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

**中國楓葉教育集團有限公司\***

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

**(Stock code: 1317)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 29 FEBRUARY 2024**

The board (the “**Board**”) of directors (the “**Directors**”) of China Maple Leaf Educational Systems Limited (the “**Company**” or “**Maple Leaf**”, together with its subsidiaries and consolidated affiliated entities, the “**Group**”) is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 29 February 2024.

#### **KEY FINANCIAL HIGHLIGHTS**

|   | <b>Six months ended</b>     |                             | <b>Percentage<br/>Change</b> |
|---|-----------------------------|-----------------------------|------------------------------|
|   | <b>29 February<br/>2024</b> | <b>28 February<br/>2023</b> |                              |
|   | <b>RMB'000</b>              | <b>RMB'000</b>              |                              |
|   | <b>(Unaudited)</b>          | <b>(Unaudited)</b>          |                              |
| Revenue   | <b>657,987</b>              | 574,925                     | <b>+14.4%</b>                |
| PRC   | <b>237,474</b>              | 208,965                     | <b>+13.6%</b>                |
| Overseas  | <b>420,513</b>              | 365,960                     | <b>+14.9%</b>                |
| Gross profit                                    | <b>331,626</b>              | 241,189                     | <b>+37.5%</b>                |
| (Loss)/profit for the period                    | <b>(42,232)</b>             | 15,479                      | <b>-372.8%</b>               |
| EBITDA (Non-IFRS measure) <sup>#</sup>          | <b>221,199</b>              | 233,547                     | <b>-5.3%</b>                 |
| Adjusted EBITDA (Non-IFRS measure) <sup>#</sup> | <b>249,379</b>              | 262,423                     | <b>-5.0%</b>                 |

<sup>#</sup> For definitions of EBITDA and adjusted EBITDA, please refer to the section headed “Calculation of EBITDA and Adjusted EBITDA — Non-IFRS measures”.

## CALCULATION OF EBITDA AND ADJUSTED EBITDA

The following table reconciles (loss)/profit for the period to EBITDA and adjusted EBITDA for both periods:

|  | <b>Six months ended</b>                 |   |
|--|---|---|
|  | <b>29 February<br/>2024<br/>RMB'000</b> | <b>28 February<br/>2023<br/>RMB'000</b> |
| <b>(Loss)/profit for the period</b>                                      | <b>(42,232)</b>                         | 15,479                                  |
| Add:   |   |   |
| Finance costs  | <b>146,876</b>                          | 97,498                                  |
| Taxation   | <b>30,532</b>                           | 26,729                                  |
| Depreciation of property, plant and equipment                            | <b>54,323</b>                           | 49,982                                  |
| Amortisation of other intangible assets<br>(included in cost of revenue) | <b>25,217</b>                           | 37,433                                  |
| Depreciation of right-of-use assets                                      | <b>3,952</b>                            | 5,686                                   |
| Depreciation of investment properties                                    | <b>2,514</b>                            | 497                                     |
| Amortisation of books for lease  | <b>17</b>                               | 243                                     |
| <b>EBITDA</b>  | <b>221,199</b>                          | 233,547                                 |
| Change in fair value of the Convertible Bonds ( <i>Note 1</i> )          | <b>28,174</b>                           | 26,931                                  |
| Share-based payments ( <i>Note 2</i> )                                   | <b>6</b>                                | 1,945                                   |
| <b>Adjusted EBITDA</b>   | <b>249,379</b>                          | 262,423                                 |

*Notes:*

1. Change in fair value of the Convertible Bonds is measured at fair value through profit or loss, which is non-cash in nature and non-indicative to the Group's operating performances.
2. Share-based payments recognised for share options granted to directors and employees are non-cash in nature and non-indicative to the Group's operating performances.

## **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 earnings before interest, taxes, depreciation and amortisation ("**EBITDA**") and EBITDA adjusted by items which are non-cash in nature and non-indicative to the Group's operating performance ("**Adjusted EBITDA**") 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 has 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. In addition, the non-IFRS measures do not have standardised meaning and may be defined differently from similar terms used by other issuers and therefore may not be comparable to similar measures presented by other issuers.

In the financial reports and results announcements for prior periods, the Company used Adjusted Net Profit as non-IFRS measure which was calculated as profit for the period, taking into account (i) the amortisation of other intangible assets and depreciation of properties arising from acquisition; (ii) change in fair value of the Convertible Bonds; (iii) share-based payments; and (iv) change in fair value of financial assets at fair value through profit or loss. The Company considers the change of the non-IFRS measures from the Adjusted Net Profit and Adjusted Net Profit margin in the prior period financial reports to EBITDA and Adjusted EBITDA in the current period will provide more information to investors about results of our operations.

## MANAGEMENT DISCUSSION AND ANALYSIS

### The Group's Market Position

With over 29 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**” or “**MLWSP**”) 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. ECCTIS has completed the benchmarking of the World School Program which marks that the World School Program has become a globally certified course after A-Level and International Baccalaureate (the “**IB**”) programs and has filled the gap in China's international education program.

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

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

## **University Placements**

The quality of Maple Leaf education is reflected in the achievements of our students. For the six months ended 29 February 2024, 802 Maple Leaf high school students of the class of 2024 (“**Class 2024 Students**”) received over 2,681 offer letters from universities in 11 countries. Moreover, 17 of our Class 2024 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, 674 students, representing approximately 84.0% of our Class 2024 Students, received at least one offer letter from the Maple Leaf Educational Systems Global Top 100 universities.

In April 2023, the Group entered into an agreement with Arizona State University (“**ASU**”) to facilitate ASU’s delivery of two first-year higher education experiences, including the New College of Interdisciplinary Arts and Sciences, focusing on Humanities and Mathematics and Sciences, for Maple Leaf graduates in the PRC (the “**1+3 Program**”). The 1+3 Program was welcomed by Maple Leaf graduates, as at the date of this announcement, we have enrolled about 48 Maple Leaf graduates for the 2024/2025 school year.

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

Maple Leaf maintains long-term relationships with a significant number of universities and colleges around the world. Various universities and colleges have memoranda of understanding with us to facilitate the admission process for our high school graduates. Our Group provides consulting services to assist our students in making informed decisions about the universities and colleges they choose to attend. Maple Leaf has held annual university and college recruitment fairs on our campuses since November 2005. 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.

The Group officially launched Honorary Zhou Enlai class\* (榮譽周恩來班) (“**Honorary Class**”) in the PRC in February 2024 aiming to enhance the competitiveness of Maple Leaf brand and nurture elite talents. This program customised a high-end high school curriculum presenting Maple Leaf graduates a smooth pathway to the world’s leading universities, such as University of Oxford and University of Cambridge in the United Kingdom; Harvard University and Yales University in the United States; and Tsinghua University, Peking University and University of Hong Kong in China. The first cohort of Honorary Class will be graduated at the end of 2026/2027 school year. To ensure the success of the program, an advisory committee, an admission committee and execution team were established which consist of experienced global educational experts and senior managements, including chairman of the Board, superintendent of MLWSP, principal, etc, of the Group.

### **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 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 would 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 touch 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 arrangements and related party transactions. The restrictions are intended to ensure the legitimate rights and interests of not-for-profit schools, especially to protect the property rights and interests of not-for-profit schools and to avoid the improper transfer of proceeds from the operation of not-for-profit schools.

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

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 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 (“**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 results and financial positions of Xi'an School were re-consolidated since and, as the case may be, as at 10 August 2022 (“**Date of Re-consolidation**”). The Group has also registered four for-profit preschools in Dalian, China during 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. 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.

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**

With the widespread vaccination and the stabilisation of the pandemic, our Group's schools in China resumed face-to-face teaching since the commencement of the 2023/2024 school year.

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 29 February 2024, both CIS and KIS delivered face-to-face teaching. Overseas countries have gradually lifted travel restrictions and relaxed visa conditions, which will increase the student enrolment in our overseas schools, and benefit both domestic and overseas Maple Leaf schools.

