中國楓葉教育集團有限公司

China Maple Leaf Educational Systems Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1317

Global Offering

Joint Global Coordinators, Joint Sponsors, Joint Bookrunners and Joint Lead Managers

BNP PARIBAS
CORPORATE & INVESTMENT BANKING

CLSA
A CITIC Securities Company

IMPORTANT: If you are in doubt about any of the contents of this prospectus, you should obtain independent professional advice.

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)

GLOBAL OFFERING

Number of Offer Shares in the Global Offering	:	**334,000,000 Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	:	**33,400,000 Shares (subject to adjustment)**
Number of International Placing Shares	:	**300,600,000 Shares (subject to adjustment and the Over-allotment Option)**
Maximum Offer Price	:	**HK$3.07 per Share plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal Value	:	**US$0.001 per Share**
Stock Code	:	**1317**

Joint Global Coordinators, Joint Sponsors, Joint Bookrunners and Joint Lead Managers

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Hong Kong Exchanges and Clearing Limited, the Stock Exchange of Hong Kong Limited and the Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the section headed "Appendix VII — Documents Delivered to the Registrar of Companies and Available for Inspection" to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around Friday, November 21, 2014 and, in any event, not later than Wednesday, November 26, 2014. The Offer Price will be not more than HK$3.07 and is currently expected to be not less than HK$2.23. If, for any reason, the Offer Price is not agreed by Wednesday, November 26, 2014 between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

The Joint Global Coordinators (on behalf of the Underwriters) may, with our consent, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative offer price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, an announcement will be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Global Coordinators (on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. See the section headed "Underwriting — The Hong Kong Public Offering — Grounds for Termination" in this prospectus.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered or sold, pledged or transferred within the United States except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares are being offered and sold (i) in the United States to qualified institutional buyers in reliance on Rule 144A or another exemption from registration under the U.S. Securities Act and (ii) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

November 18, 2014

* For identification purposes only.

Latest time for completing electronic applications under **HK eIPO White Form** service through the designated website www.hkeipo.hk[(3)]	11:30 a.m. on Friday, November 21, 2014
Application lists open[(2)]	11:45 a.m. on Friday, November 21, 2014
Latest time to lodge **white** and **yellow** application forms	12:00 noon on Friday, November 21, 2014
Latest time to give **electronic application instructions** to HKSCC[(4)]	12:00 noon on Friday, November 21, 2014
Latest time to complete payment of **HK eIPO White Form** applications by effecting internet banking transfers or PPS payment transfer(s)	12:00 noon on Friday, November 21, 2014
Application lists close	12:00 noon on Friday, November 21, 2014
Expected price determination date[(5)]	Friday, November 21, 2014

Announcement of:

- the Offer Price;
- the level of applications in Hong Kong Public Offering;
- an indication of the level of interest in the International Placing; and
- the basis of allocation of the Hong Kong Offer Shares,

to be published in the South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on or before	Thursday, November 27, 2014
Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers where appropriate) to be available through a variety of channels (see paragraph headed "Publication of Results" in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus) from	Thursday, November 27, 2014
Results of allocations in the Hong Kong Public Offering will be available at www.tricor.com.hk/ipo/result with a "search by ID" function	Thursday, November 27, 2014
A full announcement of the Hong Kong Public Offering containing the information referred to in the above announcements will be published on the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.mapleleaf.cn from	Thursday, November 27, 2014
HK eIPO White Form e-Auto refund payment instruction to be despatched on or before[(6)]	Thursday, November 27, 2014
Dealings in Shares on the Stock Exchange expected to commence on	Friday, November 28, 2014

(1) All times refer to Hong Kong local time, except as otherwise stated.

(2) If there is a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning at any time between 9:00 a.m. and 12:00 noon on Friday, November 21, 2014, the application lists will not open on that day. See the section headed "How to Apply for Hong Kong Offer Shares — Effect of bad weather on the opening of the application lists" in this prospectus.

(3) You will not be permitted to submit your application through the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed "How to Apply for Hong Kong Offer Shares — Applying by Giving Electronic Application Instructions to HKSCC via CCASS — Effect of Giving Electronic Application Instructions to HKSCC via CCASS" in this prospectus.

(5) The Price Determination Date is expected to be on or around Friday, November 21, 2014 and, in any event, not later than Wednesday, November 26, 2014, or such other date as agreed between parties. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company by Wednesday, November 26, 2014, or such other date as agreed between parties, the Global Offering will not proceed and will lapse.

(6) e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications and in respect of wholly or partially successful applications if the Offer Price is less than the price per Offer Share payable on application.

IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

This prospectus is issued by us solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of making, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Hong Kong Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus for purposes of a public offering and the offering and sale of the Hong Kong Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. The Hong Kong Public Offering is made solely on the basis of the information contained and the representations made in this prospectus and the Application Forms. We have not authorized anyone to provide you with information that is different from that contained in this prospectus. Any information or representation not contained or made in this prospectus and the Application Forms must not be relied on by you as having been authorized by us, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of our or their respective directors, officers, employees, agents or representatives of any of them or any other parties involved in the Global Offering. Information contained on our website, located at www.mapleleaf.cn, does not form part of this prospectus.

CONTENTS

This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read the whole prospectus before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully in full before you decide to invest in the Offer Shares.

OVERVIEW

We are the largest international high school operator and the largest international school operator in China, as measured by student enrollment at the end of the 2010/2011, 2011/2012, 2012/2013 and 2013/2014 school years, according to the Frost & Sullivan Report. We have a 19-year track record in providing a comprehensive education that immerses our students in both Chinese and Western cultures. According to the BCMOE, our Dalian Maple Leaf High School was the first-ever offshore high school which has been granted certification status under the British Columbia Global Education Program—Offshore Schools. As of the Latest Practicable Date, we operated seven high schools, 10 middle schools, nine elementary schools, 12 preschools and two foreign national schools across nine cities in China. We had an approximately 9.0% market share in the highly fragmented international high school market in China and an approximately 7.6% market share in the international school market in China, as measured by student enrollment at the end of the 2013/2014 school year, according to the Frost & Sullivan Report.

The core component of our business is a bilingual, dual-curriculum and dual-diploma high school education that is unique among the top 10 international school operators in China as measured by student enrollment at the end of the 2013/2014 school year. It enables graduates of our PRC and BC certified schools to receive both a fully accredited BC high school diploma and a PRC high school diploma. We strive to offer our students a pathway into universities and colleges around the world. In each of the 2010/2011, 2011/2012 and 2012/2013 school years, based on our estimates, over 90% of our high school graduates were admitted to universities and colleges around the world. In the same school years, based on our estimates, approximately 44%, 38% and 47% of our high school graduates, respectively, were admitted to the World Top 100 Universities. In the 2013/2014 school year, based on our estimates, over 95% of our high school graduates were admitted to universities and colleges around the world and approximately 51% of our high school graduates were admitted to the World Top 100 Universities. Our overall student enrollment was approximately 9,120, 10,509, 11,697 and 13,459 as of the end of the 2010/2011, 2011/2012 and 2012/2013 school years and May 31, 2014, respectively. For the financial years ended August 31, 2011, 2012 and 2013 and the nine months ended May 31, 2014, our revenue was RMB346.1 million, RMB413.5 million, RMB471.2 million and RMB365.5 million, respectively, out of which RMB304.7 million, RMB367.1 million, RMB406.0 million and RMB340.9 million, respectively, was generated from tuition fees. Dalian is particularly important to our overall business, as it is our headquarters and the home of our largest campus in terms of the number of students, revenue and profit. It contributed approximately 69.2%, 63.8%, 57.2% and 45.0% of our revenue and approximately 72.1%, 66.0%, 57.6% and 46.7% of our student enrollment for the financial years ended August 31, 2011, 2012, 2013 and the nine months ended May 31, 2014, respectively.

We believe that our schools also contribute to the local economies of the cities in which we operate by creating employment opportunities, stimulating the local real estate industry, assisting the local governments to attract foreign investment and foreign talent, and adding to the diversity of the local community. As a result, since 2012, we have, in part, implemented our expansion plan pursuant to an asset-light approach by partnering with third parties, in particular local governments, to develop new schools. Under our agreements with local governments, the governments are responsible for acquiring campus sites and building school premises, which we believe enables us to achieve a higher return on capital.

Educational Philosophy

Our fundamental educational philosophy is to combine the strengths of Chinese and Western education systems to provide our students with a bilingual and bi-cultural education. We embrace both the rigorous preparation and thorough practice that are the focus of the Chinese education system and the creative thinking and innovative teaching methods promoted by the Western education system. We emphasize the importance of solid academic performance in core subject areas such as mathematics, science, languages and history, while at the same time encouraging our students to explore individual interests and nurturing student creativity, communication skills, independent thinking and social responsibility, to enable students to thrive in the future.

Our Schools

We operate all of our schools under our "Maple Leaf" brand. An important element of our educational services is a bilingual learning environment. We design our classes according to the specific linguistic needs of the students at each grade level and build their English language skills as they progress from elementary school to middle school, with the aim of achieving English fluency by high school. In addition, as private schools, we have more flexibility in offering courses which are unavailable in public schools in response to popular student or parent demand. These courses, such as calligraphy, dance, debate and music, emphasize creativity, critical thinking and a deeper appreciation of traditional Chinese and Western cultures. We also offer students the opportunity to participate in a variety of after-school programs and club events, including sports and life skills building projects that supplement classroom teaching.

Maple Leaf High Schools

As of the Latest Practicable Date, we operated seven high schools in Dalian, Wuhan, Tianjin, Chongqing, Zhenjiang, Luoyang and Shanghai, respectively. Our high schools had a total of approximately 5,903 students as of May 31, 2014. Our high schools are open to PRC citizens and foreign nationals and offer a dual-curriculum program that enables our students to count the BC courses they take toward the PRC high school diploma. In order to ensure that our students are eligible for both BC and PRC high school diplomas, each of our high schools must receive both BC and PRC certifications and obtain approvals from relevant provincial level educational authorities in China for delivering a dual-curriculum and dual-diploma program. For more information about the BC and PRC certification status of our schools and the requirements and processes of application to and pre-certification and certification by the BCMOE, see the sections headed "Business — Our Schools — Maple Leaf High Schools" and "BC Global Education Program Certification and Inspection Requirements" in this prospectus. The curriculum we have developed for our high schools consists of two types of subjects — those required under the BC high school system and those required under the PRC high school system. The subjects required under the BC education system encompass eight fields: (i) English; (ii) mathematics; (iii) sciences; (iv) humanities; (v) arts; (vi) physical education; (vii) applied skills and (viii) college-bound electives such as applied sciences, acting, psychology, economics, marketing and accounting. All these subjects are taught in English by our BC-certified teachers using BC teaching materials. The courses required by the PRC educational authorities are Chinese language and social studies (Chinese history, geography and politics), which are taught by our PRC-certified teachers in Mandarin and can be used to count toward the BC high school diploma. For students who are not ready for the English intensive environment of the full BC high school program, we offer ESL courses which allow them to earn elective credits towards their BC high school diploma while increasing their English proficiency in an academically-motivated environment.

Maple Leaf Middle Schools, Elementary Schools, Preschools and Foreign Schools

As of the Latest Practicable Date, we operated 10 middle schools, nine elementary schools, 12 preschools and two Foreign Schools in nine cities throughout China. Our middle schools, elementary schools, preschools and Foreign Schools had approximately 2,926 students, 2,711 students, 1,702 students and 217 students, respectively, as of May 31, 2014. Our middle schools and elementary schools offer full PRC curriculum required by the PRC compulsory education system as well as English enhancement classes taught by ESL teachers. We carefully tailor our middle school and elementary school programs in line with the BC program offered in our high schools, with a focus on the all-around development of students and an emphasis on academic English development. Our preschools focus on developing an active and healthy learning environment that helps develop an inquisitive mind and emphasize fun in the process of learning. Our Foreign Schools has been granted certification status under the British Columbia Global Education Program—Offshore Schools, and offer K-9 education to foreign nationals.

We also have additional school campuses in various stages of development in Tianjin, Pingdingshan, Pinghu, Yiwu and Xi'an, respectively. For further details of our schools, including our schools under development, please refer to pages 130 to 142 of the prospectus.

Other Services

We have put in place the following services to encourage and support the success of our students:

- *Summer and winter camps and tours.* We organize English immersion camps in Canada, Australia and the United States for students in grades nine and below. We also offer high school students university tours overseas during the summer and winter breaks.
- *Graduation consulting center.* We assist our high school students with their university and college applications and guide them through the admissions process for overseas post-secondary institutions. We also help our students with the immigration process for overseas studies, and provide services such as obtaining visas, scholarships and off-campus housing.
- *Orca Center.* We offer top students who aim to enroll in leading universities personalized college counseling services and help them obtain offers and financial aid from top universities. We also provide on-campus SAT training and test taker escorting services to our students who are interested in applying universities/colleges in the United States.

Our Students

We seek students who are broad-minded, eager to embrace cultures and change, and enthusiastic about learning and expanding their academic horizons. Our high school admissions process is selective and seeks to enroll students with strong English skills and high learning potential. In each of the 2010/2011, 2011/2012 and 2012/2013 school years, based on our estimates, over 90% of our high school graduates were admitted to universities and colleges around the world, primarily in Canada and the United States, which represents over 60% and 15% of our total high school graduates, respectively. In the 2013/2014 school year, based on our estimates, over 95% of our high school graduates were admitted to universities and colleges around the world. Our middle and elementary schools endeavor to enroll students who seek an interactive and vigorous learning environment with an emphasis on academic English development and who are interested in attending our high schools or high schools overseas. In each of the 2010/2011, 2011/2012 and 2012/2013 school years, over 70% of our elementary school graduates enrolled in our middle school programs and over 70% of our middle school graduates chose to attend our high schools. We employ a range of marketing and recruiting methods to attract students and increase enrollment at our schools. See the section headed "Business — Marketing and Student Recruitment" in this prospectus.

Our Teachers

As of May 31, 2014, we had a team of approximately 1,272 teachers, including approximately 306 BC-certified teachers, approximately 834 PRC-certified teachers and approximately 56 ESL teachers. We seek to employ teachers who have strong commands of the subject areas they teach, sound social and communication skills and who are open to new educational theories and creative teaching methods which we may implement from time to time. All of our BC-certified teachers are certified by the BCMOE.

OUR STRENGTHS

We believe that the following are our key competitive strengths that have contributed significantly to our success and differentiate us from our competitors:

- The largest international school operator in China with extensive experience;
- Reputable brand and pathway into world class universities and colleges;
- Well-established bilingual, dual-curriculum and dual-diploma education;
- Full range of K-12 bilingual education creating high business visibility; and
- Centralized operation led by experienced management team.

Please refer to pages 126 to 128 of this prospectus for details of our strengths.

OUR STRATEGIES

Our goal is to maintain and further strengthen our position as the leading international school operator in China. We intend to pursue the following growth strategies to achieve our goal:

- Further expand our school network in China and abroad, in particular through cooperation;
- Increase school utilization;
- Optimize pricing at our schools; and
- Continue to provide premium quality education and promote our brand name.

Please refer to pages 128 to 129 of this prospectus for details of our strategies.

Major Development Milestones

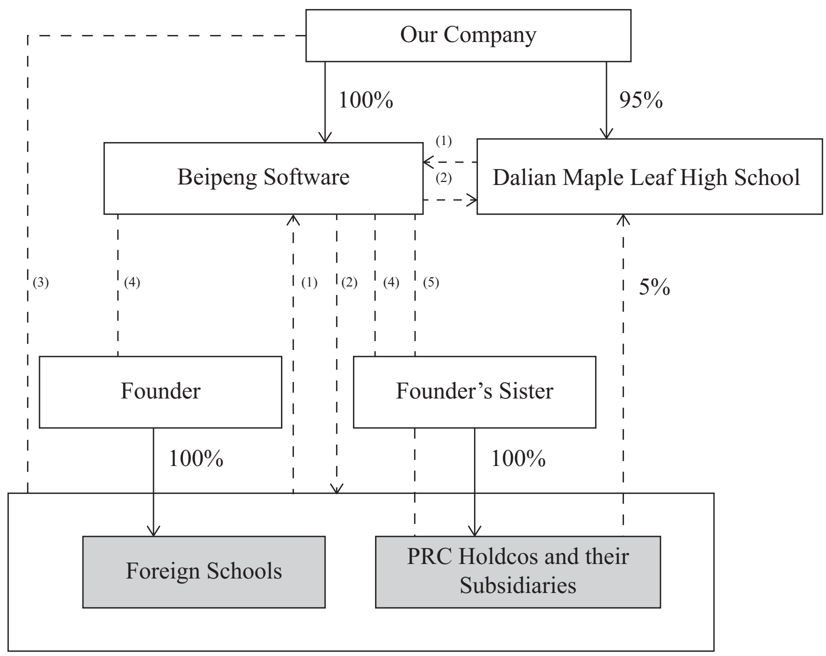
September 1996	Dalian Maple Leaf International School (Middle School and Elementary School) opened in Jinshitan, Dalian
April 1998	Dalian Maple Leaf High School granted certification status under British Columbia Global Education Program — Offshore Schools
June 1999	The first graduating class from Dalian Maple Leaf High School received their high school diplomas
September 2007	Wuhan Maple Leaf International School (High School) opened
September 2008	Tianjin Taida Maple Leaf International School (High School, Middle School and Elementary School) opened
September 2012	Henan Maple Leaf International School (Middle School and Elementary School), our first schools jointly developed with a local government, opened

CONTRACTUAL ARRANGEMENTS

Overview of the Contractual Arrangements

PRC laws and regulations currently prohibit foreign ownership of elementary and middle schools in China. Furthermore, although PRC laws and regulations allow foreign investment in foreign national schools, preschools and high schools, government authorities either impose restrictions in this respect or, as a matter of policy, withhold approval for such ventures altogether. As a result, we conduct a substantial portion of our business through our consolidated affiliated entities in China. We do not hold any equity interests in our consolidated affiliated entities. Rather, through a series of Contractual Arrangements, we effectively control these consolidated affiliated entities and are able to derive substantially all of their economic benefits, and expect to continue to do so. In addition, our PRC Legal Counsel is of the view that the Contractual Arrangements are, save for dispute resolution clauses of the Contractual Arrangements in connection with injunctive relief as disclosed on page 223 of this prospectus, collectively and individually, valid, legal and binding and do not contravene the relevant PRC Laws and regulations. See the section headed "Contractual Arrangements" in this prospectus.

The following simplified diagram illustrates the flow of economic benefits from our consolidated affiliated entities to our Group stipulated under the Contractual Arrangements:



Notes:

1. Payment of service fees, see the section headed "Contractual Arrangements — Exclusive Management Consultancy and Business Cooperation Agreements" in this prospectus.
2. Provision of services, see the section headed "Contractual Arrangements — Exclusive Management Consultancy and Business Cooperation Agreements" in this prospectus.
3. Exclusive call option to acquire all or part of the equity interest in the Consolidated Affiliated Entities, see the section headed "Contractual Arrangements — Call Option Agreements" in this prospectus.
4. Power of attorney to exercise all shareholders' rights in the Consolidated Affiliated Entities, see the section headed "Contractual Arrangements — Powers of Attorney" in this prospectus.
5. Pledge of all the equity interest in the PRC Holdcos, see the section headed "Contractual Arrangements — Equity Pledge Agreement" in this prospectus.
6. "__________" denotes direct legal and beneficial ownership in the equity interest.
   "_ _ _ _ _ _ _" denotes Contractual Arrangements.
7. ☐ denotes our consolidated affiliated entities.

Risks Related to the Contractual Arrangements

Our PRC Legal Counsel is of the opinion that the Contractual Arrangements are narrowly tailored to minimize the potential conflict with relevant PRC laws and regulations. However, there can be no assurance that the Contractual Arrangements will be determined by the PRC government to be in compliance with applicable PRC laws, rules, regulations or policies in the future. If the Contractual Arrangements are found to be in violation of any applicable PRC laws or regulations, the relevant regulatory authorities may impose various sanctions that could have a material adverse impact on our business. Furthermore, we may be subject to the risk of relevant government authorities deeming the service fee payments under the Contractual Arrangements as a means of circumventing the selection made by the sponsors of our schools not to require a "reasonable return", which may result in our schools ceasing to enjoy the tax exemptions they currently enjoy by virtue of being schools for which the sponsors do not require reasonable returns. We strongly urge you to read the section headed "Risk Factors" in its entirety, including "Risk Factors — Risks Relating to Our Contractual Arrangements" for details of risks relating to the Contractual Arrangements.

OUR SHAREHOLDING STRUCTURE

The Controlling Shareholders

Immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment is not exercised and no Shares are issued under the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme or the RSU Scheme), the Founder and Sherman Investment collectively will be our Controlling Shareholders directly and beneficially interested in approximately 53.81% of our issued share capital. Sherman Investment is a holding company incorporated in the BVI that is wholly-owned by the Founder. Our Directors are satisfied that our Group is capable of carrying on its business independently of the Controlling Shareholders and their associates after the Listing. See the section headed "Relationship with our Controlling Shareholders" in this prospectus.

Pre-IPO Investors

Our Company and Sequoia Capital China Growth Fund I, L.P. entered into the Preferred Share Purchase Agreement on February 29, 2008. Pursuant to the Preferred Share Purchase Agreement, Sequoia Capital China Growth Fund I, L.P., subject to certain terms and conditions, agreed to subscribe for 18,000,000 Preferred Shares for an aggregate consideration of RMB180,000,000. On May 9, 2008, Sequoia Capital China Growth Fund I, L.P. transferred 1,926,000 and 370,800 Preferred Shares to Sequoia Capital China GF Principals Fund I, L.P. and Sequoia Capital China Growth Partners Fund I, L.P. both for nil consideration. Our then Directors were of the view that our Company could benefit from the additional capital and the possibility that our Company could take advantage of the Pre-IPO Investors' knowledge and experience. Upon the completion of the Pre-IPO Investment, Sequoia Capital China held approximately 20% of the then-issued share capital of our Company. The net proceeds from the Pre-IPO Investment have been fully utilized for working capital, business expansion and other corporate purposes. Immediately after the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme or the RSU Scheme), Sequoia Capital China will hold approximately 17.18% of the total share capital in issue of the Company. See the section headed "History and Corporate Structure — Pre-IPO Investment" in this prospectus.

Employee Share Incentive Plans

In order to incentivize our Directors, senior management and other employees for their contribution to the Group and to attract and retain suitable personnel to our Group, we adopted the Pre-IPO Share Option Scheme on April 1, 2008 and conditionally adopted the Post-IPO Share Option Scheme and RSU Scheme on November 10, 2014. As of the Latest Practicable Date, 2,515,000 share options to subscribe for an aggregate of 26,927,387 Shares, as adjusted pursuant to the Capitalization Issue, upon the full exercise of which representing approximately 1.98% of the enlarged issued share capital of our Company upon the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and no further Shares are issued under the Post-IPO Share Option Scheme or the RSU Scheme) had been granted to 52 grantees under the Pre-IPO Share Option Scheme, six of whom are Directors and three of whom are members of the senior management team of our Company. No consideration was paid by any of the grantees for any share options granted by us to them. As of the Latest Practicable Date, none of the grantees had exercised any of the options granted to them pursuant to the Pre-IPO Share Option Scheme.

See the sections headed "Appendix VI — Statutory and General Information — Further Information about Our Company — Pre-IPO Share Option Scheme", "Appendix VI — Statutory and General Information — Further Information about Our Company — Post-IPO Share Option Scheme" and "Appendix VI — Statutory and General Information — Further Information about Our Company — RSU Scheme" to this prospectus.

PREVIOUS LISTING ATTEMPT

We submitted an application for the listing of our American depositary shares on the Nasdaq Global Market in 2011 and voluntarily suspended the U.S. listing attempt in October 2011 due to unfavorable capital markets conditions in the United States at the time. We had addressed all of the comments raised by the SEC in relation to the attempted U.S. listing, except for eight additional comments issued by the SEC on November 15, 2011. Our Directors take the view that: (i) to the extent any disclosure in this Prospectus should be made to address the SEC comments which are relevant to the Track Record Period, such disclosure has been made in this Prospectus for investors to form an informed assessment of us in the context of the Listing; (ii) there is nothing in relation to the previous U.S. listing attempt and relevant to the Listing which would affect our suitability for the Listing; and (iii) there was nothing in the eight additional comments or in the course of our U.S. listing application that was material to the effect that it would have resulted in the SEC preventing us from proceeding with our U.S. listing attempt should we have chosen to proceed with it. For more information, see the headed "History and Corporate Structure — Previous Listing Attempt" in this prospectus.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following tables set forth a summary of our financial information for the financial years ended August 31, 2011, 2012 and 2013 and the nine months ended May 31, 2014, and should be read in conjunction with our financial information included in the Accountants' Report set out in Appendix I to this prospectus, including the notes thereto. The summary financial information has been prepared in accordance with the IFRS. Fluctuations in our financial results during the Track Record Period were primarily caused by changes in the number of students enrolled at our existing schools and the opening of new schools. For more information, see the section headed "Financial Information" in this prospectus.

Consolidated Statements of Comprehensive Income

	For the Year Ended August 31,			For the Nine Months Ended May 31,	
	2011	2012	2013	2013	2014
	(RMB'000)				
				(Unaudited)	
Revenue	346,091	413,459	471,219	325,470	365,549
Cost of revenue	(189,687)	(222,342)	(268,751)	(186,134)	(215,083)
Gross profit	156,404	191,117	202,468	139,336	150,466
Operating profit(1)	108,287	128,774	125,464	82,111	86,363
(Loss) profit for the year/period	(38,230)	93,968	33,182	22,218	37,728
Adjusted net profit(2)	88,123	106,265	105,343	68,319	58,555

Note:

(1) Operating profit is calculated as gross profit minus marketing expenses, and then minus administration expenses.

(2) The following table reconciles our adjusted net profit for the periods presented to net profit, the most directly comparable financial measure calculated and presented in accordance with IFRS:

	For the Year Ended August 31,			For the Nine Months Ended May 31,	
	2011	2012	2013	2013	2014
	(RMB'000)				
				(Unaudited)	
(Loss) profit for the year/period	(38,230)	93,968	33,182	22,218	37,728
Add					
Share-based payments	353	72	31	16	—
Change in fair value on redeemable convertible preferred shares	104,040	10,440	63,720	40,860	59,642
Change in fair value on warrants	21,960	1,785	8,410	5,225	3,695
Gain on cancellation of warrants	—	—	—	—	(42,510)
Adjusted net profit	88,123	106,265	105,343	68,319	58,555

Selected Consolidated Balance Sheet Items

	As of August 31, 2011	2012	2013	As of May 31, 2014
	(RMB'000)			
Current assets	248,186	309,519	425,559	198,474
Current liabilities	1,000,341	1,014,100	1,263,199	1,065,397
Total assets	1,328,284	1,470,390	1,827,888	1,620,745
Total liabilities	1,038,213	1,086,157	1,410,246	1,164,657
Share capital	511	511	511	511
Reserves	289,560	383,722	417,131	455,577
Total equity	290,071	384,233	417,642	456,088

Consolidated Statements of Cash Flows

We recorded negative cash flows from operating activities as of May 31, 2014, primarily due to a decrease in deferred revenue, which represented the portion of the deferred tuition income that was recognized over the nine months ended May 31, 2014. For more information, see the section headed "Financial Information — Liquidity and Capital Resources" in this prospectus.

	For the Year Ended August 31, 2011	2012	2013	For the Nine Months Ended May 31, 2014
	(RMB'000)			
Net cash from (used in) operating activities	235,667	216,782	250,274	(82,000)
Net cash used in investing activities	(154,498)	(74,256)	(227,201)	(75,620)
Net cash from (used in) financing activities	23,786	(80,379)	89,346	(72,722)
Cash and cash equivalents at end of the year/period, representing bank balances and cash	234,903	297,036	409,303	179,088

Key Financial Ratios

	For the Year Ended August 31, 2011	2012	2013	For the Nine Months Ended May 31, 2014
Gross profit margin	45.2%	46.2%	43.0%	41.2%
Net profit margin	-11.0%	22.7%	7.0%	10.3%
Return on equity(1)	-13.2%	24.5%	7.9%	11.1%
Return on total assets(2)	-2.9%	6.4%	1.8%	3.1%
Adjusted return on invested capital(3)	10.3%	11.8%	9.5%	7.0%
Current ratio(4)	0.25	0.31	0.34	0.19
Gearing ratio(5)	80.5%	44.2%	65.8%	49.1%
Adjusted gearing ratio(6)	39.1%	24.2%	34.4%	25.0%
Interest coverage ratio(7)	-1.05	7.77	3.65	4.61

Notes:

(1) Return on equity is calculated as (loss)/profit for the year/nine-month period (as annualized by multiplying by 365/273) divided by shareholders' equity for the respective year or period.

(2) Return on total assets is calculated as (loss)/profit for the year/nine-month period (as annualized by multiplying by 365/273) divided by total assets for the respective year or period.

(3) Adjusted return on invested capital is calculated as the sum of (loss) profit, share-based payments, change in fair value on preferred shares, change in fair value on warrants and gain on cancellation of warrants for the year/nine-month period (as annualized by 365/273) minus dividend divided by sum of borrowings, Preferred Shares, warrants and total equity for the respective year or period.

(4) Current ratio is calculated as current assets divided by current liabilities as of the end of the respective year or period.

(5) Gearing ratio is calculated as total borrowings divided by total equity as of the end of the respective year or period.

(6) Adjusted gearing ratio is calculated as total borrowings divided by total equity plus Preferred Shares for the respective year or period.
(7) Interest coverage is calculated as profit before tax and interest expense divided by interest expense for the respective year or period.

