of the Group decreased by RMB41.6 million, or 2.7%, from RMB1,570.2 million for the financial year ended 31 August 2019 to RMB1,528.6 million for the financial year ended 31 August 2020. The decrease was primarily due to the decrease in revenue from summer and winter camps by RMB50.7 million and the decrease in revenue from other sources by RMB43.4 million as a result of the COVID-19 pandemic.

Revenue from tuition fees increased by 4.4% from RMB1,318.5 million for the financial year ended 31 August 2019 to RMB1,376.8 million for the financial year ended 31 August 2020, mainly due to the combined effect of (i) an increase in overall student enrolment; (ii) a decrease in revenue from preschools due to the closure of schools as a result of the COVID-19 pandemic and (iii) a refund in tuition and boarding fees as a result of the COVID-19 pandemic. Revenue from others decreased by 39.7% from RMB251.7 million for the financial year ended 31 August 2019 to RMB151.9 million for the financial year ended 31 August 2020, mainly due to a decrease in summer and winter camps and other sources as a result of the COVID-19 pandemic.

Cost of Revenue

The Group's cost of revenue primarily consists of staff costs, depreciation and amortisation, other training expenses and other costs. Staff costs consist of salaries and benefits paid to the Group's teachers and other teaching staff. Depreciation and amortisation relate to the depreciation of property and equipment and the amortisation of books for lease. Training expenses relate to travel expenses and other expenses incurred in connection with the Group's summer and winter camps overseas. Other costs include daily operating expenses of the Group's schools and facilities, including the utility costs, the cost of furniture at the Group's schools, the cost of maintaining the Group's facilities.

Cost of revenue decreased by RMB20.0 million, or 2.4%, from RMB835.4 million for the financial year ended 31 August 2019 to RMB815.4 million for the financial year ended 31 August 2020. The decrease was largely due to a decrease in other training costs by RMB32.9 million, an increase in depreciation and amortization by RMB18.0 million, and a decrease in other costs by RMB6.3 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Teaching staff costs increased by 0.2% from RMB526.1 million for the financial year ended 31 August 2019 to RMB527.3 million for the financial year ended 31 August 2020, primarily due to an increase in the number of teachers from 3,433 as at the end of the 2018/2019 school year to 3,976 as at the end of the 2019/2020 school year. Depreciation and amortization increased from RMB90.7 million for the financial year ended 31 August 2019 to RMB108.7 million for the financial year ended 31 August 2020, primarily due to additional depreciation charge for our schools in Kingsley and Hainan during the year. Other training costs decreased from RMB44.2 million for the financial year ended 31 August 2019 to RMB11.3 million for the financial year ended 31 August 2020, primarily due to a decrease in the training activities due to the COVID-19 pandemic.

Gross Profit

As a result of the foregoing, gross profit decreased by 2.9% from RMB734.8 million for the financial year ended 31 August 2019 to RMB713.2 million for the financial year ended 31 August 2020. Our gross margin decreased from 46.8% for the financial year ended 31 August 2019 to 46.7% for the financial year ended 31 August 2020, primarily due to closing of preschools and reduced income from summer and winter camps as a result of the COVID-19 pandemic.

Investment and Other Income

Investment and other income consist mainly of interest income from our bank deposits, rental income from investment properties and government grants. Investment and other income decreased by 2.9% from RMB61.6 million for the financial year ended 31 August 2019 to RMB59.8 million for the financial year ended 31 August 2020. Bank interest income decreased by 26.0% from RMB36.2 million for the financial year ended 31 August 2019 to RMB26.8 million for the financial year ended 31 August 2020. For the financial year ended 31 August 2020, government grants increased by RMB5.0 million primarily due to more grants received from government during this year.

Other Gains and Losses

Other gains and losses consist primarily of interest income on wealth product, gains on the extinguishment of other payables and foreign exchange gains and losses. Other gains and losses decreased from a gain of RMB128.8 million for the financial year ended 31 August 2019 to a gain of RMB25.5 million for the financial year ended 31 August 2020. The decrease was mainly attributable to the combined effects of (i) a decrease in net gain on foreign exchange of RMB16.0 million, (ii) a decrease in gain on disposal of short-term investments by RMB20.8 million, (iii) the impairment loss on construction in progress of RMB7.3 million and (iv) a decrease in gain on the extinguishment of other payables by RMB60.8 million.

Marketing Expenses

Marketing expenses mainly consist of commercials and expenses for producing, printing and distributing advertising and promotional materials, and salaries and benefits for personnel engaged in selling and marketing activities. Marketing expenses decreased by 5.3% from RMB34.0 million for the financial year ended 31 August 2019 to RMB32.2 million for the financial year ended 31 August 2020. Marketing expenses as a percentage of revenue decreased from 2.2% for the year ended 31 August 2019 to 2.1% for the year ended 31 August 2020, primarily due to a decrease in advertising and promotional expenses and student placement related expenses.

Administrative Expenses

Administrative expenses consist primarily of the salaries and other benefits for general and administrative staff, depreciation of office buildings and equipment, travel expenses, employee share options and certain professional expenses. Administrative expenses increased by 13.0% from RMB199.3 million for the financial year ended 31 August 2019 to RMB225.2 million for the financial year ended 31 August 2020, as the Group has increased staff salaries from September 2019. Administrative expenses as a percentage of total revenue increased from 12.7% for the financial year ended 31 August 2019 to 14.7% for the year ended 31 August 2020 as a result of the acquisition of Kingsley international school and CIS.

Finance Costs

For the financial year ended 31 August 2020, finance costs mainly represented interest expenses for secured bank borrowings. Finance costs increased from RMB11.0 million for the financial year ended 31 August 2019 to RMB18.3 million for the financial year ended 31 August 2020 primarily due to the recognition of lease liabilities as the result of the application of IFRS 16 for the first time in this reporting period.

Profit before Taxation

As a result of the foregoing, the Group recorded a profit before taxation of RMB522.9 million for the financial year ended 31 August 2020, compared to RMB680.9 million for the financial year ended 31 August 2019. Profit before taxation as a percentage of revenue of the Group was 34.2% for the financial year ended 31 August 2020, compared to 43.4% for the financial year ended 31 August 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Taxation

Income tax expense of the Group decreased from RMB26.7 million for the financial year ended 31 August 2019 to RMB13.8 million for the financial year ended 31 August 2020, mainly due to a decrease in taxable income from canteen and summer and winter camps business as a result of the COVID-19 pandemic. The effective tax rates of the Group for the financial years ended 31 August 2020 and 2019 were 2.6% and 3.9% respectively. The decrease in the Group's effective tax rate was primarily due to the decrease of non-tuition income which is subject to a maximum EIT rate of 25%.

Profit for the Year

As a result of the above factors, profit for the year of the Group decreased by 22.2% from RMB654.2 million for the financial year ended 31 August 2019 to RMB509.1 million for the financial year ended 31 August 2020. The decrease in profit for the year ended 31 August 2020 is mainly due to the reduced profit from preschools and summer and winter camps as a result of the COVID-19 pandemic.

Adjusted Net Profit

Adjusted net profit was derived from adjusting the profit for the year for those non-recurring items which are not indicative of the Group's operating performances. The following table reconciles profit for the year to adjusted net profit for both financial years:

	Year ended 31 August	
	2020	2019
	RMB'000	RMB'000
Profit for the year	**509,079**	654,169
Add:		
Dividend income from financial assets at fair value through profit or loss	**(511)**	(497)
Share-based payments	**16,177**	36,591
Adjusted net profit	**524,745**	690,263

Adjusted net profit for the year ended 31 August 2020 decreased by RMB165.5 million or 24.0%. Adjusted net profit margin was 34.3% for the year ended 31 August 2020, compared to 44.0% for the year ended 31 August 2019.

Capital Expenditures

For the year ended 31 August 2020, the Group paid RMB229.8 million for property and equipment primarily related to the buildings for certain schools in Wuhan, Hubei Province and Tianjin. For the year ended 31 August 2019, the Group paid RMB135.3 million for property and equipment primarily related to the buildings of schools in Yiwu, Zhejiang Province, Tianjin Teda and Maple Leaf Red Clothing Company.

Liquidity, Financial Resources and Capital Structure

The following table sets forth a summary of the Group's cash flows for the two financial years:

	Year ended 31 August	
	2020	2019
	RMB'000	RMB'000
Net cash from operating activities	**625,818**	857,009
Net cash used in investing activities	**(3,683,869)**	(38,356)
Net cash from (used in) financing activities	**1,616,747**	(304,066)
Net (decrease) increase in cash and cash equivalents	**(1,441,304)**	514,587
Cash and cash equivalents as at 1 September	**2,762,328**	2,220,694
Effect of foreign exchange rate changes	**(10,117)**	27,047
Cash and cash equivalents as at 31 August represented by bank balances and cash	**1,310,907**	2,762,328

As at 31 August 2020, the Group's bank balances and cash amounted to RMB1,310.9 million, which were mainly denominated in USD and SGD. Bank balances and cash decreased mainly because certain of the funds used for acquisition of CIS are short-term financing.

As at 31 August 2020, the Group's bank borrowings were RMB3,630.6 million which were mainly denominated in SGD, with variable interest rates with reference to Singapore Interbank Offered Rate. Of the Group's bank borrowings as at 31 August 2020, 63% will mature within one year and the remaining 37% will mature after one year. These bank borrowings were secured by the Group's bank deposits and investment properties.

The Group expects that its future capital expenditures will be financed primarily by its internal resources.

MANAGEMENT DISCUSSION AND ANALYSIS

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. Gearing ratio increased from 7.8% for the year ended 31 August 2019 to 78.5% for the year ended 31 August 2020 primarily due to debt financing being used for acquisition of CIS during this year.

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, CAD, MYR and SGD. As at 31 August 2020, 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

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 (the "**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 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 has now 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. Zhixin Case is still in the process of filing pleadings by both parties.

Based on information currently available to the Company, it is not possible to estimate the financial effect of the Zhixin Case. As at 31 August 2020, the Company has not made any provision in respect of the Zhixin Case. The Company will provide an update as and when there is any material development in this matter.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Pledge of Assets

As at 31 August 2020, the Group pledged a total bank deposits of RMB1,544.7 million and certain investment properties with an aggregate carrying amount of RMB339.6 million to certain licenced banks for certain banking facilities.

Material Acquisition and Disposal of Subsidiaries

Save as disclosed above, the Group had no other material acquisition and disposal of subsidiaries during the year ended 31 August 2020.

Significant Investment Held

As at 31 August 2020, no significant investment was held by the Group.

Employee Benefits

As at 31 August 2020, the Group had 6,781 (2019: 6,170) 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 and a share award scheme set up for its employees and other eligible persons. Salaries and other benefits of the Groups' 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 employee remuneration (excluding directors' remuneration) for the year ended 31 August 2020 amounted to RMB629.5 million (2019: RMB625.8 million).

Pension Plan

To ensure the smooth implementation of the Sixth Five-Year Plan, the Group has devised incentive plans aimed 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 this proposed pension plan, every month a sum amounting to 3% 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.

DIRECTORS AND SENIOR MANAGEMENT

OUR BOARD OF DIRECTORS

Name	Age	Position/Title	Date of Appointment
Shu Liang Sherman Jen	66	Executive Director, Chairman of the Board, CEO and President of China Operations	June 2007
Jingxia Zhang	63	Executive Director and Co-CFO	March 2008
James William Beeke	70	Executive Director and Superintendent of Global Education (other than PRC)	April 2014 (2)
Peter Humphrey Owen	73	Independent Non-executive Director	June 2014 (1)
Alan Shaver	73	Independent Non-executive Director	August 2019
Lap Tat Arthur Wong	60	Independent Non-executive Director	June 2014 (1)

Notes:

(1) *Effective from the listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 28 November 2014.*

(2) *Mr. James William Beeke worked for the Group from 2005 to 2009 and again from 2014 up to now, he was appointed as Director from 12 March 2008 to 20 January 2010 and reappointed on 25 April 2014.*

Executive Directors

Shu Liang Sherman Jen ("Mr. Jen"), aged 66, is our controlling Shareholder (the "**Controlling Shareholder**") and founder. Mr. Jen was appointed as a Director in June 2007 and was re-designated as an executive Director and was appointed as chairman of the nomination and corporate governance committee of our Company, both taking effect on 28 November 2014, and is primarily responsible for the overall business and strategy of our Group, including the introduction of the dual diploma school model. He has been the chairman of the Board, CEO of our Company since 2007, and co-chief executive officer ("**Co-CEO**") since March 2014. Mr. Jen was re-designated as CEO on 15 August 2016 following the resignation of the other Co-CEO and was appointed as the president of China operations on 1 September 2016.

Mr. Jen is also the president of Dalian Maple Leaf International School, a subsidiary of the Company, since 1995, the chairman of Dalian Maple Leaf Educational Group Co., Ltd., a consolidated affiliated entity, since 2003, and the director of Maple Leaf Educational Systems Limited, a subsidiary of the Company, since 1992, Tech Global Investment Limited, a subsidiary of the Company, since 2007, Maple Leaf Education Asia Pacific Limited (formerly known as Hong Kong Maple Leaf Educational Systems Limited), a subsidiary of the Company, since 2009, Dalian Beipeng Educational Software Development Inc., a subsidiary of the Company, since 2011, Maple Leaf CIS Holdings Pte. Limited, a subsidiary of the Company, since March 2020. Mr. Jen was appointed as the executive Director and the chairman of the Board of Directors of Kingsley Edugroup Limited ("**Kingsley**"), a newly acquired subsidiary of the Company listed on the GEM board of the Stock Exchange (stock code: 8105) on 19 March 2020 and as a director of Kingsley International Sdn. Bhd., an indirect subsidiary of the Company on 30 April 2020. Mr. Jen remains as executive Director and chairman of Kingsley after it was delisted on 24 July 2020. Mr. Jen was also appointed as a director of Star Readers Pte. Ltd., a subsidiary of the Company and Canadian International School Pte. Ltd., an indierct subsidiary of the Company, both on 26 August 2020. His contributions lead us to become one of the leading international school service providers in China.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Jen has more than 25 years of experience in the education industry. In 2004, he was selected as one of the most influential figures in the private education industry in China by sohu.com. In 2005, he received the Outstanding Chinese Entrepreneur Award from the Overseas Chinese Affairs Office of the State Council of the PRC. In 2011, he was honored as one of the "Top Ten Figures of our Time" by a group of media organizations and industry associations. In 2013, he received the Governor General's Medallion from Mr. David Johnston, Governor General of Canada, for his contributions to international education. In October 2014, he received the Chinese Government Friendship Award from the PRC Premier Mr. Li Keqiang and two Vice Premiers, which is the highest honor awarded by the Chinese government to foreign experts for their outstanding contributions to the modernized development of the PRC. In 2019, he was recognised as one of the "Top 10 Most Influential Education leaders in China" by Knowledge Review, a United Kingdom leading education magazine, and was honorably featured on the cover of the August 2019 edition. Mr. Jen is a resident of Hong Kong. Mr. Jen is not a resident of Canada for Canadian taxation purposes.

Mr. Jen received his Bachelor of Arts degree in English Language and Arts from Beijing Foreign Languages University, PRC in May 1978, his Master of Business Administration by distance learning from the University of Wales, New Port, United Kingdom in September 2005 and an Honorary Doctor of Laws degree (Hon. LL.D) from Royal Roads University in BC, Canada in June 2013.

Jingxia Zhang ("Ms. Zhang"), aged 63, was re-designated from chief financial officer to co-chief financial officer of our Company with effect from 22 July 2020. Ms. Zhang was appointed as a Director in March 2008 and was re-designated as an executive Director taking effect on 28 November 2014. Ms. Zhang joined the Group in April 1995 and is primarily responsible for the overall management and financial operations of the schools in our Group. Ms. Zhang is one of the key members of the management team of the Company and has made important contributions to the Group.

Prior to joining our Group, Ms. Zhang was the director of finance of Jilin Province Dunhua City Pharmaceutical Factory, a Chinese pharmaceutical manufacturer, where Ms. Zhang was responsible for managing its accounts and financial operations. Ms. Zhang has not held any directorship roles in any other listed companies in the last three years.

Ms. Zhang received her Financial Accounting diploma by distance learning from Jilin Accounting School, PRC in July 1991.

DIRECTORS AND SENIOR MANAGEMENT

James William Beeke ("Mr. Beeke"), aged 70, is our Director and superintendent of global education (other than PRC) of the Group. He was appointed as a Director in April 2014 and was re-designated as an executive Director taking effect on 28 November 2014. Mr. Beeke has been appointed as a member of our remuneration committee with effect from 26 August 2020. Mr. Beeke was also appointed as a director of Canadian International School Pte. Ltd., an indirect subsidiary of the Company, on 26 August 2020. Mr. Beeke previously served as the vice chairman of the Board and the superintendent of the British Columbia Program of the Group from 2005 to 2009 and again from 2014 to 2016. Mr. Beeke was appointed as the superintendent of global education (other than PRC) of the Group and ceased to be the superintendent of British Columbia Program of the Group with effect from 15 August 2016. Mr. Beeke is primarily responsible for overseeing the development of the Group's educational programs outside of the PRC.

Prior to joining our Group, Mr. Beeke was employed by the British Columbia ("**BC**") provincial government as deputy inspector, and later, inspector for the Ministry of Education of the BC provincial government from 1996 to 1998 and from 1998 to 2005, respectively. As inspector, he was responsible for the inspection, certification and funding of all independent schools in the province, and developed and directed BC's Offshore School Certification Program. Since September 2009, he has been president of Signum International Educational Services Inc., a company which provides educational consultant services to schools in Canada and internationally, where he was responsible for assisting schools with board governance and strategic development planning, performing school reviews, conducting principal evaluations and providing analysis and comparisons of provincial curricula. Mr. Beeke has not held any directorship roles in any other listed companies in the last three years.

Mr. Beeke received his Bachelor of Arts degree and Master of Arts degree from Western Michigan University in Michigan, United States, in December 1971 and August 1973, respectively. He received the Certificate of Qualification from the British Columbia Teachers in June 1991, Certificate of Recognition from the British Columbia Minister of Education in 1991, Certificates of Recognition from the Chinese Consulate (Vancouver, Canada) and from British Columbia Ministry of Education in June 2005 and Certificate of Honorary Award from Liaoning Provincial Government of PRC in 2006.

DIRECTORS AND SENIOR MANAGEMENT

Independent Non-executive Directors

Peter Humphrey Owen ("Mr. Owen"), aged 73, was appointed as an independent non-executive Director in June 2014, and was appointed as a chairman of our remuneration committee and a member of our audit committee and nomination and corporate governance committee, all taking effect on 28 November 2014. Mr. Owen is primarily responsible for supervising and providing independent judgment to our Board.

Prior to joining the Group, Mr. Owen served as the vice chair of the Workers Compensation Review Board of BC in 1986. He subsequently held various positions at the Ministry of Education of the BC provincial government until May 2011, including the positions of director, executive director, and assistant deputy minister, responsible for education related legislation, governance, international education, policy and planning, and a variety of program areas. Mr. Owen has not held any directorship roles in any other listed companies in the last three years.

Mr. Owen received a Bachelor of Arts degree from Simon Fraser University, Canada in May 1976 and a Bachelor of Laws degree (LLB) from the University of British Columbia, Canada in May 1979.

Alan Shaver ("Mr. Shaver"), aged 73, was appointed as an independent non-executive Director and a member of audit committee, remuneration committee and nomination and corporate governance committee, all taking effect from 31 August 2019. Mr. Shaver is primarily responsible for supervising and providing independent judgment to our Board.

Mr. Shaver is a member and the chair of the board of directors of Innovate BC, a BC provincial Crown Agency whose mission is to promote the growth of BC's high tech economy. Prior to that, he served as the president and vice chancellor of Thompson Rivers University from 2010 to 2018, and served as the vice president academic and provost of Dalhousie University from 2006 to 2010. From 1975 to 2006, Mr. Shaver held various positions in McGill University, including assistant professor, associate professor, professor, chair of the Department of Chemistry, and dean of the Faculty of Science. He also worked at the University of Western Ontario from 1972 to 1975, where he served as a National Research Council Postdoctoral Fellow and Department of Chemistry teaching fellow. Mr. Shaver has not held any directorship roles in any other listed companies in the last three years.

Mr. Shaver completed his Bachelor of Science degree in Carleton University majoring in chemistry in 1969, and obtained his doctorate degree in Organometallic Chemistry at Massachusetts Institute of Technology in 1972.

DIRECTORS AND SENIOR MANAGEMENT

Lap Tat Arthur Wong ("Mr. Wong"), aged 60, was appointed as an independent non-executive Director in June 2014, and was appointed as the chairman of the audit committee, both taking effect on 28 November 2014. Mr. Wong is primarily responsible for supervising and providing independent judgment to our Board.

Prior to joining our Group, from 1982 to 2008, Mr. Wong held various positions in Deloitte Touche Tohmatsu in Hong Kong, San Jose and Beijing, with the latest position as a partner in the Beijing office. He subsequently served as the CFO in the following companies: Asia New-Energy Holdings Pte. Ltd., a manufacturer of fertilizer, chemicals and new energy products, from 2008 to 2009; Nobao Renewable Energy Holding Ltd., a renewable energy company, from March 2010 to November 2010; GreenTree Inns Hotel Management Group, Inc., an economy hotel chain from 2011 to 2012; and Beijing Radio Cultural Transmission Company Limited, a music production and music data management service company, from January 2013 to November 2018.

Mr. Wong previously served as an independent non-executive director at Besunyen Holdings Co Ltd., a herbal tea processing and marketing company listed on the Stock Exchange (stock code: 00926) from July 2010 to April 2014, an independent director of YOU On Demand Holdings Inc, a media company listed on NASDAQ (stock code: YOD) from January 2014 to April 2016, an independent director of Xueda Education Group, a company listed on NYSE (stock code: XUE) from March 2015 to June 2016 and an independent non-executive director and the chairperson of the audit committee of the following listed companies: VisionChina Media, Inc., an out-of-home advertising network company listed on NASDAQ (but this company has been delisted since April 2017) (stock code: VISN) from December 2011 to January 2017; Petro-king Oilfield Services Ltd., a consultancy and oilfield project services company listed on the Stock Exchange (stock code: 02178) from February 2013 to June 2017; Sky Solar Holdings, Ltd., a company listed on NASDAQ (stock code: SKYS) from November 2014 to May 2017; and China Automotive Systems, Inc., an automotive systems and components manufacturer listed on NASDAQ (stock code: CAAS) from May 2012 to July 2019. He currently serves as an independent non-executive director and the chairperson of the audit committee of the following listed companies: Daqo New Energy Corp., a polysilicon manufacturer listed on NYSE (stock code: DQ) since December 2012 and Canadian Solar Inc, a global solar energy provider listed on NASDAQ (stock code: CSIQ) since March 2019 and Tarena International, Inc., an IT professional education services provider listed on NASDAQ (stock code: TEDU) since March 2020.

Mr. Wong received a Higher Diploma in Accountancy from The Hong Kong Polytechnic University in November 1982 and a Bachelor of Science degree in Applied Economics from University of San Francisco in December 1988. He became an associate and subsequently a fellow of the Hong Kong Institute of Certified Public Accountants in 1985 and 1995, respectively. He became a fellow of the Association of Chartered Certified Accountants in 1990 and a member of the American Institute of Certified Public Accountants in 1992.

DIRECTORS AND SENIOR MANAGEMENT

OUR SENIOR MANAGEMENT

Name	Age	Position
Shu Liang Sherman Jen	66	CEO and President of China Operations
Jingxia Zhang	63	Co-CFO
James William Beeke	70	Superintendent of Global Education (other than PRC)
Yongtao Li	39	Co-CFO
Peter Jakob Froese	69	Superintendent (PRC)
Xiaofeng Cao	47	COO
Hongge Ren	36	Vice Superintendent

The biography of each member of the senior management team (other than our executive Directors) is set out below:

Yongtao Li ("Mr. Li"), aged 39, was appointed as co-chief financial officer ("**Co-CFO**") of the Group on 22 July 2020. Mr. Li has extensive experience in financial management, capital market financing, and investor relations. Mr. Li joined the Group in September 2011, and from then until July 2015 served the Group as senior financial manager, being responsible for financial reporting and management. From August 2015 to July 2017, Mr. Li served the Group as financial controller and was responsible for overseeing the management of the headquarters' Finance department. Since August 2017, Mr. Li has served the Group as the chief investment officer, being primarily responsible for overseeing the acquisition of and investment in K-12 schools both in Mainland China and overseas, managing cooperative school projects, and arranging bank loans and bond financing. During his time with the Group, Mr. Li has successfully completed several mergers and acquisitions projects and was a key member of the Company's initial public offering team.

Prior to joining the Group, Mr. Li was a manager in the financial reporting department of Carmanah Technologies Corporation, where he was mainly responsible for financial and tax management. Mr. Li is a Chartered Professional Accountant of Canada and holds a Bachelor of Commerce degree from the University of Victoria, Canada.

Mr. Peter Jakob Froese ("Mr. Froese"), aged 69, has been the superintendent of the Group's BC program in China since 15 August 2018. Mr. Froese is primarily responsible for the administration of the Group's BC program, including hiring administrative staff and overseeing the educational program for the Group's schools in the PRC. Mr. Froese is currently overseeing the transition from the BC program to the World School Program, accredited by COGNIA, the world's largest school accreditation organization.

Mr. Froese has almost four decades of diverse experience in education in both public and private school systems in Canada, with 35 years in administrative roles. Mr. Froese has taught education courses to prospective teachers in University of Victoria, Canada. He also spent four years in Lahr, West Germany as a teacher and administrator for the children of members of the Canadian Department of National Defence stationed in Europe. Prior to joining our Group, he was the executive director of the Federation of Independent School Associations in British Columbia, representing over 310 independent schools across the province in developing policies for schools and liaising with government.

Mr. Froese earned a Bachelor of Arts degree from the University of Winnipeg, Canada in 1973, a Bachelor of Education from University of British Columbia, Canada in 1975, a Master of Education degree from University of Victoria, Canada in 1990, and a Doctor of Education in Leadership and Policy from University of British Columbia in 2010.

DIRECTORS AND SENIOR MANAGEMENT

Xiaofeng Cao ("Mr. Cao"), aged 47, was appointed as chief operating officer ("**COO**") of the Group on 22 July 2020. Mr. Cao has 20 years of experience in market development and chain operation management and 10 years of experience in head office management in the education industry, thereby having acquired familiarity with the relevant national policies and industry rules. Mr. Cao joined the Group in March 2015 to serve as the vice president until August 2020, and was successively in charge of general affairs, preschool center and marketing management related work. During the time he worked in the Group, Mr. Cao has fully demonstrated his ability to formulate and execute strategies and he is good at target decomposition and process tracking. Also, Mr. Cao has good organization and coordination skills and teamwork spirit.