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

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**") had 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.

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

The IC Consultant had completed the IC Review with a review period from 1 September 2021 to 31 August 2022 (“**First Review**”). The IC Consultant had 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 had 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.

Following the fulfillment of all the Resumption Guidance, the 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 resumed with effect from 9:00 a.m. on 2 November 2023.

For more details regarding the Relevant Matters, the Resumption Guidance, the Independent Investigation, the Investigation Report, the IC Review Report and the resumption of trading, 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, 1 August 2023 and 1 November 2023.

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

With effect from 1 March 2024, Ms. Jingxia Zhang (“**Ms. Zhang**”) resigned as an executive Director and co-chief financial officer (“**Co-CFO**”) of the Company. Ms. Zhang also resigned from all positions within the Group, i.e. the positions of director of each of Canadian International School Pte. Ltd., Star Readers Pte. Ltd. and Canadian School of Advanced Learning Pte. Ltd. and all such resignations took effect from 1 March 2024. Following her resignation as an executive Director, the Co-CFO and all other positions within the Group, Ms. Zhang now serves the Company as a consultant to the Board. Following the resignation of Ms. Zhang with effect from 1 March 2024, Mr. King Pak Lau (“**Mr. Lau**”) was re-designated from an independent non-executive Director to an executive Director.

Upon the re-designation which took effect on 1 March 2024, Mr. Lau (i) ceased to be the chairman of each of the audit committee of the Board (“**Audit Committee**”) and the IBC established for, among other matters, conducting the Independent Investigation (as defined in the announcement of the Company dated 23 May 2022); and (ii) was appointed as the Co-CFO.

With effect from 1 March 2024, Mr. Ming Sang Chow (“**Mr. Chow**”) was appointed as an independent non-executive Director and the chairman of the Audit Committee.

## BUSINESS REVIEW

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

### Student Enrolment

|                                      | At<br>29 February<br>2024 | % of Total  | At<br>28 February<br>2023 | % of Total  |
|--------------------------------------|---------------------------|-------------|---------------------------|-------------|
| <b>PRC</b>                           |                           |             |                           |             |
| High schools                         | 3,071                     | 32.4        | 3,504                     | 34.3        |
| Preschools                           | 1,588                     | 16.8        | 2,055                     | 20.1        |
| Foreign national schools             | 347                       | 3.6         | 273                       | 2.7         |
|                                      | <b>5,006</b>              | <b>52.8</b> | <b>5,832</b>              | <b>57.1</b> |
| <b>Overseas</b>                      |                           |             |                           |             |
| High schools                         | 746                       | 7.9         | 627                       | 6.2         |
| Middle schools                       | 1,279                     | 13.5        | 1,224                     | 12.0        |
| Elementary schools                   | 2,028                     | 21.4        | 2,065                     | 20.2        |
| Preschools                           | 416                       | 4.4         | 461                       | 4.5         |
|                                      | <b>4,469</b>              | <b>47.2</b> | <b>4,377</b>              | <b>42.9</b> |
| Total number of<br>students enrolled | <b>9,475</b>              | <b>100</b>  | <b>10,209</b>             | <b>100</b>  |

The total number of students enrolled decreased by 734 or 7.2% from 10,209 as at 28 February 2023 to 9,475 as at 29 February 2024, which was primarily due to the combined effect of (i) the decrease in high school students in the PRC, as the COVID-19 pandemic has just ended, some parents still have a wait-and-see attitude towards studying abroad; (ii) the decrease in preschool students due to the declining birth rate year by year in the PRC; and (iii) the increase in high school students in overseas schools. We believe that with the liberalization of cross-border exchanges and the study abroad market, number of our high school students will be expected to gradually resume growth in the future.

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<br>29 February<br>2024 | At<br>28 February<br>2023 |
|--------------------------|---------------------------|---------------------------|
| <b>PRC</b>               |                           |                           |
| High schools             | 7                         | 7                         |
| Preschools               | 12                        | 13                        |
| Foreign national schools | 3                         | 3                         |
|                          | <u>22</u>                 | <u>23</u>                 |
| <b>Overseas</b>          |                           |                           |
| High schools             | 3                         | 3                         |
| Middle schools           | 2                         | 2                         |
| Elementary schools       | 2                         | 3                         |
| Preschools               | 2                         | 2                         |
|                          | <u>9</u>                  | <u>10</u>                 |
| <b>Total</b>             | <u>31</u>                 | <u>33</u>                 |

As at the end of 2023/2024 school year, one preschool in Pinghu, China ceased operation, and one elementary school campus, Tanjong Katong campus, in Singapore was returned to the government of Singapore as the lease agreement expired in August 2023.

The Group has no intention to re-open the suspended overseas schools as we foresee the market conditions and visa policies in Canada and Australia are still uncertain 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.

The Group has forged strategic cooperation with University of Alberta in Canada and University of South Australia in Australia. Every year, a certain number of outstanding Maple Leaf STEM (Science, Technology, Engineering and Mathematics) graduates are selected to major in pedagogy in these universities, who will return to Maple Leaf to teach after obtaining overseas teacher certification and receive the same benefit as a foreign teacher. In addition, Maple Leaf provides internships and job opportunities for outstanding graduates majoring in pedagogy from these universities.

In the meantime, the Group encourages and attracts Maple Leaf graduates who work overseas after graduating from foreign universities and are excellent in mathematics and other science subjects to pass the teacher certification examination in Canada, the United States and other countries, and then return to Maple Leaf to work as teachers with overseas qualification and experience.

## **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. Chinese Testing International Company Limited\* (“CTI”, 漢考國際教育科技(北京)有限公司), a professional education and examination institution directly under the Ministry of Education of the PRC, has benchmarked Maple Leaf CSL course and certified Maple Leaf Chinese textbooks and recommended it to be used by Chinese language learners in primary and secondary schools in all countries. CTI has established over 1,208 Chinese exam sites across 155 countries and regions and have served for more than 30 million learners in the world. Five HSK Chinese Proficiency Test centres have been set up in Maple Leaf campuses in the PRC. The Company is looking forward to the cooperation with Center for Language Education and Cooperation\* (中外語言交流合作中心) of the Ministry of Education of the PRC to publish Maple Leaf Chinese textbooks at the end of 2023/2024 school year.

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 an all-round catering service customized for small group meals 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 the Maple Leaf brand to a professional catering and professional uniforms brand and generate additional income for the Group.

## **Standard Implementation Strategy**

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

In May 2023, ECCTIS announced the key summary conclusions from its benchmarking of the World School Program stating that: holders of the World School Program grade 12 diploma may be considered to meet the general entry requirements of undergraduate admission in the UK, Canada, and the USA. MLWSP is comparable to the Canada (British Columbia) and United States (New York) Certificates of Graduation. And MLWSP is also comparable to the overall GCE A-Level standard in the UK system when the required number of academic grade 12 courses are taken. Therefore, the World School Program has become globally certified course after A-Level and IB programs and has filled the gap in China's international education program.

Since November 2023, King's College London, one of the Golden Triangle universities of the UK, a member of Russell Group University and ranked 40th globally by the QS, marked on its official website that (i) the admission standards for MLWSP are comparable with those for A-Level and IB programs; and (ii) the benchmarking of MLWSP with A-Level were specified. The Group also received a confirmation letter from University of Technology Sydney (“UTS”) which is ranked 90th globally by the QS. UTS stated in the confirmation letter that graduates of MLWSP are eligible to apply for UTS directly with MLWSP graduate certificate and school transcripts.

## **Overseas Expansion**

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

## Conclusion

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

## OTHER INFORMATION

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

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

Based on the initial conversion price (subject to adjustments) of HK\$2.525 per Share and assuming full conversion of the Convertible Bonds, the Convertible Bonds would be convertible into approximately 383,881,188 new Shares (subject to adjustments) which would 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, was approximately HK\$2.487.

