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

* For identification purposes only

2022
INTERIM REPORT

CONTENTS

CHINA MAPLE LEAF EDUCATIONAL SYSTEMS LIMITED

2022 INTERIM REPORT

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)
Mr. James William Beeke

Non-executive Director

Dr. Kem Hussain*

Independent Non-executive Directors

Mr. Peter Humphrey Owen
Mr. Alan Shaver^
Mr. Lap Tat Arthur Wong#
Ms. Wai Fong Wong*
Mr. King Pak Lau**

AUDIT COMMITTEE

Mr. King Pak Lau** *(Chairman)*
Mr. Peter Humphrey Owen
Ms. Wai Fong Wong*

REMUNERATION COMMITTEE

Mr. Peter Humphrey Owen *(Chairman)*
Mr. James William Beeke
Ms. Wai Fong Wong*

retired on 28 February 2023
* *appointed on 1 January 2023*
** *appointed on 28 February 2023*
^ *resigned with effect from 31 August 2023*

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

Mr. Shu Liang Sherman Jen *(Chairman)*
Mr. Peter Humphrey Owen
Ms. Wai Fong Wong*

COMPANY SECRETARY

Ms. Shu Ling Jen

AUTHORIZED REPRESENTATIVES

Ms. Jingxia Zhang
Ms. Shu Ling Jen

AUDITORS

ZHONGHUI ANDA CPA Limited
Certified Public Accountants

LEGAL ADVISORS

As to Hong Kong law
LCH Lawyers LLP

As to PRC law
Jingtian & Gongcheng

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

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

No. 13, Baolong First Road
Baolong Street, Longgang District
Shenzhen, Guangdong Province 518116
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
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

STOCK CODE

1317

COMPANY WEBSITE

www.mapleleaf.cn

CORPORATE PROFILE

CORPORATE PROFILE

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

Maple Leaf World School Program ("**World School Program**") is the first international program with oriental cultural characteristics in the world. It cooperates with two of the world's largest educational institutions, benchmarked by ECCTIS (operator of UK ENIC) and accredited by Cognia. As of 28 February 2022, we have received official support letters from 113 universities in 12 countries and have successfully promoted World School Program in domestic universities in China. ECCTIS completed the benchmarking of the World School Program which marks that the World School Program has become a globally certified course after A-Level and International Baccalaureate (the "**IB**") programs, and has filled the gap in China's international education program.

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

FINANCIAL AND OPERATIONAL HIGHLIGHTS

RESULTS

	Six months ended 28 February			
	2022	2021	**Change**	**Percentage**
	RMB'000	RMB'000	RMB'000	**Change**
	(Unaudited)	(Unaudited)		
		(Restated)		
Continuing operations				
Revenue	**519,505**	503,505	16,000	3.2%
PRC	**205,598**	173,159	32,439	18.7%
Overseas	**313,907**	330,346	–16,439	–5.0%
Gross profit	**204,286**	197,723	6,563	3.3%
(Loss)/profit for the period	**(45,583)**	58	–45,641	–78,691.4%
Adjusted net profit *(Note)*	**48,612**	306,230	–257,618	–84.1%
Profitability Margins				
Gross profit margin	**39.3%**	39.3%	0%	0%
Net (loss)/profit margin	**(8.8%)**	0%	–8.8%	N/A
Adjusted net profit margin	**9.4%**	60.8%	–51.6%	–84.9%
(Loss)/earnings per share				
Basic (RMB cents)	**(1.534)**	0.002	–1.536	–76,800.0%
Diluted (RMB cents)	**(1.928)**	0.002	–1.930	–96,500.0%

Note:

The adjusted net profit was derived from adjusting the (loss)/profit for the period for those non-recurring items which are not indicative of the Group's operating performances. The following table reconciles (loss)/profit for the period to adjusted net profit for both periods:

CALCULATION OF THE ADJUSTED NET PROFIT

	Six months ended 28 February	
	2022	2021
	RMB'000	RMB'000 (Restated)
(Loss)/profit for the period from continuing operations	**(45,583)**	58
Add: Profit from discontinued operation	**–**	222,183
Amortisation of other intangible assets and depreciation of properties arising from acquisition (including discontinued operation)	**39,983**	37,457
Change in fair value of the Convertible Bonds	**(26,456)**	40,607
Share-based payments (including discontinued operation)	**6,072**	6,668
Change in fair value of contingent consideration	**(24,139)**	578
Change in fair value of financial assets at fair value through profit or loss ("**FVTPL**")	**(470)**	(1,321)
Compensation payable to Hong Kong Zhixin Financial News Agency Ltd. ("**Zhixin**") case ("**Zhixin Case**")	**99,205**	–
Adjusted Net Profit for the period	**48,612**	306,230

Non-IFRS measures

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's Market Position

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

Maple Leaf World School Program is the first international program with oriental cultural characteristics in the world. It cooperates with two of the world's largest educational institutions, benchmarked by ECCTIS, and accredited by Cognia. As of 28 February 2022, we have received official support letters from 113 universities in 12 countries and have successfully promoted World School Program in domestic universities in China. We are confident that World School Program will become a top international education program equivalent to the A-Level and International Baccalaureate IB programs in the future.

World School Program is in line with the national strategy in education, namely, Opinions of Eight Government Departments Including the Ministry of Education on Accelerating and Expanding the Opening-up of Education in the New Era* (教育部等八部門關於加快和擴大新時代教育對外開放的意見) issued by the Ministry of Education in June 2020. Our high schools in China provide World School Program at the commencement of the 2020/2021 school year. The unique programs and systems are designed to cultivate elite talents with a global perspective and proficiency in Chinese culture and wisdom. The combination of "Chinese language curriculum" and "English academic curriculum" is a set of "curricula for Chinese plus high school subjects" which happens to be suitable for international students in China and students around the globe preparing for undergraduate study in China from a multi-dimensional perspective.

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

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

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University Placements

The quality of Maple Leaf education is reflected in the achievements of our students. Despite the impacts of the pandemic globally, for the six months ended 28 February 2022, 954 Maple Leaf high school students of the class of 2022 ("**Class 2022 Students**") received over 1,846 offer letters from universities in 10 countries. Moreover, 83 of our Class 2022 Students received offer letters from Quacquarelli Symonds ("**QS**") Top 10 universities including prestigious University College London and Imperial College London in the United Kingdom. In addition, 549 students, approximately 57.5% of our Class 2022 Students, received at least one offer letter from the Maple Leaf Educational Systems Global Top 100 universities.

In order to provide Maple Leaf graduates with a wider range of further education opportunities, the Group has entered into cooperation agreements with more than 22 well-known domestic universities, such as the Beijing Foreign Studies University, Beijing Institute of Technology, etc. These universities offer programs in various disciplines in cooperation with overseas universities. We will continue to increase cooperation with Chinese domestic universities and offer a variety of options to our high school graduates. Since then, Maple Leaf has been offering domestic and international "Dual Graduation Exit" to its high school students for pursuing higher education.

Maple Leaf maintains long-term relationships with a significant number of universities and colleges around the world. Various universities and colleges have memoranda of understanding with us to facilitate the admission process for our high school graduates. Our Group provides consulting services to assist our students in making informed decisions about the universities and colleges they choose to attend. Maple Leaf has held annual university and college recruitment fairs on our campuses mainly for overseas participants since November 2005. In March 2022, the first domestic universities and colleges recruitment fair was held online. In addition, we assist our students with respect to admissions, visas and scholarships, preparing them to study abroad. We believe that our services ensure a smooth transition for our students from our high schools to higher education.

Update on the Regulations for the Implementation of the Private Education Promotion Law of the People's Republic of China

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

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

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

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

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

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

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

The Impact of Covid-19

Despite the global pandemic of Covid-19, our schools in China resumed face-to-face teaching since the commencement of the 2021/2022 school year. Before the opening of schools, Maple Leaf has thoroughly cleaned and disinfected all campuses and ensured that various pandemic prevention supplies were sufficient to improve campus safety and safeguard the health and safety of all students and employees. For the six months ended 28 February 2022, as small scale of Covid-19 outbreak took place in different areas in China from time to time, we provided mixed mode of learning classes comprising face-to-face and online teaching during this period.

Our overseas school, KIS, targets both local students and international students. CIS targets expatriate families employed in Singapore as well as international students. For the six months ended 28 February 2022, CIS mainly delivered face-to-face teaching, while KIS conducted hybrid teaching by both face-to-face and online teaching due to the continuous lockdowns regulated by the Malaysian government in order to curb the Covid-19 pandemic. Two overseas schools were temporarily closed, including a high school in Australia and a high school in Canada due to the tight travel restrictions and visa conditions. With the widespread vaccination and the stabilisation of the pandemic, overseas countries have gradually lifted travel restrictions and relax visa conditions, which will increase the student enrolment in our overseas schools, and benefit both domestic and overseas Maple Leaf schools.

Suspension of trading and Resumption Guidance

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

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

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

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

BUSINESS REVIEW

Comparative information for the six months ended 28 February 2021 contained in this section of Business Review has been restated and does not include any information relating to the operations of private schools that provide compulsory education consisting of six years of primary school education and three years of middle school education to PRC residents and not-for-profit schools that provide preschool education in the PRC (i.e. the Affected Schools) which were deconsolidated from the consolidated financial statements of the Company for the year ended 31 August 2021. Shareholders and potential investors should exercise caution when evaluating the business review of the Group for the six months ended 28 February 2022.

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

Student Enrolment

	At 28 February 2022	**% of Total**	At 28 February 2021 (Restated*)	% of Total
PRC				
High schools	**2,764**	**33.2**	2,918	34.1
Preschools	**1,262**	**15.1**	1,263	14.8
Foreign national schools	**266**	**3.2**	267	3.1
	4,292	**51.5**	4,448	52.0
Overseas				
High schools	**618**	**7.4**	634	7.4
Middle schools	**1,128**	**13.6**	1,036	12.1
Elementary schools	**1,885**	**22.6**	2,015	23.6
Preschools	**409**	**4.9**	416	4.9
	4,040	**48.5**	4,101	48.0
Total number of students enrolled	**8,332**	**100**	8,549	100

* *The number of students enrolled as at 28 February 2021 was restated to reflect the deconsolidation of the Affected Schools since 31 August 2021 due to the Implementation Regulations.*

The total number of students enrolled decreased by 217 or 2.5% from 8,549 as at 28 February 2021 to 8,332 as at 28 February 2022, which was primarily due to (i) the decrease in the number of high school students in China; and (ii) the decrease in the number of overseas elementary school students.

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

The Group's Schools

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

	At 28 February	
	2022	2021 (Restated*)
PRC		
High schools	**6**	4
Preschools	**9**	8
Foreign national schools	**3**	3
	18	15
Overseas		
High schools	**4**	6
Middle schools	**2**	2
Elementary schools	**3**	3
Preschools	**2**	2
	11	13
Total	**29**	28

* *The number of the Group's schools as at 28 February 2021 was restated to reflect the deconsolidation of the Affected Schools since 31 August 2021 due to the Implementation Regulations.*

As at 28 February 2022, three schools were added to the Group's school network in China, including one high school in Xiangyang, Hubei Province, one high school in Horinger, Inner Mongolia autonomous region, and one preschool in Tianjin.

As at 28 February 2022, two overseas schools were temporarily closed, including a high school in Australia and a high school in Canada due to the tight travel restrictions and visa conditions implemented in these countries as a result of the Covid-19 pandemic. The Group will assess the possibility to re-open these schools when the pandemic ends and market conditions improve within one or two years.

The Group's Teachers

Teachers are the key to maintaining high-quality educational programs and services as well as maintaining our brand and reputation. Our globally certified teachers form a core group within our teaching staff, allowing us to maintain the quality of our educational services while undergoing expansion. Our Group has established a global recruitment office (the "**Global Recruitment Office**") to recruit high school foreign teachers and ESL foreign teachers worldwide. The establishment of the Global Recruitment Office ensures both the quality and quantity of Maple Leaf foreign teachers and satisfies the development needs of the Group's Sixth Five-Year Plan. As at 28 February 2022, the Group employed 295 IB certified teachers (as at 28 February 2021: 297 IB certified teachers).

FUTURE DEVELOPMENT

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

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

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

Standard Implementation Strategy

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

Overseas Expansion

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

Conclusion

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

OTHER INFORMATION

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

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

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

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

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

As at 28 February 2022, all the proceeds had been applied for the repayment of the existing borrowings as to approximately US$119.0 million, and general corporate purposes as to approximately US$4.1 million. The net proceeds from the issuance of the Convertible Bonds were used according to the intentions previously disclosed by the Company. For the six months ended 28 February 2022, no conversion right attached to the Convertible Bonds was exercised by the bondholders and no Convertible Bonds were redeemed, purchased or cancelled by the Company. As at 28 February 2022, the Convertible Bonds issued by the Company in an aggregate principal amount of US$125.0 million remained outstanding.