Prior to joining the Group, Mr. Cao served as the Regional General Manager of Decoration Center of B&Q (China) Investment Co., Ltd., as well as the vice president of Etonkids Educational Group. Mr. Cao received a Bachelor's degree from Wuhan Textile Engineering Institute in 1995, and has completed a doctor's degree course in Educational Management at Beijing Normal University in 2014.

Hongge Ren ("Mr. Ren"), aged 36, was appointed as the Group's vice superintendent in August 2020. He is primarily responsible for assisting the superintendent in teaching, researching and promotion of World School Program at home and abroad. Mr. Ren has been a vice president of the Group from January 2018 to August 2020. He oversees three departments: Maple Leaf Education Systems Research Institute ("**MLESRI**"), ESL Teaching Centre and Graduation Service Centre. His major projects include research of the Maple Leaf Global Curriculum, promotion of the Belt and Road education program and scholarship programs of the Group. He has also served as principal of MLESRI and vice chairman of the Global Alumni Association of Maple Leaf International Schools since August 2015.

Mr. Ren graduated with a bachelor's degree in commerce, majoring in entrepreneurship, from the University of Victoria, Canada in 2008 and a master's degree in education, majoring in technology, innovation and education, from Harvard University in 2013. He received the British Columbia Independent School Teaching Certificate in 2016.

COMPANY SECRETARY

Ms. Wan Mun Yee, Sabine ("Ms. Wan"), has been appointed as the company secretary and authorised representative of the Company since 27 August 2018. She is a manager of Corporate Services of Tricor Services Limited and has over 25 years of experience in the corporate secretarial field. Ms. Wan is a Chartered Secretary, a Chartered Governance Professional and an Associate of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute (formerly "The Institute of Chartered Secretaries and Administrators") in the United Kingdom.

REPORT OF THE DIRECTORS

The Board of China Maple Leaf Educational Systems Limited present their report together with the audited consolidated financial statements of the Group for the year ended 31 August 2020.

GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 5 June 2007 as an exempted company with limited liability. The principal place of business of the Company in Hong Kong is located at Room 1302, 13/F., Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong.

The Company's shares ("**Shares**") were listed (the "**Listing**") on the Main Board of the Stock Exchange on 28 November 2014 ("**Listing Date**").

PRINCIPAL ACTIVITIES AND SUBSIDIARIES

The Group is an international school operator which offers a bilingual K-12 education primarily in the PRC under the "Maple Leaf" brand. The core component of our business is a dual-curriculum and dual-diploma high school education that enables our high school graduates to receive a diploma fully accredited by BC, Canada and a Chinese diploma. We officially launched Maple Leaf World School Program at the commencement of the 2020/2021 school year for high school in China, which is China's first internationally accredited curriculum with self-developed intellectual property. A list of the Company's subsidiaries, together with their date and places of incorporation and principal activities, etc. is set out in note 45 to the financial statements.

BUSINESS REVIEW

A fair review of the business of the Group during the year as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including an analysis of the Group's financial performance, an indication of likely future developments in the Group's business and the Group's key relationships with its stakeholders who have a significant impact on the Group and on which the Group's success depends, is set out in the sections headed "Letter from the Chairman" and "Management Discussion and Analysis" of this report. These discussions form part of this report.

Principal Risks and Uncertainties

Save as disclosed in the section headed "Risks relating to the Contractual Arrangements" under "Connected Transactions" in this report, the following list is a summary of certain principal risks and uncertainties facing the Group.

- Our operations and business prospects;
- Our business and operating strategies and our ability to implement such strategies;
- Our ability to develop and manage our operation and business;
- Our business depends on the market recognition of our Maple Leaf brand;
- Our ability to maintain or increase student enrolment in our schools;
- Our ability to maintain or increase tuition fees;
- Our ability to control our operating costs;
- Competition in the education industry where we serve;

REPORT OF THE DIRECTORS

– Our business depends on our ability to recruit and retain dedicated and capable teachers and other school personnel;

– Ability to obtain or renew the necessary licenses or government approvals for our business and operations;

– Changes to regulatory and operating conditions in the education industry where we serve, in particular, the regulatory changes under the new law and new policies; and

– the COVID-19 pandemic.

Some of the above risks and uncertainties are beyond the Group's control and should any of these occur, the Group's business, financial position and results of operation may be materially adversely affected.

In addition, the Group also faces various market risks. In particular, the Group is exposed to credit, liquidity, interest rate and currency risks that arise in the normal course of the Group's business. In order to meet these challenges, the Group has established the following structures and measures to manage the Group's risks:

- the Board is responsible and has general powers over the management and operation of our schools, and is in charge of the overall risk control of the Group. Any significant business decision involving material risks, such as decisions to expand into new geographic regions or to raise tuitions, is reviewed, analyzed and approved at the board level to ensure a thorough examination of the associated risks at the Group's highest corporate governance body;

- the Group maintains insurance coverage which we believe is in line with the customary practice in the PRC education industry. The Group also adopts health and safety measures on our campuses to safeguard our students' wellbeing; and

- the Group has made arrangements with banks to ensure that the Group is able to obtain credits to support its business operation and expansion.

However, the above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares. As recommended under "Review of Disclosure in Issuer's annual reports to monitor rule compliance report" issued by the Stock Exchange in 2016 and 2017, the Company discussed specifically how the major risk areas would affect the business operations, the potential financial impact, and whether they had undertaken any measure to manage risk areas.

Environmental Policies and Performance

The Group realizes the importance of environmental protection in pursuing long-term sustainability. We have developed various internal energy conservation and emission reduction systems to promote energy saving and emission control in our headquarters and schools including managing the emissions generated from and resources used by the canteens. The Group is committed to improving environmental sustainability and will closely monitor its performance. We always strictly comply with the applicable laws and regulations, such as the *Environmental Protection Law of the People's Republic of China*. These policies are supported by our staff and were implemented effectively. During the financial year ended 31 August 2020, we have not been subject to any fines or other penalties due to non- compliance with any health, safety or environmental regulations. For details, please refer to our Environmental, Social and Governance ("**ESG**") Report to be published separately.

Compliance with Relevant Laws and Regulations

During the year ended 31 August 2020, the Group was not aware of material non-compliance with relevant laws and regulations that have a significant impact on the business and operations of the Group.

Relationships with employees, customers and suppliers

(a) Employees

The Group believes that employees are valuable assets. The Group provides a competitive remuneration package to attract and motivate employees. Please refer to the section headed "Management Discussion and Analysis – Employees Benefits" for further details. The Group regularly reviews the remuneration package of employees and makes necessary adjustments to conform to the market standard. The Group is also passionately committed to developing staff and provides employees with rewarding career paths and a friendly working environment.

(b) Customers

The Group strives to achieve corporate sustainability in providing quality services to our customers. To ensure continuous improvement of the quality of services, the Group regularly reviews its curriculum and teaching materials in order to ensure that the quality of education delivered by the Group meets the standard set by various educational institutions around the world. The Group believes that maintaining a high admission rate to top-ranked universities can help strengthen its market competitiveness in the industry. For the year ended 31 August 2020, the Group graduated 2,265 high school students, 216 of whom received offers from one of the QS top 10 universities in the world, and 1,789 graduates, being more than 79% of them received offers from at least one of the Maple Leaf Global Top 100 universities.

(c) Suppliers

The Group understands the importance of working closely with our suppliers to ensure the sustainability of our business. The Group has established long standing relationships with our suppliers to ensure they share our commitment to quality and ethics.

Save for the disclosure in this report, there were no material and significant disputes between the Group and its employees, customers and/or suppliers during the financial year ended 31 August 2020.

FINANCIAL RESULTS

The results of the Group for the year ended 31 August 2020 are set out in the consolidated statement of profit or loss and other comprehensive income on page 86 of this report.

DIVIDENDS

The Board did not recommend the payment of any dividend for the year ended 31 August 2020.

Dividend Policy

On 9 November 2018, the Board adopted a dividend policy which sets out the principles and guidelines of the Group. The Company intends to distribute no less than 40% of its annual adjusted net profits as dividends to its shareholders. The declaration and payment of dividends shall be determined at the sole and absolute discretion of the Board which shall take into account the Company's financial results, cash flow position, business conditions and strategies, future operations and earnings, capital requirements and expenditure plans, interests of the shareholders, any restrictions on dividend payment and any other factors considered relevant by the Board. A dividend may be proposed and/or declared by the Board for a financial year or period as interim dividend, final dividend, special dividend and any distribution of net profits deemed appropriate by the Board.

REPORT OF THE DIRECTORS

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the most recent five years is set out in the section headed "Five-Year Financial Summary" on pages 9 to 11 of this report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property and equipment during the year are set out in note 14 to the financial statements.

INVESTMENT PROPERTIES

Details of investment properties as at 31 August 2020 are set out in note 17 to the financial statements. The fair value of the investment properties at 31 August 2020 was RMB410.6 million. The book value of the investment properties held by the Group as at 31 August 2020 as included in the financial statements in this report was RMB348.7 million.

As at 31 August 2020, the properties held for investment in Singapore, PRC and Canada for which the percentage ratios, as defined under Rule 14.04(9) of the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**"), exceed 5% are set out below.

PARTICULARS OF INVESTMENT PROPERTIES

Location	Existing Use	Tenure
11 Hillside Drive, Singapore 548926 (Land Lot No. 99180L Mukim 22)	School campus	Leasehold estate for 103 years commenced from 16 November 2012
No. 78 Caiyun Road, Xigang District, Dalian, China 116011 (Land Lot no. 2-11-2-10-1)	Offices	Leasehold estate for 30 years commenced from December 2003
1120 County Road, 2 East Brockville, Ontario, Canada (Part Lot 34, Con 1 Township of Augusta, County of Grenville Part 1, 15R11106)	Educational facilities	Freehold

BANK LOANS AND OTHER BORROWINGS

As at 31 August 2020, the Group maintained variable interest rate bank loans secured by bank deposits and investment properties to finance the acquisition of investment properties and overseas schools.

SPECIFIC PERFORMANCE OBLIGATION ON CONTROLLING SHAREHOLDER

On 16 August 2020, the Company (as a guarantor), Maple Leaf CIS Holdings Pte. Limited (as a borrower) and a subsidiary of the Company (as a guarantor) have entered into a facility agreement (the ''**Term Loan Facility Agreement**'') with certain lenders pursuant to which the lenders agreed to make available a term loan facility in an aggregate amount up to SGD225,000,000 with a final maturity date being the date which is three years after the utilisation date of the term loan (the ''**Term Loan Facility**''). On the same day, the Company (as a borrower), Maple Leaf CIS Holdings Pte. Limited (as a guarantor) and certain subsidiaries of the Company (each as a guarantor) have also entered into a facility agreement (the ''**Bridge Loan Facility**

Agreement'', together with the Term Loan Facility Agreement, the ''**Facility Agreements**'') with certain lenders pursuant to which the lenders agreed to make available a bridge loan facility in an aggregate amount up to SGD158,000,000 with a final maturity date being the date which is 350 days after the utilization date of the bridge loan facility (''**Bridge Loan Utilisation Date**'') assuming the extension option is being exercised pursuant to the Bridge Loan Facility Agreement (or six months after the Bridge Loan Utilisation Date if the extension option is not exercised) (the ''**Bridge Loan Facility**'', together with the Term Loan Facility, the ''**Facilities**'').

Pursuant to the Facility Agreements, the Facilities must be prepaid (among other matters) if:

i. Mr. Shu Liang Sherman Jen ('Mr. **Jen**''), chairman and executive director of the Company, does not or ceases to own beneficially at least 45% of each class of the issued share capital of the Company excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital (or at least 40% after a permitted issue of shares pursuant to the Facility Agreements);

ii. Mr. Jen does not or ceases to have the power to:

    a. cast or control of the casting of at least 45% of the maximum number of vote that might be cast at a general meeting of the Company (or at least 40% after a permitted issue of shares pursuant to the respective Facility Agreement);

    b. appoint or remove all or majority of the directors or other equivalent officers of the Company; or

    c. give directions with respect to the operating and financial policies of the Company;

iii. Mr. Jen is not or ceases to be the single largest owner of each class of the issued share capital of the Company; and

iv. Mr. Jen is not or ceases to be the chairman of the Board of the Company,

and in such event the Facilities will be terminated and all outstanding loans under the Facilities may immediately become payable on demand.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 31 to the financial statements.

PERMITTED INDEMNITY

In accordance with article 33.1 of the Company's articles of association ("**Articles of Association**"), every Director, auditor or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him/her as a Director, auditor or other officer of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his/her favour, or in which he/she is acquitted. Such permitted indemnity provision for the benefit of the Directors was in force during the year and remained in force as of the date of this report.

REPORT OF THE DIRECTORS

DIRECTORS

The Directors during the year ended 31 August 2020 and up to the date of this report were as follows:

Executive Directors:

Mr. Shu Liang Sherman Jen
Ms. Jingxia Zhang
Mr. James William Beeke

Non-executive Director:

Mr. Howard Robert Balloch*

Independent Non-executive Directors:

Mr. Peter Humphrey Owen
Mr. Alan Shaver
Mr. Lap Tat Arthur Wong

* *Resigned on 30 June 2020*

In accordance with article 16.18 of the Company's Articles of Association, Ms. Jingxia Zhang and Mr. James William Beeke will retire by rotation at the forthcoming AGM and, being eligible, have offered themselves for re-election.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the Independent Non-executive Directors, a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. Based on such confirmations, the Company considers that all Independent Non-executive Directors are independent.

DIRECTORS' SERVICE CONTRACTS

Each of our Executive Directors has entered into a service contract with our Company pursuant to which they agreed to act as Executive Directors until the year ended 31 August 2022. Either the Company or the Director has the right to give the other party not less than three months prior written notice to terminate the agreement.

Each of our Independent Non-executive Directors has signed a letter of appointment with our Company. The term of office of our Independent Non-executive Directors will end on 31 August 2022, except that, the letter of appointment of Mr. Alan Shaver with the Company will end on 30 August 2022. Either the Company or the Director has the right to give the other party not less than three months prior written notice to terminate the agreement.

None of the Directors proposed for re-election at the forthcoming AGM has entered into any service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and those of the five highest paid individuals of the Group for the year ended 31 August 2020 are set out in note 11 to the financial statements. There has been no arrangement under which any Director has waived or agreed to waive any emoluments.

Directors' remuneration is determined by the Board, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office. The Directors anticipate that they will periodically review the compensation levels of key executives of the Group. Based on the Group's performance and the executives' respective contributions to the Group, the Directors may, with the approval of the Company's remuneration committee, grant salary increases or pay bonuses to executives. All Directors receive reimbursements from the Company for expenses which are necessarily and reasonably incurred for providing services to the Company or executing matters in relation to the operations of the Company.

DIRECTORS' INTERESTS IN CONTRACTS AND COMPETING BUSINESSES

Save as disclosed in note 42 to the financial statements headed "Related Party Transactions and Balances" and the section headed "Connected Transactions" of this report below, neither Director nor any entity connected with any of our Directors had a material interest, whether directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party as at 31 August 2020 or at any time during the year ended 31 August 2020.

During the year ended 31 August 2020, neither our Controlling Shareholders (as defined in the Listing Rules) nor any of our Directors were interested in the business of operating international schools or educational institutions, other than our Group, which, competes or is likely to compete, either directly or indirectly, with our Group's business and which requires disclosure pursuant to Rule 8.10 of the Listing Rules.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

No contract of significance has been entered into among the Company or any of its subsidiaries and the Controlling Shareholders during the year ended 31 August 2020.

REPORT OF THE DIRECTORS

CONNECTED TRANSACTIONS

Non-exempt Continuing Connected Transactions

We have entered into a number of continuing agreements and arrangements ("**Contractual Arrangements**" or "**VIE Agreements**") with our connected persons in our ordinary and usual course of business, which constitute continuing connected transactions under the Listing Rules. We set out below details of the continuing connected transactions for our Group.

Contractual Arrangements

Reasons for the Contractual Arrangements

PRC laws and regulations currently prohibit foreign ownership of elementary and middle schools in China. Furthermore, although PRC laws and regulations allow foreign investment in foreign nationals schools, preschools and high schools, government authorities either impose restrictions in this respect or, as a matter of policy, withhold approval for such ventures altogether (as discussed further below in the section headed "Updates in Relation to the Qualification Requirement"). The Contractual Arrangements among us, Dalian Beipeng Educational Software Development Inc. ("**Beipeng Software**"), our consolidated affiliated entities and shareholders of our consolidated affiliated entities are therefore necessary to achieve our business objectives, although they have been as narrowly tailored as possible so as to minimize potential conflict with current PRC laws and regulations.

Our Directors (including the Independent Non-executive Directors) consider that the Contractual Arrangements are fundamental to our Group's legal structure and business operations and have been entered into: (i) in the ordinary and usual course of business of the Company; (ii) on normal commercial terms; and (iii) in accordance with the respective agreement governing them on terms that are fair and reasonable and in the interests of the shareholders as a whole. Our Directors also believe that our Group's structure whereby the financial results of the consolidated affiliated entities are consolidated into our Group's financial statements as if they were our Group's subsidiaries, and the flow of economic benefits of their business to our Group places our Group in a special position in relation to relevant rules concerning connected transactions under the Listing Rules.

Risks relating to the Contractual Arrangements

We believe the following risks are associated with the Contractual Arrangements. Further details of these risks are set out on pages 26 to 32 of the Company's prospectus dated 18 November 2014 ("**Prospectus**").

1. If the PRC government finds that the agreements that establish the structure for operating our business in China do not comply with applicable PRC laws and regulations, we could be subject to severe penalties and our business may be materially and adversely affected.

2. Our Contractual Arrangements may not be as effective in providing control over our consolidated affiliated entities as equity ownership.

3. Any failure by our consolidated affiliated entities or their respective ultimate shareholders to perform their obligations under our Contractual Arrangements would potentially lead to us having to incur additional costs and expend substantial resources to enforce such arrangements, temporary or permanent loss of control over our primary operations or loss of access to our primary sources of revenue.

4. The ultimate owners of our consolidated affiliated entities may have potential conflicts of interest with us, which may materially and adversely affect our business and financial condition.

5. Certain terms of our Contractual Arrangements may not be enforceable under PRC laws.

6. The Contractual Arrangements between Beipeng Software and our consolidated affiliated entities and Dalian Maple Leaf International School (High School) ("**Dalian Maple Leaf High School**") may subject our Group to increased income tax due to the different income tax rates applicable to Beipeng Software and our consolidated affiliated entities and Dalian Maple Leaf High School, which may adversely affect our results of operations.

7. Our Contractual Arrangements may be subject to scrutiny by the PRC tax authorities, and a finding that we owe additional taxes could substantially reduce our net income and the value of our investment.

8. We rely on dividends and other payments from Beipeng Software to pay dividends and other cash distributions to our shareholders.

9. Our consolidated affiliated entities and Dalian Maple Leaf High School may be subject to significant limitations on their ability to operate private education or make payments to related parties or otherwise be materially and adversely affected by changes in PRC laws and regulations.

10. The discontinuation of any preferential tax treatments currently available to us, in particular the tax exempt status of our schools, could result in a decrease of our net income and materially and adversely affect our results of operations.

11. If any of our PRC subsidiaries or consolidated affiliated entities becomes the subject of a bankruptcy or liquidation proceeding, we may lose the ability to use and enjoy certain important assets, which could reduce the size of our operations and materially and adversely affect our business, ability to generate revenue and the market price of our Shares.

12. Our exercise of the option to acquire the equity interests of our consolidated affiliated entities may be subject to certain limitations and the ownership transfer may subject us to substantial costs.

Contractual Arrangements in Place

The Contractual Arrangements that were in place as at 31 August 2020 are as follows:

(i) an exclusive management consultancy and business cooperation agreement dated 11 May 2014 and entered into by and among Beipeng Software, Dalian Maple Leaf Educational Group Co., Ltd ("**Dalian Educational Group**") and its subsidiary entities, including but not limited to companies, schools and other entities which it directly or indirectly holds more than 50% interests of, and Ms. Shu'E Ren (the "**Founder's Sister**"), a sister of Mr. Shu Liang Sherman Jen ("**Founder**"), pursuant to which Dalian Educational Group and the Founder's Sister agreed to engage Beipeng Software as the exclusive service provider to provide Dalian Educational Group and its subsidiary entities with comprehensive business management consultancy and educational consultancy services, intellectual property licenses, technical support and business support services, and in return, Beipeng Software will charge for the services;

(ii) an exclusive management consultancy and business cooperation agreement dated 11 May 2014 and entered into by and between Beipeng Software and Dalian Maple Leaf High School, pursuant to which Dalian Maple Leaf High School agreed to engage Beipeng Software as the exclusive service provider to provide Dalian Maple Leaf High School with comprehensive educational consultancy services, intellectual property licenses and technical support and business support services, and in return, Beipeng Software will charge for the services;

REPORT OF THE DIRECTORS

(iii) an exclusive management consultancy and business cooperation agreement dated 22 August 2014 and entered into by and among Beipeng Software, Dalian Maple Leaf Foreign Nationals School ("**Dalian Foreign School**"), Wuhan Maple Leaf Foreign Nationals School ("**Wuhan Foreign School**") and the Founder, pursuant to which Dalian Foreign School, Wuhan Foreign School and the Founder agreed to engage Beipeng Software as the exclusive service provider to provide Wuhan Foreign School and Dalian Foreign School with comprehensive educational consultancy services, intellectual property licenses and technical support and business support services, and in return, Beipeng Software will charge for the services;

(iv) an exclusive call option agreement dated 11 May 2014 and entered into by and among our Company, Dalian Educational Group and the Founder's Sister, pursuant to which the Founder's Sister granted, at nil consideration, an exclusive, unconditional and irrevocable option to our Company or our nominee to acquire from the Founder's Sister part or all of her equity interests in Dalian Educational Group for nil consideration or the minimum amount of consideration permitted by applicable PRC laws and regulations;

(v) an exclusive call option agreement dated 11 May 2014 and entered into by and among our Company, Dalian Maple Leaf Science and Education Co., Ltd ("**Dalian Science and Education**") and the Founder's Sister, pursuant to which the Founder's Sister granted, at nil consideration, an exclusive, unconditional and irrevocable option to our Company or our nominee to acquire from the Founder's Sister part or all of her equity interests in Dalian Science and Education for nil consideration or the minimum amount of consideration permitted by applicable PRC laws and regulations;

(vi) an exclusive call option agreement dated 22 August 2014 and entered into by and among our Company, the Founder and Wuhan Foreign School, pursuant to which the Founder granted, at nil consideration, an exclusive, unconditional and irrevocable option to our Company or our nominee to acquire from the Founder part or all of his sponsor interests in Wuhan Foreign School for nil consideration or the minimum amount of consideration permitted by applicable PRC laws and regulations;

(vii) an exclusive call option agreement dated 11 May 2014 and entered into among our Company, the Founder and Dalian Foreign School, pursuant to which the Founder granted, at nil consideration, an exclusive, unconditional and irrevocable option to our Company or our nominee to acquire from the Founder part or all of his sponsor interests in Dalian Foreign School for nil consideration or the minimum amount of consideration permitted by applicable PRC laws and regulations;

(viii) an equity pledge agreement dated 26 May 2014 and entered into by and among Beipeng Software, Dalian Educational Group and the Founder's Sister, pursuant to which the Founder's Sister pledged all of her equity interests in Dalian Educational Group to Beipeng Software to guarantee the performance of the obligations of the Founder's Sister and Dalian Educational Group and its Subsidiary Entities under the exclusive management consultancy and business cooperation agreement (as described in item (i)), the exclusive call option agreement (as described in item (iv)), and power of attorney (as described in item (x));

(ix) an equity pledge agreement dated 26 May 2014 and entered into by and among Beipeng Software, Dalian Science and Education and the Founder's Sister, pursuant to which the Founder's Sister pledged all of her equity interests in Dalian Science and Education to Beipeng Software to guarantee the performance of the obligations of Dalian Science and Education and its subsidiary entities under the exclusive management consultancy and business cooperation agreement (as described in item (i)), the exclusive call option agreement (as described in item (v)) and power of attorney (as described in item (x));

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(x) a power of attorney executed by the Founder's Sister dated 11 May 2014 appointing Beipeng Software, or nominee(s) of Beipeng Software, as her attorney-in-fact to exercise the shareholder's rights in Dalian Educational Group and Dalian Science and Education; and

(xi) a power of attorney executed by the Founder dated 11 May 2014 appointing Beipeng Software, or nominee(s) of Beipeng Software, as his attorney-in-fact to exercise the shareholder's rights in Dalian Foreign School and Wuhan Foreign School.

On 22 September 2017, Education Department of Zhejiang Province issued an administrative licensing decision (Zhe Jiao Xu Ke [2017] No. 23) approving to change the sponsor of Yiwu Maple Leaf Foreign Nationals School ("**Yiwu Foreign School**") from the Founder to Beipeng Software. Yiwu Foreign School, Beipeng Software, the Company and the Founder entered into a VIE termination agreement on 8 November 2018, which terminated the relevant VIE agreements for Yiwu Foreign School ("**Termination**"), including: (i) the exclusive management consultancy and business cooperation agreement entered into among Beipeng Software, Yiwu Foreign School and the Founder on 22 June 2016, (ii) the exclusive call option agreement entered into among the Company, the Founder and Yiwu Foreign School on 22 June 2016, and (iii) the power of attorney executed by the Founder on 22 June 2016. Upon the completion of the Termination, Yiwu Foreign School was transferred to the Group and as at the date of this report, Yiwu Foreign School is directly held by Beipeng Software and not subject to VIE Agreements.

Apart from the above, there are no other new Contractual Arrangements entered into, renewed or reproduced between the Group and the PRC consolidated affiliated entities during the financial year ended 31 August 2020. There was no material change in the Contractual Arrangements and/or the circumstances under which they were adopted for the year ended 31 August 2020, except that Ji'nan Maple Leaf International School (High School), Horinger New Area Maple Leaf International School and Wei Fang Maple Leaf Preschool have been added as subsidiary entities of Dalian Educational Group pursuant to the requirements of the management consultancy and business cooperation agreement in (i) above.

For the year ended 31 August 2020, none of the Contractual Arrangements has been unwound as none of the restrictions that led to the adoption of structured contracts under the Contractual Arrangements has been removed.

The Group has adopted various measures to ensure the effective operation of the Group with the implementation of the Contractual Arrangements and the Group's compliance with the Contractual Arrangements including the review of the overall performance of and compliance with the structured contracts under the Contractual Arrangements by the Board at least once a year.

We have been advised by our PRC legal advisor that the Contractual Arrangements do not violate the relevant PRC regulations.