The new Shares (if any) were 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 was not subject to the specific approval of the Shareholders.

The Convertible Bonds bore 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 Bonds 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 31 August 2021, all the proceeds had been applied for the repayment of the then borrowings as to approximately US\$119.0 million, and general corporate purposes as to approximately US\$4.1 million. The net proceeds from the issuance of the Convertible Bonds were used according to the intentions previously disclosed by the Company.

As disclosed in the announcement of the Company dated 12 September 2023, on 11 September 2023, the requisite majority of Bondholders duly passed the extraordinary resolution as set out in the Notice of Meeting the Proposed Waivers and Amendments in relation to the Convertible Bonds.

All the outstanding Convertible Bonds were fully redeemed by the Company on 9 February 2024 in accordance with the terms and conditions of such Second Amended and Restated Trust Deed. All interest accrued but unpaid to (but excluding) such date has also been paid in full. The Company has applied to the Stock Exchange for the withdrawal of the listing of the Convertible Bonds. Such withdrawal of listing came into effect upon the close of business on 26 February 2024.

As such, as at 29 February 2024 and as of the date of this announcement, no Convertible Bonds remained outstanding.

Please refer to the announcements of the Company dated 13 January 2021, 27 January 2021, 28 January 2021, 17 January 2022, 1 June 2022, 1 August 2022, 16 August 2022, 1 September 2022, 16 September 2022, 5 October 2022, 27 October 2022, 20 January 2023, 3 February 2023, 18 August 2023, 12 September 2023 and 19 February 2024 and the offering circular of the Company dated 22 January 2021 for further details.

## **FINANCIAL REVIEW**

### **Overview**

The revenue of the Group was RMB658.0 million and RMB574.9 million for the six months ended 29 February 2024 and 28 February 2023 respectively. The loss for the six months ended 29 February 2024 was RMB42.2 million and the profit for the six months ended 28 February 2023 was RMB15.5 million.

### **Revenue**

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

The total revenue of the Group increased by RMB83.1 million, or 14.4%, from RMB574.9 million for the six months ended 28 February 2023 to RMB658.0 million for the six months ended 29 February 2024. The increase in revenue was primarily due to the increase in tuition fee income which has remained as the principal source of revenue of the Group, in particular the increase in the revenue contribution from the operations overseas as a result of (i) the increase in tuition fee rate of CIS and (ii) appreciation of Singapore dollars against RMB. Amongst the revenue of the Group for the six months ended 29 February 2024, RMB237.5 million (approximately 36.1%) was contributed by the operations in the PRC, and RMB420.5 million (approximately 63.9%) 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 decreased by RMB7.4 million, or 2.2%, from RMB333.7 million for the six months ended 28 February 2023 to RMB326.4 million for the six months ended 29 February 2024. The decrease in cost of revenue was largely due to the decrease in amortisation of certain intangible assets arising from acquisitions, which were fully amortised during the period.

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

Gross profit increased by 37.5% from RMB241.2 million for the six months ended 28 February 2023 to RMB331.6 million for the six months ended 29 February 2024. Gross profit margin increased from 42.0% for the six months ended 28 February 2023 to 50.4% for the six months ended 29 February 2024, primarily due to the higher gross profit margin generated by increase in revenue and good cost control.

## **Investment and Other Income**

Investment and other income consist mainly of (i) interest income from our bank deposits; (ii) rental income from investment properties; and (iii) government grants. Investment and other income increased by 29.7% from RMB9.1 million for the six months ended 28 February 2023 to RMB11.8 million for the six months ended 29 February 2024. Bank interest income increased by 9.3% from RMB4.3 million for the six months ended 28 February 2023 to RMB4.7 million for the six months ended 29 February 2024. Rental income from investment properties increased by 300.0% from RMB1.2 million for the six months ended 28 February 2023 to RMB4.8 million for the six months ended 29 February 2024 due to lease of additional properties. Government grant remained at similar level for the six months ended 28 February 2023 and for the six months ended 29 February 2024.

## **Other Gains and Losses**

Other gains and losses consist primarily of (i) net foreign exchange (loss)/gain; (ii) changes in fair value of the Convertible Bonds; (iii) gain on disposal of property, plant and equipment and others; and (iv) reversal of other payables. Other gains and losses changed from a gain of RMB38.9 million for the six months ended 28 February 2023 to a loss of RMB55.5 million for the six months ended 29 February 2024. Such change was mainly attributable to (i) a decrease of gain on disposal of property, plant and equipment from RMB6.0 million for the six months ended 28 February 2023 to RMB1.5 million for the six months ended 29 February 2024; and (ii) the change of the net foreign exchange (loss)/gain from a gain of RMB57.9 million for the six months ended 28 February 2023 to a loss of RMB31.5 million for the six months ended 29 February 2024.

## **Marketing Expenses**

Marketing expenses consist mainly of (i) commercials and expenses for producing, printing and distributing advertising and promotional materials; and (ii) salaries and benefits for personnel engaged in selling and marketing activities. Marketing expenses increased by 46.7% from RMB7.5 million for the six months ended 28 February 2023 to RMB11.0 million for the six months ended 29 February 2024. Marketing expenses as a percentage of revenue increased from 1.3% for the six months ended 28 February 2023 to 1.7% for the six months ended 29 February 2024, primarily due to CIS incurring more marketing, advertising and promotional expenses for the six months ended 29 February 2024 as a result of the resumption of the economic activities in the post-pandemic of COVID-19.

## **Administrative Expenses**

Administrative expenses consist primarily of (i) salaries and other benefits for general and administrative staff; (ii) depreciation of office buildings and equipment; (iii) travel expenses; (iv) employee share-based payments; and (v) certain professional expenses. Administrative expenses remained at the similar level for the six months ended 28 February 2023 and for the six months ended 29 February 2024.

## **Finance Costs**

For the six months ended 29 February 2024, finance costs mainly represented (i) interest expenses and related bank arrangement fees for secured bank and other borrowings; (ii) interest expenses for the Convertible Bonds; and (iii) other finance cost. Finance costs increased from RMB97.5 million for the six months ended 28 February 2023 to RMB146.9 million for the six months ended 29 February 2024 primarily due to the increase in interest expenses for the secured bank borrowings and the Convertible Bonds.

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

The Group recorded a loss before taxation of RMB11.7 million for the six months ended 29 February 2024, compared to a profit before taxation of RMB42.2 million for the six months ended 28 February 2023. Loss before taxation as a percentage of revenue of the Group was 1.8% for the six months ended 29 February 2024 and profit before taxation as a percentage of revenue was 7.3% for the six months ended 28 February 2023. The change from profit before taxation for the six months ended 28 February 2023 to loss before taxation for the six months ended 29 February 2024 is mainly due to the substantial increase in finance costs and net foreign exchange loss for the current period as opposed to net foreign exchange gain for the six months ended 28 February 2023.

## **Taxation**

Income tax expense of the Group increased from RMB26.7 million for the six months ended 28 February 2023 to RMB30.5 million for the six months ended 29 February 2024, mainly because overseas enterprise income tax increased from RMB19.8 million for the six months ended 28 February 2023 to RMB25.6 million for the six months ended 29 February 2024 by the operation overseas.

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

As a result of the above factors, loss for the period changed from a profit of RMB15.5 million for the six months ended 28 February 2023 to a loss of RMB42.2 million for the six months ended 29 February 2024. The change from profit to loss for the six months ended 29 February 2024 was mainly due to the net effect of the increase in revenue outweighed by the impact of (i) net foreign exchange loss; and (ii) the increase in finance costs for the current period.

## **Capital Expenditures**

For the six months ended 29 February 2024, the Group paid RMB7.5 million primarily related to the campus expansion of CIS. For the six months ended 28 February 2023, the Group paid RMB95.5 million primarily related to the construction of new buildings in Shenzhen headquarters and Hainan and campus expansion of CIS.