NET CURRENT LIABILITIES AND WORKING CAPITAL SUFFICIENCY

As of August 31, 2011, 2012 and 2013 and May 31 and September 30, 2014, we had net current liabilities of approximately RMB752.2 million, RMB704.6 million, RMB837.6 million, RMB866.9 million and RMB389.9 million, respectively, primarily due to amounts relating to tuition fees being recognized as deferred revenue, amounts recognized as other payables and bank borrowings and the Preferred Shares we issued being recognized as a current liability. Our Preferred Shares will automatically convert into our Ordinary Shares upon the Listing. We will use approximately 24% of the proceeds from the Global Offering to repay bank loans. In addition, we recorded negative operating cash flow of approximately RMB82.0 million in the nine months ended May 31, 2014, primarily due to a decrease in deferred revenue and a decrease in other payables and accrued expenses, which represented the portion of deferred revenue and miscellaneous expenses received from students that were recognized over the period. For additional information on our liquidity position, see the sections headed "Financial Information — Net Current Assets and Liabilities" and "Financial Information — Liquidity and Capital Resources" in this prospectus. Our Directors believe that our cash, the anticipated cash flow from operations, bank borrowings and the net proceeds from the Global Offering will be sufficient to meet our anticipated cash needs for at least twelve months from the date of this prospectus.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

As of June 30, 2014, our overall student enrollment was approximately 13,513, and the overall utilization rate of our schools was approximately 60.1%. Our Directors confirm that since May 31, 2014 (being the date to which the latest audited consolidated financial information of our Group was prepared) and up to the Latest Practicable Date, there had been no material change in the industry in which we operate or to our business and financial condition that would materially affect the information shown in our consolidated financial statements included in the Accountants' Report set forth in Appendix I to this prospectus. During the same periods, our results of operations were largely in line with our expectations.

We have prepared the consolidated financial information for the financial year ended August 31, 2013. The following tables set forth summaries of the key consolidated financial information of our Group for the years ended August 31, 2013 and 2014.

Consolidated Statements of Profit and Loss and Other Comprehensive Income

	Year ended August 31,	
	2014	2013
	(RMB'000)	
Revenue	540,269	471,219
Cost of revenue	(305,148)	(268,751)
Gross profit	235,121	202,468
Operating profit(1)	138,884	125,464
Profit for the year	40,036	33,182
Adjusted net profit(2)	104,879	105,343

Note:

(1) Operating profit is calculated as gross profit minus marketing expenses, and then minus administration expenses.

(2) The following table reconciles our adjusted net profit for the periods presented to net profit, the most directly comparable financial measure calculated and presented in accordance with IFRS:

	Year ended August 31,	
	2014	2013
	RMB'000	RMB'000
Profit for the year	40,036	33,182
Add:		
Share-based payments	8,560	31
Change in fair value on redeemable convertible preferred shares	91,812	63,720
Loss on modification of redeemable convertible preferred shares	3,286	—
Change in fair value on warrants	3,695	8,410
Gain on cancellation of warrants	(42,510)	—
Adjusted net profit	104,879	105,343

Consolidated Statements of Financial Position

	As of August 31,	
	2014	2013
	(RMB'000)	
Current assets	570,699	425,559
Current liabilities	962,382	1,263,199
Total assets	2,007,705	1,827,888
Total liabilities	1,504,471	1,410,246
Share capital	511	511
Reserves	466,723	417,131
Total equity	467,234	417,642

See the sections headed "Appendix III — Consolidated Financial Information of the Company for the Financial Year Ended August 31, 2014" to this prospectus for further discussion.

LISTING-RELATED EXPENSE INCURRED AND TO BE INCURRED

Assuming an offer price of HK$2.65 per Share (being the mid-point of the indicative Offer Price range stated in this prospectus), the total estimated listing related expenses in relation to the Global Offering is approximately HK$92.1 million or RMB73.3 million without taking into account any additional discretionary incentive fee, of which RMB14.2 million were charged to profit and loss during the Track Record Period. For the remaining expenses, we expect to charge RMB16.9 million to our profit and loss and the balance of RMB42.2 million to be capitalized.

GLOBAL OFFERING STATISTICS

All statistics in the following table are based on the assumptions that (i) the Capitalization Issue and the Global Offering have been completed and 334,000,000 Shares are newly issued in the Global Offering; (ii) the Over-allotment Option are not exercised; (iii) no Shares have been issued pursuant to the Pre-IPO Share Option Scheme and (iv) 1,334,000,000 Shares are issued and outstanding following the completion of the Capitalization Issue and the Global Offering.

	Based on an Offer Price of HK$2.23	Based on an Offer Price of HK$3.07
Market capitalization	HK$2,974.8 million	HK$4,095.4 million
Unaudited pro forma adjusted net tangible assets per Share	HK$1.13	HK$1.37

For the calculation of the unaudited pro forma adjusted net tangible asset value per Share, see "Appendix II — Unaudited Pro Forma Financial Information" to this prospectus.

FUTURE PLANS AND USE OF PROCEEDS

The payment and the amount of any future dividends will be at the sole discretion of our Board of Directors and will also depend on factors such as our results of operations, cash flow, capital requirements, general financial condition, contractual restrictions, future prospects and other factors that our Board of Directors deem relevant.

We estimate that we will receive net proceeds from the Global Offering of approximately HK$793.0 million after deducting underwriting commission and other estimated expenses paid and payable by us in the Global Offering without taking into account any additional discretionary incentive fee, assuming no Over-allotment Option is exercised and an Offer Price of HK$2.65 per Share, being the mid-point of the indicative Offer Price range of HK$3.07 to HK$2.23 per Share. We intend to use the net proceeds we will receive from this offering for the following purposes:

- approximately 30% (approximately HK$237.9 million) to apply towards the expansion of our school network, in particular by developing new schools on our own in major cities in China;
- approximately 10% (approximately HK$79.3 million) to apply towards the maintenance, renovation and upgrade of our existing schools, such as the boys' schools on our Dalian campus;
- approximately 26% (approximately HK$206.2 million) to apply towards the acquisition of schools, except for foreign national schools and preschools, in major cities in China to supplement our school network. We will consider various factors in selecting acquisition targets, including, among other things, the general socio-economic condition of the city in which a target school is located, the demand for international education in such city and its neighboring areas and the level of government support in promoting international education. We plan to open new schools using the premises and land acquired from the target schools. We do not intend to jointly operate such new schools with the relevant original school operators. We expect to be the sole sponsor of each of these new schools and have exclusive rights to operate each new school. We expect to consolidate the new schools into our Group using the same Contractual Arrangements. As of the Latest Practicable Date, we had not identified any specific acquisition target or confirmed the number and type of schools to be acquired or the timeframe for incurring the acquisition expenditure;
- approximately 24% (approximately HK$190.3 million) to repay certain of our bank loans: and
- approximately 10% (approximately HK$79.3 million) as our working capital.

DIVIDEND POLICY

We have never declared or paid any dividends on our Shares. We have no present plan to declare and pay any dividends on our shares or Shares in the near future. See the section headed "Financial Information — Dividend Policy" in this prospectus.

RISK FACTORS

We believe that there are certain risks and uncertainties involved in our operations, some of which are beyond our control. Major risks we face include, among others, the following:

- Our business depends in large part on the number of students we are able to enroll in our schools;
- Our business depends on the market recognition of our "Maple Leaf" brand;
- Our business depends on our ability to maintain or raise the tuition levels we charge at our schools;

- If we fail to obtain or renew PRC or BC certification or requisite PRC government approvals, we will not be able to continue to offer the corresponding high school diploma under the PRC or BC education systems to our high school graduates;
- Parents and students may become less interested or lose interest in the BC high school diploma or the BC Global Education Program;
- Competition in the education industry sectors that we serve could lead to pricing pressures, reduced operating margins, loss of market share, departure of key employees and increased capital expenditures;
- Our business depends on our ability to recruit and retain dedicated and capable teachers and other school personnel;
- If the PRC government finds that the agreements that establish the structure for operating our business in China do not comply with applicable PRC laws and regulations, we could be subject to severe penalties and our business may be materially and adversely affected; and
- Our contractual arrangements may not be as effective in providing control over our consolidated affiliated entities as equity ownership.

Please refer to pages 26 to 56 of this prospectus for details of our risk factors.

PROPERTY VALUATION

According to the property valuation report prepared by DTZ Debenham Tie Leung Limited, an independent valuer, as contained in Appendix IV to this prospectus, the value of the properties we owned and occupied in Dalian as at August 31, 2014 was approximately RMB113.0 million and the value of the properties held by us for investment in Dalian as at the same date was approximately RMB55.0 million. For detailed information on the valuation of our properties in Dalian, including major assumptions for the valuation, please refer to pages IV-1 to IV-9 of this prospectus. For risks associated with the assumptions made in the valuation of our properties in Dalian, please refer to the paragraph headed "Risk Factors — Risks relating to our business and industry — The appraised value of our properties in Dalian may be different from their actual realizable value and are subject to change" on page 33 of this prospectus.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period, we breached the relevant requirements for making contributions to the social insurance plans and housing provident fund for our employees. Please see the section headed "Business — Legal Proceedings and Compliance" in this prospectus for further details.

In this prospectus, unless the context otherwise requires, the following words and expressions shall have the following meanings.

"Administrative Measures"	the Interim Administrative Measures on the Operation of Schools for Children of Foreign Nationals promulgated by the State Education Commission (the former MOE) on April 5, 1995 and amended on December 13, 2010
"affiliate"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"Amy Yan" or "Ms. Amy Yan"	Ms. Amy Mei Chen Yan (嚴美晨), a Hong Kong citizen and the spouse of the Founder
"Application Form(s)"	**WHITE** Application Form(s), **YELLOW** Application Form(s) or **GREEN** Application Form(s), individually or collectively, as the context so requires, any of them, which is used in relation to the Hong Kong Public Offering
"Articles" or "Articles of Association"	the articles of association of our Company adopted on November 10, 2014 and effective from the Listing Date, as amended from time to time, a summary of which is set out in the section headed "Appendix V — Summary of the Constitution of the Company and Cayman Islands Company Law and Taxation" to this prospectus
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audited Financial Statements"	the audited consolidated financial statements of our Group for the financial years ended August 31, 2011, 2012 and 2013 and the nine months ended May 31, 2014 as included in the section headed "Appendix I — Accountant's Report" to this prospectus
"BC"	British Columbia, Canada
"BC-accredited"	accredited by the BCMOE
"BC-certified"	certified by the BCMOE
"BC certification"	certification under the BC Global Education Program
"BC Global Education Program"	an international education program administered by the BCMOE, under which qualified grade 12 schools which are located outside of Canada have the authority to offer educational programs at the school leading to British Columbia Certificates of Graduation
"BCMOE"	the Ministry of Education of British Columbia, Canada
"Bei Kai"	Bei Kai China Fund I, L.P., a limited liability partnership incorporated under the laws of the Cayman Islands on November 10, 2009, an Independent Third Party

"Beipeng Software"	Dalian Beipeng Educational Software Development Inc. (大連北鵬教育軟件開發有限公司), a company incorporated under the laws of the PRC on March 10, 2008 and an indirectly wholly-owned subsidiary of our Company
"Board" or "Board of Directors"	the Board of directors of our Company
"business day"	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
"BVI"	the British Virgin Islands
"CAD"	Canadian dollars, the lawful currency of Canada
"Capitalization Issue"	the issue of 906,600,668 Shares to be made upon the capitalization of part of the sum standing to the credit of the share premium account of our Company referred to in the section headed "Appendix VI — Statutory and General Information — Further Information about our Company — Changes in share capital of our Company" to this prospectus
"Cayman Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"China" or "PRC"	the People's Republic of China and for the purposes of this prospectus only, except where the context requires otherwise, references to China or the PRC exclude Hong Kong, Macau and Taiwan
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) effective from March 3, 2014, as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

"Company", "our Company", or "the Company"	China Maple Leaf Educational Systems Limited, a company incorporated in the Cayman Islands on June 5, 2007
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"consolidated affiliated entities" or "consolidated affiliated entity"	the entities that we control through the Contractual Arrangements, namely, Dalian Educational Group, Dalian Foreign School, and Wuhan Foreign School and the subsidiaries and affiliates controlled by those entities, namely, Dalian Maple Leaf International School (Middle School and Elementary School), Dalian Science and Education, Dalian Maple Leaf Fengqiao Preschool, Dalian Maple Leaf Lanxi Wenyuan Preschool, Dalian Maple Leaf Qianshan Xincheng Preschool, Dalian Maple Leaf Kaifaqu Preschool, Dalian Maple Leaf Xianghe Huayuan Preschool, Dalian Maple Leaf Sunshine Preschool, Dalian Maple Leaf Jiabao Preschool, Dalian Maple Leaf Jinhai Preschool, Dalian Maple Leaf Xiangzhou Preschool, Dalian Maple Leaf Zhonghua Mingcheng Preschool, Ordos Maple Leaf First Preschool, Wuhan Maple Leaf International School (High School) and Wuhan Maple Leaf School (Middle School and Elementary School), Zhenjiang Maple Leaf International School (High School, Middle School and Elementary School), Tianjin Taida Maple Leaf International School (High School, Middle School and Elementary School), Tianjin Huayuan Maple Leaf International School (Middle School and Elementary School) Chongqing Maple Leaf International School (High School, Middle School and Elementary School), Inner Mongolia Ordos Maple Leaf International School (Middle School and Elementary School), Shanghai Maple Leaf International School (High School and Middle School), Henan Maple Leaf International School (High School, Middle School and Elementary School), Pingdingshan Maple Leaf International School (Middle School and Elementary School) and Pingdingshan Maple Leaf International School Preschool
"Contractual Arrangements"	the series of contractual arrangements entered into by, among others, the Company, the Founder, Founder's Sister, Beipeng Software, Dalian Maple Leaf High School, Dalian Educational Group, Dalian Science and Education, Wuhan Foreign School and Dalian Foreign School, details of which are described in the section headed "Contractual Arrangements" in this prospectus.
"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and, in the context of this prospectus, means collectively the Founder and Sherman Investment
"CSRC"	the China Securities Regulatory Commission
"Dalian Educational Group"	Dalian Maple Leaf Educational Group Co., Ltd (大連楓葉教育集團有限公司), a company incorporated under the laws of the PRC on May 23, 2003 and a consolidated affiliated entity of our Company

"Dalian Foreign School"	Dalian Maple Leaf Foreign Nationals School (大連楓葉外籍人員子女學校), an entity established under the laws of the PRC on May 1, 2004 and a consolidated affiliated entity of our Company
"Dalian Maple Leaf High School"	Dalian Maple Leaf International School (High School) (大連楓葉國際學校), a Sino-foreign joint venture private school between Sherman (Holdings) Limited and, initially, China Shijiazhuang Yanshan Textile Corporation Limited established under the laws of the PRC on April 15, 1996
"Dalian Science and Education"	Dalian Maple Leaf Science and Education Co., Ltd (大連楓葉科教有限公司), a company incorporated under the laws of the PRC on January 9, 2003 and a subsidiary of Dalian Educational Group
"Director(s)"	the director(s) of our Company from time to time
"Foreign Investment Catalog"	the Foreign Investment Industries Guidance Catalog of 2011 (外商投資產業指導目錄 (2011), which was promulgated by NDRC and MOFCOM on December 24, 2011 and came into effect on January 30, 2012
"Foreign Schools"	Dalian Foreign School and Wuhan Foreign School
"Founder", "Mr. Sherman Jen" or "Mr. Jen"	Mr. Shu Liang Sherman Jen (任書良), a Canadian citizen and the founder, chairman and Co-CEO of our Company
"Founder's Sister"	Ms. Shu'E Ren (任書娥), a PRC citizen and the sister of the Founder
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market, research and consulting company which prepared the Frost & Sullivan Report
"Frost & Sullivan Report"	the report, written by Frost & Sullivan as commissioned by the Company containing an analysis of the PRC education industry and other relevant economic and statistical data, as referred in the section headed "Industry Overview" in this prospectus
"Global Offering"	the Hong Kong Public Offering and the International Placing
"GREEN Application Form(s)"	the application form(s) to be completed by the HK eIPO White Form Service Provider designated by our Company
"Group", "our Group", "the Group", "we", "us", or "our"	the Company, its subsidiaries and the consolidated affiliated entities from time to time or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"HK eIPO White Form"	the application for Public Offer Shares to be issued in the applicant's own name, submitted online through the designated website of the HK eIPO White Form Service Provider, **www.hkeipo.hk**

"HK eIPO White Form Service Provider"	the HK eIPO White Form service provider designated by us, as specified on the designated website of HK eIPO White Form at **www.hkeipo.hk**
"HKFRS"	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Offer Shares"	the 33,400,000 Shares initially being offered for subscription in the Hong Kong Public Offering (subject to reallocation as described in the section headed "Structure of the Global Offering" in this prospectus)
"Hong Kong Public Offering"	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) on the terms and subject to the conditions described in this prospectus and the Application Forms, as further described in the section headed "Structure of the Global Offering — The Hong Kong Public Offering" in this prospectus
"Hong Kong Securities and Futures Ordinance" or "SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Hong Kong Share Registrar"	Tricor Investor Services Limited
"Hong Kong Takeovers Code" or "Takeovers Code"	The Codes on Takeovers and Mergers and Share Repurchases issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering as listed in the section headed "Underwriting — Hong Kong Underwriters" in this prospectus
"Hong Kong Underwriting Agreement"	the underwriting agreement, dated November 17, 2014, relating to the Hong Kong Public Offering, entered into among the Joint Sponsors, the Joint Global Coordinators, the Hong Kong Underwriters, our Company, our Controlling Shareholders and the Founder's Sister, as further described in the section headed "Underwriting — The Hong Kong Public Offering" in this prospectus

"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"Independent Third Party(ies)"	a party that is not a connected person or an associate of a connected person
"International Placing"	the conditional placing of the International Placing Shares in the United States to QIBs in reliance on Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act and outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act, including to professional investors in Hong Kong and elsewhere, as further described in the section headed "Structure of the Global Offering" in this prospectus
"International Placing Shares"	the 300,600,000 Shares being initially offered for subscription under the International Placing together, where relevant, with any additional Shares that may be issued pursuant to any exercise of the Over-allotment Option, subject to adjustment as described in the section headed "Structure of the Global Offering" in this prospectus
"International Underwriters"	the underwriters of the International Placing
"International Underwriting Agreement"	the international underwriting agreement relating to the International Placing and expected to be entered into by the Joint Global Coordinators, the International Underwriters, our Company, our Controlling Shareholders and the Founder's Sister on or about November 21, 2014, as further described in the section headed "Underwriting — International Placing" in this prospectus
"Investors' Rights Agreement"	the investors' rights agreement date March 12, 2008, and as amended pursuant to an amendment to the investors' rights agreement dated March 25, 2014, entered into, inter alia, among our Company, and the Pre-IPO Investors governing certain rights of the Pre-IPO Investors in relation to our Company
"Joint Global Coordinators" or "Joint Bookrunners" or "Joint Lead Managers"	BNP Paribas Securities (Asia) Limited and CLSA Limited
"Joint Sponsors"	BNP Paribas Securities (Asia) Limited and CLSA Capital Markets Limited
"Latest Practicable Date"	November 11, 2014, being the latest practicable date for ascertaining certain information in this prospectus before its publication
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Committee"	the Listing Committee of the Stock Exchange

"Listing Date"	the date, expected to be on or about November 28, 2014, on which the Shares are listed and on which dealings in the Shares are first permitted to take place on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"M&A Rules"	the Rules on Acquisition of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定), a regulation with respect to the mergers and acquisitions of domestic enterprises by foreign investors that came into effect on September 8, 2006 and was amended on June 22, 2009
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
"Maple Leaf Educational Systems" or "BVI Holdco"	Maple Leaf Educational Systems Limited, a company incorporated under the laws of the BVI on April 28, 1992, and a wholly-owned subsidiary of the Company
"Memorandum" or "Memorandum of Association"	the memorandum of association of our Company adopted on November 10, 2014, as amended from time to time
"MOE"	the Ministry of Education of the PRC
"MOFCOM"	the Ministry of Commerce of the PRC
"NDRC"	the National Development and Reform Commission
"Offer Price"	the final price per Offer Share (exclusive of brokerage, SFC transaction levy and Stock Exchange trading fee), expressed in Hong Kong dollars, at which Hong Kong Offer Shares are to be subscribed for pursuant to the Hong Kong Public Offering and International Placing Shares are to be offered pursuant to the International Placing, to be determined as described in the section headed "Structure of the Global Offering — Pricing" in this prospectus
"Offer Share(s)"	the Hong Kong Offer Shares and the International Placing Shares together, where relevant, with any additional Shares to be sold by our Company pursuant to the exercise of the Over-allotment Option
"Ordinary Share(s)"	ordinary share(s) with par value of US$0.001 each in the share capital of our Company
"Over-allotment Option"	the option expected to be granted by our Company to the International Underwriters, exercisable by the Joint Global Coordinators on behalf of the International Underwriters for up to 30 days from the day following the last day for the lodging of applications under the Hong Kong Public Offering, to require our

	Company to allot and issue up to 50,100,000 additional new Shares (representing in aggregate 15% of the initial Offer Shares) to, among other things, cover over-allocations in the International Placing, if any, details of which are described in the section headed "Structure of the Global Offering — Over-Allotment Option" in this prospectus
"PBOC"	the People's Bank of China
"Post-IPO Share Option Scheme"	the share option scheme conditionally approved and adopted by our Company on November 10, 2014 to take effect from Listing, the principal terms of which are set out in the section headed "Appendix VI — Statutory and General Information — Further Information about Our Company — Post-IPO Share Option Scheme" to this prospectus
"PRC Holdcos"	Dalian Educational Group and Dalian Science and Education
"PRC Legal Counsel"	Tian Yuan Law Firm, a corporate law firm licensed to provide advice with respect to PRC laws headquartered in Beijing, China
"Preferred Shares"	the initial 18,000,000 redeemable convertible preferred shares with par value of US$0.001 each in the share capital of our Company issued in connection with the Pre-IPO Investment
"Preferred Share Purchase Agreement"	the agreement entered into by the Company and Sequoia Capital China Growth Fund I, L.P. dated February 29, 2008, as amended on March 25, 2014 pursuant to which Sequoia Capital China Growth Fund I, L.P., subject to certain terms and conditions, agreed to subscribe for the Preferred Shares, as further described in the section headed "History and Corporate Structure — Pre-IPO Investment" in this prospectus
"Pre-IPO Investment"	the pre-IPO investment in the Company undertaken by Sequoia Capital China pursuant to the Preferred Share Purchase Agreement, details of which are set out in the section headed "History and Corporate Structure — Pre-IPO Investment" in this prospectus
"Pre-IPO Investment Agreements"	the series of transaction documents, as amended, entered into, among others, by Sequoia Capital China and the Company in connection with the Pre-IPO Investment
"Pre-IPO Investors"	Sequoia Capital China Growth Fund I, L.P., Sequoia Capital China GF Principals Fund I, L.P. and Sequoia Capital China Growth Partners Fund I, L.P.
"Pre-IPO Share Option Scheme"	the share option scheme approved and adopted by our Company on April 1, 2008
"Price Determination Agreement"	the agreement to be entered into among our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) at or about the Price Determination Date to record and fix the Offer Price

"Price Determination Date"	the date, expected to be on or about November 21, 2014 and in any event no later than November 26, 2014, on which the Offer Price is to be fixed by an agreement between us and the Joint Global Coordinators (on behalf of the Underwriters)
"Principal Share Registrar and Transfer Office"	Maples Fund Services (Cayman) Limited PO Box 1093, Boundary Hall, Cricket Square, Grand Cayman, KY1-1102, Cayman Islands
"prospectus"	this prospectus being issued in connection with the Hong Kong Public Offering
"QIB"	a qualified institutional buyer as defined in Rule 144A
"QS"	Quacquarelli Symonds, a higher education ranking agency
"Qualified Public Offering"	the Company's sale of its Shares in a firm commitment underwritten public offering where the shares are subsequently traded on the Stock Exchange of Singapore, the Stock Exchange, the London Stock Exchange, one of the five largest exchanges in the European Union (as calculated by trading volume) or on any other exchange that is approved by the Board of Directors, and such offering involves (A) an offering price that is not less than three times the purchase price per Share paid by the Pre-IPO Investors (as adjusted for any share splits, share dividends, combinations, subdivisions, recapitalizations or the like) and (B) net cash proceeds to the Company (after underwriting discounts, commissions and fees) of at least US$50,000,000, or such public offering of the Shares of the Company otherwise approved by the Board of Directors including the affirmative vote of the Series A Director, as defined in the section headed "History and Corporate Structure" in this prospectus (which approval may, for the avoidance of doubt, be conditioned upon such public offering being completed within a time period specified in such approval) and the "consummation" of a Qualified Public Offering shall be deemed to have taken place on the date on which the final offer price per Share is agreed between the Company and the underwriters of the Qualified Public Offering
"Regulation S"	Regulation S under the U.S. Securities Act
"RMB" or "Renminbi"	Renminbi, the lawful currency of China
"RSU Scheme"	the scheme adopted by our Company to grant RSUs to our directors, executive officers, senior managers and employees and those of our Subsidiaries to take effect upon Listing. See the section headed "Appendix VI — Statutory and General Information — Further Information about Our Company — RSU Scheme" to this prospectus
"RSUs"	restricted share units
"Rule 144A"	Rule 144A under the U.S. Securities Act

"SAFE"	State Administration of Foreign Exchange of the PRC
"Scheme Shares"	the Shares to be issued to and held on trust by the Scheme Trustee pursuant to the RSU Scheme
"Scheme Trustee"	the trustee to be appointed to administer the RSU Scheme
"September 2012 State Council Decision"	the Decision of the State Council on the Six Batch of Cancelled and Modified Administrative Examination and Approval Items (國務院關於第六批取消和調整行政審批專案的決定), which was published on September 23, 2012
"Sequoia Capital China" or "Pre-IPO Investor(s)"	collectively, Sequoia Capital China Growth Fund I, L.P., an exempted limited partnership registered in the Cayman Islands, Sequoia Capital China GF Principals Fund I, L.P., an exempted limited partnership registered in the Cayman Islands and Sequoia Capital China Growth Partners Fund I, L.P., an exempted limited partnership registered in the Cayman Islands
"Series A Warrant"	the warrant to purchase additional Preferred Shares entered into by the Company and Sequoia Capital China Growth Fund I, L.P. dated March 12, 2008, as amended on December 13, 2008 pursuant to the Preferred Share Purchase Agreement, as further described in the section headed "History and Corporate Structure — Pre-IPO Investment" in this prospectus
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shareholder(s)"	holder(s) of our Share(s)
"Shareholders' equity"	Shares, retained earnings and accumulated other comprehensive income
"Share(s)"	Ordinary Share(s) and Preferred Share(s), and upon the completion of the Global Offering, Ordinary Share(s)
"Sherman Investment"	Sherman Investment Holdings Limited, a company incorporated under the Laws of the BVI on April 13, 2007 and wholly-owned by the Founder
"Sino-Foreign Regulation"	the Regulation on Sino-Foreign Cooperation in Operating Schools (中華人民共和國中外合作辦學條例), promulgated by the State Council in 2003 and amended on July 18, 2013
"Stabilization Manager"	BNP Paribas Securities (Asia) Limited
"State Council"	the State Council of the PRC
"Stock Borrowing Agreement"	the stock borrowing agreement expected to be entered into between the Stabilization Manager and Sherman Investment on or about the Price Determination Date pursuant to which Sherman Investment will agree to lend to the Stabilization Manager up to 50,100,000 Shares on the terms set out therein

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto in section 15 of the Companies Ordinance
"substantial shareholder"	has the meaning ascribed to it in the Listing Rules
"TBIG"	TBIG Education Holdings Limited, a company incorporated under the laws of the BVI on June 7, 2007, and an Independent Third Party
"Termination Agreement"	the agreement entered into by the Company and the Pre-IPO Investors dated January 15, 2014, pursuant to which the Series A Warrant was terminated with immediate effect and each party agreed to release and discharge each other from their respective duties, obligation and liabilities set out in the Series A Warrant
"Track Record Period"	the three financial years ended August 31, 2013 and the nine months ended May 31, 2014
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States", "U.S." or "US"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US dollars" or "US$"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
"World Top 100 Universities"	top 100 universities ranked by QS based on the QS World University Rankings 2011, 2012 and 2013
"Wuhan Foreign School"	Wuhan Maple Leaf Foreign Nationals School (武漢楓葉外籍人員子女學校), an entity established under the laws of the PRC on December 9, 2006 and a consolidated affiliated entity of our Company
"%"	percent

Unless otherwise specified, statements contained in this prospectus assume no exercise of the Over-allotment Option. See the section headed "Underwriting" in this prospectus.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

Unless otherwise expressly stated or the context otherwise requires, all data in this prospectus is as of the date of this prospectus.

"compulsory education"	grade one to grade nine education, which all citizens in China must receive, according to the Compulsory Education Law of the PRC
"**elementary schools**"	schools that provide education for students in grade one through six
"Entrance Exam"	the Senior High School Entrance Examination, the academic examination held annually in the PRC to distinguish junior high school graduates
"ESL"	English as a second language
"ESL certificate"	a certificate acknowledging the holder's competence in teaching ESL courses, which is usually issued by an educational institution that offers programs to train ESL teachers
"high schools"	schools that provide education for students in grade 10 through grade 12
"international school"	a school that promotes education either by adopting a foreign curriculum or by following a national curriculum different from that of the school's country of residence
"K-9"	preschool to grade nine
"K-12"	preschool to grade 12
"middle class"	the broad group of people who fall socio-economically between the working class and upper class
"middle schools"	schools that provide education for students in grade seven through grade nine
"one-child policy"	China's population control policy implemented by the Population and Family Planning Law of the PRC, according to which a family can have only one child, with certain exceptions
"SAT"	the Scholastic Assessment Test, a standardized test for most college admissions in the United States
"school year"	except for our preschools, the school year for all of our schools, which generally starts on September 1 of each calendar year and ends on June 30 of the next calendar year
"preschools"	educational establishments offering early childhood education to children prior to the commencement of compulsory education
"private schools"	schools which are not administered by local, provincial or national governments
"public schools"	schools administered by local, provincial or national governments

FORWARD-LOOKING STATEMENTS

Certain statements in this prospectus are forward looking statements that are, by their nature, subject to significant risks and uncertainties. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "will" "expect", "anticipate", "estimate", "believe", "going forward", "ought to", "may", "seek", "should", "intend", "plan", "projection", "could", "vision", "goals", "objective", "target", "schedules" and "outlook") are not historical facts, are forward-looking and may involve estimates and assumptions and are subject to risks (including the risk factors detailed in this prospectus), uncertainties and other factors some of which are beyond our Company's control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to:

- our operations and business prospects;
- our business and operating strategies and our ability to implement such strategies;
- our ability to develop and manage our operations and business;
- our ability to maintain or increase student enrollment in our schools;
- our ability to maintain or increase tuition fees;
- our ability to maintain or increase utilization of our facilities;
- our capital expenditure programs and future capital requirements;
- our future general and administrative expenses
- competition for, among other things, capital, technology and skilled personnel (including teaching staff);
- our ability to control costs;
- our dividend policy;
- changes to regulatory and operating conditions in the industry and geographical markets in which we operate;
- all other risks and uncertainties described in the section headed "Risk Factors" in this prospectus.