Assuming there is full conversion of the Convertible Bonds at the initial conversion price of HK$2.525 per Share, the Convertible Bonds will be convertible into approximately 383,881,188 new Shares (subject to adjustment), representing approximately 12.82% of the total number of Shares in issue as at 28 February 2022 and approximately 11.36% of the total number of Shares in issue as enlarged by the allotment and issue of the new Shares (assuming no other change in the issued share capital of the Company). Such allotment and issue of the new Shares will result in the respective shareholdings of the Shareholders being diluted by approximately 11.36%.

Please refer to the announcements of the Company dated 13 January 2021, 27 January 2021, 28 January 2021 and 17 January 2022 and the offering circular of the Company dated 22 January 2021 for further details. For the relevant events after the reporting period and the updates in relation to the Convertible Bonds, please refer to the section "Subsequent Events after the Reporting Period" of this report for further details.

FINANCIAL REVIEW

In this section of Financial Review, comparative figures of the prior period in the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 28 February 2021 have been restated to reflect the deconsolidation of the Affected Schools and to conform with the current period's presentation. Comparative figures in the condensed consolidated statement of financial position as at 28 February 2021 were not re-presented. Shareholders and potential investors should exercise caution when evaluating the financial review of the Group for the six months ended 28 February 2022.

Overview

The revenue of the Group was RMB519.5 million and RMB503.5 million for the six months ended 28 February 2022 and 2021 respectively. The loss from continuing operations for the six months ended 28 February 2022 was RMB45.6 million and the profit from continuing operations for the six months ended 28 February 2021 was RMB58,000.

Revenue

The revenue of the Group increased by RMB16.0 million, or 3.2%, from RMB503.5 million for the six months ended 28 February 2021 to RMB519.5 million for the six months ended 28 February 2022. The increase in revenue was primarily due to the increase in revenue derived from the provision of canteen management services and catering services in China. Amongst the revenue of the Group for the six months ended 28 February 2022, RMB205.6 million was contributed by the operations in the PRC, and RMB313.9 million was contributed by the operations overseas.

Cost of Revenue

The Group's cost of revenue primarily consists of (i) staff costs; (ii) depreciation and amortisation; and (iii) other costs. Cost of revenue increased by RMB9.4 million, or 3.1%, from RMB305.8 million for the six months ended 28 February 2021 to RMB315.2 million for the six months ended 28 February 2022. The increase in cost of revenue was largely due to the increase in catering service related costs as a result of the addition of providing catering services in Maple Leaf schools in the PRC.

Gross Profit and Gross Profit Margin

Gross profit increased by 3.3% from RMB197.7 million for the six months ended 28 February 2021 to RMB204.3 million for the six months ended 28 February 2022. Gross profit margin for both periods remained relatively stable at 39.3%.

Investment and Other Income

Investment and other income consist mainly of (i) interest income from the bank deposits and balances; (ii) rental income from investment properties; and (iii) government grants. Investment and other income decreased by 4.7% from RMB40.7 million for the six months ended 28 February 2021 to RMB38.8 million for the six months ended 28 February 2022. Bank interest income decreased by 6.9% from RMB21.7 million for the six months ended 28 February 2021 to RMB20.2 million for the six months ended 28 February 2022. Rental income from investment properties increased by 35.6% from RMB6.2 million for the six months ended 28 February 2021 to RMB8.4 million for the six months ended 28 February 2022. Government grant decreased by 16.8% from RMB11.9 million for the six months ended 28 February 2021 to RMB9.9 million for the six months ended 28 February 2022.

Other Gains and Losses

Other gains and losses consist primarily of (i) net foreign exchange gain/(loss); (ii) changes in fair value of the Convertible Bonds; (iii) change in fair value of contingent consideration; and (iv) compensation of Zhixin case. Other gains and losses increased from a loss of RMB36.4 million for the six months ended 28 February 2021 to a loss of RMB63.1 million for the six months ended 28 February 2022. The increase was mainly attributable to (i) a change in fair value of the Convertible Bonds from a fair value loss of RMB40.6 million for the six months ended 28 February 2021 to a fair value gain of RMB26.5 million for the six months ended 28 February 2022; (ii) a change in fair value of contingent consideration from a fair value loss of RMB0.6 million for the six months ended 28 February 2021 to a fair value gain of RMB24.1 million for the six months ended 28 February 2022; and (iii) compensation of Zhixin case of RMB99.2 million.

Marketing Expenses

Marketing expenses consist mainly of (i) commercials and expenses for producing, printing and distributing advertising and promotional materials; and (ii) salaries and benefits for personnel engaged in selling and marketing activities. Marketing expenses decreased by 16.6% from RMB6.0 million for the six months ended 28 February 2021 to RMB5.0 million for the six months ended 28 February 2022. Marketing expenses as a percentage of revenue decreased from 1.2% for the six months ended 28 February 2021 to 1.0% for the six months ended 28 February 2022, primarily due to the Group incurring less marketing, advertising and promotional expenses for the six months ended 28 February 2022 due to the pandemic of Covid-19.

Administrative Expenses

Administrative expenses consist primarily of (i) salaries and other benefits for general and administrative staff; (ii) depreciation of property, plant and equipment and right-of-use assets; (iii) amortisation of intangible assets; (iv) employee share-based payments; and (v) certain professional expenses. Administrative expenses increased by 6.2% from RMB110.2 million for the six months ended 28 February 2021 to RMB117.0 million for the six months ended 28 February 2022, mainly due to the increase in staff costs and office rental expenses for the establishment of Shenzhen headquarters.

Finance Costs

For the six months ended 28 February 2022, finance costs mainly represented (i) interest expenses for secured bank borrowings and other borrowings; and (ii) interest expenses for the Convertible Bonds. Finance costs increased from RMB64.5 million for the six months ended 28 February 2021 to RMB95.9 million for the six months ended 28 February 2022 primarily due to the increase in interest expenses for secured bank borrowings and other borrowings for the six months ended 28 February 2022.

(Loss)/Profit before Taxation

As a result of the foregoing, the Group recorded a loss before taxation of RMB37.6 million for the six months ended 28 February 2022, compared to a profit before taxation of RMB21.4 million for the six months ended 28 February 2021. Loss before taxation as a percentage of revenue of the Group was 7.2% for the six months ended 28 February 2022, profit before taxation as a percentage of the revenue was 4.3% for the six months ended 28 February 2021. Amongst the loss before taxation for the six months ended 28 February 2022, PRC operations recorded a loss of RMB62.8 million, and overseas operations recorded a profit of RMB32.0 million.

Taxation

Income tax expense of the Group decreased by 62.6% from RMB21.4 million for the six months ended 28 February 2021 to RMB8.0 million for the six months ended 28 February 2022, mainly due to the recognition of deferred tax assets of approximately RMB20.3 million, partially set-off with the under-provision of tax of approximately RMB6.6 million in prior years.

(Loss)/Profit for the Period

As a result of the above factors, profit for the period of the Group decreased from a profit of RMB58,000 for the six months ended 28 February 2021 to a loss of RMB45.6 million for the six months ended 28 February 2022. The decrease in profit for the six months ended 28 February 2022 is mainly due to the combination effect of the gain arising from change in fair value of the Convertible Bonds and the compensation of Zhixin Case.

Capital Expenditures

For the six months ended 28 February 2022, the Group paid RMB150.6 million primarily related to the construction of new buildings in Shenzhen headquarters and Hainan and campus expansion of CIS. For the six months ended 28 February 2021, the Group paid RMB141.7 million primarily related to the new campus in Tianjin (Eco-city), campus expansion in Wuhan and additional dormitory building in Shanghai.

Liquidity, Financial Resources and Capital Structure

As at 28 February 2022, the Group's bank balances and cash amounted to RMB734.3 million, which were mainly denominated in United States dollars ("**USD**") and Singapore dollars ("**SGD**"). Bank balances and cash was RMB739.5 million as at 28 February 2021. Net cash used in financing activities amounted to RMB142.3 million for the six months ended 28 February 2022, which was primarily due to the repayment of bank borrowings by the Group during the six months ended 28 February 2022.

As at 28 February 2022, the Group's bank borrowings were RMB2,382.3 million which were mainly denominated in SGD and Malaysian ringgit ("**MYR**"), with variable interest rates with reference to Singapore Interbank Offered Rate and with variable profit rate with reference to Malaysian bank's cost of fund. Of the Group's bank borrowings as at 28 February 2022, 77.0% will be mature within one year or on demand and the remaining will be mature after one year. These bank borrowings were secured by the Group's certain of bank deposits and properties.

As at 28 February 2022, the Convertible Bonds issued by the Company in an aggregate principal amount of USD125.0 million originally due in 2026 remained outstanding. The Convertible Bonds bear interest on their outstanding principal amount from and including 27 January 2021 at the rate of 2.25% per annum, payable semi-annually in arrears on 27 January and 27 July in each year until 27 January 2026.

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

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

Discontinued operation

On 14 May 2021, the PRC State Council announced the Implementation Regulations, which came into effect on 1 September 2021. As a result of the deconsolidation of the Affected Schools on 31 August 2021, the operations of the Affected Schools have been classified as discontinued operations in the consolidated financial statements of the Company for the year ended 31 August 2021. Please refer to Note 9 to the condensed consolidated financial statements for further details.

Gearing Ratio

The gearing ratio of the Group was calculated as total borrowings divided by total equity as at the end of the relevant financial year/period. Gearing ratio decreased from 2.44 for the year ended 31 August 2021 to 2.32 for the six months ended 28 February 2022 primarily due to the repayment of bank borrowings by the Group during the period.

Foreign Exchange Exposure

The majority of the Group's revenue and expenditures are denominated in RMB, the functional currency of the Company, except that certain expenditures and liabilities are denominated in foreign currencies such as HKD, USD, Canadian dollars ("**CAD**"), MYR and SGD. As at 28 February 2022, certain bank balances and cash and liabilities were denominated in HKD, USD, CAD and SGD. The Group did not enter into any financial arrangement for hedging purposes as it is expected that its foreign exchange exposure will not be material.

Contingent Liabilities

As at 28 February 2022, save as disclosed in this report, the Group had no contingent liabilities.

Zhixin Case

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

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

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

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

As at 31 August 2021, the Company had not made any provision in respect of the Zhixin Case in view of the uncertainty of the outcome of the Judgement (as defined as below). The Company disclosed contingent liabilities in respect of Zhixin Case for the year ended 31 August 2021.

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

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

Pledge of Assets

As at 28 February 2022, the Group pledged a total bank deposits of RMB1,464.6 million and certain properties with an aggregate carrying amount of RMB299.0 million to certain licensed banks for certain banking facilities.

Future Plans for Material Investments and Capital Assets

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

Material Acquisition and Disposal

Save as disclosed in this report, the Group had no other material acquisition and disposal during the six months ended 28 February 2022.

Significant Investment Held

As at 28 February 2022, no significant investment was held by the Group.

Employee Benefits

As at 28 February 2022, the Group had 1,995 (as at 28 February 2021: 1,916) full-time employees. The Group provides external and internal training programs to its employees. The Group participates in various employee benefit plans, including provident fund, housing pension, medical, basic pension and unemployment benefit plans, occupational injury and maternity leave insurance. The Company also has a post-IPO share option scheme, a share award scheme, an employee share purchase plan and a pension plan set up for its employees and other eligible persons. Salaries and other benefits of the Group's employees are generally reviewed on a regular basis in accordance with individual qualifications and performance, results and performance of the Group and relevant market conditions. Total employees' remuneration (including directors' remuneration) for the six months ended 28 February 2022 amounted to RMB250.7 million (for the six months ended 28 February 2021: RMB248.4 million).

Pension Plan

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

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

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF
CHINA MAPLE LEAF EDUCATIONAL SYSTEMS LIMITED
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information of China Maple Leaf Educational Systems Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 22 to 56 which comprises the condensed consolidated statement of financial position of the Company as at 28 February 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("**IAS 34**") issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2 to the notes to the interim financial information which mentions that during the six-month ended 28 February 2022, the Group incurred loss for the period amounted to approximately RMB45,583,000, and as at 28 February 2022, the Group had net current liabilities of approximately RMB377,677,000. The Group's total secured bank borrowings and convertible bonds amounted to approximately RMB2,382,261,000 and RMB708,310,000 respectively as of 28 February 2022; while its cash and cash equivalents amounted to approximately RMB734,343,000 and pledged bank deposits amounted to approximately RMB1,464,560,000 as of 28 February 2022.