Revenue, profit before taxation and assets subject to the Contractual Arrangements

For the year ended 31 August 2020, the revenue and profit before taxation subject to the Contractual Arrangements are RMB1,306 million and RMB445 million (amounted to approximately 85.4% and 85.1% of the total revenue and profit before taxation of the Group), respectively. As at 31 August 2020, the total assets subject to the Contractual Arrangements is RMB4,070 million, amounted to approximately 36.1 % of the total assets of the Group.

REPORT OF THE DIRECTORS

Listing Rules Implications

As the Founder is our Controlling Shareholder and our chairman of the Board and is therefore our connected person pursuant to Rule 14A.07(1) of the Listing Rules. The Founder's sister is the Sister of the Founder and is therefore an associate of the Founder and our connected person pursuant to Rules 14A.12(2)(a) and 14A.07(4) of the Listing Rules. Dalian Educational Group is wholly owned by the Founder's Sister and is therefore an associate of the Founder and our connected person pursuant to Rules 14A.12(2)(b) and 14A.07(4) of the Listing Rules. Dalian Science and Education is 95.3% indirectly owned by the Founder's Sister via Dalian Educational Group, which she controls, and is therefore an associate of the Founder and our connected person pursuant to Rules 14A.12(2)(b) and 14A.07(4) of the Listing Rules. Each of Wuhan Foreign School and Dalian Foreign School is wholly owned by the Founder and is therefore an associate of the Founder and our connected person pursuant to Rules 14A.12(1)(c) and 14A.07(4) of the Listing Rules. Accordingly, the Contractual Arrangements constitute connected transactions of the Company under the Listing Rules.

Waiver from the Stock Exchange and Annual Review

The Stock Exchange has granted a specific waiver to the Company from strict compliance with the connected transactions requirement of Chapter 14A of the Listing Rules in respect of the Contractual Arrangements, including (i) the announcement and independent Shareholders' approval requirements, (ii) the requirement of setting an annual cap for the fees payable to Beipeng Software under the Contractual Arrangements and (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less, for so long as the Shares are listed on the Stock Exchange, subject however to the condition that the Contractual Arrangements subsist and that the consolidated affiliated entities will continue to be consolidated into our Group's financial results as if they were our Group's subsidiaries. If any terms of the Contractual Arrangements are altered or if the Group enters into any new agreements with any connected persons in the future, the Group must fully comply with the relevant requirements under the Listing Rules unless we obtain a separate waiver from the Stock Exchange.

Agreements with Beipeng Software

Pursuant to the exclusive management consultancy and business cooperation agreements (i) Beipeng Software, Dalian Educational Group and any of its subsidiaries and schools and the Founder's Sister entered into on 11 May 2014 and (ii) among Beipeng Software, Wuhan Foreign School, Dalian Foreign School and the Founder entered into on 22 August 2014, each of which superseded all previous agreements among the parties with respect to subject matters thereof, Beipeng Software has the exclusive right to provide, or designate any third party to provide each of the Group's consolidated affiliated entities with intellectual property development and licensing services as well as comprehensive technical and educational consultancy services (the "**Services**"). Such Services include educational software and course materials, research and development, employee training, technology development, transfer and consulting services, public relation services, market survey, research and consulting services, market development and planning services, human resource and internal information management, network development, upgrade and ordinary maintenance services, sales of proprietary products, and software and trademark and know-how licensing and other additional services as the parties may mutually agree from time to time.

For the year ended 31 August 2020 the Services provided by Beipeng Software to the Dalian Educational Group and its subsidiaries, Wuhan Foreign School and Dalian Foreign School amounted to RMB63 million.

Confirmation from Independent Non-executive Directors

Our Independent Non-executive Directors have reviewed the Contractual Arrangements and confirmed that (i) the transactions carried during year ended 31 August 2020 have been entered into in accordance with the relevant provisions of the Contractual Arrangements and that the profit generated by the consolidated affiliated entities has been retained by the Beipeng Software, (ii) no dividends or other distributions have been made by the consolidated affiliated entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group during the year ended 31 August 2020, (iii) no new contracts were entered into, renewed or reproduced between the Group and the consolidated affiliated entities during the year ended 31 August 2020, and (iv) the Contractual Arrangements were entered into in the ordinary and usual course of business of the Group, on normal commercial terms and are fair and reasonable and in the interests of the shareholders as a whole.

Confirmations from the Company's Independent Auditors

The auditors of the Company have confirmed in a letter to the Board that, with respect to the aforesaid continuing connected transactions entered into in the year ended 31 August 2020:

1. nothing has come to their attention that causes the auditors to believe that the disclosed continuing connected transactions have not been approved by the Board; and

2. nothing has come to their attention that causes the auditors to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements under the Contractual Arrangements governing such transactions;

During the year ended 31 August 2020, no related party transactions disclosed in note 42 to the financial statements constituted a connected transaction or continuing connected transaction which should be disclosed pursuant to the Listing Rules. The Company has complied with the disclosable requirements set out in Chapter 14A of the Listing Rules.

Updates in Relation to the Qualification Requirement

Our PRC legal advisor, Tianyuan Law Firm has advised us that there have not been changes in the relevant regulatory developments and guidance relating to the Qualification Requirement since the publication of the Prospectus.

Efforts and Actions Undertaken to Comply with the Qualification Requirement

In July 2020, the Group completed acquisition of 100% issued share capital of Kingsley Edugroup Ltd., an international school operator in Malaysia. In August 2020, the Group acquired 90% issued share capital in Star Readers Pte. Ltd., an international school operator offering IB program in Singapore.

Up to the date of this report, apart from the above actions and other steps taken as disclosed in the Prospectus and previous years' annual reports, the Group is still in the progress of working on different ways of obtaining the Qualification Requirement.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed for the year ended 31 August 2020.

REPORT OF THE DIRECTORS

CUSTOMERS AND SUPPLIERS

Our customers primarily consist of our students and their parents or other guardians. We did not have a single customer who accounted for more than 5% of our revenue for the two years ended 31 August 2020 and 2019.

For the year ended 31 August 2020, our five largest suppliers in aggregate accounted for approximately 3.04% (2019: 5.32%) of our cost of revenue and our largest supplier accounted for approximately 1.02% (2019: 1.77%) of our cost of revenue. None of our Directors, their respective close associates, or any Shareholder of the Company who, to the knowledge of our Directors, owns more than 5% of our issued capital, has any interest in any of our five largest suppliers.

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 August 2020, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**"), Chapter 571 of the Laws of Hong Kong) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken, or are deemed to have taken, under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register required to be kept by the Company; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions in Shares and underlying Shares of the Company

Name of Director/ chief executive	Capacity	Interest in Shares	Interest in underlying Shares	Total interest in Shares and underlying Shares	Approximate percentage of shareholding
Shu Liang Sherman Jen ("**Mr. Jen**")	Founder of a discretionary trust who can influence how the trustee exercises his discretion	1,483,639,818 *(Note 1)*	–	1,483,639,818	49.53%
	Beneficial interest	64,286,850	–	64,286,850	2.14%
	Interest of spouse	1,342 *(Note 2)*	–	1,342	0.00%
Jingxia Zhang	Beneficial interest	3,511,146	1,200,000 *(Note 3)*	4,711,146	0.16%
James William Beeke	Interest of controlled corporation	987,000 *(Note 4)*	–	987,000	0.03%
	Beneficial interest	51,342	600,000 *(Note 3)*	651,342	0.02%
Howard Robert Balloch#	Interest of controlled corporation	6,703,644 *(Note 5)*	–	6,703,644	0.22%
	Beneficial interest	1,161,342	–	1,161,342	0.04%
Peter Humphrey Owen	Beneficial interest	121,342	661,200 *(Note 3)*	782,542	0.03%
Lap Tat Arthur Wong	Beneficial interest	520,000	661,200 *(Note 3)*	1,181,200	0.04%

Notes:

1. *Sherman Investment Holdings Limited ("**Sherman Investment**") is a company incorporated in the British Virgin Islands, which is indirectly wholly owned by a discretionary trust. Mr. Jen is the founder of the discretionary trust who can influence how the trustee exercises his discretion, and is deemed to be interested in 1,483,639,818 Shares.*

2. *Mr. Jen is the spouse of Ms. Meichen Amy Yan ("**Ms. Yan**") who is interested in 1,342 Shares. Mr. Jen is deemed to be interested in all the Shares in which Ms. Yan is interested by virtue of the SFO.*

3. *These interests in underlying Shares represent the interests in outstanding options granted pursuant to the Post-IPO share option scheme approved and adopted by the Company on 10 November 2014 ("**Post-IPO Share Option Scheme**") to subscribe for the relevant number of Shares.*

4. *These Shares were held by Signum International Educational Services Inc. ("**Signum Services**"), a company which is owned as to 51% by Mr. James William Beeke and 49% by his spouse. Mr. James William Beeke is deemed to be interested in all the Shares held by Signum Services.*

5. *These Shares were held by Balloch Investment Holdings Limited ("**Balloch Investment**"), a company which is owned as to 50% by each of Mr. Howard Robert Balloch and his spouse. Mr. Howard Robert Balloch is deemed to be interested in all the Shares held by Balloch Investment.*

\# *Resigned on 30/6/2020*

REPORT OF THE DIRECTORS

Long position in shares in associated corporation

Name of Director	Name of associated corporation	Capacity	Number of issued shares	Percentage of total issued shares of the associated corporation
Mr. Jen	Sherman Investment	Founder of a discretionary trust who can influence how the trustee exercises his discretion*	50,000	100%

* *A discretionary trust has been set up and the entire issued capital of Sherman Investment was transferred from Mr. Jen to Sherman International Investment Limited ("**Sherman Int'l**"), the shares of which form the assets of a trust, of which Mr. Jen is the Founder.*

Save as disclosed above, as at 31 August 2020, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken, or are deemed to have taken, under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register required to be kept by the Company; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 August 2020, the following persons or corporations, other than the Directors or the chief executive of the Company, had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Long positions

Name of Shareholder	Capacity	Total interest in Shares and underlying Shares	Approximate percentage of interest in the Company
Sherman Investment *(Note 1)*	Beneficial interest	1,483,639,818	49.53%
Sherman Int'l *(Note 2)*	Interest of controlled corporation	1,483,639,818	49.53%
HSBC International Trustee Limited ("**HSBC Trustee**") *(Note 3)*	Trustee	1,483,639,818	49.53%
Ms. Yan *(Note 4)*	Interest of spouse	1,547,926,668	51.67%
	Beneficial interest	1,342	0.00%

REPORT OF THE DIRECTORS

Notes:

(1) *Sherman Investment is indirectly wholly owned by a discretionary trust, Mr. Jen is the founder of the discretionary trust who can influence how the trustee exercises his discretion. Sherman Investment has a direct beneficial interest in 49.53% of the shareholding of the Company.*

(2) *Sherman Int'l owns 100% shareholding in Sherman Investment and is therefore deemed to be interested in all the Shares which Sherman Investment is interested by virtue of the SFO.*

(3) *HSBC Trustee is the trustee of a discretionary trust, of which Mr. Jen is the founder, owns 100% shareholding in Sherman Int'l and is therefore deemed to be interested in all the Shares which Sherman Int'l is interested by virtue of the SFO.*

(4) *Ms. Yan is the spouse of Mr. Jen and, therefore, Ms. Yan is deemed to be interested in all the Shares and underlying Shares in which Mr. Jen is interested or deemed to be interested by virtue of the SFO. Mr. Jen is interested in: (i) 64,286,850 Shares, and (ii) 1,483,639,818 Shares held by a discretionary trust.*

Save as disclosed above, as at 31 August 2020, no other person or corporation, other than the Directors or the chief executive of the Company, had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

REMUNERATION POLICY

Employees of the Group are selected, remunerated and promoted on the basis of their merits, qualifications, competence and contributions to the Group. Compensation of key executives of the Group is determined by the Company's remuneration committee which reviews and determines executives' compensation based on the Group's performance and the executives' respective contributions to the Group.

The Company also has a provident fund set up for its employees and share incentive schemes as described below.

SHARE INCENTIVE SCHEMES

In order to incentivize our Directors, senior management, other employees and consultants for their contribution to the Group and to attract and retain suitable personnel to our Group, we adopted the Pre-IPO Share Option Scheme on 1 April 2008 and on 10 November 2014, adopted the Post-IPO Share Option Scheme (the "**Post-IPO Share Option Scheme**") and the restricted share units scheme which was subsequently modified by the Board on 28 April 2015 and renamed as the Share Award Scheme (the "**Share Award Scheme**").

Details on the movement of the relevant scheme for the year ended 31 August 2020 is set out in note 33 to the financial statements.

1. Employee Pre-IPO Share Option Scheme

The Board approved and adopted the Pre-IPO Share Option Scheme on 1 April 2008 (the "**Effective Date**") to attract and retain the best available personnel, to provide additional incentives to employees, Directors and consultants of the Company and any Parent Corporate or Subsidiary Corporate (as defined in Section 424(e) and Section 424(f) of the US Inland Revenue Code of 1986, respectively) of the Company and any business, corporation, partnership, limited liability company or other entity in which the Company or a Parent Corporate or a Subsidiary Corporate of the Company holds a substantial ownership interest, directly or indirectly ("**Related Entities**") and to promote the success of the Company's business. The terms of the Pre-IPO Share Option Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as the Pre-IPO Share Option Scheme will not involve our Company granting options to subscribe for Shares once the Company became a listed issuer.

REPORT OF THE DIRECTORS

(a) Eligible Persons

The Board or any other committee of Directors appointed by the Board to administer the Pre-IPO Share Option Scheme (the "**Administrator**") may grant awards to those employees, Directors and consultants of the Company or a Related Entity ("**Eligible Person**").

(b) Term of the Pre-IPO Share Option Scheme

Unless earlier terminated by the Board in accordance with its terms, the Pre-IPO Share Option Scheme will continue in effect for a term of 10 years from the Effective Date. The Board has the authority to amend, suspend or terminate the Pre-IPO Share Option Scheme subject to the approval of the Shareholders of the Company to the extent necessary to comply with applicable law.

(c) Share Limits

Our Board has authorized the issuance of up to 66,702,832 Shares (adjusted for any share-splits or other dilutive issuances), representing approximately 2.22% of the issued shares as at the date of this report, upon the exercise of awards granted under the Pre-IPO Share Option Scheme.

(d) Option Grants

The Administrator may grant one or more options ("**Option**") under the Pre-IPO Share Option Scheme to any Eligible Person. Subject to the express provisions of the scheme, the Administrator will determine the number of Shares subject to each Option. Options granted will be evidenced by an option agreement entered into between the Company and the grantee ("**Option Agreement**").

(e) Vesting and Exercising the Option

An Option may be exercised only to the extent that it is both vested and exercisable. The Administrator will determine the vesting and/or exercisability provisions of each Option, which provisions will be set forth in the applicable Option Agreement.

An Option shall be deemed to be exercised when written notice of such exercise has been given to the Company in accordance with the terms of the Option by the person entitled to exercise the Option and full payment for the Shares with respect to which the Option is exercised.

(f) Exercise Price

The Administrator will determine the purchase price per share of the Share covered by each Option (the "**Exercise Price**" of the Option) at the time of the grant of the Option. Such exercise price will be set forth in the applicable Option Agreement. The exercise price of an Option shall not be less than the par value of the Shares on the date of grant.

(g) Termination, Suspension and Amendments to the Pre-IPO Share Option Scheme

The Board may at any time amend, suspend or terminate the scheme; provided, however, that no such amendment shall be made without the approval of the Company's Shareholders to the extent such approval is required by applicable laws, or if such amendment would change any of the provisions relating to the rights to amend the terms of Options granted or the scheme. No award may be granted during any suspension of the scheme or after termination of the scheme. No suspension or termination of the scheme shall adversely affect any rights under awards already granted to a grantee.

(h) Outstanding Share Options

The table below discloses movements in the outstanding share options granted to all grantees under the Pre-IPO Share Option Scheme as at 31 August 2020. No Options were granted from the Listing Date to 31 August 2020.

		Number of share options							
Grantees	Date of grant	As at 1 September 2019	Exercised during the year	Cancelled during the year	Lapsed during the year	As at 31 August 2020	Exercise period	Exercise price	Vesting period
Employees in aggregate									
12 employees	2 June 2014	5,978	–	(5,978)	–	–	10 years after the date of grant	RMB0.47	None
Total		**5,978**	**–**	**(5,978)**	**–**	**–**			

2. Post-IPO Share Option Scheme

(a) Purpose of the Post-IPO Share Option Scheme

The Company adopted the Post-IPO Share Option Scheme on 10 November 2014 to enable our Group to grant options to selected participants as incentives or rewards for their contributions to our Group. Our Directors consider the Post-IPO Share Option Scheme, with its broadened basis of participation, will enable our Group to reward our employees, our Directors and other selected participants for their contributions to our Group. Given that our Directors are entitled to determine the performance targets to be achieved as well as the minimum period that an option must be held before an option can be exercised on a case by case basis, and that the exercise price of an option cannot in any event fall below the price stipulated in the Listing Rules or such higher price as may be fixed by our Directors, it is expected that grantees of an option will make an effort to contribute to the development of our Group so as to bring about an increased market price of the Shares in order to capitalize on the benefits of the options granted.

(b) Who may join

Our Directors (which expression shall, for the purpose of this paragraph, include a duly authorized committee thereof) may, at their absolute discretion, invite any person belonging to any of the following classes of participants, who our Board considers, in its sole discretion, have contributed or will contribute to our Group, to take up options to subscribe for Shares:

(i) any Directors (including Executive Directors, Non-executive Directors and Independent Non-executive Directors) and employees of any member of our Group; and

(ii) any advisers, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners, service providers of any member of our Group.

REPORT OF THE DIRECTORS

For the purposes of the Post-IPO Share Option Scheme, the options may be granted to any company wholly owned by one or more persons belonging to any of these classes of participants. For the avoidance of doubt, the grant of any options by our Company for the subscription of Shares or other securities of our Group to any person who falls within any of these classes of participants shall not, by itself, unless our Directors otherwise so determine, be construed as a grant of option under the Post-IPO Share Option Scheme.

The eligibility of any of these class of participants to the grant of any option shall be determined by our Directors from time to time on the basis of our Directors' opinion as to the participant's contribution to the development and growth of our Group.

(c) Maximum number of Shares

The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other share option scheme of our Group shall not in aggregate exceed 10% of the shares in issue of our Company.

The total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other share option scheme of our Group shall not in aggregate exceed 10% of the Shares in issue on the Listing Date, such 10% limit represents 266,800,000 Shares (the "**General Scheme Limit**") but excluding any Shares which may be issued upon the exercise of the over-allotment option for the Listing.

As at the date of this report, the Company had a total of 204,378,000 Shares available for issue under the Post-IPO Share Option Scheme (representing approximately 6.82% of the issued Shares as at the date of this report).

Subject to paragraph (a) above and without prejudice to paragraph (d) below, our Company may issue a circular to its Shareholders and seek approval of its Shareholders in a general meeting to extend the General Scheme Limit provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other share option scheme of our Group shall not exceed 10% of the Shares in issue as at the date of approval of the limit and, for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Post-IPO Share Option Scheme and any other share option scheme of our Group) previously granted under the Post-IPO Share Option Scheme and any other share option scheme of our Group will not be counted. The circular sent by our Company to its Shareholders shall contain, among other information, the information required under the Listing Rules.

Subject to paragraph (a) above and without prejudice to paragraph (c) herein, our Company may seek separate Shareholders' approval in a general meeting to grant options beyond the General Scheme Limit or, if applicable, the extended limit referred to in paragraph (c) herein to participants specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to its Shareholders containing a general description of the specified participants, the number and terms of options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose and such other information required under the Listing Rules.

(d) Maximum entitlement of each participant

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Post-IPO Share Option Scheme and any other share option scheme of our Company (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of our Company for the time being (the "**Individual Limit**"). Any further grant of options in aggregate in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to our Shareholders and our Shareholders' approval in general meeting of our Company with such participant and his associates abstaining from voting. The number and terms (including the exercise price) of options to be granted to such participant must be fixed before Shareholders' approval and the date of board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 17.03(9) of the Listing Rules.

(e) Grant of options to connected persons

Any grant of options under the Post-IPO Share Option Scheme to a Director, chief executive or Substantial Shareholder of our Company or any of their respective associates must be approved by our Independent Non-executive Directors (excluding any Independent Non-executive Director who is the proposed grantee of the options).

Where any grant of options to a substantial Shareholder of our Company or an Independent Non-executive Director or any of their respective associates would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(i) representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the Shares in issue; and

(ii) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet as at the date of the offer of grant, in excess of HK$5 million (or such other higher amount as may from time to time be specified by the Stock Exchange);

such further grant of options must be approved by our Shareholders in a general meeting. Our Company must send a circular to its Shareholders. All connected persons of our Company must abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular. Any vote taken at the general meeting to approve the grant of such options must be taken on a poll.

Any change in the terms of options granted to a substantial Shareholder or an Independent Non-executive Director or any of their respective associates must be approved by our Shareholders in a general meeting.

REPORT OF THE DIRECTORS

(f) Time of acceptance and exercise of option

An option may be accepted by a participant within five business days from the date of the offer of grant of the option.

An option may be exercised in accordance with the terms of the Post-IPO Share Option Scheme at any time during a period to be determined and notified by our Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination under the Post-IPO Share Option Scheme. Unless otherwise determined by our Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Post-IPO Share Option Scheme for the holding of an option before it can be exercised.

(g) Subscription price for Shares

The subscription price per Share under the Post-IPO Share Option Scheme will be a price determined by our Directors, but shall not be less than the highest of:

(i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day;

(ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant (provided that in the event that any option is proposed to be granted within a period of less than five business days after the trading of the Shares first commences on the Stock Exchange, the new issue price of the Shares for the Listing shall be used as the closing price for any business day falling within the period before Listing); and

(iii) the nominal value of a share on the date of grant.

A nominal consideration of HK$1.00 is payable upon acceptance of the grant of an option.

(h) Restriction on the time of grant of options

No offer for grant of options shall be made after an inside information event has occurred or an inside information matter has been the subject of a decision until such inside information has been announced in accordance with the requirements of the Securities and Futures Ordinance and the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (i) the date of the meeting of our Directors (as such date is first notified to the Stock Exchange in accordance with the requirements of the Listing Rules) for the approval of our Company's results for any year, half-year, quarter or any other interim period (whether or not required under the Listing Rules), and (ii) the last date on which our Company must publish its announcement of its results for any year, half-year, quarter or any other interim period (whether or not required under the Listing Rules), and ending on the date of the announcement of the results, no offer for grant of options may be made.

Our Directors may not grant any option to a participant who is a Director during the period or time in which Directors are prohibited from dealing in shares pursuant to the Model Code prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by our Company.

(i) Period of the Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme will remain in force for a period of 10 years from 10 November 2014.

(j) Outstanding Share Options

The table below discloses movements in the outstanding share options granted to all grantees under the Post-IPO Share Option Scheme as at 31 August 2020. No Option was granted under the Post-IPO Share Option Scheme during the financial year ended 31 August 2020.

		Number of share options								
Grantees	Date of grant	As at 1 September 2019	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	As at 31 August 2020	Exercise period/date	Exercise price (Note)	Vesting period/date
Directors										
Shu Liang Sherman Jen	28 June 2019	1,600,000	–	–	–	(1,600,000)	–	1 January 2020 - 31 January 2020	HK$3.11	1 January 2020
Jingxia Zhang	14 June 2018	400,000	–	–	–	(400,000)	–	1 January 2020 - 31 January 2020	HK$7.22	1 January 2020
		400,000	–	–	–	–	400,000	1 January 2021 - 31 January 2021	HK$7.22	1 January 2021
		400,000	–	–	–	–	400,000	1 January 2022 - 31 January 2022	HK$7.22	1 January 2022
		400,000	–	–	–	–	400,000	1 January 2023 - 31 January 2023	HK$7.22	1 January 2023
James William Beeke	14 June 2018	200,000	–	–	–	(200,000)	–	1 January 2020 - 31 January 2020	HK$7.22	1 January 2020
		200,000	–	–	–	–	200,000	1 January 2021 - 31 January 2021	HK$7.22	1 January 2021
		200,000	–	–	–	–	200,000	1 January 2022 - 31 January 2022	HK$7.22	1 January 2022
		200,000	–	–	–	–	200,000	1 January 2023 - 31 January 2023	HK$7.22	1 January 2023
Howard Robert Balloch#	14 June 2018	200,000	–	–	–	(200,000)	–	1 January 2020 - 31 January 2020	HK$7.22	1 January 2020
		200,000	–	–	(200,000)	–	–	1 January 2021 - 31 January 2021	HK$7.22	1 January 2021
		200,000	–	–	(200,000)	–	–	1 January 2022 - 31 January 2022	HK$7.22	1 January 2022
		200,000	–	–	(200,000)	–	–	1 January 2023 - 31 January 2023	HK$7.22	1 January 2023

REPORT OF THE DIRECTORS

Grantees	Date of grant	As at 1 September 2019	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	As at 31 August 2020	Exercise period/date	Exercise price (Note)	Vesting period/date
		Number of share options								
Peter Humphrey Owen	14 June 2018	138,400	–	–	–	(138,400)	–	1 January 2020 - 31 January 2020	HK$7.22	1 January 2020
		138,400	–	–	–	–	138,400	1 January 2021 - 31 January 2021	HK$7.22	1 January 2021
		138,400	–	–	–	–	138,400	1 January 2022 - 31 January 2022	HK$7.22	1 January 2022
		138,400	–	–	–	–	138,400	1 January 2023 - 31 January 2023	HK$7.22	1 January 2023
	28 June 2019	62,000	–	–	–	(62,000)	–	1 January 2020 - 31 January 2020	HK$3.11	1 January 2020
		62,000	–	–	–	–	62,000	1 January 2021 - 31 January 2021	HK$3.11	1 January 2021
		62,000	–	–	–	–	62,000	1 January 2022 - 31 January 2022	HK$3.11	1 January 2022
		62,000	–	–	–	–	62,000	1 January 2023 - 31 January 2023	HK$3.11	1 January 2023
		60,000	–	–	–	–	60,000	1 January 2024 - 31 January 2024	HK$3.11	1 January 2024
Lap Tat Arthur Wong	14 June 2018	138,400	–	–	–	(138,400)	–	1 January 2020 - 31 January 2020	HK$7.22	1 January 2020
		138,400	–	–	–	–	138,400	1 January 2021 - 31 January 2021	HK$7.22	1 January 2021
		138,400	–	–	–	–	138,400	1 January 2022 - 31 January 2022	HK$7.22	1 January 2022
		138,400	–	–	–	–	138,400	1 January 2023 - 31 January 2023	HK$7.22	1 January 2023
	28 June 2019	62,000	–	–	–	(62,000)	–	1 January 2020 - 31 January 2020	HK$3.11	1 January 2020
		62,000	–	–	–	–	62,000	1 January 2021 - 31 January 2021	HK$3.11	1 January 2021
		62,000	–	–	–	–	62,000	1 January 2022 - 31 January 2022	HK$3.11	1 January 2022
		62,000	–	–	–	–	62,000	1 January 2023 - 31 January 2023	HK$3.11	1 January 2023
		60,000	–	–	–	–	60,000	1 January 2024 - 31 January 2024	HK$3.11	1 January 2024
Sub-total		**6,523,200**	**–**	**–**	**(600,000)**	**(2,800,800)**	**3,122,400**			

 # resigned on 30 June 2020.

Note: The closing price of the Shares immediately before the date on which the Options were granted was HK$3.09.