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, we strongly caution investors against placing undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which such statement is made and, subject to the requirements of applicable laws, rules and regulations, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise, or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of or references to our intentions or those of any of our Directors are made as of the date of this prospectus. Any such intentions may change in light of future developments. All forward-looking statements in this prospectus are expressly qualified by reference to the cautionary statements set out in this section.

An investment in our Shares involves significant risks. You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in our Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations. In any such case, the market price of our Shares could decline, and you may lose all or part of your investment.

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section headed "Forward-Looking Statements" in this prospectus.

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our contractual arrangements; (ii) risks relating to our business and our industry; (iii) risks relating to doing business in China; and (iv) risks relating to the Global Offering.

RISKS RELATING TO OUR CONTRACTUAL ARRANGEMENTS

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

We entered into a series of arrangements in which our wholly-owned subsidiary Beipeng Software receives full economic benefits from Dalian Maple Leaf High School and our consolidated affiliated entities. See the section headed "Contractual Arrangements" in this prospectus.

Foreign investment in the education industry in China is extensively regulated and subject to numerous restrictions. Under the Foreign Investment Industries Guidance Catalog, foreign investors are prohibited from investing in elementary and middle schools in the PRC for students in grades one through nine. In addition, under the Sino-Foreign Regulation, the foreign investment in high schools in the PRC shall be in a form of cooperation between Chinese educational institutions and foreign educational institutions. Furthermore, under the Implementation Opinions of the MOE on Encouraging and Guiding the Entry of Private Capital in the Fields of Education and Promoting the Healthy Development of Private Education, which was issued by the MOE on June 18, 2012, the foreign portion of the total investment in a Sino-foreign joint venture preschool or high school should be below 50%. See the section headed "Regulatory Overview" in this prospectus.

Accordingly, our subsidiaries in China are currently ineligible to apply for the required education licenses and permits in China for the operation of elementary and middle schools. In addition, although foreign investment in preschools and high schools is not prohibited, our subsidiaries in China are still ineligible to independently operate preschools and high schools. Accordingly, we have been and are expected to continue to be dependent on our contractual arrangements to operate our education business.

If the contractual arrangements that establish the structure for operating our China business are found to be in violation of any PRC laws or regulations in the future or fail to obtain or maintain any of the required permits or approvals, the relevant PRC regulatory authorities, including the MOE, which regulates the education industry, would have broad discretion in dealing with such violations, including:

- revoking the business and operating licenses of our PRC subsidiaries or consolidated affiliated entities;
- discontinuing or restricting the operations of any related-party transactions among our PRC subsidiaries or consolidated affiliated entities;

- imposing fines or other requirements with which we or our PRC subsidiaries or consolidated affiliated entities may not be able to comply;
- requiring us to restructure our operations in such a way as to compel us to establish new entities, re-apply for the necessary licenses or relocate our businesses, staff and assets;
- imposing additional conditions or requirements with which we may not be able to comply; or
- restricting the use of proceeds from our additional public offering or financing to finance our business and operations in China.

If any of the above penalties are imposed on us, our business may be materially and adversely affected.

Our contractual arrangements may not be as effective in providing control over our consolidated affiliated entities as equity ownership.

We have relied and expect to continue to rely on contractual arrangements to operate the majority of our education business in China. For a description of these contractual arrangements, see the section headed "Contractual Arrangements" in this prospectus. These contractual arrangements may not be as effective in providing us with control over our consolidated affiliated entities as equity ownership. If we had equity ownership of our consolidated affiliated entities, we would be able to exercise our rights as a direct or indirect shareholder to effect changes in the board of directors of our consolidated affiliated entities, which in turn could effect changes, subject to any applicable fiduciary obligations, at the management level. However, as these contractual arrangements stand now, if our consolidated affiliated entities or their shareholders fail to perform their respective obligations under these contractual arrangements, we cannot exercise shareholders' rights to direct corporate actions as the direct ownership would otherwise entail. If the parties under such contractual arrangements refuse to carry out our directions in relation to everyday business operations, we will be unable to maintain effective control over the operations of our schools in China. If we were to lose effective control over our consolidated affiliated entities, certain negative consequences would result, including our being unable to consolidate the financial results of our consolidated affiliated entities with our financial results. Given that revenue from our consolidated affiliated entities constituted 42.0%, 45.2%, 50.7% and 72.1% of the total revenue in our consolidated financial statements for the financial years ended August 31, 2011, 2012, 2013 and the nine months ended May 31, 2014, respectively, our financial position would be materially and adversely impacted if we were to lose effective control over our consolidated affiliated entities. In addition, losing effective control over our consolidated affiliated entities may negatively impact our operational efficiency and brand image. Further, losing effective control over our consolidated affiliated entities may impair our access to their cash flow from operations, which may reduce our liquidity.

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

Under the current contractual arrangements, if any of our consolidated affiliated entities or their ultimate shareholders fails to perform its or his respective obligations under these contractual arrangements, we may incur substantial costs and resources to enforce such arrangements and relying on legal remedies under PRC laws, including seeking specific performance or injunctive relief and claiming damages.

Our contractual arrangements described above are governed by PRC law and provide for the resolution of disputes through arbitration in China. Accordingly, these contracts would be interpreted in accordance with PRC laws and any disputes would be resolved in accordance with PRC legal procedures. Under PRC laws, rulings by arbitrators are final and the parties to a dispute cannot appeal the arbitration results in any court based on the substance of the case. The prevailing party may enforce the arbitration award by instituting arbitration award recognition proceedings with the competent PRC court. The legal environment in the PRC is not as developed as in other jurisdictions, such as the United States. As a result, uncertainties in the PRC legal system could limit our ability to enforce these contractual arrangements. In the event that we are unable to enforce these contractual arrangements, we may not be able to exert effective control over our affiliated entities for an extended period of time or we may be permanently unable to exert control over our affiliated entities. If this were to occur, we would be unable to consolidate the financial results of our consolidated affiliated entities with our financial results, which would have a material and adverse effect on our business, financial condition and results of operation and would decrease the value of our Shareholders' investments in our Company.

In addition to the enforcement costs outlined above, during the course of disputes regarding such enforcement action, we may temporarily lose effective control over our schools in China, which may lead to loss of revenue or potentially lead to our having to incur additional costs and expend substantial resources to operate our business in the absence of effective enforcement of these contractual arrangements. If this were to occur, our business, financial condition and results of operation may be materially and adversely affected, and the value of our Shareholders' investments in our Company may decrease.

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

Mr. Sherman Jen, chairman and our Controlling Shareholder, is also the sole beneficial owner of our foreign national schools. Therefore, the interests of Mr. Jen as the sole beneficial owner of our foreign national schools may differ from the interests of our Company as a whole, since Mr. Jen is only one of the Shareholders of our Company. In addition, Ms. Shu'e Ren, our Founder's Sister, is the sole beneficial owner of our remaining consolidated affiliated entities, and does not own any interest in our Company. As a result, her interest may differ from the interests of our Company. We cannot assure you that when conflicts of interest arise, our Founder or our Founder's Sister will act in the best interests of our Company or that such conflicts will be resolved in our favor. As of the Latest Practicable Date, we had not entered into equity pledge arrangements with our Founder as direct interests in schools are not capable of being pledged and we only had such arrangements with our Founder's Sister. Even if we were to make equity pledge arrangements with our Founder, such arrangement would be unenforceable under PRC laws and regulations, as direct interests in schools are not pledgeable under the relevant PRC laws and regulations. In addition, although the equity pledge agreements we entered into with the Founder's Sister provide that the pledged equity interest shall constitute continuing security for any and all of the indebtedness, obligations and liabilities under all of the principal service agreements, it is possible that a PRC court could take the position that the amount listed on the equity pledge registration forms or estimated in the equity pledge agreements represents the full amount of the collateral that has been registered and perfected. If this were to happen, the obligations that are supposed to be secured in the equity pledge agreements in excess of the amount listed on the equity pledge registration forms or estimated in the equity pledge agreements could be deemed unsecured debt by the PRC court, which takes last priority among creditors.

We cannot assure you that when conflicts of interest arise, our Founder or Founder's Sister will act in the best interests of our Company or that conflicts of interest will be resolved in our favor. In the event of any such conflicts of interest, our Founder or Founder's Sister may potentially breach, or cause our consolidated affiliated entities to breach, or refuse to renew, the existing contractual arrangements we have with them. If we cannot resolve any conflict of interest or dispute between us and our Founder or Founder's Sister, we would have to rely on legal proceedings, which could result in disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings. These uncertainties may impede our ability to enforce our contractual arrangements. If we are unable to resolve any such conflicts, or if we experience significant delays or other obstacles as a result of such conflicts, our business and operations could be severely disrupted, which could materially and adversely affect our results of operations and damage our reputation.

Certain terms of our contractual arrangements may not be enforceable under PRC laws.

Our contractual arrangements provide for the resolution of disputes through arbitration in accordance with the arbitration rules of the China International Economic and Trade Arbitration Commission in Beijing. Our contractual arrangements contain provisions to the effect that the arbitral body may award remedies over the shares and/or assets of our consolidated affiliated entities, injunctive relief and/or winding up of our consolidated affiliated entities. In addition, our contractual arrangements contain provisions to the effect that courts in Hong Kong and the Cayman Islands are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal. However, we have been advised by our PRC counsel that the abovementioned provisions contained in our contractual arrangements may not be enforceable. Under PRC laws, an arbitral body granting any injunctive relief or provisional or final liquidation order to preserve the assets of or any equity interest in Chinese legal entities in case of disputes shall submit the application to the court in China. Therefore, such remedies may not be available to us, notwithstanding the relevant contractual provisions contained in our contractual arrangements. PRC laws allow an arbitral body to award the transfer of assets of or an equity interest in China in favor of an aggrieved party. In the event of non-compliance with such award, enforcement measures may be sought from the court. However, the court may or may not support the award of an arbitral body when deciding whether to take enforcement measures. Under PRC laws, courts of judicial authorities in the PRC generally would not grant injunctive relief or the winding-up order against an entity as interim remedies to preserve the assets or shares in favor of any aggrieved party.

The contractual arrangements between Beipeng Software and our consolidated affiliated entities and Dalian Maple Leaf High School may subject our Group to increased income tax due to the different income tax rates applicable to Beipeng Software and our consolidated affiliated entities and Dalian Maple Leaf High School, which may adversely affect our results of operations.

Under our contractual arrangements, Beipeng Software is entitled to receive the full economic benefits of our consolidated affiliated entities and Dalian Maple Leaf High School in the form of service fees. Such service fee payments to Beipeng Software reduce the taxable income of our consolidated affiliated entities and Dalian Maple Leaf High School and correspondingly increase the taxable income of Beipeng Software, which, due to the different income tax rates applicable to our consolidated affiliated entities and Dalian Maple Leaf High School and Beipeng Software, may affect our results of operations, particularly, our income tax expenses and net profit on a consolidated basis in the future.

Dalian Maple Leaf High School and most of our consolidated affiliated entities, including our elementary schools, middle schools and high schools, are eligible for enterprise income tax exemption. We plan to continue to apply for and renew the enterprise income tax exemption status of our eligible consolidated affiliated entities and Dalian Maple Leaf High School as necessary. We believe that these consolidated affiliated entities and Dalian Maple Leaf High School will continue to enjoy enterprise income tax exemption treatment in the future.

Beipeng Software is qualified as a "software development enterprise" under the Enterprise Income Tax Law and is expected to enjoy a two-year enterprise income tax exemption starting from 2014 and a further three-year income tax reduction of 50% of the applicable enterprise income tax rate. Starting from 2019, Beipeng Software is expected to be subject to a 25% enterprise income tax rate.

As a result of the different income tax rates applicable to Beipeng Software and our consolidated affiliated entities and Dalian Maple Leaf High School, starting from 2016, our consolidated affiliated entities' and Dalian Maple Leaf High School's payments of service fee to Beipeng Software may result in increased income tax expenses for the Group on a consolidated basis as compared to the Track Record Period, which may materially and adversely affect our results of operations, particularly, our net profit and net profit margin.

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

Under PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities. We could face material and adverse tax consequences if the PRC tax authorities determine that the exclusive management consultancy and business cooperation agreements we have with our consolidated affiliated entities and Dalian Maple Leaf High School do not represent an arm's-length price and adjust any of those entities' income in the form of a transfer pricing adjustment. A transfer pricing adjustment could increase our tax liabilities. In addition, PRC tax authorities may have reason to believe that our subsidiaries or consolidated affiliated entities are dodging tax obligation, and we may not be able to rectify such incident within the limited timeline required by PRC tax authorities. As a result, PRC tax authorities may impose late payment fees and other penalties on us for under-paid taxes, which could materially and adversely affect our business, financial condition and results of operations.

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

We are a holding company, and our ability to pay dividends and other cash distributions to our Shareholders, service any debt we may incur and meet our other cash requirements depends solely on our ability to receive dividends and other distributions from Beipeng Software, one of our PRC subsidiaries. The amount of dividends paid to us by Beipeng Software depends solely on the service fees paid to Beipeng Software from our consolidated affiliated entities and from Dalian Maple Leaf High School, our PRC subsidiary. However, there are restrictions under PRC laws for the payment of dividends to us by Beipeng Software. For example, relevant PRC laws and regulations permit payments of dividends by Beipeng Software only out of its retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Under PRC laws and regulations, Beipeng Software is required to set aside at least 10% of its after-tax profits based on PRC accounting standards each year to fund a statutory reserve, until the accumulated amount of such reserve has exceeded 50.0% of its registered capital. In addition, although Dalian Maple Leaf High School is our PRC subsidiary, it is not allowed to distribute dividends under PRC law due to its being an entity that does not require "reasonable return". Consequently, each of Beipeng Software and Dalian Maple Leaf High School is restricted in its ability to transfer a portion of its net assets to us or any of our other subsidiaries in the form of dividends, loans or advances. The foregoing restrictions on the ability of Beipeng Software and Dalian Maple Leaf High School to pay dividends to us, and the limitations on the ability of consolidated affiliated entities and Dalian Maple Leaf High School pay service fees to Beipeng Software could materially and adversely limit our ability to borrow money outside of China or pay dividends to holders of our Shares.

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

The principal regulations governing private education in China are the Law for Promoting Private Education, which become effective as of 2003 and was revised in 2013, and the Implementation Rules. Under these regulations, a private school may elect to be a school that does not require reasonable returns or a school that requires reasonable returns. A private school that does not require reasonable returns cannot distribute dividends to its sponsors. At the end of each financial year, every private school is required to allocate a certain amount to its development fund for the construction or maintenance of the school or procurement or upgrade of educational equipment. For a private school that requires reasonable returns, this amount is at least 25% of the annual net income of the school, while in the case of a private school that does not require reasonable returns, this amount is at least 25% of the annual increase in the net assets of the school, if any. A private school that requires reasonable returns must publicly disclose such election and additional information required under the regulations. A private school shall consider factors such as the school's tuition, ratio of the funds used for education-related activities to the course fees collected, admission standards and educational quality when determining the percentage of the school's net income that would be distributed to the investors as reasonable returns. However, the current PRC laws and regulations do not provide a formula or guidelines for determining what constitutes a "reasonable return". In addition, the current PRC laws and regulations do not set forth different requirements or restrictions on a private school's ability to operate its education business based on such school's status as a school that requires reasonable returns or a school that does not require reasonable returns. Each of our schools has elected to be a school that does not require reasonable return. The respective sponsor of each school will determine the amounts to be allocated to each school's development fund in accordance with PRC laws. As of May 31, 2014, the corresponding development fund for all of our schools added up to an aggregate of approximately RMB159.5 million.

As a holding company, our ability to pay dividends and other cash distributions to our Shareholders depends solely on our ability to receive dividends and other distributions from Beipeng Software. The amount of dividends and other distributions paid to us by Beipeng Software depends on the service fees paid to Beipeng Software from our consolidated affiliated entities and from Dalian Maple Leaf High School. Our PRC Legal Counsel advises us that Beipeng Software's right to receive the service fees from our consolidated affiliated entities and Dalian Maple Leaf High School does not contravene any PRC laws and regulations. However, if relevant PRC government authorities take a different view to our PRC Legal Counsel, they may seek to confiscate any or all of the service fees that have been paid by the our schools to Beipeng Software, including retrospectively, to the extent that such service fees are tantamount to "reasonable returns" taken by the sponsors of these schools in violation of PRC laws and regulations. The relevant PRC authorities may also seek to stop student enrollments at our schools or, in a more serious situation, revoke the operation permits of these schools, in which case we may, as a preventative measure to avoid such ramifications, change the election made with respect to such schools to schools of which the sponsors require a "reasonable return," which would in turn result in our schools ceasing to enjoy certain preferential tax treatment.

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

According to the Implementation Rules for the Law for Promoting Private Education (the "**Implementation Rules**"), private schools for which the sponsors do not require reasonable returns are eligible to enjoy the same preferential tax treatment as public schools. This preferential tax treatment is not applicable to private schools for which the sponsors require reasonable returns. All of our schools are registered as schools for which the sponsors do not require reasonable returns. Certain of our schools have been granted enterprise income tax exemption status based on the certificate letters and confirmations from relevant local tax authorities. These letters and confirmations are either for a fixed period of time or do not have a specified expiration date. We plan to apply for renewal of these tax exemptions in the future as necessary, and also plan to apply for tax exemptions for new schools as they begin to make profits. We cannot assure you that we will be successful in applying for any new tax exemptions or the extension of any existing tax exemptions. Furthermore, we cannot assure you that the relevant government authorities will not deem the service fee payments under the Contractual Arrangements as a means of circumventing the selection made by the sponsors of our schools not to require a "reasonable return", which may result in our schools ceasing to enjoy the tax exemptions they currently enjoy by virtue of being schools for which the sponsors do not require reasonable returns. For further information on our preferential tax treatments, please see the section headed "Financial Information — Key Components of our Results of Operations — Taxation" in this prospectus. The discontinuation of any of these preferential tax treatments currently available to us or the determination by any of the relevant tax authorities that any of the preferential tax treatments we have enjoyed or currently enjoy is not in compliance with the PRC laws would cause our effective tax rate to increase, which would increase our income tax expenses and in turn decrease our net income.

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

We currently conduct the majority of our operations in China through contractual arrangements. As part of these arrangements, our consolidated affiliated entities hold a majority of the assets that are important to the operation of our business, including operating permits and licenses, real estate leases, buildings and other educational facilities related to the schools. Under irrevocable power of attorneys, our Founder and Founder's Sister may not unilaterally, without our consent, decide to voluntarily liquidate our consolidated affiliated entities.

If any of these entities goes bankrupt and all or part of their assets become subject to liens or rights of third-party creditors, we may be unable to continue some or all of our business activities, which could materially and adversely affect our business, financial condition and results of operations. If any of our consolidated affiliated entities undergoes a voluntary or involuntary liquidation proceeding, its shareholders or unrelated third-party creditors may claim rights to some or all of these assets, thereby hindering our ability to operate our business, which could materially and adversely affect our business, our ability to generate revenue and the market price of our Shares.

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

Under the Sino-Foreign Regulation, foreign investors of Sino-foreign joint venture schools shall be foreign educational institutions. Based on the inquiries we and our PRC Legal Counsel made with several educational authorities in China, such foreign investors must be foreign institutions with relevant qualification and already provide the same level of education in a foreign country (the "**Qualification Requirement**"). We negotiated with the relevant local governments in South Korea to explore a school expansion opportunity in Suncheon City, in part in an attempt to comply with the Qualification Requirement, so as to be qualified to acquire the entire equity interest of our consolidated affiliated entities, when the restrictions on the percentage of foreign ownership in those schools are lifted. However, we cannot assure you that the opportunity in Suncheon City will proceed or that the steps we have taken or plan to take will be ultimately sufficient to satisfy the Qualification Requirement. If the restrictions on the percentage of foreign ownership in high schools and the prohibition on foreign ownership in elementary and middle schools are lifted, we may be unable to unwind the Contractual Arrangements before we are in a position to comply with the Qualification Requirement, or if we attempt to unwind the Contractual Arrangements before we are able to comply with the Qualification Requirement we may be ineligible to operate the schools and may be forced to suspend their operations, which could have a material and adverse effect on our business, financial condition and results of operations.

Furthermore, our exercise of the option to acquire the equity ownership of our consolidated affiliated entities may incur substantial costs on our part. Pursuant to our contractual arrangements, Beipeng Software has the exclusive right to require the shareholders of our consolidated affiliated entities to transfer any and all the shares of our consolidated affiliated entities to Beipeng Software and/or a third party designated by it, in whole or in part at any time and from time to time, at the lowest price allowable under PRC laws and regulations at the time of transfer. If the relevant PRC authorities determine that the purchase price for acquiring our consolidated affiliated entities is below the market value, they may require Beipeng Software to pay enterprise income tax for ownership transfer income with reference to the market value. The amount of the tax may be substantial, which could materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO OUR BUSINESS AND OUR INDUSTRY

Our business depends on the market recognition of our "Maple Leaf" brand.

We believe that the market awareness and reputation of our "Maple Leaf" brand has contributed significantly to the success and growth of our business. We also believe that maintaining and enhancing the "Maple Leaf" brand is critical to maintaining our competitive advantage. Our ability to maintain our brand reputation depends on a number of factors, some of which are beyond our control. As we continue to grow in size, expand our programs, services and products and extend our geographic reach, it may become difficult to maintain quality and consistency in the services we offer, which may lead to diminishing confidence in our brand name.

Numerous factors can potentially impact the reputation of our "Maple Leaf" brand, including but not limited to student and parent satisfaction with our curriculum, teachers and teaching quality, a decrease in the grades achieved by our students, the number of our graduate students being accepted into overseas universities, accidents on campus, teacher or student scandals, negative press, failure to pass an inspection by an educational authority, loss of certifications and approvals that enable us to award dual diplomas in our high schools and unaffiliated parties using our brand without adhering to our standards of education. If our brand is tarnished, students' and parents' interest in our schools may decrease and our business could be materially and adversely affected.

We have developed our student base primarily by word-of-mouth referrals, employee recruitment efforts and third-party recruiters and have incurred limited brand promotion expenses to date. However, we cannot assure you that our marketing efforts will be successful or sufficient in further promoting our brand or in helping us to remain competitive. If we are unable to further enhance our brand recognition and increase market awareness of our programs and services, or if we are required to incur excessive marketing and promotional expenses in order to remain competitive, our business, financial condition and results of operations may be materially and adversely affected. If we are unable to maintain or sustain our brand reputation and recognition, we may also be unable to maintain or increase student enrollment, which may cause material adverse effects on our business, financial condition and results of operations.

Our business depends on our ability to maintain or raise the tuition levels we charge at our schools.

One of the most significant factors affecting our profitability is the tuition we charge at our schools. For the financial years ended August 31, 2011, 2012 and 2013 and the nine months ended May 31, 2014, tuition fee constituted 88.0%, 88.8%, 86.2% and 93.3% of our total revenue, respectively. Our tuition rates are primarily based on the demand for our educational programs, the cost of our operations, the geographic markets where our schools are located, the tuition charged by our competitors, our pricing strategy to gain market share and general economic conditions in China and the regions in which our schools are located. Our tuition rates are also subject to the approval of the relevant government pricing authorities in the locations in which we operate. See the section headed "Risk Factors — Risks relating to Our Business and Our Industry — Governmental pricing authorities may limit our ability to increase the tuition we charge at our schools" in this prospectus. In 2013, our high school tuition was lower than the average tuition fee for international high schools in China, according to the Frost & Sullivan Report. Tuition rates at our preschools, elementary schools and middle schools are also lower than the average tuition charged by international schools in China. In the future, we plan to raise tuition, subject to applicable government approvals, in geographic regions where we have obtained a strong presence and have built sufficient student and parent loyalty. However, there can be no assurance that we will be able to maintain or raise the tuition levels we charge at our schools in the future, and should this occur, our business, financial position and results of operations may be materially and adversely affected.

Parents and students may become less interested or lose interest in the BC high school diploma, the BC Global Education Program or BC education as a whole.

The reputation of the BC high school diploma, the BC Global Education Program and BC education as a whole among parents and students plays an important role in helping us attract and retain students. However, we cannot assure you that the BC high school diploma, the BC Global Education Program or BC education as a whole will retain their reputations among parents and students in the future. In addition, other international high school diplomas may be deemed more reputable or given wider recognition by universities during their admission processes, rendering such diplomas more popular among parents and students in China. If the reputation of the BC high school diploma, the BC Global Education Program or BC education as a whole diminishes or parents and students become more interested in other high school diplomas or programs, we may not be able to attract or retain students, and our business, financial position and results of operations may be materially and adversely affected.

If we fail to obtain or renew PRC or BC certifications or requisite PRC government approvals, we will not be able to continue to offer the corresponding high school diploma under the PRC or BC education systems to our high school graduates.

Our high schools are open to PRC citizens and foreign nationals and offer dual diplomas to students, subject to the relevant high schools having received the requisite PRC and BC certifications and PRC government approvals. For the years ended August 31, 2011, 2012 and 2013 and the nine months ended May 31, 2014, we generated approximately 56.8%, 58.3%, 55.0% and 54.9%, respectively, of our revenue from tuition fees we charged at our high schools. Our ability to offer the PRC high school diploma depends upon our ability to obtain approvals from respective provincial educational authorities for our bilingual and dual-diploma curriculum and our ability to pass annual inspections administered by the local educational authorities. Similarly, our ability to offer the BC high school diploma depends upon our ability to obtain certification from the BCMOE and pass both annual (or biennial) on-site inspections and ad hoc inspections by representatives from the BCMOE and BCMOE's reviews of various provincial exams that our students take periodically. For more information, see the section headed "BC Global Education Program Certification and Inspection Requirements" in this prospectus. However, we cannot assure you that these high schools will always be able to pass inspections conducted by the local PRC educational authorities or the BCMOE, or that we will always be able to maintain either PRC certification or BC certification for these high schools. If we fail to maintain either our PRC or BC certification, or if the relevant PRC educational authorities revoke the approvals we have received for our bilingual and dual-diploma curriculum, we will not be able to continue to offer the corresponding PRC or BC high school diplomas to our graduates, and our business and results of operations may be materially and adversely affected.

We may not be able to meet the new requirements the BCMOE has implemented in its recent reforms without incurring unreasonable expenses, or at all.

The BCMOE recently announced reforms of the BC Global Education Program and initiated further reviews of its administration of such program to protect its education brand. The BCMOE issued the Transition Guidelines for Offshore Schools (the "**Transition Guidelines**") in January 2013, which include various new requirements for certification applications and renewal inspections. In addition, on June 27, 2014, the BCMOE issued BC Global Education Program — Offshore Schools Changes to Requirements to further revise certain requirements outlined in the Transition Guidelines. As of the Latest Practicable Date, we had met all the new requirements implemented by the BCMOE either by full compliance or by obtaining exemptions from the BCMOE. However, we cannot assure you that we will be able to continue to meet these new requirements in the future. For more information, see the section headed "BC Global Education Program Certification and Inspection Requirements" in this prospectus. The BCMOE is also considering implementing additional requirements for the BC Global Education Program. We cannot assure you that we will be able to meet the new requirements the BCMOE may implement in the future. In addition, our efforts to meet these new requirements may incur significant costs, or divert management attention and other resources. Failure to meet all or any of such requirements efficiently, or at all, could affect our ability to maintain, renew or obtain BC certification, which could adversely affect our high schools and our business operation.

Competition in the education industry sectors that we serve could lead to pricing pressures, reduced operating margins, loss of market share, departure of key employees and increased capital expenditures.

The education sector in China is rapidly evolving, highly fragmented and competitive, and we expect competition in this sector to persist and intensify. In each geographic market in which we operate our schools, we compete with public schools and other private schools that offer grade one to grade 12 programs of their own or in partnership with other curriculum vendors. In particular, we face significant competition from various schools that offer bilingual instruction or high school diplomas to students. We compete with these schools across a range of factors, including program and curriculum offerings, tuition level, school location and premises, competent teachers and other key personnel. Our competitors may adopt similar curriculum delivery, school support and marketing approaches, with different pricing and service packages that may have greater appeal than our offerings. In addition, some of our competitors may have more resources than us and may be able to devote greater resources than we can to the development and promotion of their schools and respond more quickly than we can to changes in student demands, testing materials, admissions standards, market needs or new technology. As such, we may be required to reduce tuition or increase spending in response to competition in order to retain or attract students or pursue new market opportunities. If we are unable to successfully compete for new students, maintain or increase our tuition level, attract and retain competent teachers or other key personnel, enhance the quality of our educational services or control competition costs, our business and results of operations may be materially and adversely affected.

We generate substantially all of our revenue from a limited number of cities in China.

For the years ended August 31, 2011, 2012 and 2013 and the nine months ended May 31, 2014, we generated approximately 97.9%, 95.9%, 92.7% and 87.2%, respectively, of our revenue from our schools in Dalian, Tianjin and Wuhan. Dalian is particularly important to our overall business as it is the home of our largest campus in terms of the number of students and our headquarters and contributed approximately 69.2%, 63.8%, 57.2% and 45.0% of our revenue for the financial years ended August 31, 2011, 2012, 2013 and the nine months ended May 31, 2014, respectively. We expect that our schools in Dalian, Tianjin and Wuhan will continue to generate a significant majority of our revenue for the foreseeable future even as our schools in Chongqing, Zhenjiang, Luoyang, Shanghai and Ordos will generate an increasing portion of our revenue and we expand our operations to other cities in and outside of China. If any of these cities experiences an event negatively affecting its education industry, such as a serious economic downturn, a natural disaster or an outbreak of a contagious disease, or if governmental authorities in any of these cities adopt regulations relating to private education that place additional restrictions or burdens on us, our overall business and results of operations may be materially and adversely affected.