These conditions indicate a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Wan Ho Yuen
Audit Engagement Director
Practising Certificate Number P04309

Hong Kong, 29 September 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 28 February 2022

	Notes	Six months ended 28 February	
		2022	2021
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
			(Restated)
Continuing operations			
Revenue	4	**519,505**	503,505
Cost of revenue		**(315,219)**	(305,782)
Gross profit		**204,286**	197,723
Investment and other income	5	**38,804**	40,733
Other gains and losses	6	**(63,114)**	(36,409)
Impairment losses under expected credit loss model, net of reversal		**331**	–
Marketing expenses		**(4,972)**	(5,955)
Administrative expenses		**(117,031)**	(110,184)
Finance costs	7	**(95,859)**	(64,481)
(LOSS)/PROFIT BEFORE TAXATION		**(37,555)**	21,427
Taxation	8	**(8,028)**	(21,369)
(Loss)/profit for the period from continuing operation		**(45,583)**	58
Discontinued operation			
Profit for the year from discontinued operation		**–**	222,183
(LOSS)/PROFIT FOR THE PERIOD	9	**(45,583)**	222,241
Other comprehensive expense that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**(18,652)**	(22,481)
TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE PERIOD		**(64,235)**	199,760

	Notes	Six months ended 28 February 2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited) (Restated)
(Loss)/profit for the period attributable to owners of the Company:			
– from continuing operations		**(45,583)**	58
– from discontinued operation		**–**	220,863
(Loss)/profit for the period attributable to owners of the Company		**(45,583)**	220,921
Profit for the period attributable to non-controlling interests:			
– from continuing operations		**–**	–
– from discontinued operation		**–**	1,320
Profit for the period attributable to non-controlling interests		**–**	1,320
		(45,583)	222,241
Total comprehensive (expense)/income attributable to:			
Owners of the Company		**(64,235)**	198,440
Non-controlling interests		**–**	1,320
		(64,235)	199,760
(LOSS)/EARNINGS PER SHARE *(RMB cents)*	12		
From continuing and discontinued operations			
– basic *(RMB cents)*		**(1.534)**	7.436
– diluted *(RMB cents)*		**(1.928)**	7.436
From continuing operations			
– basic *(RMB cents)*		**(1.534)**	0.002
– diluted *(RMB cents)*		**(1.928)**	0.002

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 28 February 2022

	Notes	28 February 2022 RMB'000 (Unaudited)	31 August 2021 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	13	**2,079,660**	2,002,303
Right-of-use assets		**79,047**	84,738
Investment properties		**315,334**	328,876
Goodwill	14	**1,834,665**	1,896,803
Other intangible assets		**795,010**	863,515
Prepayments for acquisition of property and equipment		**–**	3,477
Books for lease		**235**	388
Deferred tax assets		**20,299**	–
		5,124,250	5,180,100
CURRENT ASSETS			
Inventories		**11,441**	16,896
Deposits, prepayments, trade and other receivables	15	**141,203**	91,567
Financial assets at fair value through profit or loss		**8,522**	8,274
Pledged bank deposits		**1,464,560**	1,548,151
Bank balances and cash		**734,343**	739,477
Amount due from related parties		**242,512**	296,757
		2,602,581	2,701,122
CURRENT LIABILITIES			
Contract liabilities	16	**376,551**	441,673
Other payables and accrued expenses	17	**306,272**	208,158
Lease liabilities		**5,447**	9,388
Income tax payable		**82,259**	89,418
Borrowings	18	**1,835,029**	2,547,183
Consideration payable	20	**219,591**	–
Amount due to related parties		**155,109**	6,053
		2,980,258	3,301,873
NET CURRENT LIABILITIES		**(377,677)**	(600,751)
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,746,573**	4,579,349

	Notes	28 February 2022 RMB'000 (Unaudited)	31 August 2021 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**241,412**	255,820
Borrowings	18	**547,232**	81,400
Lease liabilities		**8,910**	9,430
Convertible bonds	19	**708,310**	753,665
Consideration payable	20	**–**	204,005
Contingent consideration	20	**–**	24,178
Amount due to related parties		**1,910,015**	1,861,994
		3,415,879	3,190,492
NET ASSETS		**1,330,694**	1,388,857
EQUITY			
Equity attributable to owners of the Company			
Share capital		**9,309**	9,309
Reserves		**1,321,385**	1,379,548
		1,330,694	1,388,857
Non-controlling interests		**–**	–
TOTAL EQUITY		**1,330,694**	1,388,857

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 28 February 2022

	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 equity RMB'000
At 1 September 2020 (Audited)	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
Profit for the period	–	–	–	–	–	–	–	220,921	220,921	1,320	222,241
Other comprehensive expense for the period	–	–	–	–	(22,481)	–	–	–	(22,481)	–	(22,481)
Total comprehensive (expense)/income for the period	–	–	–	–	(22,481)	–	–	220,921	198,440	1,320	199,760
Share-based payments	–	–	–	–	–	–	6,668	–	6,668	–	6,668
Acquisition of additional interest in a subsidiary (note c)	–	–	12,282	–	–	–	–	–	12,282	(12,282)	–
At 28 February 2021 (Unaudited)	9,309	1,013,030	10,742	(22,280)	(6,892)	271,740	52,043	3,416,660	4,744,352	85,711	4,830,063
At 1 September 2021 (Audited)	**9,309**	**1,013,030**	**10,742**	**(22,280)**	**(15,737)**	**184,477**	**53,945**	**155,371**	**1,388,857**	**–**	**1,388,857**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(45,583)**	**(45,583)**	**–**	**(45,583)**
Other comprehensive expense for the period	**–**	**–**	**–**	**–**	**(18,652)**	**–**	**–**	**–**	**(18,652)**	**–**	**(18,652)**
Total comprehensive expense for the period	**–**	**–**	**–**	**–**	**(18,652)**	**–**	**–**	**(45,583)**	**(64,235)**	**–**	**(64,235)**
Share-based payments	**–**	**–**	**–**	**–**	**–**	**–**	**6,072**	**–**	**6,072**	**–**	**6,072**
At 28 February 2022 (Unaudited)	**9,309**	**1,013,030**	**10,742**	**(22,280)**	**(34,389)**	**184,477**	**60,017**	**109,788**	**1,330,694**	**–**	**1,330,694**

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**").*

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 liability companies and (ii) the development fund of schools:*

   (i) *For PRC subsidiaries with limited liability, each subsidiary is required to make annual appropriations to general reserve of 10% of after-tax profits as determined under the PRC laws and regulations at each year-end until the balance reaches 50% of the relevant PRC entity's registered capital.*

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

c. *During the period, a non-controlling interest shareholder of a subsidiary of the Group settled its amount due to the subsidiary in exchange of its equity interest in the subsidiary. This transaction was recorded as an equity transaction with the difference of the amount settled and the book value of additional equity interest obtained by the Company recorded as other reserve.*

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 28 February 2022

	For the six months ended 28 February	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash generated from/(used in) operating activities	**273,172**	(238,429)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(150,584)**	(141,743)
Proceeds from disposal of items of property, plant and equipment	**1,322**	10,508
Interest received	**20,216**	–
Net cash inflow of consideration adjustment on acquisition of a subsidiary	**–**	45,375
Proceeds from disposal of financial assets at fair value through profit or loss	**–**	26,486
Purchase of financial assets at fair value through profit or loss	**–**	(30,618)
Net cash outflow on acquisition of a subsidiary	**–**	(2,047)
Purchase of books for lease	**–**	(499)
Placement of restricted cash	**–**	(74)
The net cash used by the Affected Schools	**–**	40,379
Net cash used in investing activities	**(129,046)**	(52,233)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	**(175,612)**	(808,095)
Repayment of lease liabilities	**(4,520)**	(17,394)
Release of pledged bank deposits	**100,000**	–
Interest paid	**(62,168)**	(39,535)
Proceeds on issue of convertible bonds	**–**	808,551
Payment of convertible bonds issuance costs	**–**	(8,138)
The net cash used by the Affected Schools	**–**	12,824
Net cash used in financing activities	**(142,300)**	(51,787)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**1,826**	(342,449)
Cash and cash equivalents at beginning of period	**739,477**	805,640
Effect of foreign exchange	**(6,960)**	2,443
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**734,343**	465,634

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 28 February 2022

1. GENERAL INFORMATION

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

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

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

2. GOING CONCERN BASIS

During the six months ended 28 February 2022, the Group incurred loss for the period amounted to approximately RMB45,583,000, and as at 28 February 2022, the Group had net current liabilities of approximately RMB377,677,000. The Group's total secured bank borrowings and convertible bonds amounted to approximately RMB2,382,261,000 and RMB708,310,000 respectively as of 28 February 2022; while its cash and cash equivalents amounted to approximately RMB734,343,000 and pledged bank deposits amounted to approximately RMB1,464,560,000 as at 28 February 2022.

Subsequent to the end of the reporting period, borrowings amounting to SGD23,070,000, SGD243,228,000 and SGD39,640,000 (equivalent to approximately RMB107,275,000, RMB1,131,010,000 and RMB184,338,000, respectively), respectively, were fully settled.

Subsequent to the end of the reporting period, on 22 December 2022, Canadian International School Pte Ltd. ("**CIS**"), an indirectly wholly-owned subsidiary of the Company, entered into a new secured borrowing agreement amounted to USD143,000,000 (equivalent to approximately RMB1,036,750,000) (the "**New CIS Loan**") for the principal purpose of repayment of the original borrowing amounted to SGD188,081,000 (equivalent to approximately RMB874,634,000) (the "**Original CIS Loan**").

As of the date of this report, the aggregate outstanding principal amount of the convertible bonds in the book of the Company, as well as secured bank borrowings in the book of CIS, are USD75,000,000 (equivalent to approximately RMB543,750,000) (the "**Outstanding Bonds**") after repayment of the principal amount of USD50,000,000 prior to the date of this Report and the New CIS Loan of USD143,000,000 (equivalent to approximately RMB1,036,750,000) respectively.

2. GOING CONCERN BASIS (Continued)

Certain of the Outstanding Bonds amounted to USD31,250,000 (equivalent to approximately RMB226,563,000) were agreed to be repaid in January 2024, while the New CIS Loan is repayable in July 2024 and the Group has the right to apply an extension of 12 months which is subject to the approval from the lender of the New CIS Loan. The detailed information on the Outstanding Bonds and the New CIS Loan is illustrated in Notes 19 and 18 respectively to the Interim Financial Statements.

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

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

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

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

3. BASIS OF PREPARATION

Contractual Arrangements

Due to regulatory restrictions on foreign ownership in the schools in the PRC, the Group conducts a substantial portion of the business through Dalian Maple Leaf Educational Group Co., Ltd ("**Dalian Educational Group**"), Shenzhen Maple Leaf Educational Group Co., Ltd ("**Shenzhen Educational Group**"), Dalian Maple Leaf Foreign National School ("**Dalian Foreign School**") and Wuhan Maple Leaf Foreign National School ("**Wuhan Foreign School**") (collectively referred to as "**Consolidated Affiliated Entities**") in the PRC. The wholly-owned subsidiaries, Dalian Beipeng Educational Software Development Inc. ("**Dalian Beipeng Software**"), Shenzhen Beipeng Educational Software Development Inc. ("**Shenzhen Beipeng Software**") (collectively referred to as "**Beipeng Software**"), have entered into the contractual arrangements (the "**Contractual Arrangements**") with the Consolidated Affiliated Entities and their respective 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 Shenzhen Educational Group from their equity holders as collateral security for all of Dalian Educational Group and Shenzhen Educational Group's payments due to Beipeng Software and to secure performance of Dalian Educational Group, Shenzhen Educational Group and their respective subsidiaries obligations under the Contractual Arrangements.

There are no pledge 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 (other than the Affected Schools, see below) in the consolidated financial statements of the Group.