REPORT OF THE DIRECTORS

Grantees	Date of grant	Number of share options						Exercise period/date	Exercise price (Note)	Vesting period/date
		As at 1 September 2019	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	As at 31 August 2020			
Employees in aggregate										
Fifth tranche	14 June 2018	7,320,000	–	–	(180,000)	(7,140,000)	–	1 January 2020 - 31 January 2020	HK$7.22	1 January 2020
Sixth tranche	14 June 2018	7,320,000	–	–	(880,000)	–	6,440,000	1 January 2021 - 31 January 2021	HK$7.22	1 January 2021
Seventh tranche	14 June 2018	7,320,000	–	–	(880,000)	–	6,440,000	1 January 2022 - 31 January 2022	HK$7.22	1 January 2022
Eighth tranche	14 June 2018	7,320,000	–	–	(880,000)	–	6,440,000	1 January 2023 - 31 January 2023	HK$7.22	1 January 2023
Ninth tranche	28 June 2019	460,000	–	–	(20,000)	(440,000)	–	1 January 2020 - 31 January 2020	HK$3.11	1 January 2020
Tenth tranche	28 June 2019	2,758,000	–	–	(20,000)	(2,738,000)	–	1 January 2020 - 31 January 2020	HK$3.11	1 January 2020
Eleventh tranche	28 June 2019	2,710,000	–	–	(445,000)	–	2,265,000	1 January 2021 - 31 January 2021	HK$3.11	1 January 2021
Twelfth tranche	28 June 2019	2,615,000	–	–	(470,000)	–	2,145,000	1 January 2022 - 31 January 2022	HK$3.11	1 January 2022
Sub-total		**37,823,000**	**–**	**–**	**(3,775,000)**	**(10,318,000)**	**23,730,000**			
Total		**44,346,200**	**–**	**–**	**(4,375,000)**	**(13,118,800)**	**26,852,400**			

The accounting policy adopted for the Options is set out in note 33 to the financial statements.

3. Share Award Scheme

(a) The Share Award Scheme was adopted by the Company on 10 November 2014 and modified by the Board on 28 April 2015.

The grant of share awards (the "**Awards**") recognises the contribution of the Directors, executive officers, senior management, employees and consultants of the Company and of its subsidiaries and consolidated affiliated entities (collectively, "**Scheme Companies**" and each, a "**Scheme Company**") to the historical achievements of the Company. The Company has the intention to continue exploring ways to incentivize, retain and reward Scheme Companies' directors, executive officers, senior management and employees and may implement other share award schemes or other share-based remuneration schemes in the future.

(b) Awards

Each Award is a right to receive a Share at the end of the vesting period, subject to vesting conditions provided for under the Share Award Scheme. For each Award, the Eligible Participants (as defined below) may receive, subject to vesting, one Share.

Awards cannot be sold, pledged or transferred by the Eligible Participants by any means, except by inheritance.

(c) Grant of Awards

The Share Award Scheme provides for the grant of Awards by the Company to beneficiaries (the "**Beneficiaries**") selected at the discretion of the Board from among the Directors, executive officers, senior management, employees and consultants of the Scheme Companies (the "**Eligible Participants**"). Shares will not be released under the Awards until the applicable vesting conditions have been satisfied.

REPORT OF THE DIRECTORS

(d) Shares underlying the Awards

The Company will from time to time transfer the necessary funds and instruct the scheme trustee ("**Scheme Trustee**") to acquire Shares through on-market transactions so as to satisfy Awards.

The Share Award Scheme Shares will be held on trust by the Scheme Trustee until their release to the Beneficiaries upon vesting of their Awards.

The grant of Awards by the Company to a connected person of the Company will be subject to the requirements of Chapter 14A of the Listing Rules.

(e) Restrictions on grants and Share purchases

No instruction may be given to the Scheme Trustee to acquire Shares and no Award may be granted when the Board is in possession of unpublished inside information in relation to the Scheme Companies or when dealings by Directors are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time.

(f) Vesting of Awards

Vesting of Awards is subject to continued employment of the Beneficiaries with a Scheme Company over the vesting period as determined by the Board. Upon vesting, the Company will instruct the Scheme Trustee to release Share Award Scheme Shares to the Beneficiary on its behalf.

In the event of termination of the employment or corporate officer's mandate of a Beneficiary with a Scheme Company, his or her Awards will be forfeited: (i) in the case of employment contracts, such forfeiture shall take effect on the date of receipt of the dismissal letter or the submission of the resignation letter (as the case may be), notwithstanding any period of notice (regardless of whether it has been given or satisfied), or on the date of the termination of the employment agreement for other circumstances, and (ii) in the case of corporate officer's mandate, such forfeiture shall take effect on the date of the expiration of the term of the mandate, or on the date of the dismissal or notification of such dismissal.

In the case of retirement or early retirement of the Beneficiary, Awards are not forfeited. However, the Shares are not released until they vest on the grantee.

If a Beneficiary's employer ceases to be a Scheme Company during the vesting period, the continued employment condition will be deemed not to have been satisfied.

No consideration is paid or payable by the grantees for the Shares to be issued under the Share Award Scheme.

(g) Limit for each Beneficiary

Pursuant to a resolution passed at a meeting of the Board on 29 November 2016, the maximum number of Awards which may be granted to a Beneficiary but unvested under the Share Award Scheme was revised to not exceed 1% of the Shares in issue from time to time.

REPORT OF THE DIRECTORS

(h) The Share Award Scheme Period

The Share Award Scheme shall be valid and effective from 28 April 2015 and end on the earlier of (i) the business day immediately prior to the tenth anniversary of 28 April 2015 except in respect of any non-vested Awards granted prior to the expiration of the Share Award Scheme, for the purpose of giving effect to the vesting of such Awards or otherwise as may be required in accordance with the provisions of the Share Award Scheme; and (ii) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any Beneficiary in respect of the Awards already granted.

(i) Outstanding Shares awarded

In July 2015, the Scheme Trustee purchased a total of 62,160,000 Shares on the Stock Exchange at a total consideration of approximately HK$74.7 million (equivalent to approximately RMB59.0 million). During the year 31 August 2020, the Scheme Trustee did not purchase any Share on the Stock Exchange and a total of 829,830 Shares under the Share Award Scheme were granted to Eligible Participants of the Group. The table below discloses movements in the outstanding Shares granted under the Share Award Scheme to all grantees at 31 August 2020.

		Number of share award						
Grantees	Date of grant	As at 1 September 2019	Granted during the year	Vested during the year	Forfeited during the year	As at 31 August 2020	Vesting period/date	Vesting conditions
Employees in aggregate								
Eleventh tranche	12 March 2018	220,000	–	–	(220,000)	–	31 May 2020	Subject to performance conditions
Twelfth tranche	5 September 2019	–	224,000	(224,000)	–	–	Immediately	None
Thirteenth tranche	3 April 2000	–	417,830	(417,830)	–	–	Immediately	None
Fourteenth tranche	28 August 2020	–	188,000	(188,000)	–	–	Immediately	None
Total		**220,000**	**829,830**	**(829,830)**	**(220,000)**	**–**		

Note: The vesting period or date is subject to the completion of certain administrative procedures relevant to the Scheme Trustee and the grantees.

Further details on the movement of the Shares awarded during the year ended 31 August 2020 are set out in note 33 to the financial statements.

The other principal terms of the Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme are set out in the Prospectus.

REPORT OF THE DIRECTORS

Contingent Liabilities

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 (the "**Consultancy 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 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 has now 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 Consultancy Agreement. Zhixin Case is still in the process of filing pleadings by both parties.

Based on information currently available to the Company, it is not possible to estimate the financial effect of the Zhixin Case. As at 31 August 2020, the Company has not made any provision in respect of the Zhixin Case. The Company will provide an update as and when there is any material development in this matter.

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

PURCHASE, SALES OR REDEMPTION OF OUR COMPANY'S SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the year ended 31 August 2020.

PROFESSIONAL TAX ADVICE RECOMMENDED

If the Shareholders of the Company are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the Shares of the Company, they are advised to consult an expert.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company has maintained the prescribed public float under the Listing Rules during the year ended 31 August 2020.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the laws of the Cayman Islands or under the Company's Articles of Association that require the Company to offer new Shares on a pro-rata basis to its existing Shareholders.

LITIGATION

Save as disclosed in the section headed "Contingent liabilities" in "Management Discussion and Analysis" and "Report of the Directors", the Group did not have any material litigation outstanding as at 31 August 2020.

CONTINUING DISCLOSURE PURSUANT TO LISTING RULES

The Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

CHANGE IN DIRECTORS' AND CHIEF EXECUTIVES' INFORMATION

Save as disclosed in the section headed "Directors and Senior Management" in this report, no change in information of Directors and chief executives is required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period.

USE OF PROCEEDS

Use of proceeds from the Placing and Subscription

The net proceeds from the placing and subscription of 110,000,000 shares of the Company in January 2018 (the "**Placing**"), after deducting placing commission and related expenses, amounted to approximately HK$989.5 million. The following table illustrates the intended uses of the net proceeds from the Placing and the planned amounts for each use:

	Overseas acquisition and related expenses HK$'million	**General corporate purposes** HK$'million
Unutilized balance as at 31 August 2019	940.0	11.1
Utilization intended during the year ending 31 August 2020		
Acquisition of Brockville campus, Ontario, Canada	77.0	
Takeover of Kingsley Edugroup Limited	434.6	
Acquisition of Star Readers Pte. Ltd.	428.4	11.1
Total Utilization	940.0	11.1

As at 31 August 2018, 31 August 2019 and 31 August 2020, the Group had utilized the net proceeds from the New Share Issuance as set out in the table below, which is consistent with the intentions previously disclosed by the Company:

REPORT OF THE DIRECTORS

Use of proceeds	Percentage	Net proceeds from the Placing HK$'million	Utilization during the year ended 31 August 2018 HK$'million	Unutilized balance as at 31 August 2018 HK$'million	Utilization during the year ended 31 August 2019 HK$'million	Unutilized balance as at 31 August 2019 HK$'million	Utilization during the year ended 31 August 2020 HK$'million	Unutilized balance as at 31 August 2020 HK$'million
Overseas acquisition and related expenses	95%	940.0	0	940.0	0	940.0	940.0	–
General corporate purposes	5%	49.5	0	49.5	38.4	11.1	11.1	–
Total	100%	989.5	0	989.5	38.4	951.1	951.1	–

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

NON-COMPETITION UNDERTAKING

In March 2008, each of the Founders, Ms. Meichen Amy Yan, Ms. Shu Ling Jen and Sherman Investment undertook to the Company and among others not to establish new entities or schools that are in competition with the entities or schools directly or indirectly controlled by us without our consent ("**Non-competition Undertaking**").

The Founders, Ms. Meichen Amy Yan, Ms. Shu Ling Jen and Sherman Investment undertook to the Company and among others have confirmed their compliance with the Non-Competition Undertaking throughout the period from the Listing Date to 31 August 2020. The Independent Non-executive Directors have also reviewed the compliance with the Non-competition Undertaking and are satisfied that they have complied with the undertakings.

AUDIT COMMITTEE

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 August 2020 and has met with the independent auditors, Messrs. Deloitte Touche Tohmatsu ("**Deloitte**"). 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.

AUDITORS

The consolidated financial statements for the year ended 31 August 2020 have been audited by Deloitte. A resolution for the re-appointment of Deloitte as the Company's auditors is to be proposed at the forthcoming AGM.

On behalf of the Board
Shu Liang Sherman Jen
Chairman and Chief Executive Officer

Hong Kong, 30 November 2020

CORPORATE GOVERNANCE REPORT

The Board of China Maple Leaf Educational Systems Limited is pleased to present this Corporate Governance Report in the Company's annual report for the year ended 31 August 2020.

CORPORATE GOVERNANCE CODE

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

During the year ended 31 August 2020 and up to the date of this report, the Company has applied the principles as set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix 14 to the Listing Rules and has complied with most of the applicable code provisions, save and except for code provision A.2.1 and E.1.2.

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer ("**CEO**") should not be performed by the same individual. Mr. Shu Liang Sherman Jen ("**Mr. Jen**") performs the dual roles of both chairman and 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.

Code provision E.1.2 of the CG Code stipulates that the Chairman of the board of directors should attend the annual general meeting. Mr. Jen, Chairman of the Board of the Company, was unable to attend the annual general meeting of the Company held on 22 January 2020 due to a business trip. Mr. Howard Robert Balloch, a Non-executive Director, a member of the Remuneration Committee and the Vice Chairman of the Board, acted as the Chairman of the annual general meeting of the Company held on 22 January 2020.

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 of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted 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 enquiries have been made of all the Directors and the relevant employees and they have confirmed that they have complied with the Model Code during the year ended 31 August 2020.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

The Board currently comprises six members, consisting of three Executive Directors and three Independent Non-executive Directors.

The composition of the Board as at the date of this report is as follows:

Executive Directors

Mr. Shu Liang Sherman Jen *(Chairman and Chief Executive Officer)*
Ms. Jingxia Zhang *(Co-Chief Financial Officer)*
Mr. James William Beeke

Non-executive Director

Mr. Howard Robert Balloch *(Vice Chairman) (resigned on 30 June 2020)*

Independent Non-executive Directors

Mr. Peter Humphrey Owen
Mr. Alan Shaver
Mr. Lap Tat Arthur Wong

The biographical information of the Directors is set out in the section headed "Directors and Senior Management" in this report.

None of the members of the Board is related to one another.

Chairman and Chief Executive Officer

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should not be performed by the same individual.

The Board does not have a separate chairman and CEO. Mr. Shu Liang Sherman Jen performs the dual roles of both chairman and 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 our Group, which in turn enables more effective and efficient overall strategic planning for our 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.

Board Meetings and Shareholders' Meetings Held

During the year ended 31 August 2020, the Board convened four Board meetings and the Company convened an annual general meeting ("**AGM**"). A summary of the attendance record of the Directors is set out in the following table:

Name of Director	Board Meetings	AGM
Executive Directors		
Mr. Shu Liang Sherman Jen	4/4	0/1
Ms. Jingxia Zhang	3/4	0/1
Mr. James William Beeke	4/4	0/1
Non-executive Director		
Mr. Howard Robert Balloch *(resigned on 30 June 2020)*	4/4	1/1
Independent Non-executive Directors		
Mr. Peter Humphrey Owen	4/4	0/1
Mr. Alan Shaver	4/4	0/1
Mr. Lap Tat Arthur Wong	3/4	1/1

The Board will meet at least four times in each financial year at approximately quarterly intervals in accordance with code provision A.1.1 of the CG Code.

Apart from regular Board meetings, the Chairman also held a meeting with the Independent Non-executive Directors without the presence of other directors during the year ended 31 August 2020.

Independent Non-executive Directors

The Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing more than one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received from each independent non-executive Director a written annual confirmation in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. Based on such confirmation, the Board considers that all independent non-executive Directors are independent.

Non-executive Directors and Directors' Re-election

Code provision A.4.1 of the CG Code stipulates that non-executive Directors shall be appointed for a specific term, subject to re-election, whereas code provision A.4.2 states that all Directors appointed to fill a casual vacancy shall be subject to election by Shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

CORPORATE GOVERNANCE REPORT

All Directors including non-executive Director and independent non-executive Directors have been appointed for a fixed term of less than three years. Each of the Directors is subject to retirement by rotation once every three years in accordance with the Company's Articles of Association. The Articles of Association requires that at every annual general meeting of the Company one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Board takes decisions objectively in the interests of the Company.

All Directors, including non-executive Director and independent non-executive Directors, have brought a wide spectrum of valuable business experiences, knowledge and professionalism to the Board for its efficient and effective functioning.

All Directors have full and timely access to all the information of the Company as well as the services and advice from the company secretary and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his responsibilities to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operations and management of the Company are delegated to the management.

Continuous Professional Development of Directors

Directors shall keep abreast of responsibilities as a Director of the Company and of the conduct, business activities and development of the Group.

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

In accordance with code provision A.6.5 of the CG Code with regard to continuous professional development, Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. All Directors are encouraged to attend relevant training courses at the Company's expenses.

CORPORATE GOVERNANCE REPORT

During the year ended 31 August 2020, the key methods of attaining continuous professional development by each of the Directors are summarized as follows:

Name of Director	Attending courses/ seminars/ conferences	Reading books/ journals/ articles
Mr. Shu Liang Sherman Jen	✓	✓
Ms. Jingxia Zhang	✓	✓
Mr. James William Beeke	✓	✓
Mr. Howard Robert Balloch *(resigned on 30 June 2020)*	✓	✓
Mr. Peter Humphrey Owen	✓	✓
Mr. Alan Shaver	✓	✓
Mr. Lap Tat Arthur Wong	✓	✓

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination and Corporate Governance Committee, to oversee particular aspects of the Company's affairs. Each of these committees was established with defined written terms of reference. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

The majority of the members of each Board committee are independent non-executive Directors and the list of the chairman and members of each Board committee is set out in the section headed "Corporate Information" in this report.

Audit Committee

The Company has established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of 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 systems of our Group, to oversee the audit process and the relationship with external auditor, to review arrangements enabling employees of the Group to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company and to perform other duties and responsibilities as assigned by our Board.

The Audit Committee consists of three members: Mr. Lap Tat Arthur Wong, Mr. Peter Humphrey Owen, and Mr. Alan Shaver, all of whom are Independent Non-executive Directors. Mr. Lap Tat Arthur Wong is the chairman of the Audit Committee.

CORPORATE GOVERNANCE REPORT

During the year ended 31 August 2020, the Audit Committee held three meetings. The attendance record of the meetings is set out in the table below:

Name of Committee Member	Attendance/Number of meetings
Mr. Lap Tat Arthur Wong	3/3
Mr. Peter Humphrey Owen	2/3
Mr. Alan Shaver	3/3

During the meetings, the Audit Committee reviewed the annual results and reports for the year ended 31 August 2019 and the interim results and report for the six months ended 29 February 2020, significant issues on the financial reporting and compliance procedures, internal control and risk management systems, scope of work and appointment of external auditors.

During the year ended 31 August 2020, the Audit Committee also met with the external auditors twice in the absence of the executive Directors.

Remuneration Committee

The Company has established a Remuneration Committee with written terms of reference in compliance with paragraph B.1 of the CG Code. The primary duties of the Remuneration Committee include but are not limited to, (i) making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) making recommendations to the Board on the remuneration packages of all Directors and senior management; (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time; and (iv) reviewing and approving the terms of incentive schemes and Directors' service contracts.

The Remuneration Committee consists of three members: Mr. Peter Humphrey Owen, Mr. Howard Robert Balloch (resigned on 30 June 2020), Mr. James William Beeke (appointed on 26 August 2020) and Mr. Alan Shaver. Mr. Balloch is a Non-executive Director, Mr. Beeke is an executive Director and Mr. Owen and Mr. Shaver are Independent Non-executive Directors. Mr. Owen is the chairman of the Remuneration Committee.

During the year ended 31 August 2020, the Remuneration Committee held one meeting. The attendance record of the meeting is set out in the table below:

Name of Committee Member	Attendance/Number of meeting
Mr. Peter Humphrey Owen	1/1
Mr. Howard Robert Balloch (resigned on 30 June 2020)	1/1
Mr. James William Beeke (appointed on 26 August 2020)	N/A
Mr. Alan Shaver	1/1

During the meeting, the Remuneration Committee reviewed the remuneration policy and structure of the Company, the remuneration packages of the executive Directors and senior management, compensation for senior staff, long-term incentive for enhancing staff retention and recruitment and other related matters of the Company. The Remuneration Committee also reviewed the adequacy of its Terms of Reference and the efficiency of the work of the Committee.

During the year ended 31 August 2020, the total remuneration paid/payable to the senior management (including all executive Directors) by band expressed in Hong Kong dollars is set out below:

Band	Number of senior management
HK$1,000,000 to HK$1,500,000	1
HK$1,500,001 to HK$2,000,000	1
HK$2,000,001 to HK$2,500,000	1
HK$3,000,001 to HK$3,500,000	1
HK$4,500,001 to HK$5,000,000	1

Nomination and Corporate Governance Committee

The Company has established a Nomination and Corporate Governance Committee with written terms of reference in compliance with paragraphs A.5 and D.3 of the CG Code. The Nomination and Corporate Governance Committee has the following two main functions: (i) nomination function including reviewing the structure, size, composition and performance of the Board, developing and recommending to the Board on nomination guidelines, assessing the independence of independent non-executive Directors and making recommendations to the Board on matters relating to the appointment of Directors; and (ii) corporate governance function including developing and reviewing the Company's corporate governance policies and practices, reviewing and monitoring the training and continuous professional development of Directors and senior management, reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements and reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

The Nomination and Corporate Governance Committee consists of three members: Mr. Shu Liang Sherman Jen, Mr. Peter Humphrey Owen and Mr. Alan Shaver. Mr. Jen is an Executive Director and Mr. Owen and Mr. Shaver are Independent Non-executive Directors. Mr. Jen is the chairman of the Nomination and Corporate Governance Committee.

Director Nomination Policy

On 9 November 2018, the Company adopted a director nomination policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors. When assessing and selecting candidates of directors, the Nomination and Corporate Governance Committee ("**N&CGC**") and the Board will consider the character, integrity, qualifications, including professional qualifications, skills, knowledge and experience and diversity elements as described in the Board Diversity Policy of the candidates. For appointment of independent non-executive Directors, the Company will also consider the independence of the candidates in accordance with the Listing Rules and the commitment of sufficient time in order to discharge the duties as the member of the Board and the Board Committees.

CORPORATE GOVERNANCE REPORT

For appointment of directors, the N&CGC should recommend to the Board to appoint suitable candidates for directorship. For person nominated by shareholders for election as a director at the general meeting of the Company, the N&CGC and/or the Board should assess such candidate based on the above selection criteria to determine the eligibility of such candidate to be appointed as a director, and thus make recommendation to the shareholders on the proposal of election of director at the general meeting.

For re-election of directors at the general meeting, the N&CGC and/or the Board should review the overall contribution and services made by the retired directors to the Company, and consider whether their level of engagement and performance in the Board meet the above standards, and make recommendation to the shareholders on the proposed re-election of directors at the general meeting.

During the year ended 31 August 2020, the Nomination and Corporate Governance Committee held one meeting. The attendance record of the meeting is set out in the table below:

Name of Committee Member	Attendance/Number of meeting
Mr. Shu Liang Sherman Jen	1/1
Mr. Peter Humphrey Owen	1/1
Mr. Alan Shaver	1/1

During the meeting, the Nomination and Corporate Governance Committee reviewed the structure, size, composition and diversity of the Board, assessed the independence of Independent Non-executive directors, made recommendation to the Board for the re-election of directors, reviewed the Company's policies and practices on corporate governance and on compliance with legal and regulatory requirements and discussed the adequacy on the training and continuous professional development of Directors and senior management.

Board Diversity Policy

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance and strives to maintain a Board with diversity perspectives at all levels, in particular, those aligning with the Company's strategies and objectives. In determining the composition of the Board and the nomination of directors, the Company takes into consideration a number of factors, including but not limited to gender, age, cultural and educational background, professional qualifications and skills, knowledge and industries and regional experience. Measurable objectives are adopted for achieving diversity of the Board. The Company will conduct regular assessment on the diversity perspective, measurable objectives and progress in achieving the objective of diversity.

The Nomination and Corporate Governance Committee is responsible for monitoring and reviewing the Policy annually. The resignation of Mr Howard Robert Balloch, Non-executive Director on 30 June 2020 has no impact on the diversity of the Board. During the year ended 31 August 2020, the Nomination and Corporate Governance Committee was satisfied with the diversity of the existing Board and did not recommend any change of the size of the Board.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 August 2020.

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

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 82 to 85 in this report.

AUDITORS' REMUNERATION

The Company appointed Deloitte Touche Tohmatsu as the external auditors for the year ended 31 August 2020. During the year ended 31 August 2020, the total fees paid/payable, excluding disbursements, in respect of audit and non-audit services provided by the Group's external auditors are set out below:

Items of auditors' services	Amount RMB'000
Audit service:	
Annual audit service	3,050
Non-audit services:	
ESG consultation service	105
Tax advisory service	18
Transfer pricing service	100
Review on continuing connected transactions	100
Service in relation to major acquisition	2,338
Total	**5,711**

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board highly values and has the overall responsibility for establishing and maintaining adequate and effective risk management and internal control systems of the Group to safeguard the Group's assets and stakeholders' interests, and reviewing their effectiveness annually. Management has the responsibility to carry out the decisions of the Board of Directors in the design, implementation and monitoring of the risk management and internal control systems of the Group.

The Group's risk management and internal control systems include a management structure with defined lines of responsibility and limits of authority. These systems only aim to provide reasonable, but not absolute, assurance that assets are safeguarded against misappropriations or loss, transactions are executed in accordance with the management's authorisation, and accounting records are reliable and proper for preparing financial information and are not materially misstated. The systems are designed to identify, evaluate and manage risks effectively rather than to eliminate the risk of failure to achieve business objectives.

The Group has established a risk management framework in providing direction in identifying, evaluating and managing significant risks. Risks that would adversely affect the achievement of the Group's objectives are identified and assessed and prioritised according to a set of standard criteria. Risk mitigation plans and risk owners are then established for those risks which are considered to be significant.

CORPORATE GOVERNANCE REPORT

The Board assesses the effectiveness of the risk management and internal control systems through the reviews performed by the Audit Committee, executive management, internal audit department and external auditors. During the year ended 31 August 2020, the Audit Committee reviewed the report from internal audit department for the effectiveness of the Group's risk management and internal control systems, inter alia, the financial, operational and compliance control functions of the Group. Management confirmed that they have performed their duties to maintain effective risk management and internal control systems, and have ensured the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial report functions. The Board considered that the risk management and internal control systems are effective and adequate and is committed to improve the Group's risk management and internal control systems on an ongoing basis.

The Group complies with requirements of the SFO and the Listing Rules. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensure that information contained in announcements is not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

COMPANY SECRETARY

Ms. Wan Mun Yee, Sabine ("**Ms. Wan**") of Tricor Services Limited, an external service provider, has been engaged by the Company as its company secretary since 27 August 2018. Ms. Grace Jen, assistant to Co-CFO, was the primary contact person between the Company and Ms. Wan during her tenure.