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

We rely substantially on our teachers for the provision of educational services to our students. Our teachers are therefore critical to maintaining the quality of our programs and services and upholding our brand and reputation. As of May 31, 2014, we had a team of approximately 1,272 teachers, including approximately 306 BC-certified teachers, approximately 834 PRC-certified teachers and approximately 56 ESL teachers.

We must continue to attract qualified teachers who have strong command of their respective subject areas and meet our high standards. We seek to hire teachers who are capable of delivering innovative and inspirational classroom instruction. There are a limited number of teachers with the necessary experience and language proficiency to teach our courses, and there are challenges involved in recruiting qualified BC-certified teachers to live and teach in China. Many BC-certified teachers do not have strong ties to China and may not intend to stay in China, or areas in China where our schools are located, for an extended period of time. BC-certified teachers may be reluctant to live and work in China for various reasons, such as actual or perceived threats of terrorist attacks or communicable diseases, or a perception that China lacks modern infrastructure, western amenities or adequate healthcare. Furthermore, the deteriorating air quality in China may become an increasingly important reason for our BC-certified teachers to leave us after their contracts expire. Similarly, the pool of qualified school personnel such as administrators, principals and counselors, all of whom are crucial to the efficient and smooth running of the schools we operate, is relatively limited in China. There is no guarantee that we can recruit and retain such personnel in the future. As a result, we must provide competitive compensation and benefits packages to attract and retain qualified teachers and other school personnel. In addition, criteria such as commitment and dedication are difficult to ascertain during the recruitment process, particularly as we continue to expand and add teachers and other school personnel rapidly in order to meet rising student enrollment. We must also provide ongoing training to our teachers so that they can stay abreast of changes in student demands, admissions and assessment test requirements, admissions standards and other key trends necessary to effectively teach their respective courses.

We may not be able to hire and retain enough qualified teachers and other school personnel to keep pace with our anticipated growth while maintaining consistent teaching quality and the overall quality of our education program across many different schools in different geographic locations. We may also have difficulty helping our foreign teachers or other personnel obtain visa or other approval required to enter and work in China. Shortages of qualified teachers or other school personnel or decreases in the quality of our instruction or overall education program in one or more of our markets, whether actual or perceived, may have a material and adverse effect on our business and operating results.

Failure to adequately and promptly respond to changes in overseas college admissions standards, testing materials and technology could lower our students' admission rates to overseas colleges and universities and would cause our programs, services and products to be less attractive to students.

Our students are subject to college level admissions and assessment tests administered by educational authorities in Canada, United States, China and elsewhere in the world, depending on where our students choose to apply for higher education. These admissions and assessment tests undergo continuous changes in terms of focus areas, format and the manner in which such tests are administered. For example, it was announced on March 5, 2014 that the SAT will no longer involve a timed essay, will focus less on complex vocabulary and will return to the previous 1600-point scoring scale, all starting from early 2016. In addition, some admissions and assessment tests to which our students are subject are commonly offered in a computer-based testing format. These changes require us to continually update and enhance any test preparation courses we offer our students and to continually train our students to think or take standardized tests in a certain way so as to maximize their performance on these admissions tests. If we fail to adequately prepare our students for such tests in our everyday classroom teachings and any test preparation courses we offer, our students' admissions rates to overseas colleges and universities may decrease and, as a result, our programs and services may become less attractive to students, which may materially and adversely affect our reputation and results of operations.

If our students are unable to attend universities outside of China due to political, regulatory, or economic conditions, enrollment in our schools could decrease.

One of the key reasons students attend our schools is that our schools enable them to become more competitive candidates when applying to colleges and universities outside of China. We believe our dual-diploma program gives our students an advantage in being accepted to universities outside of China when compared with students who do not hold dual-diplomas, and prepares them for continuing their studies abroad. However, our graduates may not be able to attend universities outside of China due to factors beyond our control. For example, students seeking to attend universities outside China may be required to obtain visas to study in the country that they choose to study in. Visas to enter certain countries such as Canada or the United States may be relatively difficult to obtain due to the visa application policies in these countries and the changing political relationships between those countries and China. We cannot assure you that our high school graduates will be able to successfully obtain the necessary visas to study abroad. In particular, Canada has recently changed its immigration laws, and there is no assurance that such changes will not affect parents' desire to invest in an education potentially leading to study in Canada. Furthermore, other factors such as unfavorable changes in college admission policies or standards, the possible imposition of limits by the PRC government on the number of PRC students allowed to study overseas or changes in the immigration laws or policies of the countries where the universities to which our students apply are located, may also limit our graduates' ability to attend universities outside China. Should this occur, students' and parents' interest in attending our schools may be reduced, and our business and results of operations may be materially and adversely affected.

If we are unable to manage our growth effectively, we may not be able to capitalize on new business opportunities.

We have experienced steady growth and expansion that has placed, and continues to place, significant pressure on our management and resources. In particular, we have expanded our operations from six schools all located in Dalian in 2006 to 40 schools located in nine cities throughout China as of the Latest Practicable Date. We plan to continue to expand our operations in different geographic locations in China and abroad. This expansion has resulted, and will continue to result, in substantial increased demands on our management and teaching staff, as well as our operational and technological resources. Our planned expansion will also place significant demands on us to maintain the consistency of our teaching quality and our culture to ensure that our brand does not suffer as a result of any actual or perceived decline in our teaching or overall educational quality.

To manage and support our growth, we must improve our existing operational, administrative and technological systems and our financial and management controls, and recruit, train and retain additional qualified teachers and management personnel as well as other administrative, sales and marketing personnel, particularly as we expand into new markets. All of these endeavors require substantial management time and skills as well as significant additional expenditures. If we cannot adequately update and strengthen our operational, administrative and technological systems and our financial and management controls to support our future operations, we may not be able to effectively and efficiently manage the growth of our operations, recruit and retain qualified personnel and integrate entities we establish or acquire into our operations. Any failure to effectively and efficiently manage our expansion may materially and adversely affect our ability to capitalize on new business opportunities, which in turn may have a material adverse effect on our business and financial results. Moreover, even if we do expand the enrollment in our existing schools as planned, we may be unable to attract and retain a sufficient portion of these students in the future to support our enlarged scale of operations, which could adversely affect our business and results of operations.

We may not be able to successfully execute our growth strategies.

Our growth strategies include both further penetrating our existing markets and establishing schools in new cities. We may not succeed in executing our growth strategies due to a number of factors, including, without limitation, the following:

- we may fail to identify new cities with sufficient growth potential in which to establish new schools;
- we may fail to acquire or lease suitable land sites in new cities to which we plan to expand our operations;
- it may be difficult to increase our enrollment in cities where we already have established schools;
- we may lose local government support or fail to partner with local governments in cities where we already have established schools and in cities to which we plan to expand our operation;

- we may fail to effectively market our schools or brand in new markets or promote ourselves in existing markets;
- we may not be able to replicate our successful growth model in Dalian, Wuhan and Tianjin in other geographic markets;
- we may not be able to effectively integrate any future acquisitions into our education system;
- we may fail to obtain the requisite licenses and permits from local authorities necessary to open schools at our desired locations;
- we may fail to obtain BC certifications for our new high schools;
- we may not be able to continue to enhance our textbooks and teaching materials or adapt our course material to changing student needs and teaching methods; and
- we may fail to achieve the benefits we expect from our expansion.

If we fail to successfully execute our growth strategies, we may not be able to maintain our growth rate and, as a result, our business and prospects may be materially and adversely affected.

We may not be able to obtain all necessary approvals, licenses and permits and to make all necessary registrations and filings for our education and other services in China.

We are required to obtain and maintain various approvals, licenses and permits and fulfill registration and filing requirements in order to conduct and operate our education and other services. For instance, to establish and operate a school, we are required to obtain approvals from competent educational authorities, a private school operation permit from the local education bureau and to register with the local civil affairs bureau to obtain a certificate of registration for a privately run non-enterprise unit, or legal entity. As of the Latest Practicable Date, we had not been able to obtain the requisite licenses and permits for Wuhan Foreign School, because we were unable to apply for such licenses and permits before receiving requisite approvals for our acquisition of Wuhan Foreign School. We obtained final approval from the Education Department of Hubei Province for our application of the acquisition of Wuhan Foreign School on August 8, 2014. We plan to apply to the relevant local government authorities for the requisite licenses and permits for Wuhan Foreign School after the relevant local government authorities inform us of the documents that should be filed with the relevant applications, the timing of which is beyond our control. In addition, as of the Latest Practicable Date, we had not been able to register with the relevant tax authorities for tax payments for this school. As a result, as of May 31, 2014, we were unable to pay enterprise income tax for our Wuhan Foreign School and we had made a full tax provision of RMB1.3 million. Under relevant PRC laws and regulations, relevant PRC tax authorities may order us to pay the outstanding amount and/or a penalty ranging between 50% to five times of the outstanding amount. Furthermore, we have not been able to update the Fee Charge Permit of our Luoyang schools to include our Luoyang high school, which opened in September 2013. In July 2013, we submitted an application to update the Fee Charge Permit of our Luoyang schools to include approval for charging high school tuition fees. However, due to delays of the local pricing authority in Luoyang, we have not been able to update the Fee Charge Permit for our Luoyang high school. We submitted a new application to update the Fee Charge Permit in July 2014 but have not heard back from the local pricing authority in Luoyang. We expect to obtain the updated permit by the end of 2014. We are also in the process of obtaining the Fee Charge Permit for our middle and elementary schools on our Tianjin Huayuan campus and Fee Charge Permit for our preschool in Pingdingshan. All of these three schools opened in September 2014.

In addition, we organize summer and winter camps for our students and generate revenue from the fees we collect. According to the Guidelines for Overseas Study Tour participated by the Primary and Middle School Students (Trial) (the "Guidelines"), primary and middle schools and their staff shall not gain any economic benefit from organizing their own students to attend overseas study tours. As a result, our current practice of generating revenue from the fees collected by our schools may be viewed as in violation of the Guidelines. Our PRC Legal Counsel has advised us that, the Guidelines was promulgated recently on July 14, 2014 and does not impose any penalty for such violation. So far, we have not received any notice from relevant authorities or any claim from the participating students regarding the violation in this regard, but in the future, the governmental authorities may order us to stop generating revenue from the summer and winter camps which our schools organize and for which our schools charge fees, in which case it may be necessary for us, according to relevant laws and regulations, to use subsidiaries other than our schools to organize and charge fees for our summer and winter camps.

While we intend to obtain, using our best efforts, all requisite permits and complete the necessary filings, renewals and registrations on a timely basis for our schools, there is no assurance that our efforts will result in full compliance given the significant amount of discretion the local PRC authorities may have in interpreting, implementing and enforcing relevant rules and regulations, as well as other factors beyond our control and anticipation. Although we have not been subject to any material fines or other penalties in relation to any non-compliance with licensing requirements in the past, if we fail to cure any non-compliance in a timely manner or obtain or renew any permits and certificates, we may be subject to fines, confiscation of the gains derived from our noncompliant operations, the suspension of our noncompliant operations or the compensation of any economic loss suffered by our students or other relevant parties, which may materially and adversely affect our business and results of operations.

We are subject to extensive governmental approvals and compliance requirements for constructing and developing campuses and school premises.

For campuses and school premises constructed and developed for our schools, we must obtain various permits, certificates and other approvals from the relevant administrative authorities at various stages of property development, including, for example, planning permits, construction permits, land use rights certificates, certificates for passing environmental assessments, certificates for passing fire control assessments and certificates for passing construction completion inspections. We have been, and may in the future, encounter problems in fulfilling the conditions precedent to the receipt of those permits, certificates and approvals, and we may not always be able to obtain them in a timely manner, or at all. As of the Latest Practicable Date,

- we did not have appropriate records to demonstrate that we had passed fire control assessments for certain schools premises we constructed many years ago and most of the premises we lease;
- we had not passed environmental assessments for certain school premises we had already put into use, and we may be subject to a fine no more than RMB50,000 and/or temporary suspension of the usage of the affected premises before the non-compliance is rectified;
- we had not passed fire control assessments for certain school premises we had already put into use, and we may be subject to a fine ranging between RMB30,000 to RMB300,000 and/or temporary suspension of the usage of the affected premises before the non-compliance is rectified; and
- we had not passed construction completion inspections for certain school premises that we had already put into use, and we may be subject to a fine ranging between 2% to 4% of the total price of the construction contract of the affected premises and/or temporary suspension of the usage of the affected premises before the non-compliance is rectified.

For more information, see the section headed "Business — Properties" in this prospectus. If we are not able to rectify the above incidents in a timely manner, or fail to obtain requisite permits, certificates or approvals for campuses and school premises we will develop and construct in the future, we may become subject to administrative fines and other penalties, which could disrupt our business and cause us to incur additional expenses.

We have leased a building, which is restricted for educational purposes, to third parties for non-educational usage.

We own a building in Dalian which was constructed on a land site that is restricted and may only be used for educational purposes. However, due to lack of knowledge of relevant laws and regulations at the time, we have leased this building to 11 tenants for non-educational usage. One of these leases will expire on September 30, 2015, two of them will expire on May 31, 2016, and the remaining eight will expire on June 12, 2016. Our PRC Legal Counsel is of the view that, under applicable PRC laws and regulations, we may be ordered by the relevant government authorities to stop such practice. We had notified the relevant competent government authority of this incident and conducted an interview with such authority on May 22, 2014. During the interview, we obtained confirmation that we would not be ordered to rectify the situation or be subject to penalties. However, we cannot assure you that this government authority or any other relevant government authority will not order us to rectify the situation or impose penalties on us in the future. If we are required to rectify the situation, we may be forced to terminate the lease contracts and breach our obligations to the tenants, which could cause us to incur expenses and adversely affect our financial condition.

Governmental pricing authorities may limit our ability to increase the tuition we charge at our schools.

Under the Interim Measures for the Management of the Collection of Private Education Fees, promulgated by the PRC government authorities on March 2, 2005, the types and amounts of fees charged by a private school providing educational qualifications must be approved by the relevant governmental pricing authority. In our elementary, middle and high schools, adjustments to fees charged for tuition and boarding must be approved by the relevant governmental pricing authority; adjustments to fees charged at our preschools do not require governmental approvals but must be filed with the relevant local pricing bureaus in China. None of our schools has ever adjusted its fees without proper pricing authority approval, and we do not intend to adjust fees without making requisite filings and obtaining proper approvals in the future. All of our applications to raise tuition in prior years were approved by the relevant governmental pricing authorities. However, there can be no assurance that the relevant governmental pricing authorities will approve any future applications to raise our tuition in a timely manner or at all. If the governmental pricing authorities were to refuse to approve our applications, or otherwise limit our ability to increase tuition at our schools in a timely manner, our business, financial condition and results of operation may be materially and adversely affected.

We may not be able to effectively carry out our overseas expansion plans.

We are considering to expand our operations outside of China to supplement our existing school network and negotiated with the local government in South Korea to explore a school expansion opportunity in Suncheon City. As of May 31, 2014, we had invested of approximately US$1.3 million in connection with our expansion efforts in Suncheon City. We do not have previous experience in the education industries of the foreign countries in which we plan to establish our overseas schools, and we may encounter unforeseeable barriers and challenges upon entering into those foreign markets, which may result in a delay to or failure of our expansion plans. In addition, we may need to invest heavily in developing our overseas schools and may not be able to manage our costs or generate sufficient revenue to justify the investment we make. If our expansion into any foreign country is unsuccessful, our business operation and financial condition could be materially and adversely affected.

We were subject of an investigation in Dalian due to allegations of producing water on campus without the proper water production license, which may result in penalties for Dalian Maple Leaf High School.

Prior to October 2012, Dalian Maple Leaf High School drilled and produced water from a well on campus for internal use only. In September 2012, the China food safety website (中國食品安全網) published an article alleging that we produced our own bottled water in Dalian without a relevant water production license, and subsequently, the Quality & Technology Supervision Bureau of Jinzhou New District of Dalian (the “Supervision Bureau”) commenced an investigation and issued a notice of administrative penalty to Dalian Maple Leaf High

School in relation to its drilling and production of drinking water on campus. At the time, however, the school had a food hygiene license for the water production facilities and a permit from the relevant government authority to use the well water, and we believe that the school did not commit the alleged non-compliance. In response to the notice of administrative penalty, we applied for and attended a hearing with the Supervision Bureau to appeal. After the hearing, the Supervision Bureau verbally informed Dalian Maple Leaf High School that no decision of administrative penalty would be issued toward the school and no further action will be taken by the Supervision Bureau. Dalian Maple Leaf High School ceased the drilling and production activities of drinking water in October 2012. A search of the available public records for the period subsequent to the aforesaid hearing did not locate any outstanding, unpaid decision of administrative penalty against us or Dalian Maple Leaf High School in relation to the above matter. Because the Supervision Bureau did not announce or provide any written confirmation of any decision of administrative penalty to the school after the hearing and the statute of limitations of administrative law violations is two years under the Administrative Penalties Law of the PRC, our PRC Legal Counsel, Tian Yuan Law Firm, has advised us that the likelihood of the school being penalized by the Supervision Bureau for its drilling and production activities of drinking water prior to October 2012 is remote. However, in the absence of written records regarding the closing of the case, there still remains a possibility that the Supervision Bureau may decide to issue penalties to Dalian Maple Leaf High School as a result of the alleged non-compliance.

Accidents or injuries suffered by our students, our employees or other people at our schools may adversely affect our reputation and subject us to liability.

There are inherent risks of accidents or injuries in schools. We could be held liable in the event of personal injuries, fires or other accidents suffered by students, employees or other people that occur at our schools. Although we designate certain staff members in each of our campuses to be in charge of student health and security, in the event of personal injuries, food poisoning, fires or other accidents suffered by students or other people, we could face claims alleging that we were negligent, that we provided inadequate supervision or that we were otherwise liable for the injuries. In 2009, a student collapsed while walking on campus in our Dalian elementary school. According to the medical report issued by the hospital that treated her, the student died due to injuries caused by the fall and underlying medical conditions. A court ruled that although we took the proper emergency measures to handle the student's case, we were still negligent because, as a boarding school, we were required to take a higher level of care as compared with other schools. We were ordered to pay damages in the amount of RMB436,062 to the student's family. We cannot assure you that there will not be similar incidents in the future. A successful liability claim against us due to injuries suffered by our students or other people on our campuses could adversely affect our reputation and subject us to liability, thereby impacting our financial results. Even if unsuccessful, such a claim could cause unfavorable publicity that adversely affects our reputation, require substantial cost to defend and divert the time and attention of our management.

We develop certain of our schools in accordance with cooperation agreements with third parties, under which the third parties grant us the right to use the campus sites and the school premises.

As of the Latest Practicable Date, we had entered into six cooperation agreements with local governments and one cooperation agreement with a real estate developer to develop schools in Ordos, Luoyang, Tianjin (Huayuan campus), Pinghu, Yiwu, Xi'an and Pingdingshan. Under the respective cooperation agreements, these local governments and the real estate developer typically have agreed to construct the school premises and grant us the right to use the campus sites and the school premises. The cooperation agreements generally have a term ranging between 30 to 50 years. Our schools in Luoyang and Ordos are currently in operation, and our schools in Tianjin (Huayuan campus) and Pingdingshan recently commenced operations in September 2014. For more information on those campus sites, see the sections headed "Business — Our Schools — Maple Leaf Schools and Campuses under Development" and "Business — Properties" in this prospectus. Notwithstanding the obligations of these local governments and the real estate developer under these contracts, if any of them refuses to continue to grant us the right to use such campus site or school premises, or both, whether due to our failure to fulfill obligations under the agreements or otherwise, we may be forced to relocate or cease operating the affected schools and incur additional expenses for bringing claims against such local government or real estate developer, and we may not be able to successfully recover our damages through litigation or other applicable dispute resolution proceedings, which may materially and adversely affect our business, financial condition and results of operations.

Our legal right to lease certain properties could be challenged by property owners or other third parties.

We lease 11 premises for the operation of our preschools in Dalian and the Dalian Foreign School. Out of the leased properties, we have confirmed that the lessors of four properties hold good title and the right to lease those properties, but we are unable to determine the status for the remaining seven properties with complete certainty. Due to the limits the Chinese government places on searching for relevant land use records, we are unable to locate more specific title information based on our independent investigations. As a result, there is a risk that the owners from whom we lease those seven properties may not have the valid land use rights certificates or building ownership certificates for the premises they lease to us, or otherwise may not have the right to lease such business premises to us. For further details, see the section headed "Business — Properties" in this prospectus. As of the Latest Practicable Date, we were not aware of any actions, claims or investigations being contemplated by any third party with respect to possible defects in our leased real properties. If any of our leases were terminated as a result of challenges by third parties to the lessors' rights, we may be forced to relocate the affected schools and incur additional expenses, which may result in disruptions to our educational services at those schools, lower school enrollments and adversely affect our business, financial condition or results of operations.

In addition, we have not registered certain of our lease agreements with relevant government authorities. Under relevant PRC laws and regulations, an executed lease must be registered and filed with the relevant government authority. According to our PRC Legal Counsel, although lack of registration will not affect the validity and enforceability of lease agreements, a fine ranging from RMB1,000 to RMB10,000 may be imposed on the parties to a lease for failing to register the lease.

Our historical financial and operating results may not be indicative of our future performance and our financial and operating results may be difficult to forecast.

Our financial and operating results may not meet the expectations of public market analysts or investors, which could cause the price of our Shares to decline. Our revenue, expenses and operating results may vary from year to year in response to a variety of factors beyond our control, including, among others:

- our ability to increase student enrollment in our schools and raise tuitions fees;
- general economic conditions and regulations or government actions pertaining to the provision of private educational services in China;
- shifts in consumer attitude toward private and international education in China;
- our ability to control cost of revenue, in particular staff costs relating to teacher salaries and allowances, and other costs; and
- non-recurring charges incurred in connection with acquisitions or other extraordinary transactions or unexpected circumstances.

Due to these factors, we believe that year-to-year comparisons of our operating results may not be indicative of our future performance and you should not rely on them to predict the future performance of our Shares. See the section headed "Financial Information" in this prospectus.

Negative publicity concerning our schools or our administration of the BC program may adversely affect our reputation, business and growth prospect and our ability to recruit qualified teachers from overseas.

Any negative publicity concerning our schools and our administration of the BC program, even if untrue, could adversely affect our reputation and business prospects. For example, *Vancouver Sun* published an article in November 2012, which cited complaints by former teachers of our Tianjin high school about grade inflation, contract violations and superficial inspections. We believe we have demonstrated that such complaints are untrue by successfully passing the BCMOE inspections for all of our high schools each year. However, we cannot assure you that such complaints or future negative publicities about us would not damage our brand image and have a material adverse effect on our business, results of operations and financial condition. In addition, negative publicities about us may cause foreign teachers to be less interested in us, which could adversely affect our ability to recruit qualified teachers from overseas.

Our success depends on the continuing efforts of our executive Directors and senior management team and other key personnel and our business may be harmed if we lose their services.

Our future success depends heavily upon the continuing services of our executive Directors and senior management team and in particular, our Founder, Mr. Sherman Jen, who has been our leader since our inception. If one or more of our executive Directors, senior management or other key personnel are unable or unwilling to continue in their present positions, we may not be able to replace them easily or at all, and our business may be disrupted and our financial condition and results of operations may be materially and adversely affected. Competition for experienced executive Directors or management personnel in the private education sector is intense, the pool of qualified candidates is very limited, and we may not be able to retain the services of our executive Directors or senior management or key personnel, or attract and retain high-quality executive Directors or senior executives or key personnel in the future. In addition, if any member of our executive Directors or senior management team or any of our other key personnel joins a competitor or forms a competing company, we may lose teachers, students, key professionals and staff members.

Each of our executive officers and key employees has entered into a confidentiality and non-competition agreement with us as part of their respective employment agreement with us. These confidentiality and non-compete agreements are governed by PRC laws and any disputes would be resolved in accordance with PRC legal procedures. The legal environment in the PRC is not as developed as in other jurisdictions such as Hong Kong, and uncertainties in the PRC legal system could limit our ability to enforce these agreements. For example, prior court decisions may be cited for reference but have limited precedential value in the PRC, and the PRC arbitration tribunals and courts have significant discretion in interpreting, implementing or enforcing relevant PRC laws. It is thus difficult to predict the outcome of any arbitration awards or court proceedings or gauge the level of legal protection that such awards or proceedings may provide. Accordingly, if any disputes arise between any of our senior executives or key personnel and us, it may be difficult to enforce these agreements against these individuals. In addition, members of our senior management team may attract media coverage and publicity from time to time. To the extent such media coverage or publicity is negative in nature, whether or not the negative implications they contain are substantiated, our reputation may suffer.

We have granted, and may continue to grant, employee share options and other share-based compensation, which may materially impact our future results of operations.

We adopted the Pre-IPO Share Option Scheme in 2008, under which we may issue options to purchase up to a total of 3,000,000 Shares to our Directors, senior management and employees for their contribution to our Group and to attract and retain key personnel. As of the Latest Practicable Date, 2,515,000 share options to subscribe for an aggregate of 26,927,387 Shares had been granted and were outstanding under the Pre-IPO Share Option Scheme, as adjusted pursuant to the Capitalization Issue. The fair value of the services received in exchange for the grant of these share options was recognized as share-based compensation expenses, which had an adverse effect on our profits during the Track Record Period. In addition, exercise of the share options we have granted or plan to grant will increase the number of our Shares in circulation. Any actual or perceived sales of the additional Shares acquired upon the exercise of the share options we have granted or plan to grant may adversely affect the market price of our Shares.

Failure to make adequate contributions to various employee benefit plans as required by PRC regulations may subject us to penalties.

Companies operating in China are required to participate in various employee benefit plans, including pension insurance, unemployment insurance, medical insurance, work-related injury insurance, maternity insurance and housing provident fund, and contribute to the plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of their employees up to a maximum amount specified by the local government from time to time at locations where they operate their businesses. During the Track Record Period, we did not make social insurance payments for our foreign employees. In addition, we only made partial social insurance payments and housing provident fund contributions for our PRC employees as required under the relevant PRC laws and regulations. So far, we have not received any notice from the local authorities or any claim from our current and former employees regarding our non-compliance in this regard. We estimate that the amount of social insurance payments and housing provident fund contributions that we did not make during the Track Record Period was approximately RMB79.1 million, of which approximately RMB28.7 million related to social insurance payments for PRC employees, approximately RMB11.8 million related to housing provident fund contributions for PRC employees, and approximately RMB38.6 million related to social insurance payments for foreign employees. See the section headed "Business — Legal Proceedings and Compliance" in this prospectus. Our PRC Legal Counsel has advised us that, based on the interviews we conducted with and the written confirmations issued by the competent local human resources and social security bureaus and housing provident fund management centers in cities covering a significant majority of the amount we did not pay, the risk of us being penalized for making partial social insurance payments and housing provident fund contributions is relatively low. However, we cannot assure you that the relevant local government authorities will not require us to pay the outstanding amount within a specified time limit and impose late fees or fines on us, which may materially and adversely affect our financial conditions and results of operations.

We have limited insurance coverage.

We carry property insurance for the schools that we own legal titles to, maintain school liability insurance for our schools and have procured student safety insurance coverage on behalf of students at our schools. However, our insurance coverage is still limited in terms of amount, benefit and scope. Furthermore, we do not carry any property insurance for the schools the properties of which are owned by third parties and are not required to do so under applicable PRC laws and regulations. The insurance industry in China is still in an early stage of development, and our existing insurance may not be sufficient to cover us for all accidents and potential liabilities. For example, one of our students died while walking on campus in our elementary school in Dalian in 2009. We paid damages to the student's family because the accident fell outside the scope of our insurance coverage. If we were held liable for amounts and claims exceeding the limits of our insurance coverage or outside the scope of our insurance coverage, or suffered losses and liabilities due to incidents such as fires, explosions or other accidents at the schools for which we do not currently maintain insurance that we were unable to seek redress from the third party owners of those properties for, our business, results of operations and financial condition may be materially and adversely affected. In addition, we do not have any business disruption insurance coverage for our operations to cover losses that may be caused by natural disasters or catastrophic events, such as epidemics or earthquakes, so that any business disruption or natural disaster could result in substantial costs and a diversion of resources, which would have a material adverse effect on our business and results of operations.

We may not be able to control the quality, maintenance and management of certain school premises.

We partner with third parties to develop certain of our schools, and we may not be able to adequately control the compliance, quality, maintenance and management of such schools' premises as they are constructed by the third parties and provided to us for use. As of the Latest Practicable Date, we had entered into cooperation agreements with six local governments and one real estate developer, under which they had agreed to construct the school premises. Accordingly, we may not be able to guarantee the quality of those premises or that the premises are well-maintained or well-managed or will obtain or maintain the requisite certificates, approvals and permits, including with respect to our BCMOE certification for those schools. If the quality, maintenance or management fails to meet our expectations, our ability to operate those schools and our reputation as a provider of quality educational services may be materially and adversely affected.

We have pledged certain land use rights and buildings, which are restricted for educational purposes, to secure bank loans.

We pledged some of our properties as collateral to secure certain bank loans. As of the Latest Practicable Date, we had pledged land use rights to an aggregate site area of 225,549.05 square meters and buildings with an aggregate gross floor area of 68,679.35 square meters that were being used by our Wuhan campus as security for our bank loans in the amount of approximately RMB88.5 million. Those loan agreements are: (i) a loan agreement with the Donghu New Technology Development District Branch of Hankou Bank under which we pledged land use rights to an aggregate site area of 31,255.7 square meters and buildings with an aggregate gross floor area of 26,086.94 square meters as security for loans amounting to RMB30.0 million and (ii) a loan agreement with the Donghu New Technology Development District Branch of Hankou Bank under which we pledged land use rights to an aggregate site area of 194,293.35 square meters and buildings with an aggregate gross floor area of 42,592.41 square meters as security for a loan of RMB58.5 million. Those two bank loans will be due on January 28, 2015 and April 24, 2015, respectively.