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

As at 29 February 2024, the Group's bank balances and cash amounted to RMB599.7 million (31 August 2023: RMB528.0 million), which were mainly denominated in RMB and Singapore dollars ("SGD").

As at 29 February 2024, the Group's secured bank and other borrowings were RMB1,682.4 million (31 August 2023: RMB1,144.3 million) which were mainly denominated in SGD and Malaysian ringgit ("MYR"), with variable interest rates with reference to Singapore Overnight Rate Average and with variable interest rate with reference to Malaysian bank's cost of fund. Of the Group's bank borrowings as at 29 February 2024, 97.0% (31 August 2023: 94.8%) will mature within one year or on demand and the remaining will mature after one year. These bank borrowings were secured by certain properties and shares of certain offshore entities of the Group and carried certain financial covenants.

As at 29 February 2024, the Convertible Bonds have been fully redeemed and no Convertible Bonds remained outstanding (31 August 2023: USD75 million, equivalent to RMB515.9 million). The Company has applied to the Stock Exchange for the withdrawal of the listing of the Convertible Bonds. Such withdrawal of listing came into effect upon the close of business on 26 February 2024.

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

### **Gearing Ratio**

The gearing ratio of the Group was calculated as total borrowings including secured bank and other borrowings and outstanding balance of the Convertible Bonds divided by total equity as at the end of the relevant financial year/period. Gearing ratio increased from 1.11 as at 31 August 2023 to 1.16 as at 29 February 2024 primarily due to the increase in secured bank and other borrowings by the Group at end of the period.

### **Foreign Exchange Exposure**

The functional currency of the Company is RMB. Certain expenditures and liabilities of the Group are denominated in foreign currencies such as HKD, USD, Canadian dollars ("CAD"), MYR and SGD. As at 29 February 2024, 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 29 February 2024, the Group had no contingent liabilities.

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

As at 29 February 2024, the Group pledged debt service reserve account, certain properties and shares of certain offshore entities of the Group to certain licenced banks for certain banking facilities. As at 29 February 2024, a bank borrowing of the Group was secured by, among others, certain fixed and floating charge and joint control and monitoring rights over cash accounts of certain subsidiaries of the Group and fixed and floating charge over all assets of certain subsidiaries of the Group.

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

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

## **Material Acquisition and Disposal**

Save as disclosed in this announcement, the Group had no other material acquisition and disposal during the six months ended 29 February 2024.

## **Significant Investment Held**

As at 29 February 2024, no significant investment was held by the Group.

## **Employee Benefits**

As at 29 February 2024, the Group had 2,022 (as at 28 February 2023: 1,917) 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 29 February 2024 amounted to RMB267.5 million (for the six months ended 28 February 2023: RMB264.0 million). Mr. Shu Liang Sherman Jen, an executive Director and the chairman of the Board, voluntarily reduced his annual remuneration by HK\$1.0 million during the period from 1 January 2023 to 31 December 2023 to tide the Company over amidst the challenges.

## **Pension Plan**

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

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

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

*For the six months ended 29 February 2024*

|  | <i>Notes</i> | <b>Six months ended</b>     |                             |
|--|--------------|-----------------------------|-----------------------------|
|  |              | <b>29 February<br/>2024</b> | <b>28 February<br/>2023</b> |
|  |              | <b><i>RMB'000</i></b>       | <b><i>RMB'000</i></b>       |
|  |              | <b>(Unaudited)</b>          | <b>(Unaudited)</b>          |
| Revenue  | 4            | <b>657,987</b>              | 574,925                     |
| Cost of revenue  |              | <b>(326,361)</b>            | (333,736)                   |
| <b>Gross profit</b>  |              | <b>331,626</b>              | 241,189                     |
| Investment and other income  | 5            | <b>11,823</b>               | 9,067                       |
| Other gains and losses   | 6            | <b>(55,530)</b>             | 38,900                      |
| Marketing expenses   |              | <b>(11,004)</b>             | (7,544)                     |
| Administrative expenses  |              | <b>(141,739)</b>            | (141,906)                   |
| Finance costs  | 7            | <b>(146,876)</b>            | (97,498)                    |
| <b>(LOSS)/PROFIT BEFORE TAXATION</b>   |              | <b>(11,700)</b>             | 42,208                      |
| Taxation   | 8            | <b>(30,532)</b>             | (26,729)                    |
| <b>(LOSS)/PROFIT FOR THE PERIOD</b>  | 9            | <b>(42,232)</b>             | 15,479                      |
| <b>(Loss)/Profit for the period attributable to owners of the Company</b>  |              | <b>(42,232)</b>             | 15,479                      |
| <b>Other comprehensive (expenses)/income:</b><br><i>Items that may be subsequently reclassified to profit or loss:</i> |              |                             |                             |
| Exchange differences on translation of financial statements of foreign operations                                      |              | <b>(5,939)</b>              | 9,409                       |
| Other comprehensive (expenses)/income for the period, net of tax   |              | <b>(5,939)</b>              | 9,409                       |
| <b>TOTAL COMPREHENSIVE (EXPENSES)/ INCOME FOR THE PERIOD</b>   |              | <b>(48,171)</b>             | 24,888                      |
| <b>(LOSS)/EARNINGS PER SHARE (RMB cents)</b>   | <i>11</i>    |                             |                             |
| – Basic  |              | <b>(1.42)</b>               | 0.52                        |
| – Diluted  |              | <b>(1.42)</b>               | 0.52                        |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 29 February 2024

|  |              | At<br>29 February<br>2024     | At<br>31 August<br>2023     |
|--|--------------|-------------------------------|-----------------------------|
|  | <i>Notes</i> | <i>RMB'000</i><br>(Unaudited) | <i>RMB'000</i><br>(Audited) |
| <b>NON-CURRENT ASSETS</b>                                |              |                               |                             |
| Property, plant and equipment                            | 12           | 2,152,386                     | 2,233,548                   |
| Right-of-use assets                                      |              | 90,272                        | 96,022                      |
| Investment properties                                    |              | 140,658                       | 143,391                     |
| Goodwill   | 13           | 2,088,504                     | 2,122,393                   |
| Other intangible assets                                  |              | 753,611                       | 792,433                     |
| Prepayments for acquisition of property<br>and equipment |              | –                             | 1,042                       |
| Books for lease  |              | 505                           | 521                         |
| Deferred tax assets                                      |              | 15,514                        | 16,192                      |
|  |              | <b>5,241,450</b>              | <b>5,405,542</b>            |
| <b>CURRENT ASSETS</b>                                    |              |                               |                             |
| Inventories  |              | 10,724                        | 11,950                      |
| Deposits, prepayments, trade and other receivables       | 14           | 68,127                        | 79,783                      |
| Financial assets at fair value through profit or loss    |              | 20,764                        | 7,266                       |
| Bank balances and cash                                   |              | 599,749                       | 528,041                     |
| Amount due from related parties                          | 19           | 179,184                       | 182,305                     |
|  |              | <b>878,548</b>                | <b>809,345</b>              |
| <b>CURRENT LIABILITIES</b>                               |              |                               |                             |
| Contract liabilities                                     | 15           | 417,378                       | 513,559                     |
| Other payables and accrued expenses                      | 16           | 235,289                       | 243,786                     |
| Lease liabilities  |              | 3,421                         | 5,596                       |
| Income tax payable                                       |              | 75,699                        | 68,687                      |
| Borrowings   | 17           | 1,632,365                     | 1,084,279                   |
| Convertible bonds  | 18           | –                             | 227,078                     |
| Amount due to related parties                            | 19           | 310,380                       | 135,188                     |
|  |              | <b>2,674,532</b>              | <b>2,278,173</b>            |
| <b>NET CURRENT LIABILITIES</b>                           |              | <b>(1,795,984)</b>            | <b>(1,468,828)</b>          |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>             |              | <b>3,445,466</b>              | <b>3,936,714</b>            |