Ms. Wan undertook no less than 15 hours of relevant professional training during the year ended 31 August 2020.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange after each general meeting.

Convening an Extraordinary General Meeting ("EGM") and Putting Forward Proposals at EGM

Pursuant to article 12.3 of the Articles of Association, the Board may, whenever it thinks fit, convene an EGM.

General meetings shall also be convened on the written requisition of any two or more members deposited at the principal place of business of the Company in Hong Kong or, in the event the Company ceases to have such a principal place of business, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists hold as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company.

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionists themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Board shall be reimbursed to them by the Company.

The requisition must state clearly the name of the requisitionists, their shareholding in the Company, the reason(s) to convene an EGM, the agenda proposed to be included and the details of the business(es) proposed to be transacted in the EGM and signed by the requisitionists.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: Room 1302, 13/F., Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong
Investor Relations Department
Fax: (852) 3565 5967
Email: ir@mapleleaf.net.cn

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address, and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business, performance and strategies. The Company endeavors to maintain an ongoing dialogue with Shareholders and in particular, through annual general meetings and other general meetings. The chairman of the Board, the chairmen of Audit Committee, Remuneration Committee and Nomination and Corporate Governance Committee, or, in their absence, other members of the respective committees, will make themselves available at the annual general meetings to meet Shareholders and answer their enquiries.

The Company has not made any changes to its Articles of Association during the year ended 31 August 2020. An up-to-date version of the Company's Articles of Association is also available on the Company's website and the Stock Exchange's website.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
CHINA MAPLE LEAF EDUCATIONAL SYSTEMS LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China Maple Leaf Educational Systems Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 86 to 182, which comprise the consolidated statement of financial position as at 31 August 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 August 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("**ISAs**") issued by International Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("**the Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

TO THE MEMBERS OF
CHINA MAPLE LEAF EDUCATIONAL SYSTEMS LIMITED

KEY AUDIT MATTER (Continued)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill and trademark	
We identified the impairment assessment of certain goodwill and trademark as a key audit matter due to significant judgment and estimation involved in the discounted future cash flow model which was prepared and used by the management in considering the impairment of goodwill and trademark. Impairment of certain goodwill and trademark is assessed by the management by comparing the recoverable amount and carrying amount of the relevant cash generating units at the end of the reporting period. Significant judgments and assumptions were required by the management of the Group in assessing the recoverable amounts of those cash generating units. The recoverable amounts are determined with reference to the value in use of the relevant cash generating units, which required significant assumptions on discount rates, growth rates of student number and tuition fee. Details of the key estimation uncertainties and the impairment assessment on goodwill and trademark are disclosed in notes 5 and 20, respectively, to the consolidated financial statements.	Our procedures in relation to impairment assessment of goodwill and trademark included: • Understanding the management's impairment assessment process, including the methodology applied and key assumptions used; • Obtaining the discounted future cash flow analysis prepared by the management and checking its mathematical accuracy; • Involving our internal valuation specialists to evaluate the appropriateness of the methodologies of the goodwill and trademark impairment test and assess reasonableness of key assumptions adopted in the discounted future cash flow model; • Evaluating the reasonableness of the key assumptions adopted by the management, including discount rates, growth rates of student number and tuition fee; and • Assessing the competence, capability and objectivity of the valuer engaged by the management in performing the impairment test.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

INDEPENDENT AUDITOR'S REPORT

(continued)

TO THE MEMBERS OF
CHINA MAPLE LEAF EDUCATIONAL SYSTEMS LIMITED

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

**TO THE MEMBERS OF
CHINA MAPLE LEAF EDUCATIONAL SYSTEMS LIMITED**

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Chung Chin Cheung.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

30 November 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 August 2020

	NOTES	2020 RMB'000	2019 RMB'000
Revenue	6	**1,528,608**	1,570,231
Cost of revenue		**(815,383)**	(835,397)
Gross profit		**713,225**	734,834
Investment and other income	7	**59,774**	61,573
Other gains and losses	8	**25,514**	128,752
Marketing expenses		**(32,153)**	(33,990)
Administrative expenses		**(225,193)**	(199,303)
Finance costs		**(18,310)**	(10,967)
Profit before taxation		**522,857**	680,899
Taxation	9	**(13,778)**	(26,730)
Profit for the year	10	**509,079**	654,169
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on the translation of foreign operations		**2,126**	7,823
Total comprehensive income for the year		**511,205**	661,992
Profit (loss) for the year attributable to:			
Owners of the Company		**505,278**	656,756
Non-controlling interests		**3,801**	(2,587)
		509,079	654,169
Total comprehensive income (expense) attributable to:			
Owners of the Company		**507,404**	664,579
Non-controlling interests		**3,801**	(2,587)
		511,205	661,992
EARNINGS PER SHARE			
Basic (RMB cents)	13	**17.01**	22.20
Diluted (RMB cents)	13	**17.01**	22.19

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 August 2020

	NOTES	31/8/2020 RMB'000	31/8/2019 RMB'000
Non-current Assets			
Property, plant and equipment	14	**3,842,542**	2,419,241
Right-of-use assets	15	**503,975**	–
Prepaid lease payments	16	**–**	263,412
Investment properties	17	**348,741**	348,065
Goodwill	18	**2,449,342**	252,848
Other intangible assets	19	**1,004,663**	44,012
Deposit paid for acquisition of property and equipment		**8,996**	13,640
Books for lease		**1,350**	2,055
Pledged bank deposits	21	**132,000**	132,000
		8,291,609	3,475,273
Current Assets			
Inventories		**18,487**	15,337
Deposits, prepayments, trade and other receivables	22	**174,088**	144,283
Financial assets at fair value through profit or loss	23	**12,905**	76,066
Pledged bank deposits	21	**1,412,668**	–
Restricted cash	24	**48,566**	50,447
Bank balances and cash	25	**1,310,907**	2,762,328
		2,977,621	3,048,461
Current Liabilities			
Lease liabilities	28	**30,641**	–
Contract liabilities	26	**1,506,002**	1,375,604
Other payables and accrued expenses	27	**628,088**	436,815
Income tax payable		**116,300**	83,085
Borrowings	29	**2,303,062**	123,475
		4,584,093	2,018,979
Net Current (Liabilities) Assets		**(1,606,472)**	1,029,482
Total Assets Less Current Liabilities		**6,685,137**	4,504,755

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)

At 31 August 2020

	NOTES	31/8/2020 RMB'000	31/8/2019 RMB'000
Capital and Reserves			
Share capital	31	**9,309**	9,309
Reserves		**4,517,653**	4,143,594
Equity attributable to owners of the Company		**4,526,962**	4,152,903
Non-controlling interests	34	**96,673**	92,872
Total Equity		**4,623,635**	4,245,775
Non-current Liabilities			
Deferred tax liabilities	30	**333,592**	51,466
Borrowings	29	**1,327,504**	207,514
Lease liabilities	28	**170,335**	–
Consideration payable	38(b)	**203,225**	–
Contingent consideration	38(b)	**26,846**	–
		2,061,502	258,980
		6,685,137	4,504,755

The consolidated financial statements on pages 86 to 182 were approved and authorised for issue by the Board of Directors on 30 November 2020 and are signed on its behalf by:

Shu Liang Sherman Jen **Jing Xia Zhang**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 August 2020

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Other reserve RMB'000	Shares held for restricted share award scheme RMB'000 (note a)	Translation reserve RMB'000	Statutory surplus reserve RMB'000 (note b)	Share-based payment reserve RMB'000	Retained profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 September 2018	9,255	1,362,407	(1,540)	(29,039)	5,640	225,569	16,733	2,062,509	3,651,534	40,295	3,691,829
Profit (loss) for the year	–	–	–	–	–	–	–	656,756	656,756	(2,587)	654,169
Other comprehensive income for the year	–	–	–	–	7,823	–	–	–	7,823	–	7,823
Total comprehensive income for the year	–	–	–	–	7,823	–	–	656,756	664,579	(2,587)	661,992
Acquisition of a subsidiary (Note 38(d))	54	51,009	–	–	–	–	–	–	51,063	55,164	106,227
Transfer to statutory surplus reserve	–	–	–	–	–	26,148	–	(26,148)	–	–	–
Share-based payments	–	–	–	–	–	–	36,591	–	36,591	–	36,591
Dividends recognised as distribution (Note 12)	–	(253,280)	–	–	–	–	–	–	(253,280)	–	(253,280)
Dividends distributed to the restricted share award scheme	–	2,416	–	–	–	–	–	–	2,416	–	2,416
Shares vested under restricted share award scheme	–	–	–	5,184	–	–	(22,218)	17,034	–	–	–
At 31 August 2019	9,309	1,162,552	(1,540)	(23,855)	13,463	251,717	31,106	2,710,151	4,152,903	92,872	4,245,775
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**505,278**	**505,278**	**3,801**	**509,079**
Other comprehensive income for the year	**–**	**–**	**–**	**–**	**2,126**	**–**	**–**	**–**	**2,126**	**–**	**2,126**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**2,126**	**–**	**–**	**505,278**	**507,404**	**3,801**	**511,205**
Transfer to statutory surplus reserve	**–**	**–**	**–**	**–**	**–**	**20,023**	**–**	**(20,023)**	**–**	**–**	**–**
Share-based payments	**–**	**–**	**–**	**–**	**–**	**–**	**16,177**	**–**	**16,177**	**–**	**16,177**
Dividends recognised as distribution (Note 12)	**–**	**(150,656)**	**–**	**–**	**–**	**–**	**–**	**–**	**(150,656)**	**–**	**(150,656)**
Dividends distributed to the restricted share award scheme	**–**	**1,134**	**–**	**–**	**–**	**–**	**–**	**–**	**1,134**	**–**	**1,134**
Shares vested under restricted share award scheme	**–**	**–**	**–**	**1,575**	**–**	**–**	**(1,908)**	**333**	**–**	**–**	**–**
At 31 August 2020	**9,309**	**1,013,030**	**(1,540)**	**(22,280)**	**15,589**	**271,740**	**45,375**	**3,195,739**	**4,526,962**	**96,673**	**4,623,635**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(continued)

For the Year Ended 31 August 2020

*Note a: Shares held for restricted share award scheme is comprised of shares purchased from open market that are to be used for the share award scheme approved by the directors of the Company on 10 November 2014 (the "**Share Award Scheme**").*

*Note b: Pursuant to the relevant laws in the People's Republic of China (the "**PRC**"), the Company's subsidiaries in the PRC shall make appropriations from after-tax profit to non-distributable reserve funds as determined by the board of the directors of the relevant PRC subsidiaries. These reserves include (i) general reserve of the limited liabilities companies and (ii) the development fund of schools:*

(i) In accordance with relevant PRC regulations, for PRC subsidiaries with limited liability, it is required to make annual appropriations to statutory surplus reserve of 10% of after-tax profits as determined in accordance with PRC accounting standards for each calendar year until the balance reaches 50% of the relevant PRC entity's registered capital.

(ii) According to the relevant PRC laws and regulations, for private school that does not require reasonable return, it is required to appropriate to development fund of not less than 25% of the annual increase of net assets of the relevant school as determined in accordance with PRC accounting standards in the PRC. The development fund shall be used for construction or maintenance of the school or procurement or upgrading of educational equipment.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 31 August 2020

	2020 RMB'000	2019 RMB'000
OPERATING ACTIVITIES		
Profit before taxation	**522,857**	680,899
Adjustments for:		
Amortisation of books for lease	**1,433**	2,072
Amortisation of intangible assets	**15,518**	7,235
Amortisation of prepaid lease payments	**–**	6,420
Depreciation of investment properties	**4,093**	3,888
Depreciation of property, plant and equipment	**92,816**	81,871
Depreciation of right-of-use assets	**33,339**	–
Dividend income from financial assets at fair value through profit or loss	**(511)**	(497)
Net foreign exchange gain	**(1,243)**	(17,180)
Loss on disposal of property and equipment	**148**	1,080
Impairment loss		
– property, plant and equipment	**7,339**	–
Interest expenses	**18,310**	10,967
Interest income	**(28,220)**	(36,343)
Gain on fair value changes of financial assets at fair value through profit or loss	**(19,560)**	(39,533)
Share-based payments	**16,177**	36,591
Operating cash flows before movements in working capital	**662,496**	737,470
(Decrease) increase in contract liabilities	**(96,613)**	168,098
Decrease (increase) in deposits, prepayments, trade and other receivables	**22,548**	(58,702)
(Increase) decrease in inventories	**(2,668)**	1,872
Increase (decrease) in other payables and accrued expenses	**43,410**	(6,432)
Cash generated from operations	**629,173**	842,306
Income tax paid	**(33,531)**	(20,620)
Interest received	**30,176**	35,323
NET CASH FROM OPERATING ACTIVITIES	**625,818**	857,009

CONSOLIDATED STATEMENT OF CASH FLOWS

(continued)

For the Year Ended 31 August 2020

	2020 RMB'000	2019 RMB'000
INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at fair value through profit or loss	**2,402,282**	2,972,137
Withdrawal of restricted cash	**1,881**	–
Dividends received from financial assets at fair value through profit or loss	**511**	497
Proceeds from disposal of property and equipment	**47**	1,955
Net cash outflow from acquisition of subsidiaries (Note 38)	**(3,487,894)**	(168,970)
Purchase of financial assets at fair value through profit or loss	**(2,319,772)**	(2,645,747)
Purchase of property and equipment	**(229,827)**	(135,263)
Payments for right-of-use assets	**(35,239)**	–
Purchase of investment property	**(10,427)**	–
Settlement of acquisition consideration payable	**(4,703)**	(4,858)
Purchase of books for lease	**(728)**	(1,519)
Placement of restricted bank deposits	**–**	(50,447)
Settlement of contingent acquisition consideration	**–**	(4,600)
Payments for prepaid lease payments	**–**	(1,541)
NET CASH USED IN INVESTING ACTIVITIES	**(3,683,869)**	(38,356)
FINANCING ACTIVITIES		
New borrowings raised	**3,212,618**	–
Placement of pledged bank deposits	**(1,412,668)**	–
Dividends paid	**(149,522)**	(250,864)
Repayments of lease liabilities	**(20,228)**	–
Interest paid	**(10,194)**	(10,967)
Repayments of borrowings	**(3,259)**	(155,235)
Withdrawal of pledged bank deposits	**–**	113,000
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**1,616,747**	(304,066)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(1,441,304)**	514,587
CASH AND CASH EQUIVALENTS AT 1 SEPTEMBER	**2,762,328**	2,220,694
Effect of foreign exchange rate changes	**(10,117)**	27,047
CASH AND CASH EQUIVALENTS AT 31 AUGUST REPRESENTED BY BANK BALANCES AND CASH	**1,310,907**	2,762,328

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 August 2020

1. GENERAL

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. 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, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and the address of principal place of business of the Company is Maple Leaf Educational Park, 6 Central Street, Jinshitan National Tourist Area, Dalian, Liaoning Province 116650, the People's Republic of China ("**PRC**").

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 dual-diploma curriculum (British Columbia curriculum and Chinese curriculum) and bilingual education mainly within the PRC and Southeast Asia.

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**"), Dalian Maple Leaf Science and Education Co., Ltd ("**Dalian Science and Education**"), 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 subsidiary, Dalian Beipeng Educational Software Development Inc. ("**Beipeng Software**"), has entered into the contractual arrangements (the "**Contractual Arrangements**") with the Consolidated Affiliated Entities and their respective equity holders, 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 Affiliated Entities. In addition, the Consolidated Affiliated Entities are not allowed to sell, transfer, or dispose any assets, or make any distributions to their equity holders without prior consent of Beipeng Software; and obtain a pledge over the entire equity interest of Dalian Educational Group and Dalian Science and Education from their equity holders as collateral security for all of Dalian Educational Group and Dalian Science and Education's payments due to Beipeng Software and to secure performance of Dalian Educational Group and Dalian Science and Education and their respective subsidiaries obligations under the Contractual Arrangements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 August 2020

1. GENERAL (Continued)

There are no pledge agreements 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 in the consolidated financial statements of the Group.

The following financial statement balances and amounts of the Consolidated Affiliated Entities and the Consolidated Affiliated Entities' subsidiaries were included in the consolidated financial statements:

	2020 **RMB'000**	2019 RMB'000
Revenue	**1,306,151**	1,255,262
Profit before taxation	**445,016**	522,577

	31/8/2020 **RMB'000**	31/8/2019 RMB'000
Non-current assets	**2,959,359**	2,533,889
Current assets	**1,110,918**	1,723,976
Current liabilities	**(1,780,143)**	(1,676,598)

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is the same as the functional currency of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 August 2020

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

In preparing the consolidated financial statements, the board of directors (the "**Directors**") have given careful consideration of the future liquidity of the Group in light of the fact that as at 31 August 2020 the Group has capital and other commitments of RMB102,012,000 (Note 41), and had net current liabilities of RMB1,606,472,000 as at 31 August 2020.

The Directors consider that it is appropriate to prepare the consolidated financial statements on the going concern basis taking into accounts the cash flow forecast prepared by the management of the Company and the nature of current liabilities and the Directors expect that operating activities can contribute substantial cash inflow to repay the current borrowings and capital commitment.

3. ADOPTION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

New and Amendments to IFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to IFRSs issued by the International Accounting Standards Board for the first time in the current year:

IFRS 16	Leases
IFRIC-Int 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015-2017 Cycle

Except as describe below, the application of the new and amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and on the disclosures set out in these consolidated financial statements.

3.1 IFRS 16 Leases

The Group has applied IFRS 16 for the first time in the current year. IFRS 16 superseded IAS 17 Leases ("**IAS 17**"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 September 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 August 2020

3. ADOPTION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

New and Amendments to IFRSs that are mandatorily effective for the current year (Continued)

3.1 IFRS 16 Leases (Continued)

As a lessee

The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 September 2019.

As at 1 September 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying IFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on a lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets as an alternative of impairment review;

ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

iii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of buildings in the PRC was determined on a portfolio basis; and

iv. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rates applied by the relevant group entities range from 1.59% to 4.32%.

3. ADOPTION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

New and Amendments to IFRSs that are mandatorily effective for the current year (Continued)

3.1 IFRS 16 Leases (Continued)

As a lessee (Continued)

	At 1 September 2019 RMB'000
Operating lease commitments disclosed as at 31 August 2019	215,497
Lease liabilities discounted at relevant incremental borrowing rates	193,443
Lease liabilities relating to operating leases recognised upon application of IFRS 16 as at 1 September 2019	193,443
Analysed as	
Current	14,163
Non-current	179,280
	193,443

The carrying amount of right-of-use assets for own use as at 1 September 2019 comprises the following:

	Notes	Right-of-use assets RMB'000
Right-of-use assets relating to operating leases recognised upon application of IFRS 16		193,443
Reclassified from deposits, prepayments, trade and other receivables		10,179
Reclassified from prepaid lease payments	(a)	270,735
Adjustments on rental deposits at 1 September 2019	(b)	892
Favourable terms of operating leases arising from business combinations	(c)	4,607
		479,856
By class:		
Leasehold lands		270,735
Favorable lease		4,607
Buildings		204,514
		479,856

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 August 2020

3. ADOPTION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

New and Amendments to IFRSs that are mandatorily effective for the current year (Continued)

3.1 IFRS 16 Leases (Continued)

As a lessee (Continued)

(a) Upfront payments for leasehold lands in the PRC for own used properties were classified as prepaid lease payments as at 31 August 2019. Upon application of IFRS 16, the current and non-current portion of prepaid lease payments amounting to RMB7,323,000 and RMB263,412,000 respectively were reclassified to right-of-use assets.

(b) Before the application of IFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which IAS 17 applied under other receivables. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, RMB892,000 was adjusted to refundable rental deposits paid and right-of-use assets.

(c) The Group previously recognised intangible assets by applying IFRS 3 Business Combinations relating to favourable terms of an operating lease relating to buildings. The carrying amount as at 1 September 2019 was derecognised by adjusting the right-of-use asset.

As a lessor

In accordance with the transitional provisions in IFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with IFRS 16 from the date of initial application and comparative information has not been restated.

(d) Upon application of IFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 September 2019. The application has had no impact on the Group's consolidated statement of financial position at 1 September 2019. However, effective 1 September 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

(e) Effective on 1 September 2019, the Group has applied IFRS 15 Revenue from Contracts with Customers ("**IFRS 15**") to allocate consideration in the contract to each lease and non-lease components. The change in allocation basis has had no material impact on the consolidated financial statements of the Group for the current year.

3. ADOPTION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

New and Amendments to IFRSs that are mandatorily effective for the current year (Continued)

3.1 IFRS 16 Leases (Continued)

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 September 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 August 2019 RMB'000	Adjustments RMB'000	Carrying amounts under IFRS 16 at 1 September 2019 RMB'000
Non-current Assets			
Right-of-use assets	–	479,856	479,856
Prepaid lease payments	263,412	(263,412)	–
Other intangible assets	4,607	(4,607)	–
Current Assets			
Deposits, prepayments and other receivables			
– Prepaid rent and other prepaid expenses	11,113	(10,179)	934
– Deposits	5,910	(892)	5,018
– Prepaid lease payments	7,323	(7,323)	–
Current Liabilities			
Lease liabilities	–	(14,163)	(14,163)
Non-current Liabilities			
Lease liabilities	–	(179,280)	(179,280)

Note: *For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 August 2020, movements in working capital have been computed based on opening statement of financial position as at 1 September 2019 as disclosed above.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 August 2020

3. ADOPTION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

3.2 Impacts on early application of Amendment to IFRS 16 "Covid-19-Related Rent Concessions"

The Group has applied the amendment for the first time in the current year. The amendment introduces a new practical expedient for lessees to elect not to assess whether a Covid-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the Covid-19 that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying IFRS 16 Leases if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The application of the amendment had no impact to the opening retained profits at 1 September 2019. The Group has benefited from 1-8 months waiver of lease payments on several leases in the PRC. The Group has derecognised the part of lease liability that has been extinguished by the forgiveness of lease payments using the discount rates originally applied to these leases respectively, resulting in a decrease in the lease liabilities of RMB721,000, which has been recognised as variable lease payments in profit or loss for the current year.

3. ADOPTION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Standards that have been issued but are not yet effective:

IFRS 17	Insurance Contracts and the related Amendments[1]
Amendments to IFRS 3	Definition of a Business[5]
Amendments to IFRS 3	Reference to the Conceptual Framework[2]
Amendments to IAS 1 and IAS 8	Definition of Material[6]
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform[6]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2[4]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non–current[1]
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use[2]
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018-2020[2]

1 *Effective for annual periods beginning on or after 1 January 2023*
2 *Effective for annual periods beginning on or after 1 January 2022*
3 *Effective for annual periods beginning on or after a date to be determined*
4 *Effective for annual periods beginning on or after 1 January 2021*
5 *Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020*
6 *Effective for annual periods beginning on or after 1 January 2020*

In addition to the above new and amendments to IFRS Standards, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in IFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

The directors of the Company anticipate that the application of all other new and amendments to IFRSs and IASs will have no material impact on the consolidated financial statements in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 August 2020

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs issued by the International Accounting Standards Board. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 “Share-based Payment”, leasing transactions that are accounted for in accordance with IFRS 16 (since 1 September 2019) or IAS 17 (before application of IFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 “Inventories” or value in use in IAS 36 “Impairment of Assets”.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for asset or liability.

The principal accounting policies are set out below.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including the Consolidated Affiliated Entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

(i) has power over the investee;

(ii) is exposed, or has rights, to variable returns from its involvement with the investee; and

(iii) has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

(i) deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 "Income Taxes" and IAS 19 "Employee Benefits" respectively;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 August 2020

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations (Continued)

(ii) liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace "share-based payment" arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see the accounting policy below); and

(iii) lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which the lease term ends within 12 months of the acquisition date. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain and loss being recognised in profit or loss.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill (Continued)

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit.

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 August 2020

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (Continued)

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

The progress towards complete satisfaction of a performance obligation in tuition and boarding services are measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

As a practical expedient, if the Group has a right to consideration in an amount that corresponds directly with the value of the Group's performance completed to date, the Group recognises revenue in the amount to which the Group has the right to invoice.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing

Definition of a lease (upon application of IFRS 16 in accordance with transitions in note 3)

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

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

The Group as a lessee (upon application of IFRS 16 in accordance with transitions in note 3)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of computer equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities, other than adjustments to lease liabilities resulting from Covid-19-related rent concessions in which the Group applied the practical expedient.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 August 2020

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing (Continued)

The Group as a lessee (upon application of IFRS 16 in accordance with transitions in note 3) (Continued)

Right-of-use assets (Continued)

The Group presents right-of-use assets that do not meet the definition of investment property or inventory as a separate line item on the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property are presented within "investment properties".

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 Financial Instruments ("**IFRS 9**") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rateas at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing (Continued)

The Group as a lessee (upon application of IFRS 16 in accordance with transitions in note 3) (Continued)

Lease liabilities (Continued)

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review/ expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

Except for Covid-19-related rent concessions in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

Covid-19-related rent concessions

In relation to rent concessions that occurred as a direct consequence of the Covid-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

- there is no substantive change to other terms and conditions of the lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 August 2020

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing (Continued)

The Group as a lessee (upon application of IFRS 16 in accordance with transitions in note 3) (Continued)

Lease modifications (Continued)

Covid-19-related rent concessions (Continued)

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying IFRS 16 if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The Group as a lessee (prior to 1 September 2019)

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group’s foreign operations are translated into RMB using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as a deduction from the carrying amount of the relevant asset in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments to state-managed retirement benefit schemes are recognised as expenses when employees have rendered services entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employee rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires to permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leaves and sick leave) after deducting any amount already paid.

Equity-settled share-based payment transactions

Shares/Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 August 2020

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity-settled share-based payment transactions (Continued)

Shares/Share options granted to employees (Continued)

The fair value of equity-settled share-based payments determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve. For equity-settled share-based payments that vest immediately at the date of grant, the fair value of the equity-settled share-based payments granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share-based payment reserve will be transferred to share premium. When restricted shares are vested, the amount previously recognised in share-based payment reserve will be transferred to shares held for restricted share award scheme, with any difference recognised to retained profits.