According to the PRC Security Law and the PRC Property Law, mortgages, pledges or other encumbrances should not be created on properties which are used for public welfare facilities. The land use rights and buildings that we pledged may be considered "public welfare facilities" according to the Law for Promoting Private Education (2003), which provides that private education is considered in the nature of "public welfare" in the PRC. Nonetheless all of the pledged facilities and land use rights were duly registered at the relevant local land and housing administrative authorities according to the relevant PRC laws, and all of the banks with which we entered into the loan agreements and relevant guarantee agreements were fully aware of the nature of our properties being pledged and accepted the facilities and land use rights as qualified pledges for the loans by holding the pledged facilities registration certificates. Although the banks have not challenged the legality of the pledges underlying the loans and we are not aware of any actions or claims being contemplated by the relevant banks with respect to the validity and enforceability of the loan agreements and the pledges of our real properties, we cannot preclude the possibility that a government authority, including PRC court or administrative authority, may consider the pledge created on the subject facilities and land use rights being used by our schools to be in violation of PRC laws if we and the relevant banks have disputes with regards to the relevant loans under applicable loan agreements or if the validity of those pledges were otherwise challenged. In such a case it is likely that such pledges would not be enforceable and we may be requested by the banks to provide other guarantees or prepay the loans immediately, which may cause the business operations of the relevant schools and our financial conditions to be materially and adversely affected.

We had net current liabilities as of August 31, 2011, 2012 and 2013 and May 31 and September 30, 2014, and require a high level of working capital to sustain our operations, expansion and overall growth.

As of August 31, 2011, 2012 and 2013 and May 31 and September 30, 2014, we had net current liabilities of approximately RMB752.2 million, RMB704.6 million, RMB837.6 million, RMB866.9 million and RMB389.9 million, respectively. In addition, we recorded negative operating cash flow of approximately RMB82.0 million in the nine months ended May 31, 2014. For additional information on our liquidity position, see the sections headed "Financial Information — Net Current Assets and Liabilities" and "Financial Information — Liquidity and Capital Resources" in this prospectus. Historically, we financed our working capital through cash generated from our operations and short-term and long-term bank loans. As at August 31, 2011, 2012 and 2013 and May 31 and September 30, 2014, our outstanding bank loans amounted to RMB233.5 million, RMB170.0 million, RMB275.0 million, RMB224.0 million and RMB153.5 million, respectively, all of which were short-term bank borrowings, except in 2013, where RMB60.0 million were long-term bank borrowings. For additional information on our liquidity position, see the section headed Financial Information — Liquidity and Capital Resources" in this prospectus.

We cannot assure you that we will be able to obtain adequate financing to meet our future working capital requirements and we may have net current liabilities in the future. The inability to generate positive operating cash flow or obtain additional short-term bank loans, loans or other additional financing on a timely basis, on acceptable terms or at all would materially and adversely affect our ability to satisfy our working capital requirements. In addition, we cannot assure you that we will be able to obtain additional working capital to execute our growth strategies, or that future expansion of our school network will not materially and adversely impact the current or future level of working capital. Furthermore, as we provide refund to students who withdraw from our schools, if a large number of students withdraw from our schools, our financial position may be adversely impacted.

In addition, our financial statements included in this prospectus have been prepared on a going concern basis, which takes into account our financial resources, including our unutilized banking facilities, the binding agreements signed with banks from February 2014 to May 2014 to renew or refinance the banking facilities upon maturity, and the supplement agreement signed in June 2014 by the Company and holders of the Preferred Shares that the Preferred Shares would not be redeemed until December 31, 2015. If there is an adverse change to our profits, cash flow or ability to obtain additional financing, our financial statements may need to be prepared on an alternative authoritative basis and adjustments relating to the recoverability and classification of recorded asset amounts or the classification of liabilities may need to be made.

We are disposing of a training institute.

We are disposing of a training institute in Dalian to an independent third party. For more details about this transfer, see the section headed "History and Corporate Structure — Major Acquisitions, Disposals and Mergers — Disposition of Dalian Maple Leaf Institute of Technology" in this prospectus. We have registered the third-party transferee as a co-sponsor of the institute. Although the third-party transferee has agreed to assume all of the liabilities in connection with the operations of the institute, as a co-sponsor, we may still be liable for the negligence of the third-party transferee, if any, in the operation of the institute until the transfer is complete. In addition, we are still in the process of transferring the certain land use rights and premises to the third-party transferee to serve as the current campus of this training institute. Due to restrictions under relevant PRC laws and regulations, in order to make the transfer, we are required to obtain reissued building ownership certificates for such campus site. We are in the process of applying for reissued building ownership certificates and expect to complete the requisite procedures by the end of 2014. However, we cannot assure you that the relevant local government authorities will approve our application. If we fail to obtain reissued building ownership certificates for this campus site on a timely basis, or at all, we will not be able to complete the transaction, which may have an adverse impact on our business.

We face risks related to health epidemics and other outbreaks, which could result in reduced attendance or temporary closure of our schools.

Schools, by their nature, are common places where diseases can easily be passed from person to person. Past occurrences of epidemics or pandemics, depending on their scale, have caused different degrees of damage to the national and local economies of China. A recurrence of SARS or an outbreak of any other epidemics or pandemics in China, such as the H1N1 influenza or other subtypes of avian flu, including H5N1 and most recently H7N9, especially in the areas where we have schools, may result in quarantines, temporary closures of our offices and schools, travel restrictions or the sickness or death of our students and key personnel. The perception that an outbreak of contagious disease may occur again may also have an adverse effect on our future recruiting efforts and the economic conditions of countries in Asia. In particular, as all of our elementary, middle and high schools require students to live in the dormitories and many of our campuses provide on-campus accommodations to our teacher and staff, the boarding environment makes our students, teachers and staff exceptionally vulnerable to epidemics or pandemics, which may make it more difficult for us to take preventive measures if an epidemic or pandemic were to occur. We have not adopted any written preventive measures or contingency plans to combat any future outbreak of H1N1 influenza, other subtypes of avian influenza, SARS or any other epidemic or pandemic. Any of the above may cause material disruptions to our operations, such as temporary closure of our schools, which in turn may materially and adversely affect our financial condition and results of operations.

We may lose our competitive advantage and our reputation, brand and operations may suffer if we fail to protect our intellectual property rights or prevent the loss or misappropriation of our intellectual property rights.

We consider our trademarks and trade name invaluable to our ability to continue to develop and enhance our brand recognition. We have spent nearly two decades building our "Maple Leaf" brand by emphasizing quality and consistency and by building trust among students, parents, teachers, universities and the government educational authorities with which we interact. Unauthorized use of our trademarks, trade name and trade secrets by unrelated third parties may damage our reputation and brand. From time to time, our trademarks and trade name have been used by third parties for or as part of other branded programs, services and products unrelated to us. We have sent cease and desist letters to such third parties in the past and will continue to do so in the future. Cease and desist letters are recognized under PRC law as notification to offenders of intellectual property rights and are often effective initial legal mechanisms against intellectual property infringements. In such cases, if the infringers do not cease the act of infringing after receiving our cease and desist letter, we may have to bring lawsuits in Chinese courts to prevent trademark and trade name infringement, which is difficult, costly and time-consuming. In addition, as one of our business strategies, we plan to spend significant time and expense developing the content of certain of our own educational materials, such as books and software, to enrich our offerings and meet students' needs. The measures we take to protect our trademarks, copyrights and other intellectual property rights, which presently are based upon a combination of trademark, copyright and trade secret laws, may not be adequate to prevent unauthorized use by third parties. Furthermore, the application of laws governing intellectual property rights in China is uncertain and evolving, and, as such, enforcement of intellectual property rights in China is particularly difficult. If we are unable to adequately protect our trademarks, copyrights and other intellectual property rights, we may lose these rights, our brand name may be harmed, and our business may suffer materially.

Unauthorized disclosure or manipulation of student, teacher and other sensitive data, whether through breach of our network security or otherwise, could expose us to costly litigation or could adversely impact the reputation of our schools.

Maintaining our network security and internal controls over access rights is of critical importance because proprietary and confidential student and teacher information, such as names, addresses, and other personal information, is primarily stored in our computer database located in our headquarters. If our security measures are breached as a result of actions by third-parties, employee error, malfeasance or otherwise, third parties may receive or be able to access student records, which could subject us to liabilities, interrupt our business and adversely impact our reputation. Additionally, we run the risk that our employees or third parties could misappropriate or illegally disclose confidential educational information in our possession. As a result, we may be required to expend significant resources to provide additional protection from the threat of these security breaches or to alleviate problems caused by these breaches.

We may encounter disputes from time to time relating to the intellectual property of third parties.

As a part of their employment agreements with us and our code of business conduct and ethics as well as student honors code, we expressly prohibit our teachers, other employees and students from engaging in any copyright, trademark, trade name or other intellectual property infringing activities. However, our teachers may, against our policies, use third-party copyrighted materials without proper authorization in our classes, and our students may post unauthorized third-party content on our websites or otherwise infringe upon the intellectual property of third parties. Although we have never received any intellectual infringement-related complaints or claims against us, we cannot assure you that our course materials or other intellectual property developed or used by us do not or will not infringe upon valid copyrights or other intellectual property rights held by third parties. We may encounter disputes from time to time over rights and obligations concerning intellectual property, and we may not prevail in those disputes. Any such intellectual property infringement dispute could result in disruption to our teaching activities due to lack of materials, as well as costly litigation and divert our management attention and resources.

The appraised value of our properties in Dalian may be different from their actual realizable value and are subject to change.

The appraised value of our properties in Dalian as contained in the property valuation report in Appendix IV to this prospectus are based on multiple assumptions that include elements of subjectivity and uncertainty. The assumptions, on which the appraised value of our properties is based, include:

- transferable land use rights in respect of our properties in Dalian for a specific term at nominal annual land use fees have been granted and that any premium has already been fully settled; and
- the grantees or the users of our properties in Dalian have free and uninterrupted rights to use or to assign the properties for the whole of the unexpired term as granted.

Some assumptions used by DTZ Debenham Tie Leung Limited in reaching the appraised value of our properties in Dalian may prove inaccurate. Therefore, the appraised value of our properties in Dalian should not be taken as their actual realizable value or a forecast of their realizable value. Unforeseeable changes to our properties in Dalian as well as national and local economic conditions may affect the value of these properties. You should not place undue reliance on such estimated value attributed to these properties by DTZ Debenham Tie Leung Limited.

Listing expenses in relation to the Global Offering, share-based payments and increase in fair value on Preferred Shares will adversely affect our net profit for the year ended August 31, 2014.

We expect to incur additional listing expenses, share-based payments and an increase in the fair value of the Preferred Shares, part of which will be charged to our consolidated statement of profit or loss and other comprehensive income for the financial year ended August 31, 2014 and therefore adversely affect our net profit for the year ended August 31, 2014.

Terrorist attacks, geopolitical uncertainty and international conflicts involving China, the United States and elsewhere may discourage PRC students from studying overseas and non-PRC students from studying in China, which could cause declines in the student enrollment at our schools.

A significant portion of our PRC students enroll in our schools for our bilingual programs and in particular, the dual-diploma curriculum we offer in our high schools because they wish to eventually apply for and attend universities in Canada, the United States, Australia, the United Kingdom and elsewhere outside of China. In addition, many of our non-PRC students attend our schools because they wish to study in universities in China. Terrorist attacks, geopolitical uncertainty and international conflicts involving China, the United States and elsewhere, and events with long-term impact upon international travel, such as those that took place on

September 11, 2001 and more recently the Kunming rail station mass stabbing, which happened on March 1, 2014, can discourage students from traveling and studying abroad, which may result in an adverse effect on the enrollment figures at our schools by making international studies a less attractive option. Such attacks or international conflicts may discourage PRC students from studying in the United States and elsewhere outside of China and may discourage non-PRC students from pursuing studies in the PRC. These factors could cause a decline in the student enrollment at our schools, which could have an adverse effect on our overall business and results of operations.

RISKS RELATING TO DOING BUSINESS IN CHINA

Adverse changes in the economic and political policies of the PRC government could have a material adverse effect on the overall economic growth of China, which could adversely affect our business.

Substantially all of our business operations are conducted in China. Accordingly, our results of operations, financial condition and prospects are subject to a significant degree to economic, political and legal developments in China. China's economy differs from the economies of most developed countries in many respects, including with regard to the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the Chinese government has implemented measures since the late 1970s emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets, and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the Chinese government. In addition, the Chinese government continues to play a significant role in regulating industry development by imposing industrial policies. The Chinese government also exercises significant control over China's economic growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy, and providing preferential treatment to particular industries or companies.

While the Chinese economy has experienced significant growth in the past 30 years, growth has been uneven among various sectors of the economy, geographically and during different periods. We cannot assure you that the Chinese economy will continue to grow or that, if there is growth, such growth will be steady and uniform, or that, if there is a slowdown, such slowdown will not have a negative effect on our business. Although the Chinese government has been carefully curtailing its economic policies, it is unclear whether the policies adopted will be effective in maintaining stable economic growth in the future. Any slowdown in the economic growth of China could lead to reduced demand for the educational services we provide, which could materially and adversely affect our business, as well as our financial condition and results of operations.

In addition, since we target and collect premium tuition rates from families with higher-than-average income, and such families may be more likely to be to be affected by the adverse impact of global or regional financial crisis, we cannot assure you that our student enrollment may not be adversely affected if any financial crisis occurs in the future and some students have to drop out as a result of financial difficulties.

Uncertainties with respect to the PRC legal system could materially and adversely affect us.

We conduct our business primarily through our subsidiaries and consolidated affiliated entities and schools in China. Our operations in China are governed by PRC laws and regulations. Our PRC subsidiaries are generally subject to laws and regulations applicable to foreign investments in China and, in particular, laws applicable to wholly foreign-owned enterprises. The PRC legal system is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value.

Since 1979, PRC legislation and regulations have significantly enhanced the protections afforded to various forms of foreign investments in China. However, China has not developed a fully integrated legal system and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. In particular, because these laws and regulations are relatively new, and because of the limited volume of published decisions and their nonbinding nature, the interpretation and enforcement of these laws and regulations involve uncertainties. In addition, the PRC legal system is based in part on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect. For example, in December 2009, the State Administration of Taxation issued a circular, commonly referred to as Circular 698, to strengthen the PRC tax authorities' scrutiny over any indirect transfer of equity interests in a PRC tax resident enterprise by a non PRC-resident enterprise, which became effective retroactively on January 1, 2008. See the section headed "Regulatory Overview" in this prospectus. We may not become aware of our violation of such governmental policies and rules with retroactive application until some time after the potential violation. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention.

In particular, uncertainties with respect to PRC laws and regulations on the education industry may have a material impact on our business operation. In 2010, the PRC central government promulgated the Outline of China's National Plan for Medium- and Long-Term Education Reform and Development (2010-2020) (the "**Outline**"), which for the first time announced that the government will implement a reform to divide private education entities into two categories, namely for-profit private education entities and not-for-profit private education entities. In line with the Outline, the General Office of the State Council issued the Notices on the National Education System Innovation Pilot (the "**Pilot**"), and the MOE submitted to the State Council A Series of Suggested Amendments to Varies of Educational Laws (the "**Drafted Amendments**") in September 2013. Under the Pilot and the Drafted Amendments, the PRC government plans to implement a for-profit and not-for-profit classified management system for the private schools and each type of schools may be subject to different supervision requirements. However, the Outline and the Pilot are still new and no national law or regulation has been officially promulgated to implement differentiated management of the private schools. If, upon the implementation of the above reform, our schools choose to register as for-profit private education entities, they may be subject to more stringent scrutiny with respect to their educational management, tax status, or their operational matters which may increase cost or otherwise adversely affect our result of operations.

You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing original actions in China against us or our management named in the prospectus based on Hong Kong or other foreign laws.

We are a company incorporated under the laws of the Cayman Islands, we conduct substantially all of our operations in China and substantially all of our assets are located in China. In addition, a substantial number of our senior executive officers reside within China for a significant portion of the time and many are PRC nationals. As a result, it may be difficult for our Shareholders to effect service of process upon us or those persons inside mainland China. In addition, our PRC Legal Counsel has advised us that China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the Cayman Islands and many other countries and regions. Therefore, recognition and enforcement in China of judgments of a court in any of these non-PRC jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or impossible. For more information regarding the relevant laws of the Cayman Islands, see the section headed "Appendix V — Summary of the Constitution of the Company and Cayman Islands Company Law and Taxation" to this prospectus.

On July 14, 2006, Hong Kong and the PRC entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned, or the Arrangement, pursuant to which a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in the PRC. Similarly, a party with a final judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in dispute have not agreed to enter into a choice of court agreement in writing. Although the Arrangement became effective on August 1, 2008, the outcome and effectiveness of any action brought under the Arrangement may still be uncertain.

PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds of this offering to make loans or additional capital contributions to our PRC subsidiaries or consolidated affiliated entities, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

In utilizing the proceeds of this offering in the manner described in the section headed "Use of Proceeds" in this prospectus as an offshore holding company, we may extend loans to our PRC subsidiaries and our consolidated affiliated entities, establish new subsidiaries, make additional capital contributions to our PRC subsidiaries or acquire, in offshore transactions, offshore entities with business operations inside China. Any loans to our PRC subsidiaries or our consolidated affiliated entities are subject to PRC regulations and approvals. For example:

- loans we extend to Beipeng Software, our wholly-owned subsidiary to finance their activities cannot exceed statutory limits and must be registered with the SAFE or its local counterpart; and
- loans we extend to Dalian Maple Leaf High School or consolidated affiliated entities must be approved by the relevant government authorities and must also be registered with the SAFE or its local counterpart.

In addition, on August 29, 2008, the SAFE promulgated Circular 142 which requires that any Renminbi obtained from the settlement of the capital of a foreign-invested enterprise shall be used for purposes within the business scope approved by the applicable government authority. Without a special governmental approval pursuant to Circular 142, we may not utilize Beipeng Software to apply the settlement of capital for domestic equity investments. We may, however, use proceeds from this offering for equity investments through acquisitions of offshore entities with business operations in China or to establish new subsidiaries with an appropriate business scope to engage in equity investment activities in China.

Furthermore, the SAFE strengthened its oversight of the flow and use of Renminbi funds converted from the foreign currency-denominated capital of foreign-invested enterprises. The use of such Renminbi may not be changed without approval from the SAFE, and may not be used to repay Renminbi loans if the proceeds of such loans have not yet been used for purposes within the foreign-invested enterprise's approved business scope. Furthermore, the SAFE promulgated a circular on November 9, 2010, or Circular 59, which requires the authenticity of settlement of net proceeds from offshore offerings to be closely examined and the net proceeds to be settled in the manner described in the offering documents.

Finally, any capital contributions to Beipeng Software or to any new subsidiaries that we may establish in the future must be approved by the MOFCOM or its local counterpart. We cannot assure you that we will be able to obtain these government registrations or approvals on a timely basis, if at all. If we fail to receive such registrations or approvals, our ability to use the proceeds of this offering and to capitalize our PRC operations may be negatively affected, which could adversely and materially affect our liquidity and our ability to fund and expand our business.

Failure to comply with PRC regulations regarding the registration requirements for employee share ownership plans or share option plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

In February 2012, the SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly-Listed

Companies (the "**Stock Option Rules**"). Under the Stock Option Rules and other relevant rules and regulations, PRC residents who participate in stock incentive plan in an overseas publicly-listed company are required to register with the SAFE or its local branches and complete certain other procedures. Participants of a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas publicly-listed company or another qualified institution selected by the PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes. We and our PRC employees who have been granted share options will be subject to these regulations upon the completion of the Global Offering. Failure of our PRC share option holders to complete their SAFE registrations may subject these PRC residents to fines and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiaries, limited our PRC subsidiaries' ability to distribute dividends to us, or otherwise materially and adversely affect our business.

Restrictions on currency exchange under PRC laws may limit our ability to convert cash derived from our operating activities into foreign currencies and may materially and adversely affect the value of your investment.

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all of our revenue in Renminbi. Under our current corporate structure, our income is primarily derived from dividend payments from Beipeng Software, our PRC subsidiary. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries and our affiliated entities to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency denominated obligations, if any. Under existing PRC foreign exchange regulations, conversion of Renminbi is permitted, without prior approval from the SAFE, for current account transactions, including profit distributions, interest payments and expenditures from trade-related transactions, as long as certain procedural requirements are complied with. However, approval from and registration with the SAFE and other PRC regulatory authorities are required where Renminbi is to be converted into foreign currency and remitted out of China for capital account transactions, which includes foreign direct investment and repayment of loans denominated in foreign currencies. The PRC government may also, at its discretion, restrict access in the future to foreign currencies for current account transactions. Any existing and future restrictions on currency exchange in China may limit our ability to convert cash derived from our operating activities into foreign currencies to fund expenditures denominated in foreign currencies. If the foreign exchange restrictions in China prevent us from obtaining Hong Kong dollars or other foreign currencies as required, we may not be able to pay dividends in Hong Kong dollars or other foreign currencies to our Shareholders, or pay the salaries of our non-PRC teachers in currencies other than Renminbi. Furthermore, foreign exchange control in respect of the capital account transactions could affect our PRC subsidiaries' ability to obtain foreign exchange or conversion into Renminbi through debt or equity financing, including by means of loans or capital contributions from us.

If we are classified as a PRC "resident enterprise," holders of our Shares may be subject to a PRC withholding tax upon the dividends payable by us and upon gain from the sale of our Shares.

Under the Enterprise Income Tax Law and its implementing regulations, an enterprise established outside China with its "de facto management body" within China is considered a "resident enterprise" in China and will be subject to the PRC enterprise income tax at the rate of 25% on its worldwide income. The tax authority will normally review factors such as the routine operation of the organizational body that effectively manages the enterprise's production and business operations, locations of personnel holding decision-making power, location of finance and accounting functions and properties of the enterprise. The Enterprise Income Tax Law's implementation regulations define the term "de facto management bodies" as "establishments that carry out substantial and overall management and control over the manufacturing and business operations, personnel, accounting, properties, etc. of an enterprise." The State Administration of Taxation issued the Notice Regarding the Determination of Chinese-Controlled Overseas Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (the "SAT Circular 82") on April 22, 2009. SAT Circular 82 provides certain specific criteria for determining whether the "de facto management body" of a Chinese-controlled offshore incorporated enterprise is located inside China, stating that only a company meeting all the criteria would be deemed having its de factor management body inside China. One of the criteria is that a company's major assets, accounting books and minutes and files of its board and shareholders' meetings are located or kept in the PRC. In addition, the SAT issued a bulletin on August 3, 2011, effective September 1, 2011, providing more guidance on the implementation of SAT Circular 82. This bulletin clarifies matters including residence status determination, post-determination administration and competent tax authorities. Although both SAT Circular 82 and the bulletin only apply to offshore enterprises controlled by PRC enterprises and there are currently no further detailed rules or precedents applicable to us governing the procedures and specific criteria for determining "de facto management body" for companies like ours, the determination criteria set forth in SAT Circular 82 and the bulletin may reflect the SAT's general position on how the "de facto management body" test should be applied in determining the tax residency status of offshore enterprises and how the administration measures should be implemented with respect to such enterprises, regardless of whether they are controlled by PRC enterprises or PRC individuals.

As substantially all of our management members are based in China, it remains unclear how the tax residency rule will apply to our case. We do not believe that China Maple Leaf Educational Systems Limited, or any of our Hong Kong or BVI subsidiaries, should be qualified as a "resident enterprise" as each of our offshore holding entities is a company incorporated outside the PRC and we are not an offshore enterprise controlled by PRC individuals or domestic enterprises. As holding companies, each of these entities' corporate documents, minutes and files of the board and shareholders' meetings are located and kept outside of the PRC. Therefore, we believe that none of our offshore holding entities should be treated as a "resident enterprise" with its "de facto management bodies" located within China as defined by the relevant regulations for PRC enterprise income tax purposes. However, as the tax resident status of an enterprise is subject to determination by the PRC tax authorities, there are uncertainties and risks associated with this issue.

Under the Enterprise Income Tax Law, shareholders of a PRC resident enterprise will be subject to a 10% withholding tax upon dividends received from the PRC resident enterprise and on gain recognized with respect to the sale of shares of the resident enterprise. Accordingly, if we are treated as a PRC resident enterprise, our Shareholders may be subject to a 10% withholding tax upon dividends received from us and on gain recognized with respect to the sale of our Shares, unless such withholding tax is reduced by an applicable income tax treaty between China and the jurisdiction of the Shareholder. Any such tax may reduce the returns on your investment in our Shares.

Fluctuations in exchange rates may result in foreign currency exchange losses and may have a material adverse effect on your investment.

The change in the value of Renminbi against the Hong Kong dollar and other currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions. For instance, in the PRC from 1995 until July 2005, the conversion of the Renminbi into foreign currencies, including the Hong Kong dollar and US dollar, has been based on fixed rates set by the PBOC. The PRC government, however, has, with effect from July 21, 2005, reformed the exchange rate regime by moving into a managed floating exchange regime based on market supply and demand with reference to a basket of currencies. On June 20, 2010, the PBOC announced that it intends to further reform the Renminbi exchange rate regime by enhancing the flexibility of the Renminbi exchange rate. On April 16, 2012, the PBOC enlarged the previous floating band of the trading prices of the Renminbi against the US dollar in the inter-bank spot foreign exchange market from

0.5% to 1% in order to further improve the managed floating Renminbi exchange rate regime based on market supply and demand with reference to a basket of currencies. On March 15, 2014, the PBOC further enlarged the floating band of the trading prices of the Renminbi against the US dollar in the inter-bank spot foreign exchange market from 1% to 2%, effective from March 17, 2014. However, it remains unclear how this flexibility might be implemented. Further, there remains significant international pressure on the PRC government to adopt a substantial liberalization of its currency policy, which could result in a further and more significant appreciation in the value of Renminbi against the Hong Kong dollar.

Our revenue and costs are mostly denominated in Renminbi, and a significant portion of our financial assets are also denominated in Renminbi. We rely entirely on dividends and other fees paid to us by our PRC subsidiaries and consolidated affiliated entities. Any significant change in the exchange rates of the Hong Kong dollar against Renminbi may materially and adversely affect the value of, and any dividends payable on, our Shares in Hong Kong dollars. For example, a further appreciation of Renminbi against the Hong Kong dollar would make any new Renminbi-denominated investments or expenditures more costly to us, to the extent that we need to convert Hong Kong dollars into Renminbi for such purposes. An appreciation of Renminbi against the Hong Kong dollar would also result in foreign currency translation losses for financial reporting purposes when we translate our Hong Kong dollar denominated financial assets into Renminbi, as Renminbi is the functional currency of our subsidiaries and consolidated affiliated entities inside China. Conversely, if we decide to convert our Renminbi into Hong Kong dollars for the purpose of making payments for dividends on our Shares or for other business purposes, appreciation of the Hong Kong dollar against Renminbi would have a negative effect on the Hong Kong dollar amount available to us.

RISKS RELATING TO THE GLOBAL OFFERING

The interests of our Controlling Shareholders may differ from your interests and they may exercise their vote to the disadvantage of our minority Shareholders.

Immediately following the completion of the Global Offering, Mr. Sherman Jen will indirectly control approximately 53.81% of our total issued share capital (assuming the Overallotment Option is not exercised). Accordingly, Mr. Sherman Jen will, for the foreseeable future, through his voting control, be able to exercise substantial influence over our operations and business strategy, such as matters related to the composition of our Board of Directors, selection of our senior management, amount and timing of dividends and other distributions, our overall strategic and investment decisions, issuance of securities and adjustment to our capital structure, amendment to our Memorandum and Articles of Association, and other corporate actions requiring approval of our Shareholders, including merger, consolidation or sale of our assets, or any other change of control event that may affect our other Shareholders generally. Such voting control may discourage certain types of transactions, including those involving an actual or potential change of control of our Company. In the event that there is a divergence of our strategic and other interests from those of Mr. Sherman Jen in the future, Mr. Sherman Jen may exercise control over our Company in ways that conflict with the interests of our other Shareholders, and minority Shareholders could be disadvantaged.

There has been no prior public market for our Shares and there can be no assurance that an active market will develop.

Prior to the Global Offering, there has been no public market for our Shares. An active public market may not develop or be sustained after the Global Offering. The initial Offer Price range for our Shares was the result of negotiations between us and the Joint Global Coordinators (for themselves and on behalf of the Underwriters), and the Offer Price may differ significantly from the market price for the Shares following the Global Offering. We have applied for the listing of, and permission to deal in, the Shares on the Stock Exchange. However, a listing on the Stock Exchange does not guarantee that an active trading market for the Shares will develop. If an active market for the Shares does not develop after the Global Offering, the market price and liquidity of the Shares may be adversely affected. There can be no assurance as to the ability of Shareholders to sell their Shares or the prices at which Shareholders would be able to sell their Shares. Consequently, Shareholders may not be able to sell their Shares at prices equal to or greater than the price paid for their Shares in the Global Offering.

The liquidity and market price of our Shares following the Global Offering may be volatile.

The market price and trading volume for our Shares may be volatile and subject to wide fluctuations in response to factors such as actual or anticipated fluctuations in our quarterly operating results, changes in financial estimates by securities research analysts, changes in the economic performance or market valuations of other education companies, announcements by us or our competitions of material acquisitions, strategic partnerships, joint ventures or capital commitments, addition or departure of our executive officers and key personnel, fluctuations of exchange rates between Renminbi and the Hong Kong dollar, intellectual property litigation, release of lock-up or other transfer restrictions on our Shares, and economic or political conditions in China. In addition, the performance, and fluctuation in market prices, of other companies with business operations located mainly in China that have listed their securities in Hong Kong may affect the volatility in the price of and trading volumes of our Shares. Furthermore, the securities market has from time to time experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our Shares.

Because the initial public offering price is substantially higher than the pro forma net tangible book value per share, you will experience immediate and substantial dilution.

If you purchase Shares in this offering, you will pay more for each Share than the corresponding amount paid by existing Shareholders for their Shares. As a result, you will experience immediate and substantial dilution upon purchase of the Shares in the Global Offering. In addition, you may experience further dilution to the extent that our Shares are issued upon the exercise of share options.

Substantial future sales or the expectation of substantial sales of our Shares in the public market could cause the price of our Shares to decline.