|   |           | At<br><b>29 February<br/>2024</b><br><i>RMB'000</i><br><b>(Unaudited)</b> | At<br>31 August<br>2023<br><i>RMB'000</i><br><b>(Audited)</b> |
|---|-----------|---|---|
| <b>NON-CURRENT LIABILITIES</b>                      |           |   |   |
| Deferred tax liabilities                            |           | <b>236,334</b>  | 247,667   |
| Borrowings  | <i>17</i> | <b>50,046</b>   | 60,013  |
| Lease liabilities                                   |           | <b>19,297</b>   | 21,816  |
| Convertible bonds                                   | <i>18</i> | –   | 288,843   |
| Amount due to related parties                       | <i>19</i> | <b>1,690,438</b>  | 1,820,859   |
|   |           | <u><b>1,996,115</b></u>   | <u>2,439,198</u>  |
| <b>NET ASSETS</b>                                   |           | <u><b>1,449,351</b></u>   | <u>1,497,516</u>  |
| <b>EQUITY</b>                                       |           |   |   |
| <b>Equity attributable to owners of the Company</b> |           |   |   |
| Share capital                                       |           | <b>9,309</b>  | 9,309   |
| Reserves  |           | <b>1,440,042</b>  | 1,488,207   |
|   |           | <u><b>1,449,351</b></u>   | <u>1,497,516</u>  |
| <b>TOTAL EQUITY</b>                                 |           | <u><b>1,449,351</b></u>   | <u>1,497,516</u>  |

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 29 February 2024

### 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 (the “**PRC**” or “**China**”).

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.

The condensed consolidated interim financial statements (“**Interim Financial Statements**”) are presented in thousands of Renminbi (the “**RMB’000**”), unless otherwise stated.

### 2. GOING CONCERN BASIS

For the six months ended 29 February 2024, the Group incurred loss for the period attributable to owners of the Company of approximately RMB42,232,000. As at 29 February 2024, the Group had net current liabilities of approximately RMB1,795,984,000. The Group’s total secured bank and other borrowings amounted to approximately RMB1,682,411,000 as of 29 February 2024; while its cash and cash equivalents amounted to approximately RMB599,749,000 as at 29 February 2024.

On 24 January 2024 (the “**Utilisation Date**”), Canadian International School Pte Ltd. (“**CIS**”), an indirectly wholly-owned subsidiary of the Company, entered into the Bridge Term Loan Facility Agreement (the “**New CIS Loan**” or “**Bridge Facilities**”) pursuant to which the Lenders agreed to make available the Bridge Facilities in an aggregate amount up to SGD300,000,000 (approximately RMB1,588,110,000) with a final maturity date being the date falling six months from the Utilisation Date, i.e. 23 July 2024, subject to an extension option solely on Lender’s approval, which the final maturity date may be extended by up to further six months, i.e. 23 January 2025. The proceeds of the Bridge Facilities had been used for fully refinancing the existing indebtedness of the CIS amounted to USD143,000,000 (equivalent to approximately RMB1,036,750,000) (the “**Original CIS Loan**”) (as explained in Note 17), payment of costs and expenses in connection with the Bridge Facilities and the full redemption of the Convertible Bonds (as explained in Note 18).

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 unlikely event that the New CIS Loan may 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.

In addition to the Bridge Facilities obtained during the period, the Directors have also undertaken a number of plans and measures to improve the Group's liquidity and financial position, including: (i) exercising the right to apply for further extension of the Bridge Facilities in accordance with the New CIS Loan agreement which will be subjected to the approval from the lender of the New CIS Loan; (ii) negotiating a new long-term loan of SGD300,000,000 to replace the Bridge Facilities; (iii) 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 (iv) adjusting the strategy to focus on development of high schools and overseas schools which are not affected by the Implementation Regulations.

The Directors of the Company consider that the Group can continue as a going concern based on the consideration that (i) the Group had net cash generated from operating activities for the six months ended 29 February 2024 of approximately RMB236,371,000, and therefore would be in a good position to refinance the repayment of the Bridge Facilities; (ii) the probability for the New CIS Loan to be further renewed is high; and (iii) no further rules and interpretation from the government will adversely affect the continuing operations.

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

### 3. BASIS OF PREPARATION

#### Contractual Arrangements

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

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

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

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

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

The Interim Financial Statements should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 August 2023. 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 2023.

#### 4. REVENUE AND SEGMENT INFORMATION

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

|                                      | Six months ended                              |   |
|--------------------------------------|---|---|
|                                      | 29 February<br>2024<br>RMB'000<br>(Unaudited) | 28 February<br>2023<br>RMB'000<br>(Unaudited) |
| <b>Types of goods or services</b>    |   |   |
| Tuition and boarding fees            | 515,073                                       | 452,169                                       |
| Sales of textbooks                   | 12,453  | 15,864  |
| Sales of goods and materials         | 27,052  | 24,496  |
| Summer and winter camps              | 13,932  | 632   |
| Catering services income             | 30,206  | 25,351  |
| Extracurricular activities           | 15,396  | 19,892  |
| Others                               | 43,875  | 36,521  |
|                                      | <u>657,987</u>                                | <u>574,925</u>                                |
| <b>Geographical markets</b>          |   |   |
| PRC                                  | 237,474                                       | 208,965                                       |
| Overseas                             | 420,513                                       | 365,960                                       |
|                                      | <u>657,987</u>                                | <u>574,925</u>                                |
| <b>Timing of revenue recognition</b> |   |   |
| Over time                            | 565,964                                       | 490,915                                       |
| At a point in time                   | 92,023  | 84,010  |
|                                      | <u>657,987</u>                                | <u>574,925</u>                                |

##### 4B. Operating Segments

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

Following the acquisition of Star Readers Pte. Ltd. ("STAR") in Singapore on 26 August 2020, the Group's international school education business in overseas starts to contribute significant portion of revenue and profits. Discrete segment information as reported to the CODM under IFRS 8 are as follows:

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

## Segment revenues and results

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

|  | <b>PRC<br/>Segment<br/>RMB'000</b> | <b>Overseas<br/>Segment<br/>RMB'000</b> | <b>Total<br/>RMB'000</b> |
|--|------------------------------------|---|--------------------------|
| <b>For the six months ended 29 February 2024<br/>(unaudited)</b>             |                                    |   |                          |
| Segment revenue  | <u>237,474</u>                     | <u>420,513</u>                          | <u>657,987</u>           |
| Segment profit   | <u>73,088</u>                      | <u>125,754</u>                          | <u>198,842</u>           |
| Unallocated items:   |                                    |   |                          |
| Other gains and losses   |                                    |   | (55,530)                 |
| Finance costs  |                                    |   | (146,876)                |
| Directors' and chief executives' emoluments                                  |                                    |   | (3,949)                  |
| Headquarter administrative expense   |                                    |   | <u>(4,187)</u>           |
| Group's loss before income tax   |                                    |   | <u><b>(11,700)</b></u>   |
| <br>   |                                    |   |                          |
|  | <b>PRC<br/>Segment<br/>RMB'000</b> | <b>Overseas<br/>Segment<br/>RMB'000</b> | <b>Total<br/>RMB'000</b> |
| <b>For the six months ended 28 February 2023<br/>(unaudited) (restated)#</b> |                                    |   |                          |
| Segment revenue  | <u>208,965</u>                     | <u>365,960</u>                          | <u>574,925</u>           |
| Segment profit   | <u>35,438</u>                      | <u>77,432</u>                           | <u>112,870</u>           |
| Unallocated items:   |                                    |   |                          |
| Other gains and losses   |                                    |   | 38,900                   |
| Finance costs  |                                    |   | (97,498)                 |
| Directors' and chief executives' emoluments                                  |                                    |   | (3,784)                  |
| Headquarter administrative expense   |                                    |   | <u>(8,280)</u>           |
| Group's profit before income tax   |                                    |   | <u><b>42,208</b></u>     |

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment (loss)/profit represents the (loss)/profit earned by each segment without allocation of other gains and losses, finance costs, headquarter 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.