Shares/Share options granted to consultants

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than properties under construction less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 August 2020

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

Construction in progress is carried out at cost, less any recognised impairment loss. Construction in progress is classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property and equipment, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

Intangible assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any. Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually, when it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flow are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets (or a cash-generating unit) for which the estimated of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the assets (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 August 2020

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill (Continued)

Where an impairment loss subsequently reverses, the carrying amount of the assets (or a cash-generating unit or a group of cash-generating units) is increased to the revised estimated of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Books for lease

Books for lease are stated in the consolidated statement of financial position at cost less subsequent accumulated amortisation and subsequent accumulated impairment losses, if any. Amortisation is recognised in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the period of the books' economic life.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted-average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss("**FVTPL**")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liabilities and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("**FVTOCI**"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application of IFRS 9/initial recognition of a financial asset that the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("**OCI**") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 Business Combinations applies.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 August 2020

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL including investment in listed equity securities and wealth management products which are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the “other gains and losses” line item.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the “Investment and other income” line item in profit or loss.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss (“**ECL**”) model on financial assets (including deposits, trade and other receivables, pledged bank deposits, restricted cash and bank balances and cash) which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group measures the loss allowance for deposits, other receivables, pledged bank deposits, restricted cash and bank balances and cash equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed collectively using a provision matrix with appropriate groupings.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 August 2020

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(i) Significant increase in credit risk (Continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the counterparty;

(b) a breach of contract, such as a default or past due event;

(c) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16 (starting from 1 September 2019) or IAS 17 (prior to 1 September 2019).

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the basis:

- Nature of financial instruments (i.e. the Group's other receivables are each assessed as a separate group.);
- Past-due status;
- Nature, size and industry of debtors.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables where the corresponding adjustment is recognised through a loss allowance account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 August 2020

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is contingent consideration of an acquirer in a business combination to which IFRS 3 applies.

Financial liabilities at amortised cost

Financial liabilities including borrowings and other payables are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgment

The following is the critical accounting judgment, apart from those involving estimations, that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Contractual Arrangements

The Group conducts a substantial portion of the business through the Consolidated Affiliated Entities in the PRC due to regulatory restrictions on foreign ownership in the Group's schools in the PRC. The Group does not have any equity interest in the Consolidated Affiliated Entities. The Directors assessed whether or not the Group has control over the Consolidated Affiliated Entities based on whether the Group has the 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. After assessment, the Directors concluded that the Group has control over the Consolidated Affiliated Entities as a result of the Contractual Arrangements and other measures and accordingly, the Group has consolidated the financial information of the Consolidated Affiliated Entities in the consolidated financial statements.

Nevertheless, the Contractual Arrangements and other measures may not be as effective as direct legal ownership in providing the Group with direct control over the Consolidated Affiliated Entities and uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of the Consolidated Affiliated Entities. The Directors, based on the advice of its legal counsel, consider that the Contractual Arrangements among Beipeng Software, the Consolidated Affiliated Entities and their equity holders are in compliance with the relevant PRC laws and regulations and are legally enforceable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 August 2020

5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Useful life and impairment of property, plant and equipment

The Group's management determines the estimated useful lives and the depreciation method in determining the related depreciation charges for its property, plant and equipment. This estimate is based on the management's experience of the actual useful lives of property, plant and equipment of similar nature and functions. In addition, the management assesses impairment whenever events or changes in circumstances indicate that the carrying amount of an item of property, plant and equipment may not be recoverable. The management will increase the depreciation charge where useful lives are estimated to be shorter than previously estimated, or will write off or write down obsolete assets that have been abandoned or impaired. As at 31 August 2020, the carrying amount of property and equipment was RMB3,842,542,000 (2019: RMB2,419,241,000). Any change in these estimates may have a material impact on the results of the Group.

(b) Goodwill and trademark impairment

Determining whether goodwill and trademark is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill and trademark has been allocated. Significant judgment and assumptions were required by the management of the Group in assessing the impairment recoverable amounts of cash generating units. The recoverable amounts are determined with reference to the value in use of the relevant cash generating units, which required significant assumptions on discount rates, growth rates of students and tuition fee during the forecasting period in order to derive the net present value of the discounted future cash flow analysis. Where the actual future cash are less than expected, or change in facts and circumstances which results in downward revision of future cash flow, there will be a change of recoverable amount, a material impairment loss may arise. Furthermore, the estimated cash flows and discount rates are subject to higher degree of estimation uncertainties in the current year due to uncertainty on how the Covid-19 pandemic may progress and evolve and volatility in financial markets.

The carrying amount of goodwill and trademark at the end of the reporting period was approximately RMB2,449,342,000 and RMB587,629,000 (2019: RMB252,848,000 and Nil). Details of the impairment loss assessment are set out in Note 20.

6. REVENUE AND SEGMENT INFORMATION

Revenue represents (i) service income from tuition fees and boarding fees, (ii) fees from summer and winter camps provided to students, (iii) fees from selling educational books to students, and (iv) fees from overseas studies consulting services, sales of goods and educational materials to students, less refunds and sales related tax.

The revenues attributable to the Group's service lines are as follows:

(i) Disaggregation of revenue from contracts with customers

	2020 RMB'000	2019 RMB'000
Types of goods or services		
Tuition and boarding fees	**1,376,757**	1,318,517
Summer and winter camps	**3,370**	54,096
Sales of textbooks	**49,231**	46,044
Others	**99,250**	151,574
	1,528,608	1,570,231
Timing of revenue recognition		
Over time	**1,426,263**	1,458,545
A point in time	**102,345**	111,686
	1,528,608	1,570,231

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 August 2020

6. REVENUE AND SEGMENT INFORMATION (Continued)

(ii) Performance obligations for contracts with customers

Tuition and boarding fees (revenue recognised over time)

For tuition and boarding services the Group provides classroom education services and boarding services through the Group's high schools, middle schools, elementary schools, preschools and foreign schools to customers (individual students) during the service period for a fixed fee. These services are mainly paid in advance prior to the beginning of each school year. The service period for tuition and boarding services is the related school year. A contract liability is recognised for fee received whereas revenue has yet been recognised.

The directors of the Company have determined that the performance obligation of providing tuition and boarding services is satisfied over time as customers simultaneously receive and consume the benefits of these services throughout the service period.

Revenue from summer and winter camps (revenue recognised over time)

Other education related services include summer and winter camps and educational vacation activities provided to students for a fixed fee. These services are mainly paid in advance prior to the service is provided. The service period for other education related services is the duration of the summer and winter camps or educational vacation activities. A contract liability is recognised for fee received whereas revenue has yet been recognised.

The directors of the Company have determined that the performance obligation of other education related services is satisfied over time as customers simultaneously receive and consume the benefits of these services throughout the service period.

Sales of textbooks (revenue recognised at a point in time)

The Group sells textbooks and other educational materials to students which are purchased from third parties. The Group recognises revenue from sales of textbooks and educational materials at a point in time when the control of textbooks and educational materials are passed to students. The Group considers that it is acting as the principal in the transaction as the Group controls the specific goods before it is transferred to the customer after taking into considerations indicators such as the Group is primarily responsible for fulfilling the promise to provide the goods to its customers and has the inventory risk. Therefore, the Group recognises revenue from sales of textbooks and educational materials on a gross basis.

6. REVENUE AND SEGMENT INFORMATION (Continued)

(ii) Performance obligations for contracts with customers (Continued)

Others (including revenue recognised over time and at a point in time)

Others represent revenue from management fee received from school canteen operated by third party service providers, fees from overseas studies consulting service and sales of goods and educational materials, which individually are not material. For management fee received, the Group recognises revenue over time through the duration of the service period; and for fees from overseas studies consulting service, sales of goods and other educational materials, the Group recognises revenue at a point in time when the control of the goods and services are passed to students.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 August 2020 is expected to be recognised within one year amounted to RMB1,506,002,000 (2019: RMB1,375,604,000). As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

The Group is mainly engaged in international school education in the PRC and Southeast Asia. The Group's chief operating decision maker has been identified as the Chief Executive Officer who reviews revenue analysis by services lines when making decisions about allocating resources and assessing performance of the Group.

The revenues attributable to the Group's service lines are as follows:

	2020 **RMB'000**	2019 RMB'000
Tuition and boarding fees	**1,376,757**	1,318,517
Others	**151,851**	251,714
	1,528,608	1,570,231

As there is no other discrete financial information available for assessment of the performance of different services, no segment information is presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 August 2020

6. REVENUE AND SEGMENT INFORMATION (Continued)

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers (Continued)

Major customers

No single customer contributes 10% or more of total revenue of the Group for the years ended 31 August 2020 and 2019.

Geographical information

The Group primarily operates in the PRC and Southeast Asia. Revenue of the Group is mainly generated from services and goods provided to the external customers in the PRC. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Non-current assets	
	31/8/2020 RMB'000	31/8/2019 RMB'000
PRC	**5,712,562**	3,127,865
Singapore	**2,016,355**	339,037
Malaysia	**489,139**	–
Others	**73,553**	8,371
	8,291,609	3,475,273

7. INVESTMENT AND OTHER INCOME

	2020 RMB'000	2019 RMB'000
Bank interest income	**26,806**	36,233
Interest income from short-term loan to a third party	**1,414**	110
Rental income from investment properties	**16,669**	15,746
Government grant	**13,371**	8,445
Dividend income from financial assets at FVTPL	**511**	497
Others	**1,003**	542
	59,774	61,573

8. OTHER GAINS AND LOSSES

	2020 RMB'000	2019 RMB'000
Gain arising from changes in fair value of financial assets measured at FVTPL	**19,560**	39,533
Reversal of other payables	**11,423**	72,190
Net foreign exchange gain	**1,243**	17,180
Impairment loss		
– property, plant and equipment	**(7,339)**	–
Loss on disposal of property, plant and equipment	**(148)**	(1,080)
Others	**775**	929
	25,514	128,752

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 August 2020

9. TAXATION

	2020 RMB'000	2019 RMB'000
The charge comprises		
Current tax:		
PRC enterprise income tax ("**EIT**")	**18,369**	29,839
Deferred tax (Note 30)	**(4,591)**	(3,109)
	13,778	26,730

The income tax expense for the year can be reconciled to the profit before taxation as follows:

	2020 RMB'000	2019 RMB'000
Profit before taxation	**522,857**	680,899
Tax at PRC EIT rate of 25%	**130,714**	170,225
Tax effect of preferential tax rate granted	**(9,852)**	(10,059)
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	**11,155**	2,923
Tax effect of tax loss not recognised	**9,016**	4,979
Utilisation of tax loss previously not recognised	**(685)**	(651)
Tax effect of income not taxable for tax purposes	**(316,355)**	(303,792)
Tax effect of expenses not deductible for tax purposes	**189,785**	163,105
Tax charge for the year	**13,778**	26,730

The Company was incorporated in the Cayman Islands and Maple Leaf Educational Systems Limited ("**Maple BVI**") was incorporated in the BVI, both are tax exempted as no business is carried out in the Cayman Islands or the BVI under the tax laws of the Cayman Islands or the BVI, respectively.

No provision for Hong Kong Profits Tax has been made as the Group's operation in Hong Kong had no assessable profit for the years ended 31 August 2020 and 2019. On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HKD2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HKD2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The Inland Revenue Board, an agency of the Ministry of Finance in Malaysia, is responsible for the administration of direct taxes enacted under the Income Tax Act. The standard corporate tax rate in Malaysia is 24%.

9. TAXATION (Continued)

The standard corporate tax rate in Singapore is 17% and Singapore follows a single-tier corporate tax system.

Beipeng Software is entitled to High and New Technology Enterprise ("**HNTE**") status starting from the calendar year of 2017. Beipeng Software is eligible for a preferential enterprise income tax rate of 15% starting from the calendar year of 2017. The HNTE status is valid for three years, and is renewed on 2 December 2019.

According to the Implementation Rules for the Law for Promoting Private Education, private schools for which the sponsors do not require reasonable returns are eligible to enjoy the same preferential tax treatment as public schools, subject to review by relevant tax bureaus each year. Dalian Maple Leaf International School (the "**Dalian High School**"), Dalian Maple Leaf International School (Middle School and Elementary School), Tianjin Teda Maple Leaf International School, Wuhan Maple Leaf International School, Wuhan Maple Leaf School, Zhenjiang Maple Leaf International School, Chongqing Maple Leaf International School, Tianjin Huayuan Maple Leaf International School, Shanghai Maple Leaf International School, Pingdingshan Maple Leaf International School affiliated preschool, Yiwu Maple Leaf International School affiliated School, Jingzhou Maple Leaf International School, Hainan Maple Leaf International School, Weifang Maple Leaf International School, Henan Maple Leaf International School, Xian Maple Leaf International School, Pinghu Maple Leaf International School, Huaian Enlai Maple Leaf International School, Yancheng Maple Leaf International School, Maple Leaf International Schools – Haikou Jiangdong, Maple Leaf International Schools – Haikou Meiwen, Maple Leaf International Schools – Haikou Xiuying, Maple Leaf Jiade International School – Luzhou, Maple Leaf International School – Lingeer, Maple Leaf World School – Ji'nan and Maple Leaf International Preschool – Xian have been granted enterprise income tax exemption for the tuition income from relevant local tax bureaus.

Taxation arising in other jurisdictions is calculated as the rates prevailing in the relevant jurisdictions.

During the year ended 31 August 2020, non-taxable tuition income was RMB1,265,421,000 (2019: RMB1,215,167,000), and the related expense of RMB652,028,000 (2019: RMB627,643,000) was not deductible.

As at 31 August 2020, the Group had unused tax loss of RMB67,591,000 (2019: RMB52,107,000) available for offset against future taxable profits. No deferred tax assets have been recognised in respect of such tax losses due to the unpredictability of future taxable profit streams. As at 31 August 2020, tax losses of RMB67,591,000 (2019: RMB52,107,000) will expire in various years before 2025 (2019: 2024).

Under the EIT law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated undistributed profits of the PRC subsidiaries amounting to RMB3,307,039,000 at 31 August 2020 (2019: RMB2,698,392,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

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10. PROFIT FOR THE YEAR

	2020 **RMB'000**	2019 RMB'000
Profit for the year has been arrived at after charging (crediting):		
Staff costs, including directors' remuneration		
– salaries and other allowances	**600,123**	570,584
– retirement benefit scheme contributions	**23,404**	30,886
– share-based payments	**16,177**	36,591
Total staff costs	**639,704**	638,061
Gross rental income from investment properties	**(16,669)**	(15,746)
Less:		
Direct operating expenses incurred for investment properties that generated rental income during the year (included in administrative expenses)	**1,703**	1,695
Net rental income	**(14,966)**	(14,051)
Depreciation of property, plant and equipment	**92,816**	81,871
Depreciation of right-of-use assets (Note)	**33,339**	–
Amortisation of intangible assets	**15,518**	7,235
Depreciation of investment properties	**4,093**	3,888
Auditors' remuneration	**3,050**	2,969
Amortisation of books for lease	**1,433**	2,072
Amortisation of prepaid lease payments	**–**	6,420

Note:

During the year ended 31 August 2019, operating lease expenses amounted to RMB19,458,000 was recognised in cost of revenue.

11. DIRECTORS', CHIEF EXECUTIVES' AND EMPLOYEES' EMOLUMENTS

Directors and chief executives

Details of the emoluments paid to the Directors and the chief executives of the Company are as follows:

For the year ended 31 August 2020:

	Directors' fee RMB'000	Salaries and other allowances RMB'000	Share-based payments RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Executive directors					
– Sherman Jen (Note 1)	–	3,605	455	–	4,060
– Zhang Jingxia	–	2,015	980	–	2,995
– James William Beeke	–	777	490	–	1,267
Non-executive director					
– Howard Robert Balloch (Note 4)	391	–	(452)	–	(61)
Independent non-executive directors					
– Lap Tat Arthur Wong	376	–	458	–	834
– Peter Humphrey Owen	354	–	457	–	811
– Alan Shaver (Note 3)	332	–	–	–	332
Total	1,453	6,397	2,388	–	10,238

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For the Year Ended 31 August 2020

11. DIRECTORS', CHIEF EXECUTIVES' AND EMPLOYEES' EMOLUMENTS (Continued)

Directors and chief executives (Continued)

For the year ended 31 August 2019:

	Directors' fee RMB'000	Salaries and other allowances RMB'000	Share-based payments RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Executive directors					
– Sherman Jen (Note 1)	–	3,522	582	9	4,113
– Zhang Jingxia	–	1,969	1,402	–	3,371
– James William Beeke	–	776	701	–	1,477
Non-executive director					
– Howard Robert Balloch (Note 4)	455	–	701	–	1,156
Independent non-executive directors					
– Lap Tat Arthur Wong	386	–	511	–	897
– Peter Humphrey Owen	363	–	510	–	873
– Xiao Dan Mei (Note 2)	324	–	(19)	–	305
– Alan Shaver (Note 3)	–	–	–	–	–
Total	1,528	6,267	4,388	9	12,192

Notes:

(1) *Mr. Sherman Jen is the Chairman of the board and the chief executive officer of the Company for both years, and his emoluments disclosed above include those for services rendered by him as the chief executive officer.*

(2) *Dr. Xiao Dan Mei, has resigned from his position as an independent non-executive director of the Company effective from 31 August 2019.*

(3) *Dr. Alan Shaver, has been appointed as an independent non-executive director of the Company and a member of audit committee, remuneration committee and nomination and corporate governance committee effective from 31 August 2019.*

(4) *Mr. Howard Robert Balloch, has resigned from his position as an independent non-executive director of the Company effective from 30 June 2020.*

11. DIRECTORS', CHIEF EXECUTIVES' AND EMPLOYEES' EMOLUMENTS (Continued)

Employees

The five highest paid individuals of the Group included three directors for the year ended 31 August 2020 (2019: three) whose emoluments are included in the disclosures above. The emoluments of the remaining two individuals for the year ended 31 August 2020 (2019: two), are as follows:

	2020 **RMB'000**	2019 RMB'000
Salaries and other benefits	**2,167**	1,510
Share-based payments	**1,314**	1,065
Retirement benefit scheme contributions	**–**	17
	3,481	2,592

The emoluments of the five highest paid individuals, other than directors, were within the following bands:

	2020 **No. of employees**	2019 No. of employees
HKD1,000,001 to HKD1,500,000	**–**	2
HKD1,500,001 to HKD2,000,000	**1**	–
HKD2,000,001 to HKD2,500,000	**1**	–
	2	2

No inducement paid or payable by the Group to the Directors to join or upon joining the Group and no Directors has waived any remuneration during both years.

12. DIVIDENDS

During the year ended 31 August 2020, a final dividend of HKD5.6 cents (equivalent to approximately RMB5.0 cents) per share (total dividend of RMB150,656,000) in respect of the year ended 31 August 2019 was paid to the shareholders of the Company and the trustee holding the shares under the Share Award Scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 August 2020

12. DIVIDENDS (Continued)

During the year ended 31 August 2019, a final dividend of HKD5.1 cents (equivalent to approximately RMB4.4 cents) per share (total dividend of RMB130,659,000) in respect of the year ended 31 August 2018 and an interim dividend of HKD4.7 cents (equivalent to approximately RMB4.1 cents) per share (total dividend of RMB122,621,000) in respect of the six months period ended 28 February 2019 were paid to the shareholders of the Company and the trustee holding the shares under the Share Award Scheme.

No dividend in respect of the year ended 31 August 2020 has been proposed by the Directors of the Company.

13. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share for the years ended 31 August 2020 and 2019 was based on the following data:

	2020 **RMB'000**	2019 RMB'000
Earnings:		
Earnings for the purpose of basic and diluted earnings per share (Profit for the year attributable to owners of the Company)	**505,278**	656,756

	2020 **Number of shares** **'000**	2019 Number of shares '000
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,970,545**	2,958,034
Effect of dilutive potential ordinary shares	**5**	2,078
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,970,550**	2,960,112

The number of shares adopted in the calculation of the basic earnings per share for the years ended 31 August 2020 and 2019 has been arrived at after eliminating the ungranted or unvested shares of the Company held under the Share Award Scheme.

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14. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Motor vehicles RMB'000	Furniture and fixtures RMB'000	Computer equipment RMB'000	Construction in progress RMB'000	Total RMB'000
COST							
At 1 September 2018	2,054,807	125,262	13,135	46,109	102,528	124,802	2,466,643
Additions	–	2,822	952	7,400	13,878	78,157	103,209
Acquired on acquisition of subsidiaries	289,645	–	250	1,434	4,155	–	295,484
Transfer from construction in progress	157,548	–	–	–	–	(157,548)	–
Disposals	(1,327)	–	(3,415)	(1,024)	(1,292)	–	(7,058)
Exchange adjustment	–	–	–	–	–	(328)	(328)
At 31 August 2019	2,500,673	128,084	10,922	53,919	119,269	45,083	2,857,950
Additions	**59,416**	**2,727**	**597**	**4,515**	**8,440**	**244,774**	**320,469**
Acquired on acquisition of subsidiaries	**1,142,355**	**11,475**	**967**	**12,207**	**5,617**	**22,778**	**1,195,399**
Transfer from construction in progress	**48,042**	**–**	**–**	**–**	**–**	**(48,042)**	**–**
Disposals	**–**	**–**	**(684)**	**(197)**	**(2,006)**	**–**	**(2,887)**
Exchange adjustment	**7,859**	**231**	**6**	**234**	**67**	**(96)**	**8,301**
At 31 August 2020	**3,758,345**	**142,517**	**11,808**	**70,678**	**131,387**	**264,497**	**4,379,232**
DEPRECIATION AND IMPAIRMENT							
At 1 September 2018	261,019	9,487	6,361	17,567	66,427	–	360,861
Provided for the year	52,983	8,920	1,493	5,398	13,077	–	81,871
Eliminated on disposals	(234)	–	(2,686)	(395)	(708)	–	(4,023)
At 31 August 2019	313,768	18,407	5,168	22,570	78,796	–	438,709
Provided for the year	**61,143**	**10,243**	**1,213**	**7,520**	**12,697**	**–**	**92,816**
Impairment loss	**–**	**–**	**–**	**–**	**–**	**7,339**	**7,339**
Eliminated on disposals	**–**	**–**	**(643)**	**(141)**	**(1,908)**	**–**	**(2,692)**
Exchange adjustment	**310**	**49**	**6**	**106**	**47**	**–**	**518**
At 31 August 2020	**375,221**	**28,699**	**5,744**	**30,055**	**89,632**	**7,339**	**536,690**
CARRYING VALUES							
At 31 August 2020	**3,383,124**	**113,818**	**6,064**	**40,623**	**41,755**	**257,158**	**3,842,542**
At 31 August 2019	2,186,905	109,677	5,754	31,349	40,473	45,083	2,419,241

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 August 2020

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment, other than construction in progress, after taking into account their estimated residual value of 5% of the cost, are depreciated on a straight-line basis at the following rates per annum:

Buildings	1.9% to 3.2%
Leasehold improvements	The shorter of useful life or lease term
Motor vehicles	19%
Furniture and fixtures	11.9% to 48%
Computer equipment	19%

The Group's buildings situated on land in the PRC are held by the Group under medium-term lease.

At 31 August 2020, the Group is in the process of obtaining the property certificate for the buildings with carrying value of RMB262,987,000 (2019: RMB170,705,000) which are located in the PRC.

15. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	**Leased properties** RMB'000	**Favorable lease** RMB'000	**Total** RMB'000
As at 1 September 2019				
Carrying amount	270,735	204,514	4,607	479,856
As at 31 August 2020				
Carrying amount	298,508	201,384	4,083	503,975
For the year ended 31 August 2020				
Depreciation charge	7,466	25,349	524	33,339

Expense relating to short-term leases and other leases with lease terms end within 12 months of the date of initial application of IFRS 16	2,602
Variable lease payments not included in the measurement of lease liabilities	5,759
Total cash outflow for leases	63,828
Additions to right-of-use assets	57,458

For both years, the Group leases various buildings for its operations. Lease contracts are entered into for a fixed term of 12 months to 30 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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16. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments comprise leasehold land in the PRC under medium-term lease and are analysed for reporting purposes as:

	31/8/2019 RMB'000
Current assets (included in deposits, prepayments and other receivables)	7,323
Non-current assets	263,412
	270,735

The prepaid lease payments represent prepaid land use rights located in the PRC which are amortised on a straight-line basis over lease terms of 29 to 50 years as stated in the relevant land use right certificates granted for usage by the government.

At 31 August 2019, the carrying value of the land use rights of RMB34,934,000 is granted by the government. The Group is legally entitled to use these land use rights for 29 to 50 years which is stated in the corresponding state-owned land use right certificate. However, without the relevant administrative authorities' permission, the Group cannot transfer, lease or mortgage these land use rights granted by the government. Upon the application of IFRS 16 on 1 September 2019, prepaid lease payments were reclassified to right-of-use assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 August 2020

17. INVESTMENT PROPERTIES

The Group leases out various offices under operating leases with rentals payable monthly. The leases typically run for an initial period of 1 to 3 years.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

	RMB'000
COST	
At 1 September 2018	357,776
Exchange adjustments	9,262
At 31 August 2019	367,038
Additions	**10,427**
Exchange adjustments	**(5,834)**
At 31 August 2020	**371,631**
DEPRECIATION	
At 1 September 2018	14,840
Provided for the year	3,888
Exchange adjustments	245
At 31 August 2019	18,973
Provided for the year	**4,093**
Exchange adjustments	**(176)**
At 31 August 2020	**22,890**
CARRYING VALUES	
At 31 August 2020	**348,741**
At 31 August 2019	348,065

17. INVESTMENT PROPERTIES (Continued)

The fair value of the Group's investment properties at 31 August 2020 is RMB410,633,000 (2019: RMB381,935,000). The fair value has been arrived based on a valuation carried out by Debenham Tie Leung Limited ("**DTZ**") for investment property located in PRC; by Savills Valuation And Professional Service (S) Pte Ltd. ("**Savills**") for investment property located in Singapore, and by the Group for investment property located in Canada. DTZ is a member of the Hong Kong Institute of Surveyors, Savills is a member of the Singapore Institute of Valuers and Surveyors. The valuation was determined by capitalising the rental income derived from the existing tenancies with due provision for the reversionary income potential of the property interests. The key inputs are term capitalisation rate and market unit rent of individual unit.

There has been no change from the valuation technique used in the prior year. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Details of the Group's investment properties and information about the fair value hierarchy are as follows:

	Carrying value RMB'000	Level 3 Fair value RMB'000
Commercial property units located in the PRC		
At 31 August 2020	**9,120**	**33,000**
At 31 August 2019	9,732	33,000

	Carrying value RMB'000	Level 3 Fair value RMB'000
Commercial property units located in Singapore		
At 31 August 2020	**329,549**	**337,220**
At 31 August 2019	338,333	348,935

	Carrying value RMB'000	Level 3 Fair value RMB'000
Commercial property units located in Canada		
At 31 August 2020	**10,072**	**40,413**

The above investment properties are depreciated on a straight-line basis at 1%, 2% and 3.2% per annum, respectively. The Group's investment properties are situated on land in the PRC, Singapore and Canada, the investment properties located in Singapore have been pledged to secure banking borrowings of the Group (Note 29).

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18. GOODWILL

	2020 RMB'000	2019 RMB'000
COST AND CARRYING VALUES		
At 1 September	**252,848**	165,968
Arising on acquisition of subsidiaries	**2,196,089**	86,880
Exchange adjustment	**405**	–
At 31 August	**2,449,342**	252,848

Particulars regarding impairment testing on goodwill are disclosed in note 20.