Although our Controlling Shareholders are subject to restrictions on their sales of Shares within 12 months from the Listing Date as described in the section headed "Underwriting" in this prospectus, future sales of a significant number of our Shares by our Controlling Shareholder or Pre-IPO Investors in the public market after the Global Offering, or the perception that these sales could occur, could cause the market price of our Shares to decline and could materially impair our future ability to raise capital through offerings of our Shares.

We cannot assure you that our Controlling Shareholders and Pre-IPO Investors will not dispose of Shares held by them or that we will not issue Shares pursuant to the general mandate to issue shares granted to our Directors as described in the section headed "Appendix VI — Statutory and General Information" to this prospectus, upon the expiration of restrictions set out above. We cannot predict the effect, if any, that any future sales of Shares by our Controlling Shareholders or Pre-IPO Investors, or the availability of Shares for sale by our Controlling Shareholders or Pre-IPO Investors, or the issuance of Shares by the Company may have on the market price of the Shares. Sale or issuance of a substantial amount of Shares by our Controlling Shareholders or Pre-IPO Investors or us, or the market perception that such sale or issuance may occur, could materially and adversely affect the prevailing market price of the Shares.

We may need additional capital, and the sale or issue of additional Shares or other equity securities, including pursuant to the Pre-IPO Share Option Scheme, Post-IPO Share Option Scheme and RSU Scheme, could result in additional dilution to our Shareholders.

We believe that our current cash and cash equivalents, anticipated cash flow from operations and the net proceeds from the Global Offering will be sufficient to meet our anticipated cash needs for the near future. We may, however, require additional cash resources to finance our continued growth or other future developments, including any investments or acquisitions we may decide to pursue. The amount and timing of such additional financing needs will vary depending on the timing of new school openings, investments in and/or acquisitions of new education programs or businesses from third parties, and the amount of cash flow from our operations. If our resources are insufficient to satisfy our cash requirements, we may seek additional financing through selling additional equity or debt securities or obtaining a credit facility. The sale of additional equity securities could result in additional dilution to our Shareholders. Furthermore, we may issue Shares pursuant to each of the Pre-IPO Share Option Scheme, Post-IPO Share Option Scheme and RSU Scheme, which would further dilute Shareholders' interests in our Company. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that may, among other things, restrict our operations or our ability to pay dividends. Servicing such debt obligations could also be burdensome to our operations. If we fail to service the debt obligations or are unable to comply with such debt covenants, we could be in default under the relevant debt obligations and our liquidity and financial conditions may be materially and adversely affected.

Our ability to obtain additional capital on acceptable terms is subject to a variety of uncertainties, including:

- investors' perception of, and demand for, securities of educational service providers;
- conditions in Hong Kong and other capital markets in which we may seek to raise funds;
- our future results of operations, financial condition and cash flows;
- PRC governmental regulation of foreign investment in education in China;
- economic, political and other conditions in China; and
- PRC governmental policies relating to foreign currency borrowings.

We cannot assure you that financing will be available in the amounts or on terms acceptable to us, if at all. If we fail to raise additional funds, we may need to sell debt or additional equity securities or reduce our growth to a level that can be supported by our cash flow, or defer planned expenditures.

We are a Cayman Islands company and, because judicial precedent regarding the rights of shareholders is more limited under Cayman Islands law than under Hong Kong law, you may have less protection of your shareholder rights than you would under Hong Kong law.

Our corporate affairs are governed by our Memorandum and Articles of Association and by the Cayman Companies Law and common law of the Cayman Islands. The rights of shareholders to take legal action against our directors and us, actions by minority shareholders and the fiduciary responsibilities of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those established under statutes and judicial precedent in existence in other jurisdictions, such as Hong Kong. For example, the Cayman Islands does not have a statutory equivalent of section 168A of the Companies Ordinance which provides a remedy for shareholders who have been unfairly prejudiced by the conduct of the company's affairs. See the section headed "Appendix V — Summary of the Constitution of the Company and Cayman Islands Company Law and Taxation" to this prospectus.

As a result of all of the above, our public shareholders may have more difficulty in protecting their interests through actions against our management, directors or major shareholders than would shareholders of a corporation incorporated in Hong Kong.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Securities and Futures (Stock Market Listing) Rules for the purpose of giving information with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

INFORMATION ABOUT THIS PROSPECTUS

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus and the relevant Application Forms, and any information or representation not contained herein and therein must not be relied upon as having been authorized by our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, Joint Lead Managers, the Underwriters, any of their respective directors, agents, employees or advisers or any other party involved in the Global Offering. Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the Offer Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

SELLING RESTRICTIONS

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his acquisition of Offer Shares to, confirm that he is aware of the restrictions on offers of the Offer Shares described in this prospectus and on the relevant Application Forms.

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus, and the offering and sale of the Offer Shares, in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, including the Offer Shares and any Shares which may be issued pursuant to the exercise of the Over-allotment Option.

Save as disclosed in this prospectus, no part of our Company's share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to deal is being or is proposed to be sought in the near future.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to the Company by or on behalf of the Stock Exchange.

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants in the Hong Kong Public Offering, this prospectus and the Application Forms set out the terms and conditions of the Hong Kong Public Offering.

The Listing is sponsored by the Joint Sponsors. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement. The International Placing Agreement relating to the International Placing is expected to be entered into on or around the Price Determination Date, subject to agreement on the Offer Price between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and us. The Global Offering is managed by the Joint Global Coordinators.

If, for any reason, the Offer Price is not agreed, the Global Offering will not proceed and will lapse. For further details of the Underwriters and the underwriting arrangements, see the section headed "Underwriting" in this prospectus.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

For details of the structure and conditions of the Global Offering, see the section headed "Structure of the Global Offering" in this prospectus.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

For details of the application procedures for the Hong Kong Offer Shares, see the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus and the relevant Application Forms.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Main Board of the Stock Exchange are expected to commence on Friday, November 28, 2014. The Shares will be traded on the Main Board of the Stock Exchange in board lots of 2,000 Shares each. The stock code of the Shares is 1317.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

REGISTERS AND HONG KONG STAMP DUTY

Our Company's principal register of members will be maintained by our principal registrar, Maples Fund Services (Cayman) Limited, in the Cayman Islands and our Company's Hong Kong register of members will be maintained by our Hong Kong Share Registrar, Tricor Investor Services Limited, in Hong Kong.

All Offer Shares will be registered on the Hong Kong register of members of our Company in Hong Kong. Dealings in the Shares registered on our Hong Kong register of members will be subject to Hong Kong stamp duty.

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF SHARES

We have instructed our Hong Kong Share Registrar, Tricor Investor Services Limited, and it has agreed, not to register the subscription, purchase or transfer of any Shares in the name of any particular holder unless and until the holder delivers a signed form to our Hong Kong Share Registrar in respect of those Shares bearing statements to the effect that the holder:

- agrees with us and each of our Shareholders, and we agree with each Shareholder, to observe and comply with the Cayman Companies Law and our Articles of Association;
- agrees with us and each of our Shareholders that the Shares are freely transferable by the holders thereof; and
- authorizes us to enter into a contract on his or her behalf with each of our Directors, managers and officers whereby such Directors, managers and officers undertake to observe and comply with their obligations to our Shareholders as stipulated in our Articles of Association.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, and dealing in the Offer Shares (or exercising rights attached to them). None of us, the Joint Sponsors, the Underwriters, any of our or their respective directors, agents, employees or advisers or any other party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding or disposal of, dealing in, or the exercise of any rights in relation to, the Offer Shares.

EXCHANGE RATE CONVERSION

Unless otherwise specified, this prospectus contains certain translations for the convenience of the reader at the following rates:

HK$1.00 to RMB0.79454, being the exchange rate prevailing on November 7, 2014 published by PBOC

Euro1.00 to RMB7.6183, being the exchange rate prevailing on November 7, 2014 published by PBOC

US$1.00 to RMB6.1602, being the exchange rate prevailing on November 7, 2014 published by PBOC

US$1.00 to HK$7.7523, being the exchange rate set forth in the H.10 weekly statistical average of the Board of Governors of the Federal Reserve System of the United States on November 7, 2014

HK$1.00 to CAD0.146529, being the noon exchange rate published by Bank of Canada on November 7, 2014

These translations are provided for reference and convenience only, and no representation is made, and no representation should be construed as being made, that any amounts in RMB, US$ or HK$ can be or could have been at the relevant dates converted at the above rates or any other rates or at all.

ROUNDING

Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

TRANSLATION

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. Translated English names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities included in this prospectus for which no official English translation exists are unofficial translation for reference only.

Name	Address	Nationality
Executive Directors		
Shu Liang Sherman Jen (任書良)	Teachers Apartment, Educational Park, 9 Central Street, Jinshitan State Tourist and Vacational Zone, Dalian 116650, China	Canadian
Zhenwan Liu (柳振萬)	76 Chengren Street, Shahekou District, Dalian, Liaoning Province 116000, China	Chinese
Jingxia Zhang (張景霞)	4-3-1 Tian'an Haijing Huayuan Development Zone Dalian, China	Chinese
James William Beeke	10337 Woodrose Place Rosedale British Columbia Canada V0X 1X1	Canadian
Non-Executive Directors		
Howard Robert Balloch	8006 Ming Du Yuan Beijing 101300 China	Canadian
Yue Ji(1) (計越)	Yingchun Road, Pudong New District, Shanghai, China	Chinese
Independent Non-Executive Directors		
Peter Humphrey Owen	#406, 1050 Park BLVD. Victoria BC Canada V8V 2T4	Canadian
Chak Kei Jack Wong (王澤基)	51A, Tower 6, Park Avenue 18 Hoi Ting Road Kowloon Hong Kong	Chinese
Lap Tat Arthur Wong (黃立達)	1208 Dragon Bay Villa, Hou Sha Yu, Shun Yi District, Beijing, China 101302	British

Further information is disclosed in the section headed "Directors and Senior Management" in this prospectus.

(1) Mr. Ji will cease to be a Director upon Listing.

Joint Sponsors	**BNP Paribas Securities (Asia) Limited** 59/F-63/F, Two International Finance Centre 8 Finance Street Central, Hong Kong **CLSA Capital Markets Limited** 18/F, One Pacific Place 88 Queensway Hong Kong
Joint Bookrunners, Joint Global Coordinators and Joint Lead Managers	**BNP Paribas Securities (Asia) Limited** 59/F-63/F, Two International Finance Centre 8 Finance Street Central, Hong Kong **CLSA Limited** 18/F, One Pacific Place 88 Queensway Hong Kong
Legal Advisors to the Company	*As to Hong Kong law and United States law* **Skadden, Arps, Slate, Meagher & Flom and affiliates** 42nd Floor, Edinburgh Tower The Landmark 15 Queen's Road Central Hong Kong *As to PRC law* **Tian Yuan Law Firm** 10th Floor, CPIC Plaza 28 Fengsheng Lane Xicheng District Beijing 100032 China *As to Canadian law* **Miller Thomson LLP** 600-60 Columbia Way Markham, Ontario, L3R 0C9 *As to Cayman Islands law* **Maples and Calder** 53rd Floor, The Center 99 Queen's Road Central Hong Kong
Legal Advisors to the Joint Sponsors and the Underwriters	*As to Hong Kong law and United States law* **Ashurst Hong Kong** 11/F, Jardine House 1 Connaught Place Central Hong Kong *As to PRC law* **Haiwen & Partners** 20/F Fortune Financial Center 5 Dong San Huan Central Road Chaoyang District Beijing 100020 China

Reporting Accountants and Independent Auditor	**Deloitte Touche Tohmatsu** *Certified Public Accountants* 35/F One Pacific Place 88 Queensway Hong Kong, China
Property Valuer	**DTZ Debenham Tie Leung Limited** 16/F Jardine House 1 Connaught Place Central, Hong Kong
Compliance Advisor	**Guotai Junan Capital Limited** 27/F Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Receiving Banker	**Standard Chartered Bank (Hong Kong) Limited** 15/F, Standard Chartered Tower 388 Kwun Tong Road, Kowloon Hong Kong

Registered Office	Maples Corporate Services Limited P.O. Box 309, Ugland House Grand Cayman, KY1-1104 Cayman Islands
Headquarters and Principal Place of Business in China	Maple Leaf Educational Park 6 Central Street Jinshitan National Tourist Area Dalian, Liaoning Province 116650 China
Principal place of Business in Hong Kong Registered under Part 16 of the Companies Ordinance	Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Company Website	www.mapleleaf.cn (*the information contained on this website does not form part of this prospectus*)
Company Secretary	Wai Ling Chan *(HKICS; ICSA)* Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Authorized Representatives	Jingxia Zhang 4-3-1 Tian'an Haijing Huayuan Development Zone Dalian, China Wai Ling Chan Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Audit Committee	Lap Tat Arthur Wong (*chairman*) Peter Humphrey Owen Chak Kei Jack Wong
Remuneration Committee	Peter Humphrey Owen (*chairman*) Howard Robert Balloch Chak Kei Jack Wong
Nomination and Corporate Governance Committee	Shu Liang Sherman Jen (*chairman*) Peter Humphrey Owen Chak Kei Jack Wong
Principal Share Registrar	Maples Fund Services (Cayman) Limited PO Box 1093, Boundary Hall Cricket Square, Grand Cayman KY1-1102, Cayman Islands

Hong Kong Share Registrar	Tricor Investor Services Limited Level 22 Hopewell Centre 183 Queen's Road East Hong Kong
Compliance Advisor	Guotai Junan Capital Limited 27/F Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Principal Bankers	Bank of China Dalian Development Zone Branch No. 158, Jinma Road Dalian Development Zone Dalian, China China Merchants Bank Dalian Development Zone Branch No. 156, Jinma Road Dalian Development Zone Dalian, China

Certain information and statistics set out in this section and elsewhere in this prospectus relating to the education industry in China are derived from various government and other publicly available sources, and from the market research report prepared by Frost & Sullivan, an independent industry consultant which was commissioned by us (the "Frost & Sullivan Report"). The information extracted from the Frost & Sullivan Report should not be considered as a basis for investments in the offer shares or as the opinion of Frost & Sullivan as to the value of any securities or the advisability of investing in our Company. We believe that the sources of such information and statistics are appropriate for such information and statistics and have taken reasonable care in extracting and reproducing such information and statistics. We have no reason to believe that such information and statistics are false or misleading or that any fact has been omitted that would render such information and statistics false or misleading in any material respect. Our Directors have further confirmed, after making reasonable enquires and exercising reasonable care, that there is no adverse change in the market information since the date of publication of the Frost & Sullivan Report or any of the other reports which may qualify, contradict or have an impact on the information in this section. No independent verification has been carried out on such information and statistics by us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any other parties involved in the Global Offering or their respective directors, officers, employees, advisers, agents, and no representation is given as to the accuracy or completeness of such information and statistics. Accordingly, you should not place undue reliance on such information and statistics.

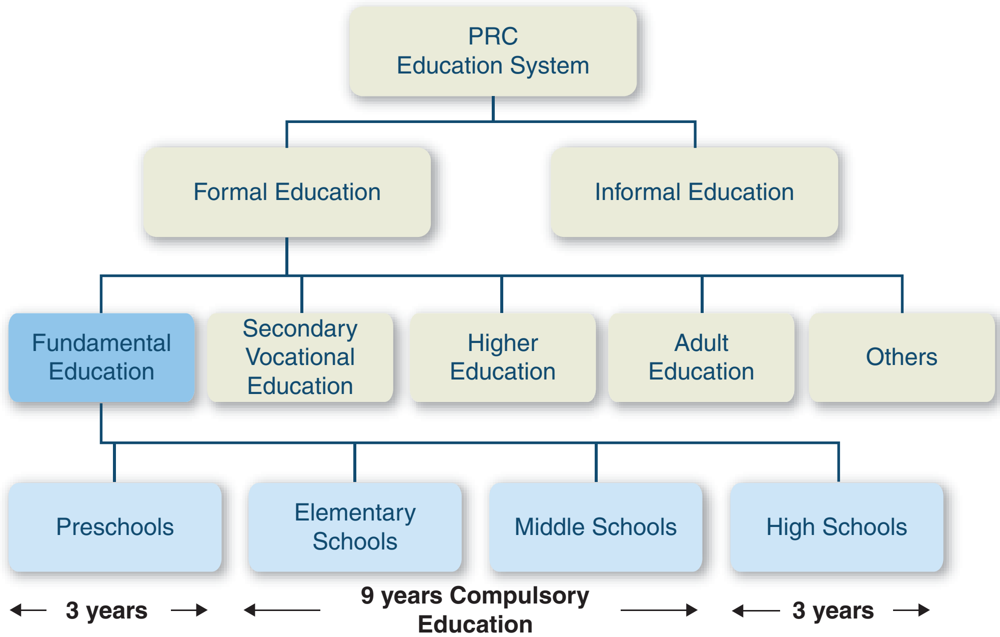
SOURCES OF INFORMATION

This section includes information from the Frost & Sullivan Report, a report commissioned by us as we believe such information imparts a greater understanding of the industry. Frost & Sullivan is a global consulting company and an independent third party. Founded in 1961, it has 40 offices worldwide with over 2,000 industry consultants, market research analysts and economists. We have agreed to pay a total of RMB780,000 in fees for the preparation of the Frost & Sullivan Report. Figures and statistics provided in this prospectus and attributed to Frost & Sullivan or the Frost & Sullivan Report have been extracted from the Frost & Sullivan Report and published with the consent of Frost & Sullivan. In preparing the Frost & Sullivan Report, Frost & Sullivan conducted both primary and secondary research to obtain information from various sources. Primary research involved conducting interviews with leading industry participants and industry experts; and secondary research involved reviewing company reports, independent research reports and data from Frost & Sullivan's research database. In compiling and preparing the Frost & Sullivan Report, Frost & Sullivan assumed that (i) the PRC's social, economic and political environment is likely to remain stable and (ii) key industry drivers are likely to continue to affect the market over the forecast period from 2014 to 2017. For the projection of total market size and student enrollment, Frost & Sullivan plotted available historical data against macroeconomic data as well as data with respect to related industry drivers.

OVERVIEW OF THE PRC EDUCATION INDUSTRY

The PRC formal education system is divided into five categories: fundamental education, secondary vocational education, higher education, adult education and others. The key difference between the formal and informal education system is that the formal system enables students to obtain official certificates from the PRC government, whereas the informal system, which includes different kinds of training and learning courses, merely enables students to obtain completion certificates, which may not be officially recognized. The diagram below sets forth the composition of the PRC education system.

Composition of the PRC Education System



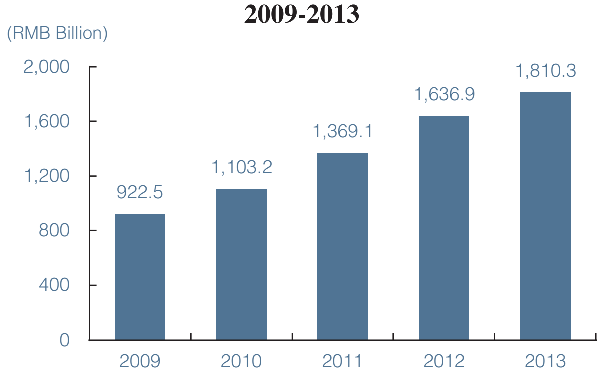
Source: Frost & Sullivan Report

Fundamental education (also known as K-12 education) in China includes three years of preschool, nine years of compulsory education at elementary and middle school, and three years of high school, which is a prerequisite for admission to college and postgraduate studies. Compulsory education is closely regulated by the MOE, including the curriculum and tuition, while preschools and high schools operate with a greater degree of flexibility. Whereas most high schools in China offer their graduates a PRC high school diploma, a small number offer international diplomas such as the International Baccalaureate (IB) diploma as well as Canadian, British and American diplomas. Very few high schools provide their graduates the opportunity to obtain a dual diploma and to be accredited under both the Chinese and the international school systems.

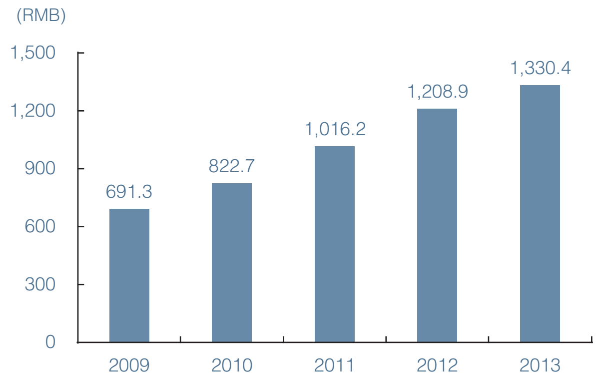
Market size and trends of the PRC fundamental education industry

The PRC fundamental education industry generated total revenues of approximately RMB1,810.3 billion in 2013, increasing from approximately RMB922.5 billion in 2009, representing a CAGR of approximately 18.4% over the period, according to the Frost & Sullivan Report. Total revenues for the PRC fundamental education industry have been calculated by aggregating total PRC government public expenditures allocated to schools in the PRC fundamental education industry, funding provided to private schools by investors, revenues generated from donations to and fundraising by schools, revenues generated by schools from teaching, research and other activities (such as tuition and school-run businesses), and other educational funding or school revenues, as reported in or derived from statistics compiled by the PRC National Bureau of Statistics of China and set forth in the Frost & Sullivan Report. PRC government public expenditure accounted for approximately 86.8% of the total revenues generated by the PRC fundamental education industry in 2013.

Total Revenues Generated by the PRC Fundamental Education Industry, 2009-2013



Per Capita Expenditure on Fundamental Education, 2009-2013



Source: Frost & Sullivan Report

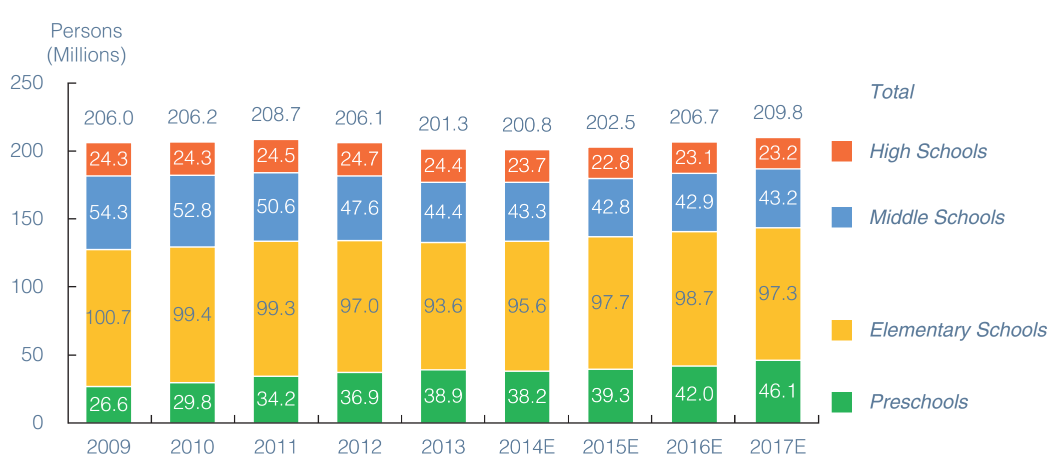
Despite the decrease in birth rate in China from approximately 1.8% in 1980 to approximately 1.2% in 2013 due to the "one-child policy" according to the National Bureau of Statistics of China, which resulted in a decreasing school-age population, the increase in total revenues generated by the PRC fundamental education industry over this period was primarily driven by increasing per capita expenditure on fundamental education. According to the Frost & Sullivan Report, per capita expenditure per annum on fundamental education has increased from approximately RMB691.3 in 2009 to approximately RMB1,330.4 in 2013, representing a CAGR of approximately 17.8% from 2009 to 2013.

Student enrollment in the PRC fundamental education industry

According to the Frost & Sullivan Report, the number of students enrolled in fundamental education in China reached approximately 201.3 million in 2013, representing a slight decrease of approximately 2.3% compared to 2012. Despite a declining school-age population, the students enrolled in fundamental education is forecasted to achieve moderate growth to approximately 209.8 million in 2017, which is mainly attributable to an increasing enrollment rate, according to the Frost & Sullivan Report.

The diagram below sets forth the number of students enrolled from 2009 to 2013, as well as the forecast of student enrollment from 2014 to 2017.

Total Student Enrollment in Fundamental Education, 2009-2017



Source: National Bureau of Statistics of China; Frost & Sullivan Report
Note: The data in the above diagram is based on statistics as of August 31 of each year.

The following trends are expected to drive student enrollment in the different segments of the PRC fundamental education industry:

- The preschool segment had approximately 38.9 million students enrolled in 2013. This segment has been growing at a CAGR of approximately 10.0% from 2009 to 2013, primarily due to the increase in enrollment rate driven by an increasing awareness among parents of the value that a quality preschool education can provide in enabling students' performance in elementary school and beyond. It is expected to grow further with a CAGR of approximately 4.3% from 2013 to 2017, according to the Frost & Sullivan Report.
- The elementary school segment had approximately 93.6 million students enrolled in 2013. This segment experienced a CAGR of approximately -1.8% decrease in student enrollment from 2009 to 2013 due to the overall decline in school-age population. However, the elementary school segment is expected to increase moderately with a CAGR of approximately 1.0% from 2013 to 2017 due to the increase of preschools enrollment over the past few years, according to the Frost & Sullivan Report.
- The middle school segment had approximately 44.4 million students enrolled in 2013. This segment experienced a CAGR of approximately -4.9% decrease in student enrollment from 2009 to 2013 due to the overall decline in school-age population. It is expected to continue decreasing slightly with a CAGR of approximately -0.7% from 2013 to 2017, according to the Frost & Sullivan Report.
- The high school segment had approximately 24.4 million students enrolled in 2013. This segment remained stable in relation to student enrollment from 2009 to 2013, and is expected to decrease slightly with a CAGR of approximately -1.2% from 2013 to 2017, according to the Frost & Sullivan Report.

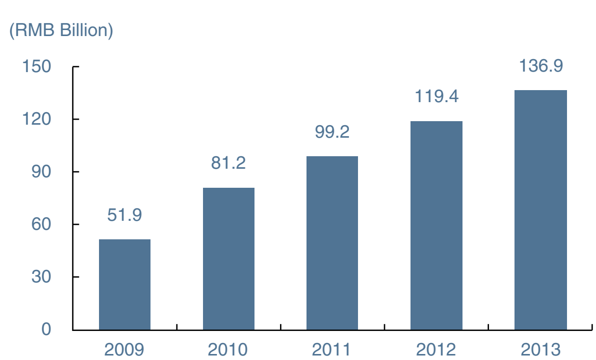
OVERVIEW OF THE PRC PRIVATE EDUCATION INDUSTRY

Private education was first allowed in China in the early 1980s. It experienced a phase of rapid growth in the 1990s, and has since become an important driver of growth in the PRC education industry overall. Private schools have a higher level of operational independence as they do not operate directly under the administration of the government unlike public schools. This allows them to have a broader and more diverse curricula offering, as well as greater flexibility in relation to funding options, such as the level of tuition they charge.

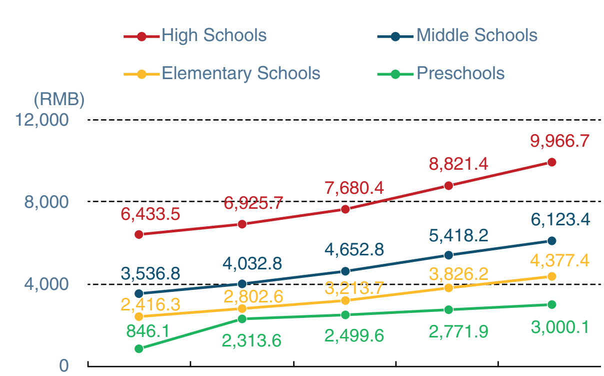
Market size and trends of the PRC private fundamental education industry

The PRC private fundamental education industry generated total revenues of approximately RMB136.9 billion in 2013, increasing from approximately RMB51.9 billion in 2009, representing a CAGR of approximately 27.4% over the period, according to the Frost & Sullivan Report. This rapid growth was primarily driven by parents' and students' rising preference for private schools, which resulted in increased enrollment in private schools as well as increased revenues from tuition fees and private investment.

Total Revenues Generated by the PRC Private Fundamental Education Industry, 2009-2013



Per Student Expenditure on Private Fundamental Education, 2009-2013



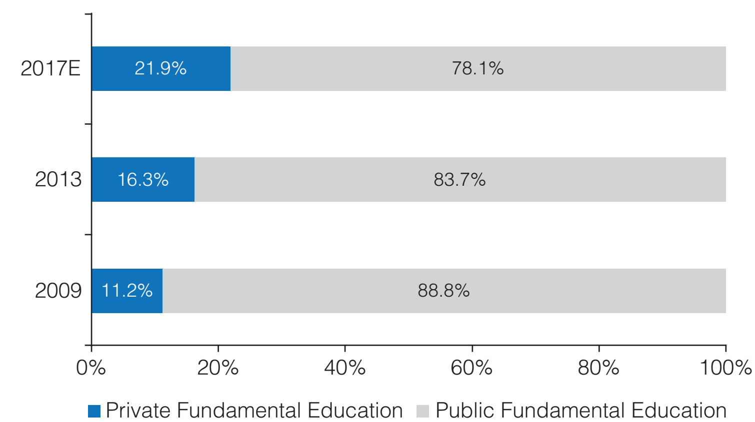
Source: Frost & Sullivan Report

According to the Frost & Sullivan Report, per student expenditure on private fundamental education increased significantly from 2009 to 2013 at a CAGR of approximately 37.2%, 16.0%, 14.7%, and 11.6% for preschools, elementary schools, middle schools and high schools, respectively.

Student enrollment in the PRC private fundamental education industry

According to the Frost & Sullivan Report, the number of students enrolled in private fundamental education in China reached approximately 32.9 million in 2013, representing an increase of approximately 4.8% over the previous year, despite a decrease in overall student enrollment. It is expected to further increase to approximately 45.8 million in 2017, at a CAGR of approximately 8.6% from 2013 to 2017, driven by favorable government policies for private schools and an increasing recognition among parents of the value of private schools. According to the Frost & Sullivan Report, the penetration of private schools in the overall fundamental education system based on student enrollment increased from approximately 11.2% in 2009 to approximately 16.3% in 2013, indicating that more students are choosing to attend private schools instead of public schools. This is expected to further increase to approximately 21.9% in 2017.