# The comparative information including segment profit and certain unallocated items for the six months ended 28 February 2023 have been restated or re-classified to be in line with the current period presentation.

## Segment assets and liabilities

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

|                                 | At<br><b>29 February<br/>2024</b><br><i>RMB'000</i><br>(Unaudited) | At<br>31 August<br>2023<br><i>RMB'000</i><br>(Audited) |
|---------------------------------|--|--|
| <b>Segment assets</b>           |  |  |
| PRC segment                     | 1,764,001  | 1,769,691  |
| Overseas segment                | <u>4,355,997</u>   | <u>4,445,196</u>                                       |
| <b>Consolidated assets</b>      | <u><b>6,119,998</b></u>  | <u>6,214,887</u>                                       |
|                                 | At<br><b>29 February<br/>2024</b><br><i>RMB'000</i><br>(Unaudited) | At<br>31 August<br>2023<br><i>RMB'000</i><br>(Audited) |
| <b>Segment liabilities</b>      |  |  |
| PRC segment                     | 2,393,358  | 2,930,545  |
| Overseas segment                | <u>2,277,289</u>   | <u>1,786,826</u>                                       |
| <b>Consolidated liabilities</b> | <u><b>4,670,647</b></u>  | <u>4,717,371</u>                                       |

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 for consistency in disclosure.

## 5. INVESTMENT AND OTHER INCOME

|  | Six months ended<br><b>29 February<br/>2024</b><br><i>RMB'000</i><br>(Unaudited) | 28 February<br>2023<br><i>RMB'000</i><br>(Unaudited) |
|--|--|--|
| Bank interest income                     | 4,685  | 4,337  |
| Government grant                         | 1,599  | 1,554  |
| Rental income from investment properties | 4,831  | 1,180  |
| Others                                   | <u>708</u>   | <u>1,996</u>   |
|  | <u><b>11,823</b></u>   | <u>9,067</u>   |

## 6. OTHER GAINS AND LOSSES

|   | Six months ended                                     |  |
|---|--|--|
|   | 29 February<br>2024<br><i>RMB'000</i><br>(Unaudited) | 28 February<br>2023<br><i>RMB'000</i><br>(Unaudited) |
| Reversal of other payables  | 2,828  | 2,469  |
| Net foreign exchange (loss)/gain  | (31,464)   | 57,924   |
| Gain/(loss) arising from changes in fair value of financial assets<br>measured at fair value through profit or loss (“FVTPL”) | 1,011  | (129)  |
| Loss arising from fair value changes of convertible bonds   | (28,174)   | (26,931)   |
| Gain on disposal of property, plant and equipment   | 1,505  | 5,962  |
| Others  | (1,236)  | (395)  |
|   | <u>(55,530)</u>                                      | <u>38,900</u>  |

## 7. FINANCE COSTS

|   | Six months ended                                     |  |
|---|--|--|
|   | 29 February<br>2024<br><i>RMB'000</i><br>(Unaudited) | 28 February<br>2023<br><i>RMB'000</i><br>(Unaudited) |
| Interest on bank loans and other borrowings | 123,501  | 86,516   |
| Interest on convertible bonds               | 23,104   | 10,598   |
| Leases interests                            | 271  | 384  |
|   | <u>146,876</u>                                       | <u>97,498</u>  |

## 8. TAXATION

|                                | Six months ended                                     |  |
|--------------------------------|--|--|
|                                | 29 February<br>2024<br><i>RMB'000</i><br>(Unaudited) | 28 February<br>2023<br><i>RMB'000</i><br>(Unaudited) |
| <b>Taxation comprises:</b>     |  |  |
| Current tax                    |  |  |
| PRC enterprise income tax      | 10,946   | 12,017   |
| Overseas enterprise income tax | 25,551   | 19,808   |
| Deferred tax                   | (5,965)  | (5,096)  |
|                                | <u>30,532</u>  | <u>26,729</u>  |

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

|   | <b>Six months ended</b>                                 |   |
|---|---|---|
|   | <b>29 February<br/>2024<br/>RMB'000<br/>(Unaudited)</b> | 28 February<br>2023<br>RMB'000<br>(Unaudited) |
| <p>(Loss)/profit for the period has been arrived at after charging/(crediting):</p>                         |   |   |
| Staff costs, including directors' remuneration  |   |   |
| – salaries and other allowances   | <b>259,387</b>  | 259,905                                       |
| – retirement benefit scheme contributions   | <b>8,093</b>  | 2,140   |
| – share-based payments  | <b>6</b>  | 1,945   |
|   | <hr/>   | <hr/>   |
| Total staff costs   | <b>267,486</b>  | 263,990                                       |
|   | <hr/>   | <hr/>   |
| Gross rental income from investment properties  | <b>(4,831)</b>  | (1,180)                                       |
| Less: Direct operating expenses incurred for investment properties<br>(included in administrative expenses) | <b>207</b>  | 39  |
|   | <hr/>   | <hr/>   |
|   | <b>(4,624)</b>  | (1,141)                                       |
|   | <hr/>   | <hr/>   |
| Depreciation of property, plant and equipment   | <b>54,323</b>   | 49,982  |
| Loss arising from fair value changes of convertible bonds   | <b>28,174</b>   | 26,931  |
| Amortisation of other intangible assets (included in cost of revenue)                                       | <b>25,217</b>   | 37,433  |
| Depreciation of right-of-use assets   | <b>3,952</b>  | 5,686   |
| Depreciation of investment properties   | <b>2,514</b>  | 497   |
| Amortisation of books for lease   | <b>17</b>   | 243   |
|   | <hr/>   | <hr/>   |

## 10. DIVIDENDS

No dividends were paid, declared or proposed during the six months ended 29 February 2024 (28 February 2023: Nil). The directors of the Company have determined that no dividend will be paid in respect of the six months ended 29 February 2024.

## 11. (LOSS)/EARNINGS PER SHARE

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

|   | <b>Six months ended</b>                                 |   |
|---|---|---|
|   | <b>29 February<br/>2024<br/>RMB'000<br/>(Unaudited)</b> | <b>28 February<br/>2023<br/>RMB'000<br/>(Unaudited)</b> |
| <b>(Loss)/Earnings:</b>   |   |   |
| (Loss)/Earnings for the purpose of calculating basic and diluted (loss)/earnings per share                            | <u>(42,232)</u>   | <u>15,479</u>   |
|   |   |   |
|   | <b>Six months ended</b>                                 |   |
|   | <b>29 February<br/>2024<br/>'000<br/>(Unaudited)</b>    | <b>28 February<br/>2023<br/>'000<br/>(Unaudited)</b>    |
| <b>Number of shares:</b>  |   |   |
| Weighted average number of ordinary shares for the purpose of calculating basic and diluted (loss)/earnings per share | <u>2,971,011</u>  | <u>2,971,011</u>  |

The number of shares adopted in the calculation of the basic (loss)/earnings per share for the six months ended 29 February 2024 and 28 February 2023 has been arrived after eliminating the ungranted or unvested shares of the Company held under the Share Award Scheme.

The Company did not include adjustments for the conversion of convertible bonds in calculating the diluted earnings per share for the periods ended 29 February 2024 and 28 February 2023. This decision is based on the anti-dilutive effect that these bonds have on the basic (loss)/earnings per share calculation.

The number of shares adopted in the calculation of the diluted earnings per share 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 29 February 2024 and 28 February 2023.

## 12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 29 February 2024, the Group disposed of certain property and equipment with an aggregate carrying amount of approximately RMB1,343,000 (for the six months ended 28 February 2023: RMB12,085,000) for cash proceeds of approximately RMB2,848,000 (for the six months ended 28 February 2023: RMB18,047,000), resulting in a gain on disposal of approximately RMB1,505,000 (for the six months ended 28 February 2023: RMB5,962,000).