19. OTHER INTANGIBLE ASSETS

	Student base RMB'000	**Licence** RMB'000	**Trademark** RMB'000	**Favorable lease** RMB'000	**Total** RMB'000
COST					
At 1 September 2018	33,100	1,500	–	6,200	40,800
Acquired through acquisition of subsidiaries	12,200	221	–	–	12,421
At 31 August 2019	45,300	1,721	–	6,200	53,221
Adjustment upon application of IFRS 16	–	–	–	(6,200)	(6,200)
At 1 September 2019 (restated)	45,300	1,721	–	–	47,021
Exchange adjustments	**(10)**	**635**	**468**	**–**	**1,093**
Acquired through acquisition of subsidiaries	**321,941**	**70,618**	**587,161**	**–**	**979,720**
At 31 August 2020	**367,231**	**72,974**	**587,629**	**–**	**1,027,834**
AMORTISATION					
At 1 September 2018	699	722	–	553	1,974
Provided for the year	5,787	408	–	1,040	7,235
At 31 August 2019	6,486	1,130	–	1,593	9,209
Adjustment upon application of IFRS 16	–	–	–	(1,593)	(1,593)
At 1 September 2019 (restated)	6,486	1,130	–	–	7,616
Exchange adjustments	**1**	**36**	**–**	**–**	**37**
Provided for the year	**11,339**	**4,179**	**–**	**–**	**15,518**
At 31 August 2020	**17,826**	**5,345**	**–**	**–**	**23,171**
CARRYING VALUES					
At 31 August 2020	**349,405**	**67,629**	**587,629**	**–**	**1,004,663**
At 31 August 2019	38,814	591	–	4,607	44,012

19. OTHER INTANGIBLE ASSETS (Continued)

The trademark of Kingsley and Canadian International School has a legal life of 10 years and is renewable every 10 years at minimal cost. The directors of the Company are of the opinion that the Group would renew the trademark continuously and has the ability to do so. Various studies including product life cycle studies, market, competitive and environmental trends, and brand extension opportunities have been performed by the management of the Group, which supports that the trademark has no foreseeable limit to the period over which the trademarked products are expected to generate net cash inflows for the Group.

As a result, the trademark is considered by the management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The trademark will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired. Particulars of the impairment testing are disclosed in note 20.

All of the Group's student base, trademark and licence were acquired through business combination. Trademark has an infinite estimated useful life. Student base has a finite estimated useful life and are amortised on expected usage of the intangible assets. Licence has a finite estimated useful life of 1.75-4 years and it is amortised on the straight-line basis over the estimated useful life.

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20. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

Goodwill and trademark arising on acquisition of subsidiaries are allocated to the cash-generating units that are expected to benefit from the business combination. The carrying amount of goodwill and trademark has been allocated as follows:

	Goodwill		Trademark	
	31/8/2020 RMB'000	31/8/2019 RMB'000	**31/8/2020 RMB'000**	31/8/2019 RMB'000
Cash-generating units:				
Dalian Maple Leaf Lanxi Wenyuan Preschool ("Lanxi")	**1,026**	1,026	**–**	–
Dalian Maple Leaf Jinhai Preschool ("Jinhai")	**956**	956	**–**	–
Jingzhou Maple Leaf International School ("Jingzhou")	**10,417**	10,417	**–**	–
Hainan Maple Leaf Science and Education Group Co., Ltd ("Hainan Science")	**48,065**	48,065	**–**	–
Yisidun International Education Investment (Shenzhen) Co., Ltd ("Yisidun")	**30,453**	30,453	**–**	–
Five Mei (Note)	**75,051**	75,051	**–**	–
Junpeng (Note)	**74,310**	74,310	**–**	–
Luzhou Qizhong Jiade Education Investment Co., Ltd ("Jiade")	**12,570**	12,570	**–**	–
Kingsley	**67,973**	–	**36,870**	–
Star Readers Pte. Ltd. ("STAR")	**2,128,521**	–	**550,759**	–
	2,449,342	252,848	**587,629**	–

Note:

Five Mei includes Haikou Meishe Qianyan Educational Management Co., Ltd., Haikou Meicheng Qianyan Educational Management Co., Ltd., Haikou Meihua Qianyan Educational Management Co., Ltd., Haikou Meiwen Qianyan Educational Technology Co., Ltd. and Haikou Changchunteng Qianyan Educational Management Co., Ltd.

Junpeng includes Xiangcheng Star of Hope Kindergarten, Liuhuajian Star of Hope Kindergarten, Tiandi Star of Hope Kindergarten, Dingfu Star of Hope Kindergarten, Qiantang Star of Hope Kindergarten, Lvdi Star of Hope Kindergarten and Dongjin Star of Hope Kindergarten.

The Group tests goodwill and trademark annually for impairment or more frequently if there are indicators that goodwill and trademark might be impaired. During the year ended 31 August 2020, the management of the Group determines that there is no impairment of any of its cash-generating units containing goodwill and/or trademark.

20. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES (Continued)

The recoverable amount of each cash-generating unit has been determined based on value in use calculation. The calculation uses cash flow projections based on financial budgets approved by the management covering a five-year period and discount rate. Extrapolated growth rate used in cash flow projections is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculations relate to the estimation of cash flows which include budgeted revenue and gross margin, such estimation is based on each cash-generating unit's past performance and the management's expectations for future market development. The major underlying assumptions are summarised below:

	Pre-tax discount rate		**Extrapolated growth rate**	
	2020	2019	**2020**	2019
Lanxi	**18.0%**	18.0%	**3.0%**	3.0%
Jinhai	**18.0%**	18.0%	**3.0%**	3.0%
Jingzhou	**21.1%**	21.1%	**3.0%**	3.0%
Hainan Science	**23.1%**	23.1%	**3.0%**	3.0%
Yisidun	**26.0%**	26.0%	**3.0%**	3.0%
Five Mei	**22.9%**	22.9%	**3.0%**	3.0%
Junpeng	**20.7%**	20.7%	**3.0%**	3.0%
Jiade	**21.3%**	21.3%	**3.0%**	3.0%
Kingsley	**16.2%**	N/A	**3.0%**	N/A
STAR	**13.7%**	N/A	**3.0%**	N/A

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21. PLEDGED BANK DEPOSITS

	31/8/2020 RMB'000	31/8/2019 RMB'000
Deposits pledged for banking facilities	**1,544,668**	132,000
Analysed for reporting purposes as:		
Current assets disclosed as pledged bank deposits	**1,412,668**	–
Non-current assets disclosed as pledged bank deposits	**132,000**	132,000
	1,544,668	132,000

The amount represents bank deposits pledged to banks as security for certain banking facilities granted to the Group.

a. Dalian Educational Group entered into a banking facility agreement with United Overseas Bank on 23 August 2016 for a loan amounting to SGD23,103,000 (equivalent to RMB116,627,000)(Note 29). Bank deposits of RMB132,000,000 placed with the bank at the interest rate of 2.84% per annum is pledged with the bank for a period of two years and renewed on 31 August 2020.

b. Beipeng Software entered into another banking facility agreement with China Merchants Bank Co., Ltd. on 31 July 2020 for a loan amounting to SGD259,027,000 (equivalent to RMB1,308,235,000) (Note 29). Bank deposits with a principal of RMB1,410,025,000 placed with the bank at the interest rate of 2.25% per annum are pledged with the bank for a period of one year.

22. DEPOSITS, PREPAYMENTS, TRADE AND OTHER RECEIVABLES

	31/8/2020 RMB'000	31/8/2019 RMB'000
Consideration adjustment receivable (Note 38(b))	**46,731**	–
Receivable from third parties	**39,765**	39,028
Short-term loan to a third party (note)	**30,000**	30,000
Management fees receivables	**12,592**	31,384
Prepaid rent and other prepaid expenses	**11,042**	11,113
Deposits	**8,542**	5,910
Trade receivables net of allowance for credit losses	**5,841**	–
Interest receivables	**2,019**	6,619
Staff advances	**464**	1,069
Prepaid lease payments	**–**	7,323
Others	**17,092**	11,837
	174,088	144,283

22. DEPOSITS, PREPAYMENTS, TRADE AND OTHER RECEIVABLES (Continued)

Note: In July 2019, the Group entered into a short-term loan agreement with Zhangqiu Construction and Investment Limited of RMB30,000,000, the loan is due in one year. On March 2020, the Group extended the loan agreement to March 2021. 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.

Loss allowance for trade receivables has been measured at an amount equal to lifetime ECL. The ECL on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast directions of conditions at the reporting date. The Group has recognised a loss allowance of 100% against all receivables over 365 days past due because historical experience has indicated that these receivables are generally not recoverable.

The following table details the risk profile of trade receivables from contracts with customers based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base. The following is an analysis of trade receivables by age, presented based on the dates the students were informed for payment.

	31/8/2020 RMB'000
Not past due	**3,541**
0-30 days	**1,019**
31-60 days	**199**
61-90 days	**215**
>90 days	**867**
	5,841

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets mandatorily measured at FVTPL:

	31/8/2020 RMB'000	31/8/2019 RMB'000
Listed securities:		
– Equity securities listed in the Stock Exchange	**8,702**	9,729
Wealth management products issued by banks	**4,203**	66,337
Analysed for reporting purposes as:		
Current assets	**12,905**	76,066

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24. RESTRICTED CASH

	31/8/2020 RMB'000	31/8/2019 RMB'000
Restricted cash	**48,566**	50,447

During the year ended 31 August 2019, the Group placed RMB48,561,000 in a bank account managed by both the Group and the seller of the acquisition target in Jiade, therefore the amount deposited is recorded as restricted cash.

25. BANK BALANCES AND CASH

Bank balances and cash comprise cash and short-term deposits held by the Group with an original maturity of three months or less.

As at 31 August 2020, the Group's bank deposits carry interest at market rates which range from 0.30% to 2.03% (31 August 2019: 0.30% to 2.65%) per annum.

At the end of each year, included in bank balances are the following amounts denominated in currencies other than the functional currency of the relevant group entities to which they relate.

	31/8/2020 RMB'000	31/8/2019 RMB'000
Currency:		
HKD	**20,818**	305,266
United States dollar ("**USD**")	**100,404**	166,330
Canadian dollar ("**CAD**")	**3,469**	92,857
Singapore dollar ("**SGD**")	**6,527**	3,631
Australian dollar ("**AUD**")	**27**	141
	131,245	568,225

26. CONTRACT LIABILITIES

	31/8/2020 RMB'000	31/8/2019 RMB'000
Tuition and boarding fees	**1,444,104**	1,302,744
Others	**61,898**	72,860
	1,506,002	1,375,604

27. OTHER PAYABLES AND ACCRUED EXPENSES

	31/8/2020 RMB'000	31/8/2019 RMB'000
Miscellaneous expenses received from students (Note)	**222,404**	193,121
Payables for purchase of property and equipment	**153,701**	67,702
Acquisition consideration payable	**64,015**	68,718
Accrued payroll	**44,579**	23,660
Deposits received from students	**38,588**	17,278
Accrued professional fees for the acquisition	**13,903**	–
Payables for purchase of goods	**6,982**	6,485
Government grant	**5,994**	–
Accrued operating expenses	**4,784**	2,326
Prepayment from lessee	**4,470**	3,942
Other tax payables	**6,110**	6,804
Others	**62,558**	46,779
	628,088	436,815

Note: The amount represents the miscellaneous expenses received from students which will be paid out on behalf of students.

28. LEASE LIABILITIES

	31/8/2020 RMB'000
Lease liabilities payable:	
Within one year	**30,641**
Within a period of more than one year but not more than two years	**25,528**
Within a period of more than two years but not more than five years	**59,390**
Within a period of more than five years	**85,417**
	200,976
Less: Amount due for settlement with 12 months shown under current liabilities	**(30,641)**
Amount due for settlement after 12 months shown under non-current liabilities	**170,335**

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29. BORROWINGS

	31/8/2020 RMB'000	31/8/2019 RMB'000
Secured bank borrowings	**3,630,566**	330,989
The carrying amounts of the above borrowings are repayable:		
Within one year	**2,303,062**	123,475
Within a period of more than one year but not exceeding two years	**357,992**	4,926
Within a period of more than two years but not exceeding five years	**917,885**	202,588
Within a period of more than five years	**51,627**	–
	3,630,566	330,989
Less: Amounts due within one year shown under current liabilities	**(2,303,062)**	(123,475)
Amounts shown under non-current liabilities	**1,327,504**	207,514

During the year ended 31 August 2020, the Group obtained borrowings amounting to SGD698,942,000 (equivalent to RMB3,529,236,000) and Malaysia Ringgit ("**MYR**") 61,562,000 (equivalent to RMB101,330,000).

The borrowings amounting to SGD23,103,000 and SGD259,027,000 (in aggregate equivalent to RMB1,424,862,000) are secured by pledged bank deposits of RMB132,000,000 of Dalian Educational Group and RMB1,410,025,000 of Beipeng Software (Note 21).

The borrowings amounting to SGD40,760,000 (equivalent to RMB205,765,000) are mortgaged over an investment property owned by Maple Leaf Education Hillside Pte. Ltd. ("**Maple Hillside**") of RMB329,549,000 (Note 17), and existing and future legal assignment of rental proceeds, rental deposits and other rights of Maple Hillside.

The borrowing amounting to SGD376,052,000 (equivalent to RMB1,898,609,000) is secured over (1) all the shares of Offshore Group (including Canadian International School Ptd. Ltd. ("**CIS**") and Maple Leaf CIS Holdings Pte. Ltd.); (2) all the assets of the Offshore Group.; (3) debt service reserve account held by Maple Leaf CIS Holdings Pte. Ltd.; (4) dividend accounts (if any), and (5) pledge over all the shares of Beipeng Software.

The borrowings amounting to MYR61,562,000 (equivalent to RMB101,330,000) is secured by pledge of debt service reserve account held by Kingsley International Sendirian Berhad (subsidiaries owned by 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 range from 0.70% to 5.58% (31 August 2019: 2.03% to 3.76%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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30. DEFERRED TAX LIABILITIES

The following are the movements during the current and prior years:

	Fair value adjustment on assets acquired through business combination RMB'000
At 1 September 2018	30,772
Credit to profit or loss	(3,109)
Acquisition of a subsidiary	23,803
At 31 August 2019	51,466
Credit to profit or loss	**(4,591)**
Acquisition of subsidiaries	**285,535**
Exchange adjustments	**1,182**
At 31 August 2020	**333,592**

31. SHARE CAPITAL

	Number of shares '000	**Amount** USD'000	**Shown in the consolidated financial statements as** RMB'000
Ordinary shares of US$0.0005 each			
Authorised			
At 31 August 2018, 2019 and 2020	8,000,000	4,000	
Issued and fully paid			
At 1 September 2018	2,979,185	1,490	9,255
Shares issued in consideration for the acquisition of a subsidiary	16,136	8	54
At 31 August 2019 and 2020	2,995,321	1,498	9,309

On 15 March 2019, the Company issued 16,136,042 ordinary shares with par value US$0.0005 each to Sichuan Wangshi Group Co., Ltd. (the "**Vendor**") to acquire 75% equity interest in Luzhou Jiade. At the date of acquisition, the fair value of ordinary shares was HKD3.71 (equivalent to RMB3.16) per share (Note 38(d)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 August 2020

32. RETIREMENT BENEFIT PLANS

The employees of the Group in the PRC and Singapore are members of a state-managed retirement benefits scheme operated by the PRC and Singapore Government. The Group is required to contribute a specified percentage of payroll costs as determined by respective local government authority to the retirement benefits scheme to fund the benefit scheme. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions under the scheme.

33. SHARE-BASED PAYMENTS

Share Award Scheme

The number of restricted shares disclosed below has been retrospectively adjusted to reflect the Share Subdivision that became effective on 9 July 2018.

The Company has appointed a trustee to administrate and hold the Company's shares before they are vested and transferred to the directors, eligible employees and consultants (the "**Selected Participants**"). The trustee purchases the Company's shares being awarded from the open market using cash contributed by the Company to satisfy awards made under the Share Award Scheme.

On 9 July 2018, each of the authorised ordinary shares of par value of USD0.001 is subdivided into two ordinary shares of par value of USD0.0005, such subdivided shares shall rank pari passu in all respects with each other (the "**Share Subdivision**"). The number of restricted shares disclosed below has been retrospectively adjusted to reflect the Share Subdivision that became effective on 9 July 2018.

Details of the restricted share granted under Share Award Scheme are as follows:

Restricted shares type	Date of grant	Restricted shares granted	Vesting date/period	Fair value at grant date
				RMB
Share Award Scheme-11th	13 March 2018	13,348,000	31 May 2018 – 31 May 2020	4.31
Share Award Scheme-13th	5 September 2019	224,000	5 September 2019	2.32
Share Award Scheme-14th	3 April 2020	417,830	3 April 2020	2.07
Share Award Scheme-15th	28 August 2020	188,000	28 August 2020	2.78

33. SHARE-BASED PAYMENTS (Continued)

Share Award Scheme (Continued)

Movements of the restricted shares granted under Share Award Scheme during the years ended 31 August 2020 and 2019 are as follows:

For the financial year ended 31 August 2020

	Restricted shares type	Outstanding at 1 September 2019	Granted during the year	Vested during the year	Forfeited during the year	Outstanding at 31 August 2020
Employees:						
	Share Award Scheme-11th	220,000	–	–	(220,000)	–
	Share Award Scheme-13th	–	224,000	(224,000)	–	–
	Share Award Scheme-14th	–	417,830	(417,830)	–	–
	Share Award Scheme-15th	–	188,000	(188,000)	–	–
Total		220,000	829,830	(829,830)	(220,000)	–

The Group recorded share-based compensation expense of RMB1,279,000 for the year ended 31 August 2020 (2019: RMB13,445,000), in relation to the restricted shares granted by the Company under the Share Award Scheme.

Post-IPO Share Option Scheme

The Company's Post-IPO share option scheme (the "**Post-IPO Share Option Scheme**") was approved and adopted by the Company on 10 November 2014 to take effect from 28 November 2014 for the purpose of enabling the Company to grant options to the Selected Participants as incentives or rewards for their contributions to the Group.

The number of option shares disclosed below has been retrospectively adjusted to reflect the Share Subdivision that became effective on 9 July 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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33. SHARE-BASED PAYMENTS (Continued)

Post-IPO Share Option Scheme (Continued)

Movements of the Company's share options granted under the Post-IPO Share Option Scheme are as followings:

For the year ended 31 August 2020:

	Date of grant	Option type	Outstanding at 1 September 2019	Granted during the year	Forfeited during the year	Lapsed during the year	Exercised during the year	Outstanding at 31 August 2020
Executive director:								
Zhang Jingxia	14 June 2018	Post-IPO-4th	1,600,000	–	–	(400,000)	–	1,200,000
James William Beeke	14 June 2018	Post-IPO-4th	800,000	–	–	(200,000)	–	600,000
Sherman Jen	28 June 2019	Post-IPO-6th	1,600,000	–	–	(1,600,000)	–	–
Non-executive director and vice chairman:								
Howard Robert Balloch	14 June 2018	Post-IPO-4th	800,000	–	(600,000)	(200,000)	–	–
Independent non-executive director								
Peter Humphrey Owen	14 June 2018	Post-IPO-4th	553,600	–	–	(138,400)	–	415,200
Wong Lap Tat Arthur	14 June 2018	Post-IPO-4th	553,600	–	–	(138,400)	–	415,200
Peter Humphrey Owen	28 June 2019	Post-IPO-6th	308,000	–	–	(62,000)	–	246,000
Wong Lap Tat Arthur	28 June 2019	Post-IPO-6th	308,000	–	–	(62,000)	–	246,000
Employees in aggregate:								
	14 June 2018	Post-IPO-5th	29,280,000	–	(2,820,000)	(7,140,000)	–	19,320,000
	28 June 2019	Post-IPO-7th	8,543,000	–	(955,000)	(3,178,000)	–	4,410,000
Total			44,346,200	–	(4,375,000)	(13,118,800)	–	26,852,400
Exercisable at the end of the year								–

The Group recorded share-based compensation expense of RMB14,898,000 for the year ended 31 August 2020 (2019: RMB23,146,000), in relation to the share options granted under the Post-IPO Share Option Scheme. During the current year, no share options under the Post-IPO Share Option Scheme were granted or exercised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 August 2020

33. SHARE-BASED PAYMENTS (Continued)

Pre-IPO Share Option Scheme

The number of option shares disclosed below has been retrospectively adjusted to reflect the Share Subdivision that became effective on 9 July 2018.

Movements of the Company's share options granted under the Pre-IPO Share Option Scheme are as follows:

For the year ended 31 August 2020

	Date of grant	Option type	Outstanding at 1 September 2019	Granted during the year	Cancelled during the year	Exercised during the year	Outstanding at 31 August 2020
Employees and consultants in aggregate:	2 June 2014	Pre-IPO-3rd	5,978	–	(5,978)	–	–
Exercisable at the end of the year							–

34. NON-CONTROLLING INTERESTS

	Year ended 31/8/2020 RMB'000	Year ended 31/8/2019 RMB'000
Balance at beginning of the year	**92,872**	40,295
Share of profit (loss) for the year	**3,801**	(2,587)
Non-controlling interests arising on acquisition of a subsidiary (Note 38)	**–**	55,164
Balance at end of the year	**96,673**	92,872

35. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of bank balance and cash, pledged bank deposits, restricted cash, borrowings and equity attributable to equity holders of the Company, comprising capital, reserves and retained profits.

The Directors review the capital structure on a continuous basis taking into account the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through repurchase of shares or issuance of new shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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36. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	31/8/2020 RMB'000	31/8/2019 RMB'000
Financial assets		
Financial assets at fair value through profit or loss		
– Listed equity securities	**8,702**	9,729
– Wealth management products	**4,203**	66,337
Financial assets at amortised cost	**3,066,723**	3,057,716
Financial liabilities		
Liabilities measured at FVTPL	**26,846**	–
Liabilities measured at amortised cost	**4,197,501**	733,398

(b) Financial risk management objectives and policies

The Group's major financial instruments include deposits, trade and other receivables, financial assets and liabilities measured at FVTPL, pledged bank deposits, bank balances and cash, other payables and borrowings. Details of these financial instruments are disclosed in the respective notes. These risks include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

The Group conducts its business mainly in the PRC. The majority of the Group's revenue and expenditures are denominated in RMB. The Company and several subsidiaries of the Company have bank balances, other receivables, other payables and borrowings which are denominated in foreign currencies. The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of reporting period are as follows:

	Liabilities		Assets	
	31/8/2020 RMB'000	31/8/2019 RMB'000	31/8/2020 RMB'000	31/8/2019 RMB'000
HKD	**4,198**	1,568	**45,728**	305,266
SGD	**3,323,471**	118,549	**6,527**	1,408
CAD	**–**	–	**3,469**	80,856
USD	**–**	–	**100,404**	161,069
	3,327,669	120,117	**156,128**	548,599

36. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) Currency risk (Continued)

Sensitivity analysis

The Group is mainly exposed to the currency of USD, SGD, CAD and HKD. The following table details the Group's sensitivity to a 5% (2019: 5%) increase and decrease in RMB against USD, SGD, CAD and HKD. 5% (2019: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts the translation at the year-end for a 5% (2019: 5%) change in foreign currency rates. A positive number below indicates a decrease in profit before tax where RMB strengthens 5% against USD, SGD, CAD and HKD. For a 5% (2019: 5%) weakening of RMB against USD, SGD, CAD and HKD, there would be an equal and opposite impact on the profit, and the balances below would be negative.

	2020 RMB'000	2019 RMB'000
Profit or loss related to USD	**5,020**	8,053
Profit or loss related to SGD	**(165,847)**	(5,857)
Profit or loss related to CAD	**173**	4,043
Profit or loss related to HKD	**2,076**	19,123

In the opinion of the Directors, the sensitivity analysis is unrepresentative of the inherent foreign currency risk as the exposure at the end of the reporting year does not reflect the exposure for the full year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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36. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to lease liabilities (see note 28 for details) and pledged bank deposits (see note 21 for details). The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank borrowings (see note 29 for details). The Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and Swap Offer Rate ("**SOR**") arising from the Group's Singapore dollar denominated borrowings. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable interest rate bank balances and borrowings. If interest rates had been 5 basis points higher/lower and all other variables were held consistent, the Group's post-tax profit for the year ended 31 August 2020 would decrease/increase by RMB16,167,000 (2019: decrease/increase by RMB122,000).

(iii) Other price risk

The Group is exposed to equity price risk through its investments in listed equity securities for the year ended 31 August 2020. The management manages the exposure to equity price risk of investments in listed equity securities by closely monitoring fluctuation of these investments.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks relating to held-for-trading equity instruments investments at the reporting date.

If the price of the respective equity instruments had been 5% higher/lower, post-tax profit for the year ended 31 August 2020 would increase/decrease by RMB435,100 as a result of the changes in fair value.

36. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to wealth management products, deposits, trade and other receivables, pledged bank deposits, restricted cash and bank balances and cash. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Except for investment in wealth management products which is subsequently measure at FVTPL, the Group performed impairment assessment for financial assets under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

Pledged bank deposits/restricted cash/bank balances and cash

Credit risk on pledged bank deposits/restricted cash/bank balances and cash is limited because the counterparties are reputable banks with high credit ratings assigned by credit agencies. The Group assessed 12m ECL for pledged bank deposits/restricted bank deposits/bank balances and cash by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on pledged bank deposits/restricted cash/bank balances and cash is considered to be insignificant.

Other receivables and deposits

For other receivables and deposits, the directors of the Company make periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The directors of the Company believe that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the year ended 31 August 2020, the Group assessed the ECL for other receivables and deposits were insignificant.

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36. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following tables detail the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The interest rates as at the end of the reporting period are used for the cash flow calculation in relation to variable rate interest bearing financial liabilities.

	Weighted average interest rate	On demand or less than 1 year	1-2 years	2-3 years	3-5 years	>5 years	Undiscounted cash flows	Total carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non derivative financial liabilities								
Other payables	–	566,935	–	–	–	–	566,935	566,935
Lease liabilities	3.31	37,351	29,300	28,129	41,221	108,803	244,804	200,976
Fixed and Variable interest rates borrowings	3.20	2,380,807	407,214	939,776	37,419	32,671	3,797,887	3,630,566
At 31 August 2020		2,985,093	436,514	967,905	78,640	141,474	4,609,626	4,398,477
Non derivative financial liabilities								
Other payables	–	402,409	–	–	–	–	402,409	402,409
Variable interest rates borrowings	3.32	133,776	12,300	203,194	–	–	349,270	330,989
At 31 August 2019		536,185	12,300	203,194	–	–	751,679	733,398

36. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements of financial instruments

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis.