3. BASIS OF PREPARATION (Continued)

Recently issued implementation regulations of the PRC for the law for promoting of private education (the "Implementation Regulations")

During the year ended 31 August 2021, the PRC State Council announced the issuance of the Implementation Regulations, which became effective on 1 September 2021. The key provisions of the Implementation Regulations include, but not limited to: (1) prohibiting foreign investors from controlling private schools that provides compulsory education (which includes the six years primary school education and the three years middle school education provided to PRC residents) and not-for-profit schools that provides pre-school education (the "**Affected Schools**") by means of merger, acquisition and contractual arrangements, and (2) prohibiting private schools providing compulsory education from conducting transactions with the related parties. Therefore, the Contractual Arrangements with the Affected Schools is considered not enforceable upon the effective of the Implementation Regulations. Based on its reassessment of the Contractual Arrangements and the profound implication of the Implementation Regulations, the Directors considered that, the Group's ability to use its power from the Contractual Arrangements to direct the relevant activities of and its ability to affect its variable returns from the Affected Schools had ceased by 31 August 2021 immediately before the Implementation Regulations became effective. By the end of 31 August 2021, it was no longer practicable for the Group to make relevant decision to obtain significant variable returns from the Affected Schools. Consequently the Group lost control over the Affected Schools on 31 August 2021 immediately before the Implementation Regulations became effective, and deconsolidated the Affected Schools as at 31 August 2021.

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

The Interim Financial Statements should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 August 2021. The accounting policies and methods of computation used in the preparation of the Interim Financial Statements are consistent with those used in the annual consolidated financial statements for the year ended 31 August 2021.

4. REVENUE AND SEGMENT INFORMATION

4A. Disaggregation of revenue from contracts with customers

	Six months ended	
	28 February 2022 RMB'000 (Unaudited)	28 February 2021 RMB'000 (Unaudited) (Restated)
Types of goods or services		
Tuition and boarding fees	**414,832**	451,535
Sales of textbooks	**5,100**	6,122
Sales of goods and materials	**31,898**	35,872
Summer and winter camps	**37**	–
Catering services income	**25,373**	–
Others	**42,265**	9,976
	519,505	503,505
Geographical markets		
PRC	**205,598**	173,159
Overseas	**313,907**	330,346
	519,505	503,505
Timing of revenue recognition		
Over time	**445,412**	457,409
At a point in time	**74,093**	46,096
	519,505	503,505

4B. Operating Segments

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

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

1. PRC Segment

2. Overseas Segment

4. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues and results

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

	PRC Segment RMB'000	Overseas Segment RMB'000	Total RMB'000
For the six months ended 28 February 2022 (unaudited)			
Segment revenue	**205,598**	**313,907**	**519,505**
Segment (loss)/profit	**(62,760)**	**32,044**	**(30,716)**
Unallocated items:			
Directors' and chief executives' emoluments			**(5,976)**
Corporate administrative expense			**(863)**
Group's loss before income tax			**(37,555)**

	PRC Segment RMB'000	Overseas Segment RMB'000	Total RMB'000
For the six months ended 28 February 2021 (unaudited)			
Segment revenue	173,159	330,346	503,505
Segment profit	21,356	9,846	31,202
Unallocated items:			
Directors' and chief executives' emoluments			(7,340)
Corporate administrative expense			(2,435)
Group's profit before income tax			21,427

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

4. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

	At 28 February 2022 RMB'000 (Unaudited)	At 31 August 2021 RMB'000 (Audited)
Segment assets		
PRC Segment	**3,478,013**	3,746,200
Overseas Segment	**4,248,818**	4,135,022
Consolidated assets	**7,726,831**	7,881,222

	At 28 February 2022 RMB'000 (Unaudited)	At 31 August 2021 RMB'000 (Audited)
Segment liabilities		
PRC Segment	**4,461,360**	4,454,681
Overseas Segment	**1,934,777**	2,037,684
Consolidated liabilities	**6,396,137**	6,492,365

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

5. INVESTMENT AND OTHER INCOME

Continuing operations

	Six months ended	
	28 February 2022 RMB'000 (Unaudited)	28 February 2021 RMB'000 (Unaudited) (Restated)
Bank interest income	**20,216**	21,654
Government grant	**9,899**	11,923
Rental income from investment properties	**8,361**	6,165
Others	**328**	991
	38,804	40,733

6. OTHER GAINS AND LOSSES

Continuing operations

	Six months ended	
	28 February 2022 RMB'000 (Unaudited)	28 February 2021 RMB'000 (Unaudited) (Restated)
Reversal of other payables	**5,679**	1,769
Net foreign exchange (loss)/gain	**(16,503)**	1,987
Gain arising from changes in fair value of financial assets measured at FVTPL	**470**	1,321
Gain/(Loss) arising from fair value changes of convertible bonds	**26,456**	(40,607)
Gain/(Loss) on disposal of property, plant and equipment	**5**	(644)
Gain/(Loss) arising from fair value changes of contingent consideration	**24,139**	(578)
Compensation of Zhixin case *(Note)*	**(99,205)**	–
Others	**(4,155)**	343
	(63,114)	(36,409)

6. OTHER GAINS AND LOSSES (Continued)

Continuing operations (Continued)

Note:

*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. The date of hearing at the Court of First Instance of the High Court for the Zhixin Case is fixed on 16 May 2022.*

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

*Subsequent to the end of the reporting period, in late August 2022, the Company received the judgment on the Zhixin Case ("**Judgment**") dated 31 August 2022 from the Court. Pursuant to the Judgment, it was ruled in favour of Zhixin and held that, among others, (1) the Company was ordered to pay damages in the amount of HK$70,840,000 together with interest; (2) the counterclaims of the Company for misrepresentation, declaratory relief and/or restitution against Zhixin were dismissed; and (3) a costs order nisi was made that costs of the proceedings be paid by the Company to Zhixin, with certificate for two counsel, to be taxed if not agreed. The Court made a further order on 23 September 2022 ("**Order of 23 September 2022**") in relation to the amount payable in connection with the proceedings of the Zhixin Case. Subsequently, Zhixin and the Company reached an agreement to settle all sums payable in connection with the Judgment and the Order of 23 September 2022 ("**Settlement**"). On 5 January 2023, in light of the Settlement reached by the parties, Zhixin and the Company jointly applied to the Court for an order to stay the enforcement of the Judgment and the Order of 23 September 2022. Pursuant to the Settlement, on 6 January 2023, a settlement sum of approximately HK$118.2 million (equivalent to RMB99,205,000) was partially covered by a deposit made to the Court, and the rest was paid by the Company to Zhixin (which has acknowledged receipt of such payment) to fully settle the Company of its payment obligations owed to Zhixin in respect of the Judgment inclusive of damages, costs and interests as set out in the Judgment and the Order of 23 September 2022. On 25 May 2023, the Court made an order that the full payment of approximately HK$100.6 million paid by the Company on 6 January 2023 shall fully settle the Company's outstanding payment obligations owed to Zhixin in respect of the judgment sum inclusive of damages, costs and accrued interests as set out in the Judgment and the Order of 23 September 2022.*

7. FINANCE COSTS

Continuing operations

	Six months ended 28 February 2022 RMB'000 (Unaudited)	Six months ended 28 February 2021 RMB'000 (Unaudited) (Restated)
Interest on bank loans and other borrowings	**88,099**	62,422
Interest on convertible bonds	**7,343**	1,586
Leases interests	**417**	473
	95,859	64,481

8. TAXATION

Continuing operations

	Six months ended 28 February 2022 RMB'000 (Unaudited)	Six months ended 28 February 2021 RMB'000 (Unaudited) (Restated)
The charge comprises		
Current tax		
PRC enterprise income tax	**15,702**	9,794
Singapore enterprise income tax	**14,634**	19,664
Under-provision in prior years		
Singapore enterprise income tax	**6,648**	–
Deferred tax	**(28,956)**	(8,089)
	8,028	21,369

9. (LOSS)/PROFIT FOR THE PERIOD

Continuing operations

	Six months ended	
	28 February 2022 RMB'000 (Unaudited)	28 February 2021 RMB'000 (Unaudited) (Restated)
(Loss)/Profit for the period has been arrived at after charging/(crediting):		
Staff costs, including directors' remuneration		
– salaries and other allowances	**243,837**	240,938
– retirement benefit scheme contributions	**770**	842
– share-based payments	**6,072**	6,668
Total staff costs	**250,679**	248,448
Gross rental income from investment properties	**(8,361)**	(6,165)
Less:		
Direct operating expenses incurred for investment properties (included in administrative expenses)	**98**	364
	(8,263)	(5,801)
Depreciation of property, plant and equipment	**40,150**	44,966
(Gain)/Loss arising from fair value changes of convertible bonds	**(26,456)**	40,607
Amortisation of intangible assets	**41,336**	37,457
Depreciation of right-of-use assets	**5,463**	3,765
Depreciation of investment properties	**1,917**	1,956
Amortization of books for lease	**153**	277
(Gain)/Loss arising from fair value changes of contingent consideration	**(24,139)**	578
Covid-19-related rent concessions	**–**	(410)

10. DISCONTINUED OPERATION

Due to the promulgation of the Implementation Regulations, the Directors reassessed the Contractual Arrangements and concluded that the Group ceased its control over the Affected Schools by 31 August 2021 and the Affected Schools were deconsolidated from the consolidated financial statements of the Group as of 31 August 2021.

The Directors have assessed that each of the Affected Schools comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, therefore each of the Affected Schools is a cash generating unit. The Directors classified the Affected Schools as discontinued operations and the results of the discontinued operations were presented separately in the consolidated statement of profit or loss and other comprehensive income for the period ended 28 February 2021. The comparative information relating to the discontinued operations has been represented to conform to the current period's presentation.

	Six months ended 28 February 2021 RMB'000 (Unaudited) (Restated)
Revenue	593,730
Cost of revenue	(315,760)
Investment and other income	5,899
Other gains and losses	4,136
Marketing expenses	(9,912)
Administrative expenses	(51,556)
Finance cost	(2,674)
Profit before tax from discontinued operation	223,863
Taxation	(1,680)
Profit for the period from discontinued operation	222,183

11. DIVIDENDS

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

12. (LOSS)/EARNINGS PER SHARE

For continuing operations

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

(Loss)/earnings figures are calculated as follows:

	Six months ended	
	28 February 2022 RMB'000 (Unaudited)	28 February 2021 RMB'000 (Unaudited) (Restated)
(Loss)/earnings for the purpose of basic (loss)/earnings per share from continuing operations	**(45,583)**	58
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds (net of income tax)	**7,343**	–
Gain arising from fair value changes of convertible bonds	**(26,456)**	–
(Loss)/earnings for the purpose of diluted (loss)/earnings per share	**(64,696)**	58

	Six months ended	
	28 February 2022 '000 (Unaudited)	28 February 2021 '000 (Unaudited)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**2,971,011**	2,971,002
Effect of dilutive potential ordinary shares	**383,881**	–
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	**3,354,892**	2,971,002

The number of shares adopted in the calculation of the basic (loss)/earnings per share for the six months ended 28 February 2022 and 2021 has been arrived after eliminating the ungranted or unvested shares of the Company held under the Share Award Scheme.

The number of shares adopted in the calculation of the diluted (loss)/earnings per share for the six months ended 28 February 2022 and 2021 does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price of shares for the six months ended 28 February 2022 and 2021.

As the Company's outstanding convertible notes where applicable had an anti-dilutive effect to the basic earnings per share calculation, the conversion of the above potential dilutive shares is not assumed in the calculation of diluted earnings per share for the six months ended 28 February 2021.

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

12. (LOSS)/EARNINGS PER SHARE (Continued)

From continuing and discontinued operations

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

(Loss)/earnings figures are calculated as follows:

	Six months ended	
	28 February 2022 RMB'000 (Unaudited)	28 February 2021 RMB'000 (Unaudited)
(Loss)/earnings for the purpose of basic and diluted (loss)/earnings per share	**(45,583)**	220,921
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds (net of income tax)	**7,343**	–
Gain arising from fair value changes of convertible bonds	**(26,456)**	–
(Loss)/earnings for the purpose of diluted (loss)/earnings per share	**(64,696)**	220,921

The denominators used are the same as those detailed above for basic and diluted (loss)/earnings per share.

From discontinued operation

For the six months ended 28 February 2021, basic and diluted earnings per share for the discontinued operation is RMB7.434 cents per share, based on the earnings from the discontinued operation of approximately RMB220,863,000 and the denominators detailed above for both basic and diluted earnings per share.

13. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group disposed of certain property and equipment with an aggregate carrying amount of approximately RMB1,317,000 (for the six months ended 28 February 2021: RMB11,152,000) for cash proceeds of approximately RMB1,322,000 (for the six months ended 28 February 2021: RMB10,508,000), resulting in a gain on disposal of approximately RMB5,000 (for the six months ended 28 February 2021: loss on disposal of approximately RMB644,000).

The Group paid a net cash consideration of RMB150,584,000 to purchase property, plant and equipment (for the six months ended 28 February 2021: RMB141,743,000).