The Group paid a net cash consideration of RMB7,549,000 to purchase property, plant and equipment during the six months ended 29 February 2024 (for the six months ended 28 February 2023: RMB95,512,000).

### 13. GOODWILL

|                                  | At<br>29 February<br>2024<br><i>RMB'000</i><br>(Unaudited) | At<br>31 August<br>2023<br><i>RMB'000</i><br>(Audited) |
|----------------------------------|--|--|
| <b>Cost and carrying values:</b> |  |  |
| At 1 September                   | 2,122,393  | 1,949,551  |
| Exchange adjustment              | (33,889)   | 172,842  |
|                                  | <u>2,088,504</u>   | <u>2,122,393</u>                                       |
| At 29 February or 31 August      | <u>2,088,504</u>   | <u>2,122,393</u>                                       |

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

|   | At<br>29 February<br>2024<br><i>RMB'000</i><br>(Unaudited) | At<br>31 August<br>2023<br><i>RMB'000</i><br>(Audited) |
|---|--|--|
| Receivable from third parties   | 15,871   | 14,333   |
| Prepaid rent and other prepaid expenses                               | 7,750  | 17,983   |
| Trade receivables, net of allowance for credit losses ( <i>note</i> ) | 9,160  | 12,643   |
| Deposits  | 11,267   | 10,204   |
| Staff advances  | 181  | 238  |
| Management fees receivables   | 4,385  | 1,865  |
| Others  | 19,513   | 22,517   |
|   | <u>68,127</u>  | <u>79,783</u>  |

*Note:*

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

|              | At<br>29 February<br>2024<br><i>RMB'000</i><br>(Unaudited) | At<br>31 August<br>2023<br><i>RMB'000</i><br>(Audited) |
|--------------|--|--|
| Not past due | 7,460  | 11,787   |
| 0–30 days    | 680  | 603  |
| 31–60 days   | 501  | 11   |
| 61–90 days   | 123  | –  |
| >90 days     | 396  | 242  |
|              | <u>9,160</u>   | <u>12,643</u>  |

## 15. CONTRACT LIABILITIES

|                           | At<br>29 February<br>2024<br>RMB'000<br>(Unaudited) | At<br>31 August<br>2023<br>RMB'000<br>(Audited) |
|---------------------------|---|---|
| Tuition and boarding fees | 368,527   | 463,770   |
| Others                    | 48,851  | 49,789  |
|                           | <u>417,378</u>                                      | <u>513,559</u>                                  |

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

## 16. OTHER PAYABLES AND ACCRUED EXPENSES

|   | At<br>29 February<br>2024<br>RMB'000<br>(Unaudited) | At<br>31 August<br>2023<br>RMB'000<br>(Audited) |
|---|---|---|
| Payables for purchase of property, plant and equipment        | 52,621  | 65,491  |
| Miscellaneous expenses received from students ( <i>note</i> ) | 39,264  | 41,244  |
| Accrued payroll   | 37,107  | 20,452  |
| Deposits received from students                               | 29,688  | 25,983  |
| Acquisition consideration payable                             | 9,269   | 9,269   |
| Payables for purchase of goods                                | 4,366   | 4,275   |
| Accrued operating expenses                                    | 20,179  | 20,653  |
| Prepayment from lessee  | 263   | 6,549   |
| Other tax payables  | –   | 1,626   |
| Others  | 42,532  | 48,244  |
|   | <u>235,289</u>                                      | <u>243,786</u>                                  |
| Analysed as:  |   |   |
| Current liabilities   | 235,289   | 243,786   |
| Non-current liabilities                                       | –   | –   |
|   | <u>235,289</u>                                      | <u>243,786</u>                                  |

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

## 17. BORROWINGS

|   | At<br>29 February<br>2024<br>RMB'000<br>(Unaudited) | At<br>31 August<br>2023<br>RMB'000<br>(Audited) |
|---|---|---|
| Secured bank and other borrowings                                   | <u>1,682,411</u>                                    | <u>1,144,292</u>                                |
| The carrying amounts of the above borrowings are repayable:         |   |   |
| Within one year   | 1,632,365   | 1,084,279                                       |
| Within a period of more than one year but not exceeding two years   | 29,816  | 15,560  |
| Within a period of more than two years but not exceeding five years | <u>20,230</u>                                       | <u>44,453</u>                                   |
|   | 1,682,411   | 1,144,292                                       |
| Less: Amounts due within one year shown under current liabilities   | <u>(1,632,365)</u>                                  | <u>(1,084,279)</u>                              |
| Amounts shown under non-current liabilities                         | <u>50,046</u>                                       | <u>60,013</u>                                   |

- (a) As of 31 August 2023, the outstanding principal of the borrowing amounting to approximately USD143,000,000 (equivalent to approximately RMB1,038,995,000) (the “**Original CIS Loan**”) was 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. This borrowing carried interest at a floating interest rate with a base rate of 3.60%. As of 29 February 2024, the Original CIS Loan had been fully repaid by the Bridge Facilities.
- (b) As of 29 February 2024, the outstanding of the borrowing amounting to approximately MYR42,578,000 (equivalent to approximately RMB63,462,000) (31 August 2023: approximately MYR47,828,000 (equivalent to approximately RMB74,403,000)) was secured by pledge of debt service reserve account held by Kingsley International Sendirian Berhad (a subsidiary owned by Kingsley Edugroup Berhad (“**Kingsley**”), an indirectly wholly-owned subsidiary of the Company) and debenture incorporating fixed and floating charge over all assets and undertakings of Kingsley. This borrowing carried interest at variable interest rates ranging from 0.75% to 5.35% (31 August 2023: 0.70% to 5.93%) per annum.
- (c) Intended for the purpose of repaying the aforementioned borrowing in note (a) as well as the repayment of the convertible bonds as in Note 18, on Utilisation Date, an indirectly wholly owned subsidiary of the Company entered into the Bridge Facilities amounting to SGD300,000,000 (equivalent to approximately RMB1,588,110,000). According to the loan agreement, it was structured into 2 Facilities. Tranche A, which amount up to SGD191,280,000 (equivalent to approximately RMB1,012,579,000) is used to (i) fully refinance the Original CIS Loan and (ii) fund related costs and expenses under the Bridge Facilities, whilst Tranche B, which amount up to SGD108,720,000 (equivalent to approximately RMB575,531,000) is used to (i) make an intercompany loan up to USD77 million (the “**Intercompany loan**”) for purposes of effecting a full redemption of the convertible bonds and (ii) reimburse the fees payable in connection with the redemption of the convertible bonds.

The Bridge Facilities are secured over (a) first priority security over all of the shares of Canadian International School Pte Ltd. (“CIS”); (b) all asset debenture or first priority security over all of the assets of CIS and all its bank accounts; (c) assignment of Intercompany loan extended by CIS and/or by its parent; (d) first ranking fixed charge over Lender’s designated bank account (the “Collection Account”); and (e) first priority security over shares of Canadian School of Advanced Learning Pte. Ltd..

The Bridge Facilities will become repayment on demand if CIS’s group (1) net debt to adjusted leverage ratio (the adjusted leverage ratio means operating profit before interest, tax, depreciation and amortization (the “EBITDA”) in respect to a period of last twelve months (the “Relevant Period”) on each of 31 May, 31 August, 30 November and end of day of February (the “Quarter Date”) being smaller than 5.75:1; (2) debt service coverage ratio, defined as cash flow available for debt service divided by the sum of scheduled principal repayment (excluding Bridge Facilities available to be withdrawn) and interest payments in respect to the Relevant Period on Quarter Date to be larger than 1.25:1; (3) minimum EBITDA in respect to the Relevant Period on Quarter Date to be SGD40,000,000; and (4) to maintain minimum balance at the Collection Account on any date, the aggregate of all interest payable under the Bridge Facilities for 6 months.