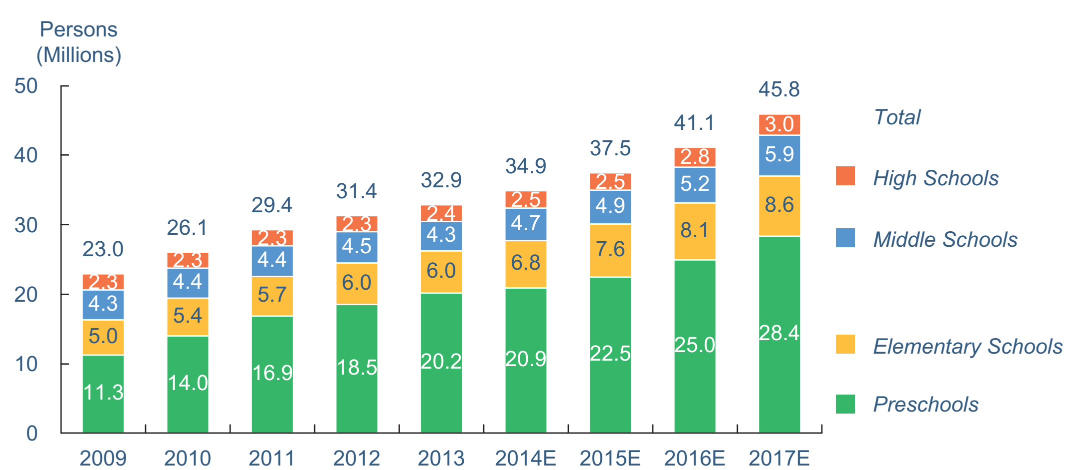
Penetration of Private Schools in the Overall Fundamental Education based on Student Enrollment



Source: Frost & Sullivan Report

The diagram below sets forth the number of students enrolled in private fundamental education from 2009 to 2013, as well as a forecast of student enrollment expected from 2014 to 2017.

Total Student Enrollment in Private Fundamental Education, 2009 to 2017E



Source: National Bureau of Statistics of China; Frost & Sullivan Report

The following trends are expected to drive student enrollment within the different segments of the PRC private fundamental education industry:

- The private preschool segment, as the largest segment of the private K-12 education based on student enrollment, grew to approximately 20.2 million students in 2013, representing a CAGR of approximately 15.5% from 2009 to 2013. It is expected to grow further with a CAGR of approximately 8.9% from 2013 to 2017, primarily driven by the significant shortage of public preschools and the relatively simple administrative requirements and funding sources from the PRC government. In addition, this segment had a penetration rate of approximately 51.9% in 2013.
- Student enrollment in the private elementary school segment grew to approximately 6.0 million in 2013, representing a CAGR of approximately 4.5% from 2009 to 2013. It is expected to grow further with a CAGR of approximately 9.3% from 2013 to 2017, primarily driven by the increasing disposable income in the PRC and the recognition of the value of private schools in early education. In addition, this segment had a penetration rate of approximately 6.4% in 2013.
- Student enrollment in the private middle school segment remained stable with approximately 4.3 million students in 2013, representing a CAGR of approximately -0.1% from 2009 to 2013. However, it is expected to grow with a CAGR of approximately 7.9% from 2013 to 2017, primarily driven by an increasing demand for high quality schools, especially those that provide students with a wide selection of courses, and extensive resources to prepare for overseas education in high schools or higher education. In addition, this segment had a penetration rate of approximately 9.7% in 2013.
- Student enrollment in the private high school segment grew to approximately 2.4 million in 2013, representing a CAGR of approximately 0.6% from 2009 to 2013. It is expected to grow further with a CAGR of approximately 6.5% from 2013 to 2017, primarily driven by an increasingly emphasis on the importance of high quality education and overseas education opportunities by parents who believe private schools can meet their needs. In addition, this segment had a penetration rate of approximately 9.8% in 2013.

Tuition fees of the PRC private fundamental education industry

Tuition fees in private fundamental schools are usually higher than those in public fundamental schools, as their operations are funded primarily by tuition fees.

In 2013, the average annual tuition fees in private preschools, elementary schools, middle schools and high schools were approximately RMB2,650, RMB2,920, RMB4,350 and RMB7,670 respectively, according to the Frost & Sullivan Report.

THE PRC INTERNATIONAL SCHOOL MARKET

According to the Frost & Sullivan Report, international schools are defined as schools that provide fundamental education with a set of foreign curricula or an integrated curriculum involving both Chinese and foreign curricula. They are broadly separated into two categories:

- International schools that cater to foreign students only, and offer foreign curricula including the International Baccalaureate, A-level, Advanced Placement, and official Canadian and Australian curricula; and
- International schools that cater to both Chinese and foreign students, which usually offer both Chinese and foreign curricula.

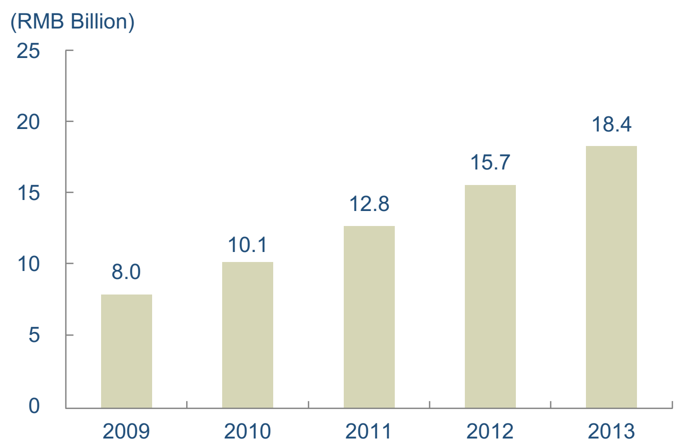
High school graduates from international schools can generally obtain either a British, Canadian, American or International Baccalaureate diploma. Diplomas from certain leading international schools in China are recognized by renowned foreign universities.

In 2013, over 90% of the international schools in China were private schools, according to the Frost and Sullivan Report. They mainly comprise offshore branches established by foreign school operators, or joint establishments between foreign education providers and Chinese domestic schools. International private schools that offer foreign curricula usually charge significantly higher tuition fees than local private schools.

Market size and trends of international schools in the PRC

The PRC international school market generated total revenues of approximately RMB18.4 billion in 2013, increasing from approximately RMB8.0 billion in 2009, representing a CAGR of approximately 23.0% over the period, according to the Frost & Sullivan Report. The rapid growth was primarily driven by the rising per student tuition fee per annum and the increasing student enrollment in the international school market. According to the Frost & Sullivan Report, the total revenue for the international school market is mainly attributable to tuition fees.

Total Revenues of International School Market, 2009-2013



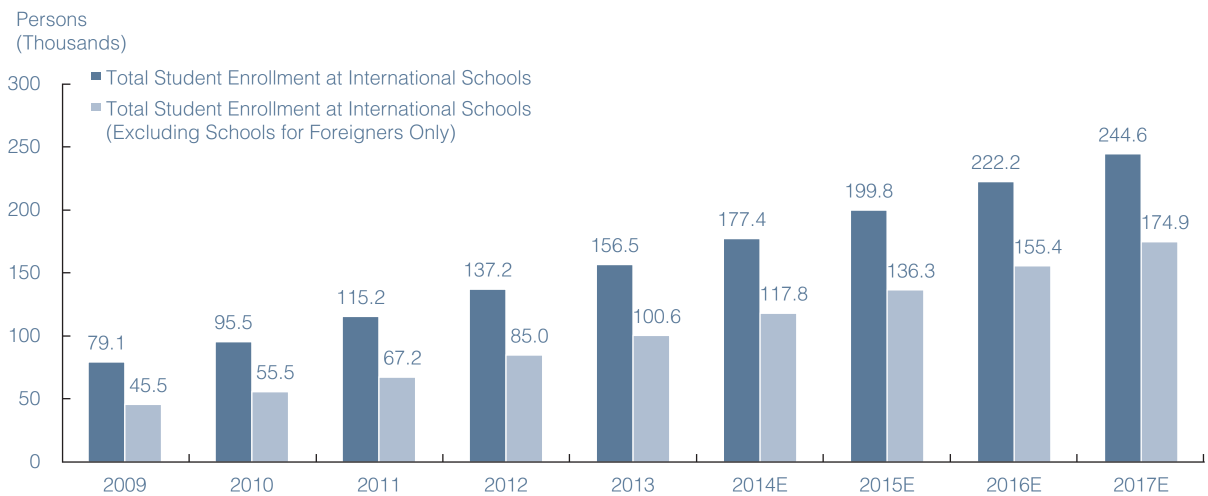
Source: Frost & Sullivan Report

Student enrollment in the PRC international school market

International schools in China have grown rapidly in recent years. The total number of students enrolled in international schools reached approximately 156,500 in 2013, nearly double of that from 2009, representing a CAGR of approximately 18.6% from 2009 to 2013, according to the Frost & Sullivan Report. Of the 156,500 international school students enrolled in 2013, approximately 100,600 were enrolled in international schools that admit both Chinese and foreign students.

The diagram below sets forth the students enrolled in international schools from 2009 to 2013, as well as the forecast of student enrollment from 2014 to 2017.

Total Student Enrollment in International Schools, 2009-2017E



Source: Frost & Sullivan Report
Note: The data in the above diagram is based on statistics as of August 31 of each year.

The rapid growth in students enrollment in international schools in China is mainly attributable to two key drivers: the increasing number of foreign expatriates in China since the late 1990s, and the strong intention of Chinese parents to send their children to study abroad. According to the Frost & Sullivan Report, these two trends are likely to continue in the coming years, and the international school market in China is anticipated to maintain rapid growth with a double-digit CAGR of 11.8% over the forecast period of 2013 to 2017, reaching approximately 244,600 students enrolled in 2017.

Competitive Landscape

According to the Frost & Sullivan Report, the international school market is fragmented in China with hundreds of school operators. The top five international school operators, in aggregate, comprised approximately 17.5% of the market in 2013/2014 school year in terms of student enrollment, representing a total of 31,137 students. There is no single school operator with a market share greater than 10.0%. Maple Leaf, an education group specialized in providing dual curriculum for high schools, is the largest international school operator in China. Its market share was approximately 7.6% in 2013/2014 school year, followed by Nord Anglia and Shanghai United, with market shares of approximately 2.7% and 2.7% respectively. Among the top 5 international schools, Maple Leaf, Shanghai United and Dulwich cater to both Chinese and foreign students, while Nord Anglia and Yew Chung cater to foreign students only.

Top 5 International Schools in the PRC, Ranked by Student Enrollment in 2013/2014 School Year

Ranking	School operator	Student Enrollment 2013 - 2014 school year (persons)	Market share 2013 - 2014 school year (%)
1	Maple Leaf	13,513	7.6%
2	Nord Anglia	4,859	2.7%
3	Shanghai United	4,737	2.7%
4	Dulwich	4,162	2.3%
5	Yew Chung	3,866	2.2%

Source: Frost & Sullivan Report
Note: The data in the above table is based on statistics as of August 31, 2014. The ranking is based on the student enrollment, which only takes into account the international sections of each school operator and excludes domestic or national sections which are beyond the definition of international schools set out in the industry overview section.

According to the Frost & Sullivan Report, the total number of students enrolled in the international high schools reached approximately 65,005 as of 2013/2014 school year. The top 5 international high school operators, in aggregate, comprised approximately 17.9% market in 2013/2014 school year in terms of student enrollment, and Maple Leaf is the largest player with a market share of approximately 9.0%.

Top 5 International High Schools in the PRC, Ranked by Student Enrollment in 2013/2014 School Year

Ranking	School operator	Student Enrollment 2013/2014 school year (persons)	Market Share 2013/2014 school year (%)
1	Maple Leaf	5,836	9.0%
2	Dulwich	1,476	2.3%
3	NIT Education	1,462	2.2%
4	Huamei	1,432	2.2%
5	Shanghai American	1,425	2.2%

Source: Frost and Sullivan Report
Note: The data in the above table is based on statistics as of August 31, 2014. The ranking is based on the student enrollment, which only takes into account the international sections of each school operator and excludes domestic or national sections which are beyond the definition of international schools set out in the industry overview section

International schools generally charge higher tuition fees than local private schools, and hence most of them are located in cities with populations that have relatively higher annual disposable incomes. Beijing, Shanghai and Guangzhou are the three largest cities in the international school market, followed by emerging cities such as Dalian, Chongqing, Tianjin and Wuhan.

Average Annual Tuition Fees of the Top 5 International Schools in the PRC in 2014/2015 School Year

Ranking	School Operator	Preschools (RMB)	Elementary Schools (RMB)	Middle Schools (RMB)	High Schools (RMB)
1	Maple Leaf	16,500	20,456	26,410	49,000
2	Nord Anglia	145,200	206,000	224,400	241,500
3	Shanghai United	95,500	93,000	109,800	147,000
4	Dulwich	155,800	193,600	212,600	186,700
5	Yew Chung	147,300	192,600	208,100	215,400

Source: Frost and Sullivan Report
Note: The data in the above table is based on statistics as of August 31, 2014. The tuition fees do not include incidental expenses, and are applicable to 2014/2015 school year. The figures are calculated by arithmetical average of that for each individual branch, sector or grade as announced by school operators. Foreign national schools of Maple Leaf are not included.

The average tuition fees charged by the top 5 international schools in China in 2014/2015 school year were approximately RMB112,060, RMB141,131, RMB156,262 and RMB167,920 for preschools, elementary schools, middle schools and high schools, respectively. For more details on our tuition fees, please refer to the "Business — Our Schools" section of this prospectus.

Key market drivers of the international school market

The increasing demand for international schools in China, in particular for premium international schools, is primarily driven by the following factors:

- Importance of a bilingual and multicultural education for overseas education

Demand for English-language education is growing rapidly in China, primarily due to the increasing desire of Chinese parents to send their children abroad for education, as they believe it provides their children with broader cultural exposure and improved future employment prospects. According to the Frost & Sullivan Report, the number of high school graduates going overseas for further studies grew from approximately 41,000 in 2009 to approximately 131,000 in 2013, representing a CAGR of approximately 33.7% over this period. Accordingly, the proportion of Chinese high school graduates going overseas for further studies has increased from approximately 0.5% in 2009 to approximately 1.6% in 2013.

International schools that place a strong emphasis on teaching English are seen as better for preparing children for overseas education in English-speaking countries. According to the Frost & Sullivan Report, the United States, the UK, Australia and Canada are the preferred countries for Chinese students looking to study aboard, accounting for a total of approximately 73.0% of Chinese students going overseas for studies in 2013. In addition, Chinese parents increasingly emphasize the pursuit of further education in top-ranked universities worldwide as one of the main paths to a successful career. Since obtaining a quality K-12 education in English significantly enhances the likelihood of admission to top-ranked universities, parents tend to be more inclined to send their children to international schools.

- Rising Income of Chinese Households

Along with the continued economic growth and urbanization in China, the per capita disposable income of Chinese urban households has increased rapidly to approximately RMB26,955.0 in 2013 from approximately RM17,174.7 in 2009, and is forecasted to increase to approximately RMB39,948.5 in 2017 with a CAGR of approximately 10.3% from 2013 to 2017, according to the Frost & Sullivan Report. Rising disposable income has become a key driver of demand for international schools, as many families are able to afford the higher tuition fees. According to the Frost & Sullivan Report, per capita expenditure per annum on fundamental education increased from approximately RMB691.3 in 2009 to approximately RMB1,330.4 in 2013, representing a CAGR of approximately 17.8% from 2009 to 2013.

In addition, according to the Frost & Sullivan Report, the total number of wealthy individuals (i.e. those with an annual disposable income above RMB100,000) was estimated to be approximately 38.0 million in China in 2013, up from approximately 17.0 million in 2009 with a CAGR of approximately 22.0% from 2009 to 2013. It is forecasted to increase to approximately 63.0 million in 2017 with a CAGR of approximately 14.0% from 2013 to 2017. Wealthy individuals generally have a strong tendency of sending their children overseas for studies, and are therefore potential customers of international schools.

- Growing expatriate population in China

China is continuously integrating into the world economy as it opens up its market to foreign investment. This has resulted in a growing expatriate population in China, as more people migrate there for business opportunities. According to the Frost & Sullivan Report, the number of expatriates has increased from approximately 223,000 in 2009 to approximately 246,400 in 2012. As most expatriates move to China with their families, expatriate demand for international schools will likely increase given their general preference to receive an education similar to that in their home countries.

- Favorable PRC government policies

Since the 1980s, the central and local governments in the PRC have launched a series of policies to encourage the development of private education. For example, public expenditure on private education increased at a CAGR of approximately 31.6% from 2009 to 2013. The PRC central government's recent policies have shown an increase in support for private education including international schools. For example, in the Summary of the 2013 National Conference on Education《2013年全國教育工作會議紀要》, the PRC central government stated its intention to abolish all discriminatory policies against private education and stated that private investment is encouraged for the development of the country's education system. In addition, in some regions, local governments have implemented favorable policies to attract well-known private schools to establish local branches such as granting free land and providing financial support for the development of campuses.

- Quality of public fundamental schools

The public fundamental education industry in China is characterized by standardized curricula that place a strong emphasis on test preparation as compared to other aspects such as creativity, social skills, psychological and physical health and self-care abilities. This lack of diversity in the public school curricula also means that students are given few options in relation to the selection of courses. In addition, public schools in China are funded and operated by the relevant governmental departments, which may affect the autonomy and normal operation of the schools. Furthermore, resources for public education are not evenly allocated across China, leading to a large disparity in the quality of schools and teachers across regions and even within the same city. For example, schools in urban areas are generally allocated more resources than those in rural areas, and thus typically have better facilities, larger campuses and higher-quality teachers.

Since the quality of public schools varies, many parents consider private schools as an alternate source of education that can better cater to students' needs. International schools in particular typically provide better infrastructure, smaller class sizes, a more diversified curriculum, and an English-language focused education.

Due to intense competition for fundamental education and higher education, demand for high-quality private educational services, in particular in international schools, is expected to continue to grow in China.

Recruitment of teachers for the international school industry

Qualified and experienced teachers and faculty staff are essential resources for international schools. Most international schools place particular importance on recruiting teachers. The process of recruiting teachers for international schools is commonly conducted by the schools themselves, and mainly includes the following key steps: identifying vacancy, preparing job description, specifying requirements for candidates, advertising the vacancy, managing the responses, short-listing, arranging interviews, conducting interviews, background checking and decision making. The sources of potential candidates include press advertisements, educational institutes and employee referrals. The international schools usually advertise the vacancy in their official websites as well as other public sites. They may also participate in recruiting events, such as campus recruiting events and social recruiting events to attract job application from potential candidates. To select suitable candidates, international schools usually set a series of requirements or measurements to evaluate the candidates, such as personal background, formal teacher qualifications and minimum teaching experiences.

Teaching costs for the international school industry

Teaching costs of international schools are determined by multiple factors, such as average wages for local teachers and foreign teachers, student-teacher ratio and the ratio of foreign teachers in overall faculty staff. According to Frost & Sullivan Report, teaching costs of international schools are usually higher than those of public schools in the PRC fundamental education due to their larger investment in qualified teachers, especially foreign teachers. The average annual wages of local teachers in the PRC fundamental education (including both public and private schools) are estimated to be approximately RMB51,600 in 2013. The average annual wages of teachers vary in different regions, depending on the development status of regional economy as well as the local living standards and purchasing powers. In addition, the average wages of foreign teachers are commonly higher than those of local teachers, mostly ranging from RMB4,000 per month to RMB7,000 per month, according to the Frost & Sullivan Report.

ENTRY BARRIERS FOR THE PRC EDUCATION INDUSTRY

Entry barriers for school operators in the PRC fundamental education industry

The PRC fundamental education industry has relatively high entry barriers, particularly the compulsory education which is closely regulated by the MOE. The following sets forth some of the key entry barriers for the PRC fundamental education industry:

- Regulatory approvals

The school operators in China are required to obtain and maintain a series of approvals, licenses and permits by the relevant governmental authorities, and comply with specific registration and filing requirements in order to operate education services.

The establishment of a school in China is also subject to the relevant governmental authorities' approvals, including the approvals under the Education Law of the PRC (中華人民共和國教育法), which stipulates the fundamental conditions that shall be fulfilled. In addition, the establishment of a private school in China will further subject to the approvals under the Law for Promoting Private Education (中華人民共和國民辦教育促進法) and the Implementation Rules for the Law for Promoting Private Education (中華人民共和國民辦教育促進法實施條例). The lengthy and complex application process has become a natural entry barriers for the industry, especially for the new school operators.

- Capital requirements

The establishment of a school in China requires large initial investment for the construction of campus and school facilities and other related expenses. The investment is also an on-going long term investment commitment on top of the initial investment. Therefore, the ability for school operators to secured sufficient capital will be critical as they will need to commit into all the investment requirements.

- Availability of land and relevant facilities

The availability of land and relevant facilities remain a challenge for new comers amid the tight supply of available land in certain Chinese cities and rising rental costs. Sufficient land and facilities not only are the basic requirements to operate schools, they also have direct impact to the class size and quality of education that school operators can offer. In general, it will take a considerable amount of time and resources for school operators to establish a new school in a new location.

- Availability of qualified teaching staffs

The quality of teaching staffs has a direct influence over the quality of the education provided by the school operators. Given the general demand for smaller class size and shortage of teaching staffs, schools operators who wish to expand their schools are facing more pressures. In addition, high quality teachers are usually employed by public schools and well-established private schools; hence, it is difficult for new entrants to attract the highly qualified teachers.

Entry barriers for school operators in the PRC international school market

According to the Frost & Sullivan Report, international school market in general has higher entry barriers. Firstly, the PRC-foreign cooperation in operating schools or training programs is specifically governed by the Sino-Foreign Regulation in accordance with the Education Law, the Occupational Education Law of the PRC (中華人民共和國職業教育法) and the Law for Promoting Private Education of the PRC, and the Implementing Rules for the Regulations on Operating PRC-foreign Schools (中華人民共和國合作辦學條例實施辦法). Secondly, any PRC-foreign cooperation school and cooperation program shall be approved by relevant education authorities and get the Permit for Chinese-foreign Cooperation in Operating School. Thirdly, the continuous and steady investment, multiple sources and channels of capital are essential for international schools so as to guarantee their operation, as the international schools invest significantly in the modern campus and facilities, international exchange programs, English-speaking teacher recruitment and English-language teaching materials.

International schools also require to maintain a long term good reputation and brand name associated with quality are essential for schools in recruiting students. Parents and students have preference for schools with long operating track record, well-established reputation, and relevant market rankings, which take years to establish.

Entry barriers for school operators to offer dual-diploma curriculum

The Directors believe that the ability to offer dual-diploma curriculum is one of the highest entry barriers for school operators in the industry. The complexity comes from the challenges in designing a curriculum that can offer courses that are accredited under both foreign and Chinese education systems and the course credits are required to be able to duly certify between the respective governments' educational authorities. The establishment for a dual-diploma curriculum is required to obtain approvals from both governments whereby each education system has its own specific requirements hence it is a highly complicated process to achieve mutual agreements from both systems. In addition, the school operator's ability to design a curriculum with courses that can combine the requirements from both systems and also minimize course overlaps for students is a key challenge. In terms of the operation, the school operator is required to recruit and maintain qualified teaching staffs from both systems and the Directors considered that the ability to manage two teaching teams with very different teaching methodologies and lifestyles are highly challenging. In conclusion, the Director believes that the lengthy and complicated approval process, together with the complexity in operating a dual-diploma curriculum schools are poised to be one of the highest entry barriers for new entrants.

REGULATIONS ON PRIVATE EDUCATION IN THE PRC

Education Law of the PRC

On March 18, 1995, the National People's Congress of the PRC (中華人民共和國全國人民代表大會) enacted the Education Law of the PRC (中華人民共和國教育法, the "**Education Law**"), which was amended on August 27, 2009. The Education Law sets forth provisions relating to the fundamental education systems of the PRC, including a school education system embracing pre-school education, primary education, secondary education and higher education, a system of nine-year compulsory education, a national education examination system, and a system of education certificates. The Education Law stipulates that the government formulates plans for the development of education and establishes and operates schools and other institutions of education and in principle, enterprises, social organizations and individuals are encouraged to establish and operate schools and other types of institution of education in accordance with PRC laws and regulations. Meanwhile, no organization or individual may establish or operate a school or any other institution of education for profit-making purposes. However, private schools may be operated for "reasonable returns," as described in more detail below. The Education Law also stipulates that some basic conditions shall be fulfilled for the establishment of a school or any other institution of education, and the establishment, modification or termination of a school or any other institution of education shall, in accordance with the relevant PRC laws and regulations, go through the proceedings of examination, verification, approval, registration or filing.

The Law for Promoting Private Education and The Implementation Rules for the Law for Promoting Private Education

The Law for Promoting Private Education of the PRC (中華人民共和國民辦教育促進法) became effective on September 1, 2003 and was amended on June 29, 2013, and the Implementation Rules for the Law for Promoting Private Education of the PRC (中華人民共和國民辦教育促進法實施條例) became effective on April 1, 2004. Under these regulations, "private schools" are defined as schools established by social organizations or individuals using non-government funds. The establishment of a private school shall meet the local need for educational development and the requirements provided for by the Education Law and relevant laws and regulations, and the standards for the establishment of private schools shall conform to those for the establishment of public schools of the same grade and category. In addition, private schools providing academic qualifications education, pre-school education, education for self-study examinations aid and other education shall be subject to approval by the education authorities at or above the county level, while private schools engaging in occupational qualification training and occupational skill training shall be subject to approvals from the authorities in charge of labor and social welfare at or above the county level. A duly approved private school will be granted a Permit for operating a Private School, and shall be registered with the Ministry of Civil Affairs of the PRC (中華人民共和國民政部, the "**MCA**") or its local counterparts as a privately run non-enterprise institution. Each of our schools has obtained the Permit for Operating a Private School and has been registered with the relevant local counterpart of the MCA except that some newly opened schools are in the process of obtaining permission and registration.

Under the above regulations, private schools have the same status as public schools, though private schools are prohibited from providing military, police, political and other kinds of education which are of a special nature. Public schools that provide compulsory education are not permitted to be converted into private schools. The operations of a private school are highly regulated. For example, a private school shall establish the executive council, the board of directors or any other form of the decision-making body and such decision-making body shall meet at least once a year. Furthermore, the textbooks selected by the private elementary schools and middle schools for teaching state fundamental classes should be approved in accordance with related laws and regulations, and the curriculum arrangements of the teaching courses should be in conformity with the provisions of the MOE. Teachers employed by a private school shall have the qualifications specified for teachers and meet the conditions for the post as provided for in the Teachers Law of the PRC (中華人民共和國教師法) and other relevant laws and regulations, and there shall be a definite number of full-time teachers in a private school, and in private schools offering academic qualifications education full-time teachers shall account for not less than one-third of the total number of the teachers. Except for our pre-schools and foreign national schools, each of our schools provides a diploma or certificate to students. In line with relevant regulations, all of our courses required for PRC diplomas are taught by teachers that are certified by the relevant city education bureaus after undergoing systematic training and passing standardized tests in the subject areas they teach.

Private education is treated as a public welfare undertaking under the regulations. Nonetheless, sponsors of a private school may choose to require "reasonable returns" from the annual net balance of the school after deduction of costs for school operation, donations received, government subsidies (if any), the reserved development fund and other expenses as required by the regulations. Private schools are divided into three categories: private schools established with donated funds; private schools the sponsors of which require reasonable returns and private schools the sponsors of which do not require reasonable returns.

The election to establish a private school the sponsors of which require reasonable returns must be set out in the articles of association of the school. The percentage of the school's annual net balance that can be distributed as reasonable return shall be determined by the school's executive council, board of directors or other form of the decision-making body, taking into consideration the following factors: (i) items and criteria for the school's fees, (ii) the ratio of the school's expenses used for educational activities and improving the educational conditions to the total fees collected; and (iii) the school operation level and educational quality. The relevant information relating to the school operation level and the quality of education shall be publicly disclosed before the determination of the percentage of the school's annual net balance that can be distributed as reasonable returns. Such information and the decision to distribute reasonable returns shall also be filed with the approval authorities within 15 days from the decision made. However, none of the current PRC laws and regulations provides a formula or guidelines for determining what constitutes a "reasonable return." In addition, no current PRC laws or regulations set forth any requirements or restrictions on a private school's ability to operate its education business that differ based on such school's status as a school the sponsor of which requires reasonable returns or a school the sponsor of which does not require reasonable returns. None of our schools elected to be a school whose sponsor requires reasonable return.

At the end of each fiscal year, every private school is required to allocate a certain amount to its development fund for the construction or maintenance of the school or procurement or upgrade of educational equipment. In the case of a private school the sponsor of which requires reasonable returns, this amount shall be no less than 25% of the annual net income of the school, while in the case of a private school the sponsor of which does not require reasonable returns, this amount shall be equal to no less than 25% of the annual increase in the net assets of the school, if any. Private schools the sponsor of which does not require reasonable returns shall be entitled to the same preferential tax treatment as public schools, while the preferential tax treatment policies applicable to private schools the sponsor of which require reasonable returns shall be formulated by the finance authority, taxation authority and other authorities under the State Council. To date, however, no regulations have been promulgated by the relevant authorities in this regard.

A sponsor of a private school has the obligation to make capital contributions to the school in a timely manner. The contributed capital can be in the form of tangible or non-tangible assets such as materials in kind, land use rights or intellectual property rights. The capital contributed by the sponsor becomes assets of the school and the school has independent legal person status. In addition, the sponsor of a private school has the right to exercise ultimate control over the school by becoming the member of and controlling the composition of the school's decision making body. Specifically, the sponsor has control over the private school's constitutional documents and has the right to elect and replace the private school's decision making bodies, such as the school's board of directors, and therefore controls the private school's business and affairs.