14. GOODWILL

	At 28 February 2022 RMB'000 (Unaudited)	At 31 August 2021 RMB'000 (Audited)
Cost and carrying values:		
At 1 September	**1,896,803**	2,449,342
Deconsolidation	**–**	(252,848)
Impairment loss recognised in the period	**–**	(199,215)
Exchange adjustment	**(62,138)**	(100,476)
At 28 February or 31 August	**1,834,665**	1,896,803

15. DEPOSITS, PREPAYMENTS, TRADE AND OTHER RECEIVABLES

	At 28 February 2022 RMB'000 (Unaudited)	At 31 August 2021 RMB'000 (Audited)
Receivable from third parties	**13,290**	27,178
Short-term loan to a third party *(Note)*	**31,414**	31,414
Prepaid rent and other prepaid expenses	**10,411**	9,403
Trade receivables net of allowance for credit losses	**7,045**	5,581
Deposits	**13,982**	4,212
Staff advances	**78**	186
Management fees receivables	**30,841**	51
Others	**34,142**	13,542
	141,203	91,567

Note:

As of the date of this report, the abovementioned short-term loan was fully settled.

15. DEPOSITS, PREPAYMENTS, TRADE AND OTHER RECEIVABLES (Continued)

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

	At 28 February 2022 RMB'000 (Unaudited)	At 31 August 2021 RMB'000 (Audited)
Not past due	**4,321**	3,509
0–30 days	**592**	592
31–60 days	**117**	510
61–90 days	**42**	189
>90 days	**1,973**	781
	7,045	5,581

16. CONTRACT LIABILITIES

	At 28 February 2022 RMB'000 (Unaudited)	At 31 August 2021 RMB'000 (Audited)
Tuition and boarding fees	**337,603**	406,952
Others	**38,948**	34,721
Contract liabilities	**376,551**	441,673

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

17. OTHER PAYABLES AND ACCRUED EXPENSES

	At 28 February 2022 RMB'000 (Unaudited)	At 31 August 2021 RMB'000 (Audited)
Payables for purchase of property, plant and equipment	**68,109**	62,018
Accrued operating expenses	**31,660**	3,575
Miscellaneous expenses received from students *(Note)*	**25,398**	35,741
Accrued payroll	**21,244**	20,520
Deposits received from students	**20,179**	18,953
Acquisition consideration payable	**13,237**	13,237
Payables for purchase of goods	**9,726**	8,750
Prepayment from lessee	**1,953**	2,089
Accrued interest expenses	**611**	–
Accrued professional fees for the acquisition	**–**	681
Other tax payables	**7,546**	9,338
Compensation of Zhixin Case *(Note 6)*	**73,964**	–
Others	**32,645**	33,256
	306,272	208,158

Note:

The amount represents the miscellaneous expenses received from students which will be paid out on behalf of students.

18. BORROWINGS

	At 28 February 2022 RMB'000 (Unaudited)	At 31 August 2021 RMB'000 (Audited)
Secured bank borrowings	**2,382,261**	2,628,583
The carrying amounts of the above borrowings are repayable:		
Within one year	**1,835,029**	2,547,183
Within a period of more than one year but not exceeding two years	**485,534**	13,228
Within a period of more than two years but not exceeding five years	**29,449**	46,302
Within a period of more than five years	**32,249**	21,870
	2,382,261	2,628,583
Less:		
Amounts due within one year shown under current liabilities	**(1,835,029)**	(2,547,183)
Amounts shown under non-current liabilities	**547,232**	81,400

18. BORROWINGS (Continued)

Notes:

(a) *As of 28 February 2022, the borrowings amounting to SGD23,070,000 and SGD243,228,000 (in aggregate equivalent to approximately RMB 1,238,285,000) (2021: the borrowings amounting to SGD23,103,000 and SGD259,288,000 (in aggregate equivalent to approximately RMB1,358,291,000)) are secured by pledged bank deposits of RMB135,742,000 of Dalian Educational Group and RMB1,412,409,000 of Dalian Beipeng Software. As of the date of this report, the abovementioned borrowings were fully repaid.*

(b) *As of 28 February 2022, the borrowings amounting to SGD39,640,000 (equivalent to approximately RMB184,338,000) (2021: the borrowings amounting to SGD40,120,000 (equivalent to approximately RMB192,889,000)) are mortgaged over an investment property owned by Maple Leaf Education Hillside Pte. Ltd. ("**Maple Hillside**") of RMB310,698,000, and existing and future legal assignment of rental proceeds, rental deposits and other rights of Maple Hillside. As of the date of this report, the abovementioned borrowings were fully repaid.*

(c) *As of 28 February 2022, the borrowing amounting to SGD188,081,000 (equivalent to approximately RMB874,634,000) (2021: SGD304,648,000 (equivalent to approximately RMB984,375,000)) is secured over (1) a corporate guarantee from the Company; (2) all the shares of the Offshore Group (including CIS) and Maple Leaf CIS Holdings Pte. Ltd.; (3) all the assets of the Offshore Group; (4) debt service reserve account held by CIS; (5) dividend accounts (if any); and (6) pledge over all the shares of Dalian Beipeng Software. The maturity date of the borrowing is on 31 August 2023.*

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

As of the date of this report, the abovementioned borrowings were fully repaid.

(d) *As of 28 February 2022, the borrowings amounting to MYR54,830,000 (equivalent to approximately RMB85,004,000) (2021: MYR59,562,000 (equivalent to approximately RMB93,028,000)) are 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.*

As of the date of this report, the outstanding balance is approximately MYR51,828,000 (equivalent to approximately RMB80,541,000).

These borrowings carry interest at fixed or variable interest rates ranging from 0.65% to 5.61% (2021: 0.70% to 4.46%) per annum.

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

As of the date of this report, the outstanding principal balance is approximately USD143,000,000 (equivalent to approximately RMB1,036,750,000).

19. CONVERTIBLE BONDS

Financial liabilities designated at FVTPL:

	At 28 February 2022 RMB'000 (Unaudited)	At 31 August 2021 RMB'000 (Audited)
Convertible bonds *(Note)*	**708,310**	753,665
Analysed for reporting purposes as:		
Current liabilities	**–**	–
Non-current liabilities	**708,310**	753,665
	708,310	753,665

Note:

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

*On 27 January 2021 (the "**Issue Date**"), the Company completed the issuance of the Convertible Bonds. The cash proceeds related to the issuance of USD125,000,000 (equivalent to RMB808,551,000) were received by the Company on the Issue Date. The issuance cost related to the Convertible Bonds of approximately USD1,250,000 (equivalent to RMB8,138,000) was charged to the finance cost. The Convertible Bonds were recognised and measured as financial liabilities designated at FVTPL. The fair value as of the Issue Date and 31 August 2021 was RMB808,551,000 and RMB753,665,000, respectively. The changes in fair value related to the financial liabilities of RMB52,737,000 were charged to other gain and losses.*

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

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

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

As at 31 August 2021, no conversion related to the Convertible Bonds was exercised by the holders.

19. CONVERTIBLE BONDS (Continued)

Note: (Continued)

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

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

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

The New Undertakings are summarized as follows:

Mandatory Redemption Undertaking

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

(a) 40 per cent. of the aggregate principal amount of the Bonds originally issued at their principal amount plus accrued and unpaid interest on the Implementation Date (being 27 October 2022); and

*(b) subject to the Security Undertaking, 25 per cent. of the aggregate principal amount of the Bonds originally issued at their principal amount plus accrued and unpaid interest on the date that is nine (9) months after the Implementation Date (the "**Second Mandatory Redemption**"),*

*((a) to (b) together, the "**Mandatory Redemption Undertaking**").*

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

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

As of the date of this report, the aggregate outstanding principal amount of the Bonds is USD75,000,000 (equivalent to approximately RMB543,750,000), after repayment of the principal amount of USD50,000,000 (being 40 per cent. of the aggregate principal amount of the Bonds) prior to the date of this Report.

20. CONSIDERATION PAYABLE AND CONTINGENT CONSIDERATION

	At 28 February 2022 RMB'000 (Unaudited)	At 31 August 2021 RMB'000 (Audited)
Contingent consideration	**–**	24,178
Consideration payable		
Amounts due within one year shown under current liabilities	**219,591**	–
Amounts shown under non-current liabilities	**–**	204,005
	219,591	228,183

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.

On 20 January 2023, the Group and the Seller signed a confirmation of second closing to confirm the second tranche amount of S$44,438,000 (equivalent to approximately RMB219,591,000).

As of the date of this report, the abovementioned consideration payable was paid in full.

21. SHARE AWARD SCHEME

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 incentivise, 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.

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.

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.

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.

21. SHARE AWARD SCHEME (Continued)

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.

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.

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.

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.

21. SHARE AWARD SCHEME (Continued)

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 ended 31 August 2022 and 2021, the Scheme Trustee did not purchase any Share on the Stock Exchange or grant any Share to the Eligible Participants of the Group under the Share Award Scheme and there was no movement in the outstanding Shares under the Share Award Scheme. As at 31 August 2022 and 2021, there was no outstanding Share granted to the Eligible Participants of the Group under the Share Award Scheme.

As at the date of this report, there were a total of 24,309,988 Shares available under the Share Award Scheme (representing approximately 0.81% of the issued Shares as at the date of this report).

22. SHARE-BASED PAYMENTS

Employee Share Purchase Plan

The Company's Employee Share Purchase Plan (the "**ESPP**") was approved and adopted by the Company on 12 October 2020 to take effect for the purpose of providing the selected participants with the opportunity to acquire proprietary interests in the Company and to encourage the selected participants by permitting the selected participants to purchase shares of the Company and by awarding matching restricted shares, which upon vesting are settled in shares.

During the current period, no matching shares under the ESPP were granted.

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.

22. 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 during the six months ended 28 February 2022 are as follows:

For the six months ended 28 February 2022

	Date of grant	Option type	Outstanding at 1 September 2021	Granted during the period	Forfeited during the period	Lapsed during the period	Exercised during the period	Outstanding at 28 February 2022
Executive director								
Zhang Jingxia	14 June 2018	Post-IPO-4th	800,000	–	–	(400,000)	–	400,000
James William Beeke	14 June 2018	Post-IPO-4th	400,000	–	–	(200,000)	–	200,000
Independent non-executive director								
Peter Humphrey Owen	14 June 2018	Post-IPO-4th	276,800	–	–	(138,400)	–	138,400
Wong Lap Tat Arthur	14 June 2018	Post-IPO-4th	276,800	–	–	(138,400)	–	138,400
Peter Humphrey Owen	28 June 2019	Post-IPO-6th	184,000	–	–	(62,000)	–	122,000
Wong Lap Tat Arthur	28 June 2019	Post-IPO-6th	184,000	–	–	(62,000)	–	122,000
Employees in aggregate	14 June 2018	Post-IPO-5th	10,880,000	–	(1,640,000)	(4,600,000)	–	4,640,000
	28 June 2019	Post-IPO-7th	1,755,000	–	(20,000)	(1,735,000)	–	–
			14,756,600	–	(1,660,000)	(7,335,800)	–	5,760,800
Exercisable at the end of the period								5,760,800

During the current period, no share options under the Post-IPO Share Option Scheme were granted or exercised.

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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).

Financial assets and financial liabilities	Fair value as at 28 February 2022 RMB'000 (Unaudited)	Fair value as at 31 August 2021 RMB'000 (Audited)	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input(s)
Financial assets at FVTPL – Listed equity securities	**8,522**	8,274	Level 1	Quoted bid prices in an active market	N/A
Contingent liabilities in a business combination (as included in contingent consideration)	**–**	24,178	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)
Convertible Bonds Issued by the Group and designated at FVTPL	**708,310**	753,665	Level 3	Binomial option pricing model and discounted cash flow method	Expected volatility of 15.0%, Risk free rate of 2.526%, Dividend yield of 0.00%, Discount rate: 8.00%

Notes:

1. *A slight increase in the discount rate used in isolation would result in a significant decrease in the fair value measurement of the Convertible Bonds, and vice versa. A 1% increase in the discount rate holding all other variables constant would decrease the carrying amount of the Convertible Bonds by RMB4,000,000.*

2. *A slight increase in the expected volatility/dividend yield used in isolation would result in a significant increase/decrease in the fair value measurement of the convertible bonds, and vice versa. A 1% increase in the volatility holding all other variables constant would have minimal impact in the carrying amount of the convertible bonds. A 1% increase in the dividend yield holding all other variables constant would have minimal impact in the carrying amount of the convertible bonds.*

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Reconciliation of Level 3 fair value measurements of financial liabilities

	Contingent consideration in business combinations RMB'000	Convertible bonds RMB'000
At 1 September 2020 (audited)	26,846	–
Issued	–	808,551
Total (losses)/gains:		
in profit or loss (#)	578	40,607
Exchange adjustments	(936)	(1,461)
At 28 February 2021 (unaudited)	26,488	847,697
(#) Include (gains) or losses for liabilities held at end of reporting period	578	40,607
At 1 September 2021 (audited)	**24,178**	**753,665**
Total gains:		
in profit or loss (#)	**(24,139)**	**(26,456)**
Exchange adjustments	**(39)**	**(18,899)**
At 28 February 2022 (unaudited)	**–**	**708,310**
(#) Include (gains) or losses for liabilities held at end of reporting period	**–**	**(26,456)**

The total gains or losses recognised in profit or loss including those for liabilities held at the end of reporting period are presented in other gains and losses in the condensed consolidated statement of profit or loss and other comprehensive income.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the Interim Financial Statements approximate their fair values.