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair value of these financial assets and financial liabilities are determined (in particular, the valuation technique and inputs used).

Finance assets/ Financial liabilities	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input(s)
	31 August 2020	31 August 2019			
Financial assets at FVTPL - Listed equity securities (see Note 23)	Listed equity securities: RMB8,702,000	Listed equity securities: RMB9,729,000	Level 1	Quoted bid prices in an active market	NA
Financial assets at FVTPL - wealth management products	wealth management products: RMB4,203,000	wealth management products: RMB66,337,000	Level 2	Discounted cash flow, future cash flows are estimated based on contractual terms of the wealth management products and discounted at a rate that reflects that credit risk of the counterparties	NA
Contingent liabilities in a business combination	–	–	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the Group arising from the contingent consideration arrangement in relation to the first tranche based on an appropriate discount rate.	Probability of students enrollment numbers; Discount rate
Contingent liabilities in a business combination (as included in contingent consideration)	RMB26,846,000	–	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the Group arising from the contingent consideration arrangement in relation to the second tranche transaction of STAR acquisition, based on an appropriate discount rate.	Probability profits target and dividends(if any)

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36. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements of financial instruments (Continued)

Reconciliation of Level 3 fair value measurements

	Contingent consideration in business combinations	
	2020	2019
	RMB'000	RMB'000
Opening balance	**–**	4,600
Business combination	**26,846**	–
Settlements	**–**	(4,600)
Closing balance	**26,846**	–

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

There were no transfers between Level 1, Level 2 and Level 3 for the years ended 31 August 2020 and 2019.

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows from financing activities.

	Dividends payable RMB'000	Borrowings RMB'000	Interest payable RMB'000	lease liabilities RMB'000	Total RMB'000
At 1 September 2018	–	431,338	–	–	431,338
Financing cash flows	(250,864)	(155,235)	(10,967)	–	(417,066)
Dividends paid	250,864	–	–	–	250,864
Interest expenses	–	–	10,967	–	10,967
Acquisition of a subsidiary	–	44,000	–	–	44,000
Foreign exchange translation	–	10,886	–	–	10,886
At 31 August 2019	–	330,989	–	–	330,989
Adjustment upon application of IFRS 16	–	–	–	193,443	193,443
At 1 September 2019 (restated)	–	330,989	–	193,443	524,432
Financing cash flows	(149,522)	3,209,359	–	(20,228)	3,039,609
Dividends/Interest paid	149,522	–	(10,194)	–	139,328
New leases entered	–	–	–	6,742	6,742
Interest expenses	–	1,615	10,194	6,501	18,310
Acquisition of subsidiaries	–	98,638	–	14,525	113,163
Foreign exchange translation	–	(10,035)	–	(7)	(10,042)
At 31 August 2020	–	3,630,566	–	200,976	3,831,542

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For the Year Ended 31 August 2020

38. ACQUISITION OF SUBSIDIARIES

(a) Acquisition of Kingsley

On 29 January 2020, the Company announced the offer to acquire all the ordinary shares of Kingsley, which are listed on the GEM of the Stock Exchange, at a price of HK$0.54 per share and the total consideration is approximately HK$432,000,000 (equivalent to approximately RMB391,344,000). Kingsley is principally engaged in the operation of a K-12 boarding school located in Malaysia.

On 18 March 2020, the Company received valid acceptances in respect of an aggregate of 779,280,000 shares, representing approximately 97.41% of the entire issued share capital of Kingsley. On 22 July 2020, the Company completed the compulsory acquisition of the remaining shares, and Kingsley becomes a wholly-owned subsidiary of the Company. The Company considers that as the acquisition of the first 97.41% and the remaining 2.59% equity interest of Kingsley are linked transaction which is accounted for as a single transaction.

Consideration transferred:

	RMB'000
Cash	391,344

Acquisition-related costs amounting to HKD1,263,000 and US$197,000 (in aggregate equivalent to RMB2,536,000) have been excluded from the consideration transferred and have been recognised as an expense, within the administrative expenses in the consolidated statement of profit or loss and other comprehensive income during the year ended 31 August 2020.

Assets and liabilities recognised at the date of acquisition are as follows:

	RMB'000
Property and equipment	427,575
Intangible assets:	
– Trademark	36,173
– Student base	6,297
– Licence	33,751
Deposit, prepayments and other receivables	6,378
Bank balances and cash	8,642
Contract liabilities	(13,888)
Other payables and accrued expenses	(14,875)
Deferred tax liabilities	(66,760)
Borrowings	(98,638)
	324,655

38. ACQUISITION OF SUBSIDIARIES (Continued)

(a) Acquisition of Kingsley (Continued)

The property and equipment and other intangible assets were valued at fair value by the Company with reference to an independent valuation provided by Duff & Phelps, an independent firm of professional valuer not connected with the Group, who has appropriate qualification and recent experience of valuation of similar assets. Its address is Suite 801- 803, 8/F Tower 2, China Central Place, 79 Jianguo Road, Chaoyang District, Beijing, China.

Goodwill arising on acquisition:

	RMB'000
Consideration transferred	391,344
Less: Fair value of identifiable net assets acquired	(324,655)
Goodwill arising on acquisition	66,689

Goodwill arose in the acquisition of Kingsley because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the geographic location, networking effect as a result of synergy from the acquisition, growth, prospect through increased sales volume and improved market position, and the assembled workforce of the Kingsley. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

Net cash outflow on acquisition of Kingsley:

	RMB'000
Consideration paid in cash	391,344
Less: cash and cash equivalent balances acquired	(8,642)
	382,702

Impact of acquisition on the results of the Group

Included in the profit for the year is a loss of RMB2,227,000 attributable to the additional business generated by Kingsley. Revenue for the year includes RMB15,470,000 generated from Kingsley.

Had the acquisition been completed on 1 September 2019, total revenue of the Group for the year would have been RMB1,564,830,000, and profit for the year of the Group would have been RMB504,197,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 September 2019, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had Kingsley been acquired at the beginning of the current year, the Directors have calculated depreciation of property and equipment and amortization of intangible assets acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the preacquisition financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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38. ACQUISITION OF SUBSIDIARIES (Continued)

(b) Acquisition of STAR

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**"). Upon the closing of the first tranche acquisition, the Company obtains control of STAR and consolidates STAR on 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 considers 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.

Consideration transferred:

	RMB'000
Consideration of the first tranche:	
– Cash consideration paid (Note (1))	3,202,057
– Consideration adjustment receivable (Note (2))	(46,751)
– Contingent consideration (Note (3))	–
Consideration of the second tranche:	
– Consideration payable (Note (4))	203,310
– Contingent consideration (Note (5))	26,857
Total	3,385,473

Notes:

(1) *The amount represents cash paid in accordance with the Agreement upon the closing of the first tranche transaction.*

(2) *The amount represents consideration adjustment to be received by the Group in accordance with the Agreement. The amount was determined using a predetermined formula and mainly based on the net working capital on the closing of the first tranche transaction.*

(3) *Based on the sales and purchase agreement, the Group is required to pay an additional consideration if STAR meets the target student enrolment for the school year ended 30 June 2021. The Directors has assessed the fair value of the contingent consideration as at 26 August 2020 and determined that the fair value is nil.*

(4) *The amount represents the consideration payable upon the closing of the second tranche transaction.*

(5) *The amount represents fair value of contingent consideration as at 26 August 2020, which is to be paid upon the closing of the second tranche transaction. The contingent consideration is determined using a predetermined formula which is mainly based on earnings of STAR for the period between the first tranche closing and the second tranche closing.*

38. ACQUISITION OF SUBSIDIARIES (Continued)

(b) Acquisition of STAR (Continued)

Acquisition-related costs amounting to US$1,275,000, HKD500,000 and RMB2,329,918 (in aggregate equivalent to RMB11,684,000) have been excluded from the consideration transferred and have been recognised as an expense, within the administrative expenses in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 August 2020. The amount of goodwill arising as a result of the acquisition was RMB2,129,400,000.

Assets and liabilities recognised at the date of acquisition are as follows:

	RMB'000
Bank balances and cash	96,865
Deposit, prepayments and other receivables	19,595
Property and equipment	767,824
Intangible assets:	
– Student base	315,644
– Trademark	550,988
– License	36,867
Inventories	480
Right-of-use assets	15,484
Contract liabilities	(213,123)
Other payables and accrued expenses	(51,692)
Lease liabilities	(14,525)
Deferred tax liabilities	(218,775)
Income tax payable	(49,559)
	1,256,073

The property and equipment and other intangible assets were valued at fair value by the Company with reference to an independent valuation provided by Duff & Phelps, an independent firm of professional valuers not connected with the Group, who has appropriate qualification and recent experience of valuation of similar assets. Its address is Suite 801-803 8/F Tower 2, China Central Place 79 Jianguo Road, Chaoyang District Beijing, China.

Goodwill arising on acquisition:

	RMB'000
Consideration transferred	3,385,473
Less: Fair value of identifiable net assets acquired	(1,256,073)
Goodwill arising on acquisition	2,129,400

Goodwill arose in the acquisition of STAR because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the revenue growth, future market development and the assembled workforce of STAR. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 August 2020

38. ACQUISITION OF SUBSIDIARIES (Continued)

(b) Acquisition of STAR (Continued)

Net cash outflow on acquisition of STAR:

	RMB'000
Consideration paid in cash	3,202,057
Less: cash and cash equivalent balances acquired	(96,865)
	3,105,192

Impact of acquisition on the results of the Group

The acquisition date of STAR is close to 31 August 2020. The profit and revenue for the year is considered to be insignificant.

Had the acquisition been completed on 1 September 2019, total group revenue for the year would have been RMB2,139,525,000, and profit for the year would have been RMB616,781,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 September 2019, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had STAR been acquired at the beginning of the current year, the Directors have calculated depreciation of property and equipment and right-of-use assets and amortization of intangible assets acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the preacquisition financial statements.

(c) Acquisition of Junpeng

On 1 January 2019, the Group acquired 100% of the equity interest in Junpeng at a total consideration of RMB129,820,000. The amount of goodwill arising as a result of the acquisition was RMB74,310,000. Junpeng is principally engaged in the operation of a K-12 boarding school located in Xiangyang City of Hubei Province.

Consideration transferred:

	RMB'000
Cash	129,820

Acquisition-related costs amounting to RMB185,000 have been excluded from the consideration transferred and have been recognised as an expense during the year ended 31 August 2019.

38. ACQUISITION OF SUBSIDIARIES (Continued)

(c) Acquisition of Junpeng (Continued)

Assets and liabilities recognised at the date of acquisition are as follows:

	RMB'000
Property and equipment	56,722
Intangible assets	8,821
Inventories	232
Deposit, prepayments and other receivables	5,293
Bank balances and cash	5,659
Contract liabilities	(2,946)
Other payables and accrued expenses	(8,036)
Deferred tax liabilities	(10,235)
	55,510

The property and equipment and other intangible assets were valued at fair value by the Company with reference to an independent valuation provided by Duff & Phelps, an independent firm of professional valuer not connected with the Group, who has appropriate qualification and recent experience of valuation of similar assets. Its address is Suite 801- 803, 8/F Tower 2, China Central Place, 79 Jianguo Road, Chaoyang District, Beijing, China.

Goodwill arising on acquisition:

	RMB'000
Consideration transferred	129,820
Less: Fair value of identifiable net assets acquired	(55,510)
Goodwill arising on acquisition	74,310

Goodwill arose in the acquisition of Junpeng because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the revenue growth, future market development and the assembled workforce of Junpeng. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 August 2020

38. ACQUISITION OF SUBSIDIARIES (Continued)

(c) Acquisition of Junpeng (Continued)

Net cash outflow on acquisition of Junpeng:

	RMB'000
Consideration paid in cash	123,320
Less: cash and cash equivalent balances acquired	(5,659)
	117,661

Impact of acquisition on the results of the Group

Included in the profit for the period is a profit of RMB6,458,000 attributable to the additional business generated by Junpeng. Revenue for the period includes RMB13,209,000 generated from Junpeng.

Had the acquisition been completed on 1 September 2018, total group revenue for the period would have been RMB1,575,523,000, and profit for the period would have been RMB654,355,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 September 2018, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had Junpeng been acquired at the beginning of the current year, the Directors have calculated depreciation of property and equipment and amortization of intangible assets acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the preacquisition financial statements.

38. ACQUISITION OF SUBSIDIARIES (Continued)

(d) Acquisition of Jiade

On 15 March 2019, the Group acquired 75% of the equity interest in Jiade at a total consideration of RMB178,063,000. The amount of goodwill arising as a result of the acquisition was RMB12,570,000. Jiade is principally engaged in the operation of a K-12 boarding school located in Luzhou City of Sichuan Province (subsequently renamed as Maple Leaf Jiade International School), which is a private non-enterprise organisation wholly-owned by Jiade.

Consideration transferred:

	RMB'000
Cash	127,000
Equity instruments issued (Note)	51,063
	178,063

Note: As part of the consideration for the acquisition of Jiade, 16,136,042 ordinary shares with par value of US$0.0005 each were issued, the amount of ordinary shares issued was determined based on the price of HKD3.71 per share on the date of the acquisition agreement. The fair value of the ordinary shares issued were determined using the acquisition date share price, amounted to HKD59,865,000 (equivalent to approximately RMB51,063,000).

Acquisition-related costs amounting to RMB265,000 have been excluded from the consideration transferred and have been recognised as an expense during the year ended 31 August 2019.

Assets and liabilities recognised at the date of acquisition are as follows:

	RMB'000
Bank balances and cash	17,691
Deposit, prepayments and other receivables	949
Property and equipment	238,762
Prepayment for land use right	62,200
Other intangible assets	3,600
Contract liabilities	(35,687)
Other payables and accrued expenses	(9,290)
Deferred tax liabilities	(13,568)
Long term borrowing	(44,000)
	220,657

38. ACQUISITION OF SUBSIDIARIES (Continued)

(d) Acquisition of Jiade (Continued)

Consideration transferred: (Continued)

The property and equipment and other intangible assets were valued at fair value by the Company with reference to an independent valuation provided by Duff & Phelps, an independent firm of professional valuers not connected with the Group, who has appropriate qualification and recent experience of valuation of similar assets. Its address is Suite 801-803 8/F Tower 2, China Central Place 79 Jianguo Road, Chaoyang District Beijing, China.

Goodwill arising on acquisition:

Non-controlling interests

The non-controlling interest (25%) in Jiade recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of Jiade and amounted to RMB55,164,000.

	RMB'000
Consideration transferred	178,063
Add: Non-controlling interests (25%)	55,164
Less: Fair value of identifiable net assets acquired	(220,657)
Goodwill arising on acquisition	12,570

Goodwill arose in the acquisition of Jiade because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the revenue growth, future market development and the assembled workforce of Jiade. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

38. ACQUISITION OF SUBSIDIARIES (Continued)

(d) Acquisition of Jiade (Continued)

Net cash outflow on acquisition of Jiade:

	RMB'000
Consideration paid in cash	69,000
Less: cash and cash equivalent balances acquired	(17,691)
	51,309

Impact of acquisition on the results of the Group

Included in the profit for the year is a profit of RMB11,729,000 attributable to the business operated by Jiade. Revenue for the year includes RMB30,001,000 generated from Jiade.

Had the acquisition been completed on 1 September 2018, total group revenue for the year would have been RMB1,612,914,000, and profit for the year would have been RMB667,316,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 September 2018, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had Jiade been acquired at the beginning of the current year, the Directors have calculated depreciation of equipment and amortization of intangible assets acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the preacquisition financial statements.

39. MAJOR NON-CASH TRANSACTIONS

During the year, the Group entered into new lease agreements for the use of leased properties for 3-10 years. On the lease commencement, the Group recognised RMB6,742,000 of right-of-use asset and RMB6,742,000 of lease liability.

Part of the consideration for the acquisition of Jiade set out in note 38(d) that occurred during the years ended 31 August 2019 which comprised issuing 16,136,042 ordinary shares with par value of US$0.0005 each, the amount of ordinary shares issued was determined based on the price of HKD3.71 per share on the date of the acquisition agreement.

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40. OPERATING LEASES

The Group as lessee

Minimum lease payments paid under operating leases during the financial year:

	2019 RMB'000
Premises	20,383

At the end of each financial year, the Group's commitments for future minimum lease payments under non-cancellable operating leases fall due as follows:

	31/8/2019 RMB'000
Within one year	26,381
In the second to fifth year inclusive	88,568
Over five years	100,548
	215,497

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated and rentals are fixed for lease terms of 1 to 25 years.

The Group as lessor

Property rental income earned during the year was RMB16,669,000 (2019: RMB15,746,000). The properties are expected to generate rental yields of 4% (2019: 4%) based on the cost on an ongoing basis. Certain properties held have committed tenants for the next year.

Minimum lease payments receivable on leases are as follows:

	31/8/2020 RMB'000
Within one year	3,557
In the second year	2,386
	5,943

40. OPERATING LEASES (Continued)

The Group as lessor (Continued)

The Group had contracted with tenants for the following future minimum lease payments:

	31/8/2019 RMB'000
Within one year	15,248
In the second to third year inclusive	4,682
	19,930

41. CAPITAL COMMITMENTS

	31/8/2020 **RMB'000**	31/8/2019 RMB'000
Capital expenditure contracted for but not provided in the consolidated financial statements:		
Acquisition of property and equipment	**102,012**	74,212

There was no capital commitments for which were authorised but not contracted for as at 31 August 2020 and 2019.

42. RELATED PARTY TRANSACTIONS AND BALANCES

Compensation of key management personnel

The remuneration of Directors and other members of key management of the Group during the financial year are as follows:

	2020 **RMB'000**	2019 RMB'000
Short-term benefits	**11,960**	10,698
Post-employment benefits	**10**	52
Share-based payments	**4,871**	6,520
Others	**2,304**	2,424
	19,145	19,694

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43. CONTINGENT LIABILITIES

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 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 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 now has 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 (the "**Option**") provided in the Agreement. Zhixin Case is still in the process of filing pleadings by both parties.

Based on information currently available to the Company, it is not possible to estimate the financial effect of the Zhixin Case. As at 31 August 2020, the Company had not made any provision in respect of the Zhixin Case.

The number of shares disclosed above has not considered the effect of Share Subdivision that became effective on 9 July 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 August 2020

44. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	31/8/2020 RMB'000	31/8/2019 RMB'000
Non-Current Assets		
Investments in subsidiaries	**192,696**	192,696
Amounts due from subsidiaries	**2,786,579**	334,699
Property and equipment	**26**	36
Right-of-use assets	**175**	–
	2,979,476	527,431
Current Assets		
Deposits, prepayments and other receivables	**16,208**	17,957
Financial assets at fair value through profit or loss	**8,702**	76,066
Bank balances and cash	**124,277**	545,216
	149,187	639,239
Current Liabilities		
Other payables and accrued expenses	**4,258**	1,593
Amounts due to subsidiaries	**–**	3,877
Borrowing	**2,099,395**	–
Lease liabilities	**176**	–
	2,103,829	5,470
Net Current (Liabilities) Assets	**(1,954,642)**	633,769
Total Assets Less Current Liabilities	**1,024,834**	1,161,200
Capital and Reserves		
Share capital (Note 31)	**9,309**	9,309
Reserves	**1,015,525**	1,151,891
	1,024,834	1,161,200

Note: The Company has applied IFRS 16 since 1 September 2019 in accordance with transitional provision stated in Note 3. Lease liabilities amounted to RMB695,000 were recognised on initial application of IFRS 16, of which RMB670,000 recognised as right-of-use assets for own use.

44. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Note: (Continued)

In preparing the financial statements of the Company, the Directors have given careful consideration to the future liquidity of the Company in light of the fact that the Company had net current liabilities of RMB1,954,642,000 as at 31 August 2020.

The Directors consider that it is appropriate to prepare the Company's financial statements on the going concern basis taking into accounts the cash flow forecast of the Group prepared by the management of the Company and the nature of current liabilities and the Directors expect that operating activities of the Group can contribute substantial cash inflow to repay all liabilities when due and capital commitment of the Group or the Company when the amount is due.

Movement in reserves is as follows:

	Share premium RMB'000	Shares held for restricted share award scheme RMB'000	Share-based payment reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 September 2018	1,362,407	(29,039)	16,733	(37,631)	1,312,470
Profit for the year	–	–	–	2,685	2,685
Total comprehensive income for the year	–	–	–	2,685	2,685
Issue of new shares	51,009	–	–	–	51,009
Share-based payments	–	–	36,591	–	36,591
Dividends recognised as distribution	(253,280)	–	–	–	(253,280)
Dividends distribute to the restricted share award scheme	2,416	–	–	–	2,416
Shares vested under restricted share award scheme	–	5,184	(22,218)	17,034	–
At 31 August 2019	1,162,552	(23,855)	31,106	(17,912)	1,151,891
Loss for the year	–	–	–	(3,021)	(3,021)
Total comprehensive expense for the year	–	–	–	(3,021)	(3,021)
Share-based payments	–	–	16,177	–	16,177
Dividends recognised as distribution	(150,656)	–	–	–	(150,656)
Dividends distribute to the restricted share award scheme	1,134	–	–	–	1,134
Shares vested under restricted share award scheme	–	1,575	(1,908)	333	–
At 31 August 2020	1,013,030	(22,280)	45,375	(20,600)	1,015,525

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For the Year Ended 31 August 2020

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries at the end of the reporting period are set out below:

Name of subsidiary	Date and place of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Proportion of ownership interests and voting power held by the Group As at 31 August 2020	2019	Principal activities
Dalian High School 大連楓葉國際學校	15 April 1996 The PRC	US$5,000,000	100%	100%	High school education
Beipeng Software 大連北鵬教育軟件開發有限公司 (Note iii)	10 March 2008 The PRC	US$33,400,000	100%	100%	Technical support
Dalian Maple Leaf International School (Middle School and Elementary School) 大連楓葉國際學校(民辦初中、小學)	3 September 1996 The PRC	RMB8,500,000	100%	100%	Middle and elementary school education
Wuhan Maple Leaf International School 武漢楓葉國際學校	26 June 2007 The PRC	RMB21,303,454	100%	100%	High school education
Tianjin Teda Maple Leaf International School 天津泰達楓葉國際學校	1 September 2008 The PRC	RMB8,000,000	100%	100%	High, middle and elementary school education
Chongqing Maple Leaf International School 重慶楓葉國際學校	25 June 2009 The PRC	RMB43,500,000	100%	100%	High, middle, elementary school and preschool education
Wuhan Maple Leaf School 武漢楓葉學校	24 June 2010 The PRC	RMB2,000,000	100%	100%	Middle and elementary school education
Zhenjiang Maple Leaf International School 鎮江楓葉國際學校	21 June 2011 The PRC	RMB10,000,000	100%	100%	High, middle and elementary school education
Henan Maple Leaf International School 河南楓葉國際學校	26 April 2012 The PRC	RMB2,010,000	100%	100%	High, middle and elementary school education

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For the Year Ended 31 August 2020

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Name of subsidiary	Date and place of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Proportion of ownership interests and voting power held by the Group As at 31 August 2020	2019	Principal activities
Shanghai Maple Leaf International School 上海楓葉國際學校	20 March 2013 The PRC	RMB5,000,000	100%	100%	High and middle school education
Pingdingshan Maple Leaf International School 平頂山楓葉國際學校	20 January 2014 The PRC	RMB1,000,000	100%	100%	Middle and elementary school education
Tianjin Huayuan Maple Leaf International School 天津華苑楓葉國際學校	11 September 2014 The PRC	RMB4,000,000	100%	100%	Middle and elementary school education
Yiwu Maple Leaf International school affiliated School 義烏楓葉國際學校附屬學校	6 November 2014 The PRC	RMB500,000	100%	100%	Middle and elementary school education
Dalian Maple Leaf Red Supermarket Co., Ltd. 大連楓葉紅超市有限公司 (Note iii)	29 April 2015 The PRC	RMB2,000,000	100%	100%	Retail business
Dalian Maple Leaf Red Clothing Co., Ltd. 大連楓葉紅服裝有限公司 (Note iii)	26 August 2015 The PRC	RMB100,000	100%	100%	Clothing related services
Pinghu Maple Leaf International School 平湖楓葉國際學校	2 September 2015 The PRC	RMB2,000,000	100%	100%	Middle and elementary school education
Maple Leaf Education North America Limited (Note iv)	4 February 2016 Canada	nil	100%	100%	Education related services
Huaian Enlai Maple Leaf International School 淮安恩來楓葉國際學校	18 March 2016 The PRC	RMB2,000,000	100%	100%	Middle and elementary school education
Xian Maple Leaf International School 西鹹新區空港楓葉國際學校	7 April 2016 The PRC	RMB2,000,000	100%	100%	High, middle and elementary school education

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Name of subsidiary	Date and place of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Proportion of ownership interests and voting power held by the Group As at 31 August 2020	2019	Principal activities
Hainan Maple Leaf International School 海南楓葉國際學校	24 January 1994 The PRC	RMB37,500	100%	100%	High, middle and elementary school education
Yancheng Maple Leaf International School 鹽城楓葉國際學校	2 March 2017 The PRC	RMB30,000	100%	100%	Elementary school education
Huzhou Maple Leaf International School 湖州楓葉國際學校	23 March 2017 The PRC	RMB2,000,000	100%	100%	Middle and elementary school education
Maple Leaf International Academy – Shenzhen 深圳市楓葉學校	30 August 2016 The PRC	RMB106,000,000	55%	55%	High, middle and elementary school education
Maple Leaf International Schools – Haikou Jiangdong 海口江東楓葉國際學校	1 September 2004 The PRC	RMB3,300,000	100%	100%	High, middle and elementary school education
Maple Leaf Jiade International School – Luzhou 瀘州市江陽區楓葉佳德學校	15 March 2019 The PRC	RMB37,100,000	75%	75%	Middle and elementary school education
Kingsley International Sdn Bhd (Note i)	12 December 2010	MYR17,500,000.00	100%	N/A	High, middle and elementary school education
Canadian International School Pte Ltd. (Note i)	12 May 1990	SGD300,000	90% (Note 38(b))	N/A	High, middle and elementary school education

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

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For the Year Ended 31 August 2020

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Notes:

(i) These subsidiaries were established or acquired by the Group during the year ended 31 August 2020.

(ii) The English names of the subsidiaries established in the PRC are for identification purpose only. The official names of these subsidiaries are in Chinese.

(iii) The legal forms of Beipeng Software, Dalian Maple Leaf Red Supermarket Co., Ltd. and Dalian Maple Leaf Red Clothing Co., Ltd. were limited liability companies incorporated in the PRC. All other entities established in the PRC are schools, including high schools, middle schools, elementary schools and preschools.

(iv) The registered capital of these subsidiaries are nil as there is no capital requirement under the Local laws and regulations.

(v) None of the subsidiaries have issued any debt securities at the end of 31 August 2020 and 2019.