The Bridge Facilities are repayable on final maturity date being the date falling six months from the Utilisation Date, i.e. 23 July 2024, subject to an extension option solely on Lender’s approval, which the final maturity date may be extended by up to further six months, i.e. 23 January 2025. As at 29 February 2024, the outstanding principal balance was SGD300,000,000 (equivalent to approximately RMB1,588,110,000). The Bridge Facilities carry variable interest rate based on the aggregate of (i) sum of compounded Singapore Overnight Rate Average; and (ii) Interest margin of 2.1% per annum for the first three months of borrowing; and 2.35% for the subsequent three months of borrowing.

## 18. CONVERTIBLE BONDS

|                                     | At<br>29 February<br>2024<br>RMB’000<br>(Unaudited) | At<br>31 August<br>2023<br>RMB’000<br>(Audited) |
|-------------------------------------|---|---|
| Convertible bonds ( <i>Note</i> )   | –   | 515,921   |
| Analysed for reporting purposes as: |   |   |
| Current liabilities                 | –   | 227,078   |
| Non-current liabilities             | –   | 288,843   |
|                                     | –   | 515,921   |

### *Note:*

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

On 27 January 2021 (the “**Issue Date**”), the Company completed the issuance of the Convertible Bonds. The cash proceeds related to the issuance of USD125,000,000 (equivalent to RMB808,551,000) were received by the Company on the Issue Date. The issuance cost related to the Convertible Bonds of approximately USD1,250,000 (equivalent to RMB8,138,000) was charged to the finance cost. The Convertible Bonds were recognised and measured as financial liabilities designated at FVTPL. The fair value as of the Issue Date was RMB808,551,000.

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

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

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

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

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

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

The New Undertakings are summarized as follows:

#### **Mandatory Redemption Undertaking**

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

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

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

The Company announced that the Company did not have sufficient offshore funds to make the Second Mandatory Redemption on 27 June 2023 due to the prevailing controls of the State Administration of Foreign Exchange of the PRC and other related PRC policies and regulations which are currently prevailing the Company and its applicable Subsidiaries form remitting sufficient funds out of the PRC, resulting in the occurrence of default under the Bond Conditions. On 12 September 2023, the Company announced that on 11 September 2023, the bondholders passed resolutions, whereby, 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.

On 9 February 2024, all the aggregate outstanding principal amount of the Bonds and relevant interest payables had been repaid upon obtaining the Bridge Facilities and Intercompany loan by the Company from CIS (Note 17(c)).

## 19. RELATED PARTY DISCLOSURES

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

### (a) Balances with related parties

Advances made to the affiliated entities operating private schools that offer compulsory education consisting of six years of primary school education and three years of middle school education to PRC residents and not-for-profit schools that provide preschool education in the PRC (the “Affected Schools”).

| Relationships        | Nature of balances           | At  | At  |
|----------------------|------------------------------|---|---|
|                      |                              | 29 February<br>2024<br>RMB'000<br>(Unaudited) | 31 August<br>2023<br>RMB'000<br>(Audited) |
| The Affected Schools | Amounts due from (current)   | 179,184                                       | 182,305                                   |
| The Affected Schools | Amounts due to (non-current) | 1,690,438                                     | 1,820,859                                 |
| The Affected Schools | Amounts due to (current)     | 310,380                                       | 135,188                                   |

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

As of 29 February 2024 and 31 August 2023, 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

Save as disclosed elsewhere in this announcement, the Group had no other material transaction with any related party during the six months ended 29 February 2024 and 28 February 2023.

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

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

|                          | <b>Six months ended</b>                                 |   |
|--------------------------|---|---|
|                          | <b>29 February<br/>2024<br/>RMB'000<br/>(Unaudited)</b> | <b>28 February<br/>2023<br/>RMB'000<br/>(Unaudited)</b> |
| Short-term benefits      | <b>4,760</b>  | 3,406   |
| Post-employment benefits | <b>5</b>  | –   |
| Share-based payments     | <b>6</b>  | 168   |
|                          | <b><u>4,771</u></b>                                     | <b><u>3,574</u></b>                                     |

**20. EVENTS AFTER THE REPORTING PERIOD**

Subsequent to the end of the reporting period, on 4 March 2024, the Company granted share options to two eligible participants (an executive Director and an employee of the Group) to subscribe for a total of 6,000,000 Shares under the Post-IPO Share Option Scheme.

**21. APPROVAL OF INTERIM FINANCIAL STATEMENTS**

The Interim Financial Statements were approved and authorised for issue by the Board on 29 April 2024.

## **CORPORATE GOVERNANCE AND OTHER INFORMATION**

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

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

During the six months ended 29 February 2024 and up to the date of this announcement, the Company has applied the principles as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C3 (formerly known as Appendix 14) to the Listing Rules and has complied with all the applicable code provisions, save and except for code provision C.2.1.

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

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

### **Compliance with the Model Code for Securities Transactions by Directors**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 (formerly known as 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 29 February 2024.

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

All the outstanding Convertible Bonds were fully redeemed by the Company on 9 February 2024 in accordance with the terms and conditions of the Second Amended and Restated Trust Deed (as referred to in the announcement of the Company dated 18 August 2023) dated 12 September 2023 in respect of the Convertible Bonds. All interest accrued but unpaid to (but excluding) such date has also been paid in full.

Save as disclosed above, during the six months ended 29 February 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

### **Interim Dividend**

The Board has resolved not to declare an interim dividend for the six months ended 29 February 2024 (for the six months ended 28 February 2023: Nil).

### **Audit Committee**

The Company has established the 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 29 February 2024, namely, Mr. Lau (Chairman), Mr. Peter Humphrey Owen and Ms. Wai Fong Wong, all being independent non-executive Directors.

The Audit Committee currently comprises three members, namely, Mr. Chow (with effect from 1 March 2024), Mr. Peter Humphrey Owen and Ms. Wai Fong Wong (with effect from 31 August 2023), all being independent non-executive Directors. Mr. Chow is the chairman of the Audit Committee with effect from 1 March 2024, Mr. Lau ceased to be the chairman of the Audit Committee and the IBC on the same date. With effect from 1 March 2024, Mr. Lau was re-designated as an executive Director.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 29 February 2024 and has met with the independent auditors, Zhonghui Anda CPA Limited (“ZHONGHUI”). The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Company.

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

#### ***Grant of Share Options***

Subsequent to 29 February 2024, the Company granted share options to two eligible participants (an executive Director and an employee of the Group) to subscribe for a total of 6,000,000 Shares under the Post-IPO Share Option Scheme on 4 March 2024.

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

With effect from 1 March 2024, Ms. Zhang resigned as an executive Director and Co-CFO. Ms. Zhang also resigned from all positions within the Group, i.e. the position of director of each of Canadian International School Pte. Ltd., Star Readers Pte. Ltd. and Canadian School of Advanced Learning Pte. Ltd. and all such resignations took effect from 1 March 2024. Following her resignation as an executive Director, the Co-CFO and all other positions within the Group, Ms. Zhang now serves the Company as a consultant to the Board. Following the resignation of Ms. Zhang with effect from 1 March 2024, Mr. Lau was re-designated from an independent non-executive Director to an executive Director.

Upon the re-designation which took effect on 1 March 2024, Mr. Lau (i) ceased to be the chairman of each of the Audit Committee and the IBC established for, among other matters, conducting the Independent Investigation (as defined in the announcement of the Company dated 23 May 2022); and (ii) was appointed as Co-CFO. With effect from 1 March 2024, Mr. Chow was appointed as an independent non-executive Director and the chairman of the Audit Committee.

### **PUBLICATION OF INTERIM REPORT**

This interim results announcement is published on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company at [www.mapleleaf.cn](http://www.mapleleaf.cn). The interim report of the Group for the six months ended 29 February 2024 will be made available for Shareholders' review on the aforesaid websites in due course.

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

Hong Kong, 29 April 2024

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

\* *For identification purposes only*