There were no transfers between Level 1, Level 2 and Level 3 during the current period.

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The financial controller reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Board of Directors at least twice a year.

24. RELATED PARTY TRANSACTIONS

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

(a) Balances with a related parties

Relationships	Nature of balances	At 28 February 2022 RMB'000 (Unaudited)	At 31 August 2021 RMB'000 (Audited)
Affected Schools	Amounts due from (current)	**242,512**	296,757
Affected Schools	Amounts due from (non-current)	**1,910,015**	1,861,994
Affected Schools	Amounts due to (current)	**155,109**	6,053

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

As of 28 February 2022 and 31 August 2021, the Affected Schools are legally owned by the affiliated entities of the Group, consequently the Affected Schools are related parties of the Group.

(b) Transaction with a related party

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

(c) Compensation of key management personnel

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

	Six months ended	
	28 February 2022 RMB'000 (Unaudited)	28 February 2021 RMB'000 (Unaudited) (Restated)
Short-term benefits	**4,868**	5,834
Post-employment benefits	**12**	9
Share-based payments	**1,096**	1,497
Others	**–**	2,304
	5,976	9,644

25. EVENT AFTER REPORTING PERIOD

Save as disclosed elsewhere in the notes to the Interim Financial Statements, there were no material events after the report period to be disclosed.

26. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The Interim Financial Statements were approved and authorised for issue by the Board of Directors on 29 September 2023.

SPECIFIC PERFORMANCE OBLIGATION ON CONTROLLING SHAREHOLDER

2020 Term Loan Facility

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) entered into a facility agreement (the "**2020 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 "**2020 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 2020 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 utilisation 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 2020 Term Loan Facility, the "**Facilities**"). On 26 August 2020, a deed of novation was entered into between, among others, Maple Leaf CIS Holdings Pte. Limited as original borrower, Canadian International School Pte Ltd as new borrower, the Company as guarantor and certain lenders pursuant to which the 2020 Term Loan Facility was novated from Maple Leaf CIS Holdings Pte. Limited as original borrower to Canadian International School Pte Ltd as new borrower.

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.

In light of the dilution impact of the Convertible Bonds which were issued in January 2021, the lenders of the Facility Agreements have granted a waiver to reduce the threshold of Mr. Jen's ownership requirement under the Facility Agreements from 45% to 40% such that no change of control (for the purpose of the Facility Agreements) will occur if Mr. Jen does not or cease directly or indirectly to have the power to cast or control the casting of at least 40% of the maximum number of votes that might be cast at a general meeting of the Company.

Please refer to section headed "Management Discussion and Analysis – Other Information – Issuance of US$125.0 million 2.25% Convertible Bonds due 2026" and the announcements of the Company dated 13 January 2021, 27 January 2021 and 28 January 2021 and the offering circular of the Company dated 22 January 2021 for further details of the issuance of the Convertible Bonds.

In January 2021, the Bridge Loan was fully settled. On 4 January 2023, following the full payment and discharge of the secured liabilities by the new borrower Canadian International School Pte Ltd and the other obligors, the lenders agreed to release and discharge all security documents and the parties agreed to grant the release and executed a deed of discharge, release and reassignment.

2022 Term Loan Facility

On 22 December 2022, CIS Pte Ltd (as a borrower) ("**Borrower**"), among others, and certain lenders ("**2022 Lenders**") entered into the term loan facility agreement ("**2022 Term Loan Facility Agreement**") pursuant to which the 2022 Lenders agreed to make available the term loan facility ("**2022 Term Loan Facility**") in an aggregate amount up to USD143,000,000 with a final maturity date being either (i) the date falling 18 months after the utilisation date of the 2022 Term Loan Facility or (ii) the date falling 30 months after the utilisation date of the 2022 Term Loan Facility ("**Extended Final Repayment Date**"). The Borrower may request the final maturity date be extended to the Extended Final Repayment Date by submitting a written request notice in accordance with the terms of 2022 Term Loan Facility Agreement. The proceeds of the 2022 Term Loan Facility would be used for refinancing of existing indebtedness of the Group (including the amounts outstanding under or in connection with the 2020 Term Loan Facility Agreement), financing the payment of the aggregate cash consideration payable by Maple Leaf CIS for the acquisition of the remaining 10% of the Target Company, payment of expenses in connection with the 2022 Term Loan Facility and the general working capital requirements of the Group. The 2022 Term Loan Facility Agreement imposes, among other things, specific performance obligations on the controlling shareholder of the Company. As at the date of this report, Mr. Jen and Sherman Investment Holdings Limited (indirectly wholly owned by a discretionary trust, of which Mr. Jen is the founder who can influence how the trustee exercises his discretion) ("**Sherman Investment**") are the controlling shareholders who were interested or deemed to be interested in 1,570,858,010 Shares and 1,483,639,818 Shares respectively (representing approximately 52.44% and 49.53% of the total issued share capital of the Company respectively).

Pursuant to the 2022 Term Loan Facility Agreement, a change of control event occurs (among other matters) if:

i. Mr. Jen and each of his immediate family members (taken together) do not or cease directly or indirectly to:

    a. have the power (whether by way of ownership of shares, contract, agency or otherwise) to cast, or control the casting of, more than 30% of the maximum number of votes that might be cast at a general meeting of the Company; or

    b. beneficially own and control more than 30% of the issued share capital of the Company; or

ii. any person or persons acting in concert (other than Mr. Jen and each of his immediate family members) (whether directly or indirectly and whether individually or together) beneficially owns and controls more of the issued voting share capital of the Company than Mr. Jen and each of his immediate family members (taken together).

If a change of control event abovementioned occurs:

a. the Borrower shall promptly (and in any case no later than 1 business day of becoming aware of that event) notify the agent; and

b. irrespective of whether the Borrower has complied with paragraph (a): (i) no Lender shall be obliged to participate in the making of the Loan; and (ii) each available commitment of each 2022 Lender will be immediately cancelled and reduced to zero and the loan drawn under the 2022 Term Loan Facility, together with accrued interest, and all other amounts accrued or outstanding under the finance documents, shall become immediately due and payable.

For details, please refer to the announcement of the Company dated 22 December 2022.

DISCLOSURE PURSUANT TO RULES 13.18, 13.19 AND 13.21 OF THE LISTING RULES

As a result of the Implementation Regulations, the Directors reassessed the contractual arrangements relating to certain affiliated entities, which were used to be consolidated for the previous financial years, and concluded that the Group ceased its control over the Affected Schools by 31 August 2021 and thus the Affected Schools were deconsolidated from the consolidated financial statements of the Group as of 31 August 2021. The deconsolidation has resulted in the financial results of the Affected Schools having been classified as discontinued operations on 31 August 2021 and the Group recorded one-off losses upon deconsolidation of the Affected Schools.

The net asset held by the Affected Schools were approximately RMB2.9 billion upon deconsolidation as at 31 August 2021 and an aggregate of one-off losses upon deconsolidation of the Affected Schools were recognized during the year and included in the losses from discontinued operations. Such loss, together with other impairment loss recognized by the Group as a result of the deconsolidation, has substantially reduced the earnings of the Group and thus resulted in a non-compliance of certain financial covenants under the 2020 Term Loan Facility Agreement. For further details, please refer to Note 18 to the condensed consolidated financial statements.

Notwithstanding the non-compliance of certain financial covenants under the 2020 Term Loan Facility Agreement, in January 2021, the 2020 Term Loan Facility was fully settled.

For details of the obligation arising under Rule 13.18 of the Listing Rules i.e. the loan agreement with covenants relating to specific performance of the controlling shareholder, please refer to the section headed "Specific Performance Obligation on Controlling Shareholder – 2022 Term Loan Facility" in this interim report.

INTERIM DIVIDENDS

The Board has resolved not to declare an interim dividend for the six months ended 28 February 2022.

CORPORATE GOVERNANCE

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

Compliance with the Corporate Governance Code

During the six months ended 28 February 2022 and up to the date of this report, the Company has applied the principles as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and has complied with all the applicable code provisions, save and except for code provision C.2.1.

Code provision C.2.1 of Part 2 of the CG Code stipulates that the roles of chairman and CEO should be separate and should not be performed by the same individual. 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.

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

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own securities dealing code to regulate all dealings by Directors and relevant employees of securities in the Company and other matters covered by the Model Code.

Specific enquiry has been made of all the Directors and the relevant employees and they have confirmed that they have complied with the Model Code during the six months ended 28 February 2022, save and except for the following.

Mr. Jen, the Chairman and an executive Director of the Company, in reliance on the advice of the company secretary of the Company ("**Company Secretary**"), acquired 2,000,000 shares of the Company ("**Acquisition**") on the open market during the trading hours on 14 December 2021, the date on which the annual results of the Group for the year ended 31 August 2021 were published, but after the publication of the results.

On the date of the Acquisition, Mr. Jen was on a business trip during which internet service was not readily available. Mr. Jen verbally informed the designated Director of the proposed Acquisition and received the verbal acknowledgement from the designated Director before conducting the Acquisition. After the business trip, Mr. Jen sent a written notice to the designated Director and received a written acknowledgement from the designated Director. As such, Mr. Jen had failed to comply with (1) Rule A.3(a)(i) of the Model Code which provides that, among other matters, a director must not deal in any securities of the listed issuer on any day on which its financial results are published; and (2) Rule B.8 of the Model Code which provides that, among other matters, a director must not deal in any securities of the issuer without first notifying in writing the chairman or a director designated by the board for specific purpose.

In view of the above inadvertent mistake and the non-compliance of the Model Code, the Company has implemented corresponding remedial measures, including but not limited to reminding all Directors regarding (i) the trading prohibition as required under the Model Code, in particular, the blackout period only ends on the date on which the relevant results announcement is published regardless of the time of the meeting approving such results; and (ii) the need, if in doubt, of seeking professional advice before dealing in the shares of the Company to the extent permitted under all applicable laws and regulations. The Company has also engaged legal adviser to provide training in respect of, among other matters, the dealing restrictions and requirements under the Model Code to all Directors and the Company Secretary in order to avoid similar incident in the future.

The Company has maintained an effective system in monitoring the dealings by Directors (including a notification mechanism) to ensure compliance with the Model Code. In particular, the Company has notified all Directors the prohibition period before the commencement of such prohibition period. The Board is of the view that the guidelines and procedures for the director's dealings of shares in the Company are adequate and effective.

Purchase, Sale or Redemption of the Company's Listed Securities

During the six months ended 28 February 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

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 28 February 2022, 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 as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long/short 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 as at 28 February 2022 *(Note 1)*	Long position/ Short position
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 2)*	–	1,483,639,818 50,000,000 *(Notes 2 and 3)*	49.53% 1.67%	Long position Short position
	Beneficial interest	87,216,850	–	87,216,850	2.91%	Long position
	Interest of spouse	1,342 *(Note 4)*	–	1,342	0.00%	Long position
Jingxia Zhang	Beneficial interest	3,511,146	400,000 *(Note 5)*	3,911,146	0.13%	Long position
James William Beeke	Interest of controlled corporation	884,000 *(Note 6)*	–	884,000	0.03%	Long position
	Beneficial interest	51,342	200,000 *(Note 5)*	251,342	0.01%	Long position
Peter Humphrey Owen	Beneficial interest	121,342	260,400 *(Note 5)*	381,742	0.01%	Long position
Lap Tat Arthur Wong *(retired on 28 February 2023)*	Beneficial interest	520,000	260,400 *(Note 5)*	780,400	0.03%	Long position

Notes:

1. *The total number of 2,995,320,920 Shares of the Company in issue as at 28 February 2022 has been used for the calculation of the approximate percentage.*

2. *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 the long position in 1,483,639,818 Shares and the short position in 50,000,000 Shares held by Sherman Investment.*

3. *Pursuant to the Securities Lending Agreement dated 12 January 2021, Sherman Investment has provided securities lending to UBS AG, London Branch ("**the Borrower**") with an aggregate of up to 330,000,000 Shares upon and subject to the terms and conditions stated in the Securities Lending Agreements. Sherman Investment shall deliver up to 50,000,000 Shares of the Company to the Borrower upon request.*

4. *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.*

5. *These interests in underlying Shares represent the interests in outstanding options (being regarded as unlisted physically settled equity derivatives) 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.*

6. *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.*

Interest in shares of associated corporation

Name of Director	Name of associated corporation	Capacity	Number of issued shares	Percentage of total issued shares of the associated corporation as at 28 February 2022	Long position/ Short position
Mr. Jen	Sherman Investment	Founder of a discretionary trust who can influence how the trustee exercises his discretion*	50,000	100%	Long position

* *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 28 February 2022, 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 28 February 2022, 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:

Name of Shareholder	Capacity	Total interest in Shares and underlying Shares	Approximate percentage of interest in the Company as at 28 February 2022 *(Note 1)*	Long position/ Short position
Sherman Investment *(Note 2)*	Beneficial interest	1,203,639,818	40.18%	Long position
	Other	280,000,000	9.35%	Long position
		50,000,000 *(Note 3)*	1.67%	Short position
Sherman Int'l *(Note 4)*	Interest of controlled corporation	1,483,639,818	49.53%	Long position
		50,000,000	1.67%	Short position
HSBC International Trustee Limited ("**HSBC Trustee**") *(Note 5)*	Trustee	1,484,039,818	49.55%	Long position
Ms. Yan *(Note 6)*	Interest of spouse	1,570,858,010	52.44%	Long position
		50,000,000 *(Note 3)*	1.67%	Short position
	Beneficial interest	1,342	0.00%	Long position
UBS Group AG *(Note 7)*	Interest of controlled corporation	495,703,920	16.55%	Long position
		456,530,417 *(Notes 7 and 8)*	15.24%	Short position
Seth Hillel Fischer	Interest of controlled corporation	150,531,814 *(Note 9)*	5.03%	Long position
		30,551,000	1.02%	Short position
Oasis Management Company Ltd.	Investment manager	150,531,814 *(Note 9)*	5.03%	Long position
		30,551,000	1.02%	Short position
Oasis Investments II Offshore Feeder Ltd.	Beneficial owner	150,531,814 *(Note 9)*	5.03%	Long position
		30,551,000	1.02%	Short position
Oasis Investments II Master Fund Ltd.	Interest of controlled corporation	150,531,814 *(Note 9)*	5.03%	Long position
		30,551,000	1.02%	Short position

Notes:

(1) *The total number of 2,995,320,920 Shares of the Company in issue as at 28 February 2022 has been used for the calculation of the approximate percentage.*

(2) *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.*

(3) *Pursuant to the Securities Lending Agreement dated 12 January 2021, Sherman Investment has provided securities lending to the Borrower with an aggregate of up to 330,000,000 Shares upon and subject to the terms and conditions stated in the Securities Lending Agreements. Sherman Investment shall deliver up to 50,000,000 Shares of the Company to the Borrower upon request.*

(4) *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.*

(5) *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.*

(6) *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.*

(7) *UBS AG, UBS Switzerland AG, UBS Europe SE, UBS Fund Management (Switzerland) AG, UBS Asset Management Switzerland AG and UBS Trustees (Singapore) Limited are the beneficial owners of 454,362,400, 5,243,520, 35,420,000, 234,000, 376,000 and 68,000 Shares respectively, and UBS AG and UBS Switzerland AG have a short position in 456,280,418 Shares and 249,999 Shares respectively, as at 28 February 2022. Such interests included (a) a long position in respect of 215,897,220 underlying Shares and a short position in respect of 145,567,746 underlying Shares, which constituted listed physically settled derivatives; and (b) a long position in respect of 98,011,000 underlying Shares and a short position in respect of 30,712,672 underlying Shares, which constituted unlisted cash settled derivatives.*

(8) *Each of UBS AG, UBS Switzerland AG, UBS Asset Management Switzerland AG, UBS Fund Management (Switzerland) AG, UBS Europe SE and UBS Trustees (Singapore) Limited is wholly owned by UBS Group AG. UBS Group AG is deemed to be interested in all the Shares in which UBS AG, UBS Switzerland AG, UBS Asset Management Switzerland AG, UBS Fund Management (Switzerland) AG, UBS Europe SE and UBS Trustees (Singapore) Limited are interested by virtue of the SFO.*

(9) *Oasis Investments II Offshore Feeder Ltd. is the beneficial owner of 150,531,814 Shares and has a short position in 30,551,000 Shares as at 28 February 2022. Such interests included a long position in respect of 131,133,814 underlying Shares, which constituted listed derivatives – convertible instrument. Oasis Investments II Offshore Feeder Ltd is controlled by Oasis Investments II Master Fund Ltd. and Seth Hillel Fischer. As such, each of Oasis Investments II Master Fund Ltd. and Seth Hillel Fischer is deemed to be interested in the Shares which Oasis Investments II Offshore Feeder Ltd. is interested by virtue of the SFO.*

Save as disclosed above, as at 28 February 2022, 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.

SHARE INCENTIVE SCHEMES

In order to incentivise our Directors, senior management, other employees and consultants for their contribution to the Group and to attract and retain suitable personnel to our Group, on 10 November 2014 we adopted 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 Company has also adopted the employee share purchase plan on 12 October 2020. From 1 January 2023, the Company will rely on the transitional arrangements provided for the existing share incentive schemes and will comply with the new Chapter 17 of the Listing Rules accordingly (effective from 1 January 2023).

For details of the terms of the Post-IPO Share Option Scheme and the Share Award Scheme, please refer to the section headed "Share Incentive Schemes" in the report of Directors in our 2021 annual report.

1. Post-IPO Share Option Scheme

The following table discloses movements in the outstanding share options granted to all grantees under the Post-IPO Share Option Scheme as at 28 February 2022. No Option was granted or exercised under the Post-IPO Share Option Scheme during the six months ended 28 February 2022. The number of options available for grant under the Post-IPO Share Option Scheme mandate as at the beginning and the end of the reporting period are 184,940,568 and 193,936,368, respectively. There was no service provider sublimit under the Post-IPO Share Option's Scheme.

		Number of share options								
Grantees	Date of grant	Outstanding as at 1 September 2021	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding as at 28 February 2022	Exercise period/date	Exercise price *(Note)*	Vesting period/date
Directors										
Jingxia Zhang	14 June 2018	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 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
Peter Humphrey Owen	14 June 2018	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 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 2022–31 January 2022	HK$7.22	1 January 2022
(retired on 28		138,400	–	–	–	–	138,400	1 January 2023–31 January 2023	HK$7.22	1 January 2023
February 2023)	28 June 2019	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		**2,121,600**	**–**	**–**	**–**	**(1,000,800)**	**1,120,800**			

Note:

The closing price of the Share immediately before the date on which the options were granted on 14 June 2018 and 28 June 2019 was HK$7.28 (after the adjustment of share subdivision of the Company took place on 9 July 2018) and HK$3.09 respectively.

		Number of share options								
Grantees	Date of grant	Outstanding as at 1 September 2021	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding as at 28 February 2022	Exercise period/date	Exercise price *(Note)*	Vesting period/date
Employees in aggregate										
Seventh tranche	14 June 2018	5,187,200	–	–	(587,200)	(4,600,000)	–	1 January 2022–31 January 2022	HK$7.22	1 January 2022
Eighth tranche	14 June 2018	5,692,800	–	–	(1,052,800)	–	4,640,000	1 January 2023–31 January 2023	HK$7.22	1 January 2023
Twelfth tranche	28 June 2019	1,755,000	–	–	(20,000)	(1,735,000)	–	1 January 2022–31 January 2022	HK$3.11	1 January 2022
Sub-total		**12,635,000**	**–**	**–**	**(1,660,000)**	**(6,335,000)**	**4,640,000**			
Total		**14,756,600**	**–**	**–**	**(1,660,000)**	**(7,335,800)**	**5,760,800**			

2. Share Award Scheme

During the six months ended 28 February 2022, no share award was granted, vested, cancelled or lapsed under the Share Award Scheme. The number of share award available for grant under the scheme mandate as at 1 September 2021 and 28 February 2022 were 24,309,988 and 24,309,988, respectively. There was no service provider sublimit under the Share Award Scheme. For details of the Share Award Plan, please also refer to note 21 to the Notes to the condensed consolidated interim financial statement for the six months ended 28 February 2022.

3. Employee Share Purchase Plan ("ESPP")

The Company's ESPP was approved and adopted on 12 October 2020 which provides eligible employees with the opportunity to acquire proprietary interests in the Company and to encourage eligible employees to work towards enhancing the value of the Company and the Shares for the benefit of the Company and the Shareholders as a whole. Chinese employees in the PRC who have been employed by the Group for three years or more are eligible to participate in the ESPP. The ESPP is effective for a period of 5 years from the adoption date. The remaining life of the scheme is approximately 24 months from the date of this report. There was no service provider sublimit under the ESPP. Each year employees will make contributions according to their respective ranks, and a trustee will be responsible for purchasing Shares on their behalf. Under the ESPP, eligible employees of the Group may elect to purchase the Company's shares ("**Employee Contribution Share(s)**") and, through the grant of matching restricted share units ("**RSUs**"), receive one matching share ("**Matching Share(s)**") for every three shares purchased and held until the end of the vesting period. Each eligible employee's participation level is capped at RMB2,000 or RMB1,000 per calendar month for senior and middle management and RMB1,000 or RMB500 per calendar month for general employees. No consideration is payable by participants on grant of Matching RSUs. The vesting period with respect to a Matching RSU is the period commencing on the first allocation date (i.e. the 1st day of each March and September) of the offering period in which such Matching RSU was granted to a participant, and ending on the third anniversary of such date. On the allocation date within an offering period, the trustee shall purchase, in one or more tranches, as many Shares as may be purchased by using all of the Employee Contributions made for the preceding six months and held under the trust on such date.

Upon vesting of the matching RSUs (i.e. three years from the first share purchase date in a plan year), those employees who are still employed with the Group will receive one Matching Share for each RSU granted to him or her. The Matching Shares can either be provided to recipients through the issuance of new shares by the Company or be purchased on market by the trustee of the ESPP. As at 28 February 2022, nil Shares are available for issue under the ESPP. The number of Matching RSUs available for grant under the ESPP as of 1 September 2021 and 28 February 2022 was nil and nil, respectively.

For the six months ended 28 February 2022, no Matching Shares were granted under the ESPP, no matching RSUs were granted and no matching RSUs were vested. Since the adoption date of the ESPP, no new shares were issued under the ESPP.

The number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the six months ended 28 February 2022 divided by the weighted average number of shares of the relevant class in issue for the six months ended 28 February 2022 is 0.

Zhixin Case

Please refer to the section headed "Management discussion and analysis – Zhixin Case" in this report for details of the Zhixin Case.

AUDIT COMMITTEE

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

The Audit Committee comprised three members as at 28 February 2022, namely, Mr. King Pak Lau (Chairman), Mr. Peter Humphrey Owen and Mr. Alan Shaver, all being independent non-executive Directors of the Company.

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

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 28 February 2022 and has met with the independent auditors, ZHONGHUI ANDA CPA Limited ("**ZHONGHUI**"). The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Company.

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 as at the date of this report.

EVENTS AFTER THE REPORTING PERIOD

Major transaction in relation to the disposal of property

On 3 March 2022, Maple Leaf Education Hillside Pte. Ltd. (the "**Vendor**"), an indirect wholly-owned subsidiary of the Company, and NPS International School Pte. Ltd. (the "**Purchaser**"), an independent third party, entered into the sale and purchase agreement (the "**Disposal Agreement**"), pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Property (as defined below) at the Consideration of S$80,000,000 (equivalent to approximately HK$460,160,000). On 13 May 2022, the Vendor and the Purchaser entered into a supplemental agreement to amend, among other matters, a condition precedent to the Disposal Agreement to the effect that the deadline for the Company to obtain the approval of its Shareholders to the Vendor entering into the Disposal Agreement, the sale of the Property by the Vendor to the Purchaser and all other transactions contemplated under the Disposal Agreement shall be extended to 13 July 2022, or such other date as may be agreed in writing between the Vendor and the Purchaser.

The property (being the Land (as defined below) and the building(s) and structure(s) erected on the Land and where the context so admits, means any part thereof, collectively the "**Property**") comprises (i) the piece of land being the whole of Lot 99180L of Mukim 22 and situated at 11 Hillside Drive Singapore 548926 (the "**Land**"), with a total site area of about 7,568.6 sq.m. for school use; (ii) four blocks of buildings of one to two storeys erected on the Land; and (iii) other improvements, including outdoor deck, basketball court, mini-football playing area and landscape pond, etc. The Property currently comprises approximately 30 classrooms including a music studio, science labs and arts studios as well as a multi-purpose hall, self-study room and design and technology room.

The Property was leased to Hillside World Academy Pte. Ltd. (the "**Tenant**"), an independent third-party K-12 school operator. The Property was sold subject to a tenancy agreement dated 8 October 2020 entered into between the Vendor and the Tenant in respect of the Property, which expired on 30 June 2022. In the event the Property or any part thereof fell vacant on or before completion or 1 July 2022, whichever was the earlier, by reason of expiry or termination of the tenancy or forfeiture or otherwise, the Purchaser shall accept and the Vendor shall deliver vacant possession of the Property or any part thereof to the Purchaser on completion or on 1 July 2022, whichever was the earlier, without any abatement, compensation or deduction whatsoever.

The disposal of the Property constituted a major transaction for the Company under Chapter 14 of the Listing Rules.

On 13 May 2022, the Vendor and the Purchaser entered into a supplemental agreement to the Disposal Agreement, pursuant to which it was agreed that (1) the deadline for the Company to obtain the Shareholders' approval shall be extended to 13 July 2022, or such other date as may be agreed in writing between the Vendor and the Purchaser; and (2) in the event the Property or any part thereof fell vacant on or before Completion or 1 July 2022, whichever was the earlier, by reason of expiry or termination of the tenancy or forfeiture or otherwise, the Purchaser shall accept and the Vendor shall deliver vacant possession of the Property or any part thereof to the Purchaser on Completion or on 1 July 2022, whichever was the earlier, without any abatement, compensation or deduction whatsoever.

At the extraordinary general meeting of the Company held on 13 July 2022, a resolution to approve, confirm and ratify the Disposal Agreement was duly passed by way of poll.

All the conditions precedent set out in the Disposal Agreement were fulfilled and Completion took place on 28 July 2022 in accordance with the terms and conditions of the Disposal Agreement.

Please refer to the announcements of the Company dated 3 March 2022, 13 May 2022, 13 July 2022 and 28 July 2022 and the circular of the Company dated 24 June 2022 for further details.

Change of auditors

Deloitte Touche Tohmatsu ("**Deloitte**") has resigned as the auditor of the Company with effect from 25 March 2022 as the Company and Deloitte could not reach a mutual agreement in respect of the audit fee for the financial year ending 31 August 2022. With the recommendation of the Audit Committee, SHINEWING has been appointed as the auditor of the Company with effect from 8 April 2022 to fill the casual vacancy following the resignation of Deloitte and to hold office until conclusion of the next annual general meeting of the Company. Please refer to the announcement of the Company dated 8 April 2022 for further details.

SHINEWING resigned as the auditor of the Company with effect from 15 July 2022 as the Company and SHINEWING could not reach a consensus on a mutually acceptable timetable to complete the review of the 2022 Interim Results and the additional fees in relation to the additional procedures of SHINEWING, if any, to be performed in respect of the interim review. ZHONGHUI has been appointed as the new auditor of the Company with effect from 25 July 2022 to fill the casual vacancy following the resignation of SHINEWING and to hold office until conclusion of the next annual general meeting of the Company. At the 2023 AGM, ZHONGHUI was re-appointed as the auditor of the Company pursuant to an ordinary resolution passed at such meeting and will hold office until conclusion of the next annual general meeting. Please refer to the announcements of the Company dated 18 July 2022 and 25 July 2022 for further details.

Suspension of trading and resumption progress

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

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

On 20 June 2023, the Independent Investigator has completed the Independent Investigation and issued the investigation report on the findings of the Independent Investigation and provided therein recommendations to the IBC in respect of the Relevant Matters ("**Investigation Report**"). The IBC, having reviewed the findings and results of the Independent Investigation, presented the Investigation Report, together with its recommendations, to the Board for consideration and approval. The Board concurred with the IBC that the content and findings of the Independent Investigation are reasonable and acceptable and nothing was brought to the attention of the IBC and the Board with reference to the Investigation Report that would suggest any current or former Directors or senior management of the Company engaged in any fraudulent or dishonest acts with regard to the Relevant Matters that might pose a risk to the Shareholders and potential investors and/or damage market confidence. The Board accepted the IBC's recommendations in their entirety and has resolved to (i) adopt the findings of the Investigation Report and (ii) implement the recommendations of the IBC.

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

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

Change of Directors and change in composition of committees

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

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

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

Mr. Alan Shaver resigned as an independent non-executive Director with effect from 31 August 2023 to pursue personal non-business activities and ceased to be a member of each of the Audit Committee, the remuneration committee of the Board ("**Remuneration Committee**"), the nomination and corporate governance committee of the Board ("**Nomination Committee**") and the IBC. Following the above resignation, Ms. Wai Fong Wong, an existing independent non-executive Director, was appointed as a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee with effect from 31 August 2023.

Adoption of New Memorandum and Articles of Association

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

Update regarding relevant events in relation to the Convertible Bonds

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

First occurrence of the relevant event on 23 May 2022

(a) as disclosed in the announcement of the Company dated 1 June 2022, a relevant event ("**Applicable Relevant Event**") occurred on 23 May 2022 on the basis that, the Shares have been suspended from trading on the Stock Exchange for a period equal to or exceeding 14 consecutive trading days. On 1 June 2022, a notice in relation to the occurrence of the Applicable Relevant Event was given by the Company to the Bondholders, regarding the Bondholders' right under Condition 8(E) (Redemption for Relevant Event) of the Bond Conditions to require the Company to redeem all or some of each such holder's Bonds on the Relevant Event Redemption Date at the Early Redemption Amount together with interest accrued but unpaid to (but excluding) such date, by delivering a Relevant Event Redemption Notice to the Paying Agent in accordance with the Bond Conditions. As further disclosed in the announcement of the Company dated 5 October 2022, notwithstanding the occurrence of the Applicable Relevant Event, on 15 August 2022, the Consenting Bondholders entered into the First Standstill Agreement which set out, among other things, the parties' in-principle agreement to implement and otherwise give effect to the original "Proposal" as defined in the notice of meeting from the Company to the Bondholders dated 1 September 2022. The First Standstill Agreement was automatically terminated in accordance with its terms on 14 September 2022, following which the Company and the Consenting Bondholders entered into further negotiations, including in relation to the Escrow Agreement. On 4 October 2022, the Company and the Consenting Bondholders entered into the Second Standstill Agreement, which set out, among other things, the parties' in-principle agreement to implement and otherwise give effect to the new Proposal;

(b) the Second Standstill Agreement was drafted on substantially similar terms as the First Standstill Agreement, albeit the Mandatory Redemption Undertaking (as defined in the announcement of the Company dated 16 August 2022) was amended such that the Redemption Amount shall take place on the Amended Mandatory Redemption Date. Until the Amended Mandatory Redemption Date, an amount equal to 40 per cent. of the Convertible Bonds originally issued at their principal amount plus accrued and unpaid interest up to 8 November 2022 (which comprises all, or substantially all, of the Redemption Amount) shall be subject to the terms of the Escrow Agreement;

(c) the Meeting was convened and held on 27 October 2022. The Extraordinary Resolution as set out in the Notice of Meeting was duly passed at the Meeting by the requisite majority of Bondholders in accordance with the terms of the Trust Deed. The Proposed Waivers in relation to the Convertible Bonds became immediately effective upon the passing of the Extraordinary Resolution. The Amended and Restated Trust Deed and the Amended and Restated Agency Agreement giving effect to the Proposed Amendments were duly executed by each of the parties thereto on 27 October 2022. As a result, each present and future holder of the Convertible Bonds were bound by the terms of the Amended and Restated Trust Deed (which amended and restated the Trust Deed), and by the terms of the Amended and Restated Agency Agreement (which amended and restated the Agency Agreement);

(d) in accordance with paragraph (i) of Condition 8(F) (Mandatory redemption) of the terms and conditions of the Convertible Bonds, the Company has (i) redeemed (on a pro rata basis) 40 per cent. of the aggregate principal amount of the Convertible Bonds outstanding (being an amount of U.S.$50,000,000) ("**Redemption Amount**"), together with interest accrued but unpaid in respect of such amount from, and including, the previous Interest Payment Date (being 27 January 2023) up to, but excluding, the First Mandatory Redemption Date (being 3 February 2023). For the avoidance of doubt, interest accrued on the Redemption Amount from and including 8 November 2022 up to but excluding 27 January 2023 was paid by the Company in accordance with Condition 5 (Interest) of the Convertible Bonds;

Second occurrence of the relevant event on 17 April 2023

(e) as disclosed in the announcement of the Company dated 14 April 2023, despite the Company's best efforts to comply with Condition 8(E) (Redemption for Relevant Event) of the Convertible Bonds, trading in the Company's shares on the Stock Exchange continued to remain suspended on 17 April 2023 resulting in the occurrence of a Relevant Event;

(f) as disclosed in the announcement of the Company dated 18 April 2023, a Relevant Event occurred on 17 April 2023 on the basis that, the Shares continue to remain suspended from trading on the Stock Exchange;

(g) upon the occurrence of a Relevant Event, the holder of each Bond would have the right, at such holder's option, to exercise the Bondholder Put Option;

(h) as also disclosed in the announcement of the Company dated 14 April 2023, the Company shall not exercise the CIS Encumbrance Option pursuant to Condition 4(C) (Second Ranking CIS Encumbrance) of the Convertible Bonds on the basis that the creation of the Second Ranking CIS Encumbrance would trigger an 'event of default' under the New SGD Loan. Consequently, on 27 June 2023, under Condition 8(F)(ii) (Mandatory redemption) of the Convertible Bonds, the Company is required to make the Second Mandatory Redemption. However, due to the prevailing controls of the State Administration of Foreign Exchange of the PRC and other related PRC policies and regulations which are currently preventing the Company and its applicable Subsidiaries from remitting sufficient funds out of the PRC, regrettably, the Company will not have sufficient offshore funds to make the Second Mandatory Redemption on 27 June 2023, resulting in the occurrence of an Event of Default under Conditions 10(A)(i) and (v) of the Convertible Bonds;

(i) as disclosed in the announcement of the Company dated 19 June 2023, the Exercise Period expired on 17 June 2023. As at 17 June 2023, the aggregate outstanding principal amount of the Bonds was U.S.$75,000,000 and the aggregate principal face value of the Bonds in respect of which the Paying Agent has received a Relevant Event Redemption Notice on or prior to the expiry of the Exercise Period is US$20,200,000.

(j) as disclosed in the announcement of the Company dated 18 August 2023, the Company issued and disseminated to Bondholders a notice of meeting dated 18 August 2023 to request Bondholders to consider and, if thought fit, approve and pass the Extraordinary Resolution at a meeting of the Bondholders to be held on 11 September 2023, which will provide for certain amendments and waivers in relation to the Bonds; and

(k) as disclosed in the announcement of the Company dated 12 September 2023, the Meeting was convened and held on 11 September 2023. The Extraordinary Resolution as set out in the Notice of Meeting was duly passed at the Meeting by the requisite majority of Bondholders in accordance with the terms of the Trust Deed. The Proposed Waivers in relation to the Convertible Bonds became immediately effective upon the passing of the Extraordinary Resolution and the occurrence of the Fee Pay Effective Date. The Second Amended and Restated Trust Deed giving effect to the Proposed Amendments were duly executed by each of the parties thereto. As a result, each present and future holder of the Convertible Bonds were bound by the terms of the Second Amended and Restated Trust Deed.

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

Save as disclosed in this report, the Group has no subsequent events after the reporting period and up to the date of this interim report which required disclosure.

CHANGES IN DIRECTOR'S INFORMATION

Ms. Jingxia Zhang was appointed as a director of Canadian International School Pte. Ltd., Star Readers Pte. Ltd. and Canadian School of Advanced Learning Pte. Ltd. since 1 September 2021.

Mr. Lap Tat Arthur Wong ceased to act as an independent non-executive director and the chairperson of the audit committee of Tarena International, Inc. (Nasdaq: TEDU) with effect from 28 February 2022.

Please also refer to the section headed "Events after the reporting period – Change of Directors and change in composition of committees" in this report for details of the change of Directors after the reporting period.

Save as disclosed above, there is no other information in respect of Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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

Hong Kong, 29 September 2023