Interim Measures for the Management of the Collection of Private Education Fees

The Interim Measures for the Management of the Collection of Private Education Fees (民辦教育收費管理暫行辦法, the "**Private Education Fees Collection Measures**") is promulgated by the NDRC, the MOE and the Ministry of Labor and Social Security (now renamed as the Ministry of Human Resources and Social Security (中華人民共和國人力資源和社會保障部) on March 2, 2005. According to the Private Education Fees Collection Measures and the Implementation Rules for the Law for Promoting Private Education, the types and amounts of fees charged by a private school providing academic qualifications education shall be examined by education authorities or the labor and social welfare authorities and approved by the governmental pricing authority, and the school shall obtain the Fee Charge Permit. A private school that provides non-academic qualifications education shall file its pricing information with the governmental pricing authority and publicly discloses such information. If a school raises its tuition levels without obtaining the proper approval or making the relevant filing with the relevant government pricing authorities, the school would be required to return the additional tuition fees obtained through the raise and become liable for compensation of any losses caused to the students in accordance with relevant PRC laws. As a result, each of our schools' Fee Charge Permits will be updated for each tuition fee increment and renewed upon its expiry. Our schools' Fee Charge Permits are generally valid for a period ranging between one year to three years, as determined by the relevant local government authorities. Our schools' Fee Charge Permits may also be subject to annual inspections administered by local government authorities.

In January 2011, Wuhan Maple Leaf School (Middle School and Elementary School) obtained a Provisional Fee Charge Permit from the local government pricing authority for its middle school. The local authority confirmed in December 2012 that the Provisional Fee Charge Permit of Wuhan Maple Leaf International School (High School) and Wuhan Maple Leaf School (Middle School and Elementary School) will expire at the beginning of the 2014 fall semester. In August 2013, Wuhan Maple Leaf School (Middle School and Elementary School) obtained a Provisional Fee Charge Permit for its elementary school, which opened in September 2013. Wuhan Maple Leaf School (Middle School and Elementary School) submitted an application for a formal Fee Charge Permit covering both its middle school and elementary school in June 2014. However, on August 5, 2014, the Pricing Bureau, Education Department and Human Resources and Social Security Department of Hubei province jointly promulgated the Notice for Issues Relating to Improving Management of Private Education Tuition (關於改進民辦教育收費管理有關問題的通知, the "**Hubei Notice**") which will come into effect at the beginning of the fall semester in 2014. According to the Hubei Notice, a private school that issues academic qualifications to its students is no longer required to obtain a Fee Charge Permit for charging tuition fees or update its Fee Charge Permit for tuition increments; such school is now only required to file its tuition level with local pricing authorities for record purposes. As a result, Wuhan Maple Leaf International School (High School) and Wuhan Maple Leaf School (Middle School and Elementary School) are no longer required to file a formal Fee Charge Permit. Since the Hubei Notice was published just recently and will come into effect at the beginning of the fall semester in 2014, the Wuhan Pricing Bureau has not accepted the application for filing from Wuhan Maple Leaf International School (High School) and Wuhan Maple Leaf School (Middle School and Elementary School), as the applicable measures or filing requirements are not available. Wuhan Maple Leaf International School (High School) and Wuhan Maple Leaf School (Middle School and Elementary School) plan to file their tuition levels with Wuhan Pricing Bureau after the applicable measures or filing requirements become available and the Wuhan Pricing Bureau begins to accept the application for the filings.

As confirmed by our PRC Legal Counsel, each of our schools, except for our Luoyang high school and Ordos Maple Leaf First Preschool, has been in compliance with the applicable price regulations in material aspects and obtained such fee charge permit as requested by law. Our Luoyang high school opened in September 2013, and we submitted an application to update the Fee Charge Permit to include the high school in July 2013. However, due to delays of the local pricing authority in Luoyang, we have not been able to update the Fee Charge Permit for our Luoyang high school. We submitted a new application to update the Fee Charge Permit for the Luoyang high school in July 2014 but have not heard back from the local pricing authority in Luoyang. The Fee Charge

Permit of Our Ordos Maple Leaf First Preschool expired in June 2014 and we are in the process of renewing this Permit. We expect to obtain these updated permits by the end of 2014.

Regulations on Safety and Health Protection of Schools

According to the Laws of the PRC on the Protection of Minors (中華人民共和國未成年人保護法), which was amended on October 26, 2012 and became effective on June 1, 2007, schools, kindergartens and nurseries shall establish safety system, improve safety education among the minors and adopt measures to guarantee their personal safety.

In accordance with the Regulation on Safety Management of Middle, Primary schools and Kindergartens (中小學幼兒園安全管理辦法), which was promulgated on June 30, 2006 and became effective on September 1, 2006, schools shall be responsible for safety management and safety education, fully establish internal safety management system and safety emergency response mechanism, embed safety education into teaching content and carry out safety education among the students.

According to the Regulation on Sanitary Work of Schools (學校衛生工作條例), which was promulgated on June 4, 1990 and became effective on June 4, 1990, schools shall carry out sanitary work. The main tasks of the sanitary work include monitoring health conditions of students, carrying out health education among students, helping students to develop good health habits, improving health environment and health conditions for teachers, strengthening prevention and treatment of infectious disease and common diseases among students.

Regulations on PRC -Foreign Cooperation in Operating Schools

PRC-foreign cooperation in operating schools or training programs is specifically governed by the Sino-Foreign Regulation in accordance with the Education Law, the Occupational Education Law of the PRC (中華人民共和國職業教育法) and the Law for Promoting Private Education of the PRC, and the Implementing Rules for the Regulations on Operating PRC-foreign Schools (中華人民共和國合作辦學條例實施辦法), or the Implementing Rules, which were issued by the MOE in 2004 and became effective on July 1, 2004.

The Sino-Foreign Regulation and its Implementing Rules apply to the activities of educational institutions established in China cooperatively by foreign educational institutions and Chinese educational institutions, the students of which are to be recruited primarily among Chinese citizens and encourage substantive cooperation between overseas educational organizations with relevant qualifications and experience in providing high-quality education and PRC educational organizations to jointly operate various types of schools in China, with such cooperation in the areas of higher education and occupational education being encouraged. The overseas educational organization must be a foreign educational institution with relevant qualification and experience at the same level and in the same category of education. Our PRC Legal Counsel has opined that based on its current understanding and knowledge, it is uncertain as to what type of information (including the length and type of experience) a foreign investor must provide to the competent PRC government authority to demonstrate that it meets the Qualification Requirement. Further, according to our PRC legal Counsel, following consultation with the relevant PRC educational authorities that have jurisdiction over each of the regions where we offer preschool and high school education, except for Shanghai, other authorities have opined that as a matter of policy, no Sino-Foreign Joint Venture Private School has been approved in their respective jurisdictions subsequent to the Sino-Foreign Regulation becoming effective on September 1, 2003. As such, except for one Sino-Foreign Joint Venture Private School which was approved by the Shanghai Education Commission in 2014, there is no other recent precedent of any successful application to establish a Sino-Foreign Joint Venture Private School. Therefore, no further guidance is available with respect to the type of information currently required for a foreign investor to provide to the relevant PRC authorities in order to demonstrate that it can meet the Qualification Requirement. PRC-foreign cooperative schools are not permitted, however, to engage in compulsory education and military, police, political and other kinds of education that are of a special nature in

China. Any PRC-foreign cooperation school and cooperation program shall be approved by relevant education authorities and get the Permit for Chinese-foreign Cooperation in Operating School, and a PRC-foreign cooperation school established without the above approval or permit may be banned by the relevant authorities, be ordered to refund the fees collected from its students and be subject to a fine of no more than RMB100,000, while a PRC-foreign cooperation program established without such approval or permit may also be banned and be ordered to refund the fees collected from its students.

As of the date on which the Sino-Foreign Regulation becomes effective, the Interim Provisions on PRC-foreign Cooperative Education (中外合作辦學暫行規定, the "**Interim Provisions**"), which was promulgated and implemented as of the date January 26, 1995, by the State Education Commission (國家教育委員會, now renamed as the MOE) in respect of the PRC-foreign cooperation in operating schools, was publicly abolished. Unlike the Sino-Foreign Regulation, the Interim Provisions do not require the promoters or cooperation parties of such schools or programs to be educational organizations and allow the foreign parties of the PRC-foreign schools or cooperation programs to be foreign legal entities, individuals or relevant international organizations and the PRC parties thereof to be either educational organizations or other entities with legal person status. In any event, however, Permits for Chinese-foreign Cooperation in Operating Schools shall be obtained from the relevant education authorities or the authorities that regulate labor and social welfare in China.

On August 12, 2004, the MOE promulgated a Notice regarding the Re-Approval on Operating PRC-foreign Schools and Cooperation Programs (關於做好中外合作辦學機構和項目複核工作的通知, the "**Re-Approval Notice**"), according to which PRC-foreign schools and cooperation programs that were established prior to the implementation of the Sino-Foreign Regulation and its Implementing Rules, should be re-assessed by the relevant government authorities and obtain the re-approval. The Re-Approval Notice specifies the particular scope for such re-approval, and expressly stipulates that in light of the historical development of relevant regulations, the qualifications for any PRC-foreign schools and cooperation programs that were established prior to the implementation of the Sino-Foreign Regulation may not be strictly applied, while the management and operation of such schools and programs should be in good order in compliance with the Sino-Foreign Regulation. There are no clear provisions in the Re-Approval Notice as to whether the qualifications of the promoters or cooperation parties of such schools or cooperation programs may not be strictly applied in compliance with the Sino-Foreign Regulation and its Implementing Rules.

Dalian Maple Leaf High School engages in PRC-foreign cooperation in operating a school and has obtained the relevant government approvals and re-approvals, and maintains the Permits for PRC-Foreign cooperation in Operating Schools.

Regulations on Compulsory Education

The Law for Compulsory Education of the PRC (中華人民共和國義務教育法) was promulgated by the National People's Congress on April 12, 1986 and was amended by the tenth Standing Committee of the National People's Congress on June 29, 2006. Based on this law, a 9-year system of compulsory education, including 6 years of elementary school and 3 years of middle school, was adopted.

Further, the MOE issued the Reform Guideline on the Curriculum System of Compulsory Education (Trial) (基礎教育課程改革綱要(試行)) on June 8, 2001, which became effective on the same day, pursuant to which schools providing compulsory education shall follow a "state-local-school" three-tier curriculum system. In other words, the schools must follow the state curriculum standard for state courses, while the local educational authorities have the power to determine the curriculum standard for other courses, and the schools may also develop curriculum that are suitable for their specific needs.

According to the Foreign Investment Catalog, foreign investors are prohibited from investing in compulsory education, meaning elementary school or middle school.

Regulations on the Operation of High Schools

According to the Foreign Investment Catalog, high school education, namely grades 10 to 12, is categorized as a restricted industry limited to be established in the form of cooperative joint venture.

The MOE has promulgated several regulations on the operation of high schools, mainly concerning the choice of textbooks, the curriculum system and the graduation exam system.

According to the Circular of the Central Office of the MOE on the Selection of the Trial Textbooks for the Curriculum of High Schools (教育部辦公廳關於做好普通高中新課程實驗教材選用工作的通知) promulgated on April 26, 2005 and the Interim Measures for the Management of the Selection of the Primary and Middle School (中小學教科書選用管理暫行辦法) promulgated and simultaneously came into effect on September 30, 2014, the textbooks used by high schools can only be selected from the catalog created by the MOE; and the provincial educational authority is in charge of textbook selection within its relevant administrative jurisdiction and has the power to approve the curriculum system applied in its high schools.

Further, the MOE issued the Notice on Developing Trial Curriculum System in High Schools (教育部關於開展普通高中新課程實驗工作的通知), the Guidance on Strengthening Instruction on Developing Trial Curriculum System in High Schools (教育部關於進一步加強普通高中新課程實驗工作的指導意見), the Notice on Propelling 2006 Trial Curriculum System in High Schools (教育部辦公廳關於2006年推進普通高中新課程實驗工作的通知) and the Notice on Propelling 2007 Trial Curriculum System in High Schools (教育部辦公廳關於 2007 年推進普通高中新課程實驗工作的通知) from 2003 through 2007, pursuant to which the MOE developed a new curriculum system in high schools nationwide, and the implementation of such curriculum system is carried on mainly by the provincial educational authorities while the MOE mainly provides guidance to its local counterparts. Under the guidelines of the MOE and subject to approval by the respective provincial educational authorities, the high schools may adopt their own unique curriculum system.

In addition to the supervision and administration in textbooks and curriculum system applied in high school, the PRC government also provides strict guidelines on the graduation exam system. According to the National Educational Committee's Opinions on Carrying Graduation Exam System in High Schools (國家教委關於在普通高中實行畢業會考制度的意見, the "**Graduation Exam System Opinions**") which became effective from August 20, 1990, the graduation exam is a standard exam uniformly organized by a provincial educational authority to determine the studying results of a high school graduate, who can only obtain a high school diploma after passing such graduation exam. Thereafter, the MOE promulgated the Opinions on the Reform of the Graduation Exam System in High Schools (關於普通高中畢業會考制度改革的意見, the "**Reform Opinions**") on March 15, 2000. Based on the Reform Opinions, passing the uniform Graduation Exam is no longer a prerequisite condition for getting a high school diploma. Upon approval by a provincial educational administration, a high school may select its own way to conduct the graduation exam, including picking the subjects and the scope of such exam.

Our high schools carried a graduation exam system with an international aspect through offering bilingual, dual-curriculum programs and dual diplomas to our students, and such students receive both a PRC high school diploma and a BC high school diploma when they graduate. To obtain a PRC high school diploma, our students in the above mentioned dual-diploma programs only need to pass certain subjects instead of all of the subjects of the uniform high school graduation exams organized by relevant provincial educational authorities. According to the Reform Opinions, such arrangement is subject to the approval of the relevant provincial educational authorities which have the power to adopt and approve any different graduation exam system. Other than our high school in Zhenjiang, all of our private high schools have obtained the requisite approvals from the relevant provincial educational authorities to use a different curriculum system and graduation exam system and to provide a PRC high school diploma to our graduates.

Interim Administrative Measures on the Operation of Schools for Children of Foreign Nationals

According to the Administrative Measures, the schools for children of foreigners may be established by foreign institutions, foreign-invested enterprises legally set up in the PRC, institutions of international organizations stationed in the PRC or foreign individuals lawfully reside in the PRC. The schools for children of foreigners are schools providing K-12 education to children of foreign nationals who have permits for residence in China and are not permitted to enroll children of PRC nationals. The selection of textbooks, teaching plans and other curriculum matters of such schools are all determined by the schools themselves.

According to the Administrative Measures, sponsors of foreign national schools shall be foreign institutions or foreign-invested enterprises legally incorporated in the PRC, institutions of international organizations stationed in the PRC, or foreigners legally resident in the PRC who must submit their application to the local educational authority and such educational authority shall submit the application to higher administrative authorities, which in turn shall, upon examination and acceptance, submit the application to the MOE for final approval. Pursuant to the September 2012 State Council Decision, the State Council has delegated the authority for approving foreign national schools to the relevant educational authorities at the provincial level. Our Dalian Foreign School obtained such approval from the competent educational authorities on its establishment, and we have obtained the necessary approval from the competent educational authority for our Wuhan Foreign School we acquired.

Regulation on the Administration of Kindergartens

The Regulations on the Administration of Kindergartens (幼兒園管理條例, the "**Preschool Regulations**"), was promulgated by the then State Education Commission (now renamed as the MOE) on September 11, 1989. According to the Preschool Regulations, any preschool that enrolls children who are three-years-old or older is subject to the child-care and education administration system provided by such Preschool Regulations.

According to the Preschool Regulations, the issue of safety is the most important for the operation of preschools. Thus the teachers, doctors and child-care staff of preschools are required to meet certain qualifications, and preschools should be located in secure zones without pollution or dangerous factors nearby. Preschools are allowed to determine the content of their teaching activities as long as such activities are not hazardous to the physical and mental health of the children. In addition, a series of regulations have been promulgated by the MOE and other related governmental agencies to further regulate the operation of preschools, including the Measures for the Management of the Health and Health-care of Nursery and Preschools (托兒所幼兒園衛生保健管理辦法) and the Notice of the MOE on Printing and Distributing the Allocation Standards of Teachers and Staffs in Preschools (Trial) (教育部關於印發《幼兒園教職工配備標準(暫行)》的通知).

Pursuant to the above mentioned Preschool Regulations and the Law for Promoting of Private Education, the establishment of private kindergartens by any type of PRC legal entities and individuals is allowed subject to the approval of the local counterpart of the MOE. All of our private preschools have acquired such approval.

The Interim Measures for the Management of the Collection of Kindergarten Fees (幼兒園收費管理暫行辦法) was promulgated by the NDRC, the MOE and the Ministry of Finance (中華人民共和國財政部) on December 31, 2011, which set forth that the health-care and education fees and room and board fees charged by a private preschool shall be determined by the private preschool according to its cost and filed with the local governmental pricing authority and educational authority before execution.

The Guidelines for Overseas Study Tour participated by the Primary and Middle School Students (Trial)

The Ministry of Education has promulgated the Guidelines for Overseas Study Tour participated by the Primary and Middle School Students (Trial) (中小學學生赴境外研學旅行活動指南（試行), the "**Guidelines**") on July 14, 2014. The Guidelines stipulate that overseas study tours participated in by primary and middle school students (the "Overseas Study Tour") means, by adapting to the characteristics of the primary and middle school students and the educational needs, programmes that organize the primary and middle school students to go overseas to learn foreign languages and other short-term curriculum, perform art shows, compete in contests, visit schools, attend summer/winter school programmes, or take part in other activities that help the students expand their horizon and promote enrichment and enhancement, in the manner of group travel and group accommodation during the academic term or vacation. Overseas Study Tours attended by the primary and middle school students shall follow the principles of safety, civility and efficiency. The schedule for study, from the perspective of both the content and the duration, shall be no less than 1/2 of the total schedule. The organizer shall choose legitimate and qualified cooperation institutions, and stress the importance of safe education, and shall appoint a guiding teacher for each group. The organizer shall apply the rules of cost accounting, notify the students and their supervisors of the composition of the fees and expenses, and enter into an agreement as required by law. The school and its staff shall not seek any economic benefit from organizing its own students to attend an Overseas Study Tour.

Outline of China's National Plan for Medium- and Long-Term Education Reform and Development (2010-2020)

On July 29, 2010, the PRC central government promulgated the Outline of China's National Plan for Medium- and Long-Term Education Reform and Development (2010-2020) (國家中長期教育改革和發展規劃綱要(2010-2020年)), which for the first time announced the policy that the government will implement a reform to divide private education entities into two categories: (1) for-profit private education entities and (2) not-for-profit private education entities. On October 24, 2010, the General Office of the State Council (國務院辦公廳) issued the Notices on the National Education System Innovation Pilot (關於開展國家教育體制改革試點的通知, "**Pilot Notice**"). Following the Pilot Notice, the MOE submitted to the State Council A Series of Suggested Amendments to Varies of Educational Laws (《教育法律一攬子修訂建議草案（送審稿）》, the "**Drafted Amendments**") which were published by the legislation office of the State Council on September 5, 2013. Under the Pilot Notice and Drafted Amendments, the PRC government plans to implement a for-profit and not-for-profit classified management system for private schools.

On June 18, 2012, the MOE issued the Implementation Opinions of the MOE on Encouraging and Guiding the Entry of Private Capital in the Fields of Education and Promoting the Healthy Development of Private Education (關於鼓勵和引導民間資金進入教育領域促進民辦教育健康發展的實施意見) to encourage private investment and foreign investment in the field of education. According to these opinions, the proportion of foreign capital in a Sino-foreign education institute shall be less than 50%.

Decision of the Central Committee of the Communist Party of China on Major Issues Concerning Comprehensively Deepening Reforms

The Decision of the CPC on Major Issues Concerning Comprehensively Deepening Reforms (中共中央關於全面深化改革若干重大問題的決定), which was adopted at the Third Plenary Session of the 18th Central Committee of the CPC on November 12, 2013 has made decisions to further open and liberalize the investment access. The finance, education, culture and medical sectors will enjoy an orderly opening-up to market access and the government encourages the non-state capital to invest in education.

REGULATIONS ON SOFTWARE DEVELOPMENT ACTIVITIES

The Administrative Measures on Software Products (軟件產品管理辦法), promulgated by the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部, the "**MIIT**") on March 5, 2009, which became effective on April 10, 2009, regulate the development and sale of computer software, software embedded in information systems or equipment provided to users, and computer software in conjunction with computer information systems integration or application services or other technical services in the PRC. The

Administrative Measures on Software Products prohibit the development, production, sale, export or import of software products that infringe third party intellectual property rights, contain computer viruses, endanger the safety of computer systems, do not comply with applicable software standards of the PRC, or contain content prohibited by PRC laws, rules and regulations. The software products developed and produced in the PRC may enjoy relevant preferential policies in accordance with the Several Policies on Encouragement of the Development of Software and Integrate Circuit Industries (鼓勵軟件產業和集成電路產業發展的若干政策) issued by the State Council on June 24, 2000 which provide that an enterprise engaging in software production may be entitled to refund of value-added taxes for its sale of software products upon its proper registration and filing according to the Administrative Measures on Software Products. Software registration institutions entrusted by the local software industry administrative departments are in charge of examining the applications for software registration before they submit the application materials to the local software industry administrative departments and the MIIT for filing. The MIIT will make an announcement regarding software products that have undergone filing and recordation formalities. If no objection is raised during the announcement period, such software products will be registered. The registration is valid for a five-year period and may be renewed. Beipeng Software engages in software production and has obtained the certificate of software enterprises.

REGULATIONS ON COPYRIGHT AND TRADEMARK PROTECTION

China has adopted legislation governing intellectual property rights, including copyrights and trademarks. China is a signatory to the main international conventions on intellectual property rights and became a member of the Agreement on Trade Related Aspects of Intellectual Property Rights upon its accession to the World Trade Organization in December 2001.

Copyright. The National People's Congress amended the Copyright Law (中華人民共和國著作權法) in 2001 to widen the scope of works and rights that are eligible for copyright protection. The amended Copyright Law extends copyright protection to Internet activities, products disseminated over the Internet and software products. In addition, there is a voluntary registration system administered by the China Copyright Protection Center. The Copyright Law was subsequently further amended on February 26, 2010.

To address the problem of copyright infringement related to the content posted or transmitted over the Internet, the National Copyright Administration and the Ministry of Information Industry (the "MII") (superseded by the MIIT in March 2008) jointly promulgated the Administrative Measures for Copyright Protection Related to the Internet (互聯網著作權行政保護辦法) on April 29, 2005. These measures became effective on May 30, 2005.

Trademark. The PRC Trademark Law (中華人民共和國商標法), adopted in 1982 and revised in 2001 and 2013 (the 2013 revised version has been promulgated on August 30, 2013 and will become effective on May 1, 2014), protects the proprietary rights to registered trademarks. The Trademark Office under the State Administration for Industry and Commerce handles trademark registrations and grants a term of ten years to registered trademarks and another ten years to trademarks as requested upon expiry of the prior term.

Domain Name. Internet domain name registration and related matters are primarily regulated by the Implementing Rules on Registration of Domain Names (中國互聯網絡信息中心域名名稱註冊實施細則) issued by China Internet Network Information Centre (中國互聯網絡信息中心) (the "**CNNIC**") on September 25, 2002 and amended on June 5, 2009 and May 28, 2012 (the 2012 amended version became effective on May 29, 2012), the Measures on Administration of Domain Names for the Chinese Internet (中國互聯網絡域名名稱管理辦法), issued by MIIT on November 5, 2004 and effective as of December 20, 2004, and the Measures on Domain Name Disputes Resolution for the Chinese Internet (中國互聯網絡信息中心域名名稱爭議解決辦法) issued by CNNIC on May 28, 2012 and effective as of June 28, 2012. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and the applicants become domain name holders upon successful registration.

REGULATIONS ON FOREIGN EXCHANGE

Foreign Currency Exchange

Pursuant to the Foreign Exchange Administration Regulations of the PRC (中華人民共和國外匯管理條例) promulgated by the State Council on January 29, 1996 as amended on January 14, 1997 and August 5, 2008 and the Regulations on the Administration of Foreign Exchange Settlement, Sale and Payment (結匯、售匯及付匯管理規定) promulgated by the PBOC on June 20, 1996 and became effective on July 1, 1996 and other PRC rules and regulations on currency conversion, foreign-invested enterprises are permitted to convert their after tax dividends into foreign exchange and to remit such foreign exchange out of their foreign exchange bank accounts in the PRC. If foreign-invested enterprises require foreign exchange for transactions relating to current account items, they may, without approval of SAFE, effect payment from their exchange account or convert and pay at the designated foreign exchange banks, upon provision of valid receipts and proof. However, convertibility of foreign exchange in respect of capital account items, such as direct investment, loans and capital contributions, is still subject to restriction, and prior approval from SAFE or its relevant branches must be sought. On August 29, 2008, SAFE promulgated the Circular on the Relevant Operating Issues concerning Administration Improvement of Payment and Settlement of Foreign Currency Capital of Foreign-invested Enterprises (關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知) (the "**SAFE Circular 142**") to regulate the conversion of foreign currency into RMB by a foreign-invested enterprise by restricting the ways in which the converted RMB may be used. SAFE Circular 142 stipulates that the registered capital of a foreign-invested enterprise that has been settled in RMB converted from foreign currencies may only be used for purposes within the business scope approved by the applicable governmental authority and cannot be used for equity investments within the PRC. Meanwhile, the SAFE strengthened its oversight of the flow and use of the registered capital of a foreign-invested enterprise settled in RMB converted from foreign currencies. The use of such RMB capital may not be changed without the SAFE's approval, and may not in any case be repayment of RMB loans if the proceeds of such loans have not been used. Violations of SAFE Circular 142 may lead to severe penalties including heavy fines. As a result, SAFE Circular 142 may significantly limit our ability to transfer the net proceeds from this offering Beipeng Software through our consolidated affiliated entities, and thus may adversely affect our business expansion in China. We may not be able to convert the net proceeds into RMB to invest in or acquire any other PRC entities, or establish other consolidated affiliated entities in the PRC. Following the issuance of the SAFE Circular 142, on November 9, 2010, SAFE promulgated the Circular on the Relevant Operating Issues concerning Administration Improvement of Payment and Settlement of Foreign Currency Capital of Foreign-invested Enterprises (關於加強外匯業務管理有關問題的通知) (the "**SAFE Circular 59**") which was amended on April 16, 2012. The SAFE Circular 59 requires the authenticity of settlement of net proceeds from offshore offerings to be closely examined and the net proceeds to be settled in the manner described in the offering documents. Furthermore, in November 2011, SAFE issued the Circular on Further Clarifying and Regulating Matters Relating to Foreign Exchange Administration of Certain Capital Account Items (國家外匯管理局關於進一步明確和規範部分資本項目外匯業務管理有關問題的通知) (the "**SAFE Circular 45**"). SAFE Circular 45 requires SAFE's local counterparts to strengthen the control imposed by SAFE Circular 142 and SAFE Circular 59 over the conversion of a foreign-invested company's capital contributed in foreign currency into RMB. SAFE Circular 45 stipulates that a foreign-invested company's RMB funds, if converted from such company's capital contributed in foreign currency, may not be used by such company to (i) extend loans (in the form of entrusted loans), (ii) repay borrowings between enterprises, or (iii) repay bank loans it has obtained and on-lent to third parties.

Dividend Distribution

The principal regulations governing dividend distributions by wholly foreign-owned enterprises and Sino-foreign equity joint ventures include:

- Wholly Foreign-Owned Enterprise Law (1986) (中華人民共和國外資企業法), as amended;
- Wholly Foreign-Owned Enterprise Law Implementing Rules (1990) (中華人民共和國外資企業法實施條例), as amended;

- Sino-foreign Equity Joint Venture Enterprise Law (1979) (中華人民共和國中外合資經營企業法), as amended; and
- Sino-foreign Equity Joint Venture Enterprise Law Implementing Rules (1983) (中華人民共和國中外合資經營企業法實施條例), as amended.

Under these regulations, wholly foreign-owned enterprises and Sino-foreign equity joint ventures in the PRC may pay dividends only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. Additionally, these foreign-invested enterprises are required to set aside certain amounts of their accumulated profits each year, if any, to fund certain reserve funds. These reserves are not distributable as cash dividends.

SAFE Circular No. 37

The Notice of the State Administration of Foreign Exchange on the Administration of Foreign Exchange Involved in Overseas Investment, Financing and Round-Trip Investment Conducted by Domestic Residents Through Special-Purpose Companies (國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知, the SAFE Circular No. 37), which became effective as of July 4, 2014 and repealed the previous Notice of the State Administration of Foreign Exchange on the Administration of Foreign Exchange Involved in Overseas Investment, Financing and Round-Trip Investment Conducted by Domestic Residents Through Special-Purpose Companies (the SAFE Circular No. 75) on the same date, requires PRC domestic residents, including both PRC domestic institutions and PRC domestic individual residents, to register with their local SAFE branch before establishing or acquiring control of any company outside of China with the domestic or overseas assets or equity they legally hold for the purpose of investment and financing and conducting round-trip investment in China. Such a company located outside of China is referred to as an "offshore special purpose company". Currently, we do not have any shareholders who are PRC residents who are required to register with a SAFE branch according to SAFE Circular No. 37.

SAFE Regulations on Employee Share Options

The Administration Measures on Individual Foreign Exchange Control (個人外匯管理辦法) were promulgated by the PBOC on December 25, 2006, and their Implementation Rules (個人外匯管理辦法實施細則), issued by the SAFE on January 5, 2007, became effective on February 1, 2007. Under these regulations, all foreign exchange matters involved in employee stock ownership plans and stock option plans participated in by onshore individuals, among others, require approval from the SAFE or its authorized branch. Furthermore, the Notices on Issues concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly-Listed Companies (關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知) (the "**Stock Option Rules**"), were promulgated by SAFE on February 15, 2012, which replaced the Application Procedures of Foreign Exchange Administration for Domestic Individuals Participating in Employee Stock Ownership Plans or Stock Option Plans of Overseas Publicly-Listed Companies (境內個人參與境外上市公司員工持股計劃和認股期權計劃等外匯管理操作規程) issued by SAFE on March 28, 2007. Pursuant to the Stock Option Rules, PRC residents who are granted shares or stock options by companies listed on overseas stock exchanges based on the stock incentive plans are required to register with SAFE or its local branches, and PRC residents participating in the stock incentive plans of overseas listed companies shall retain a qualified PRC agent, which could be a PRC subsidiary of such overseas publicly-listed company or another qualified institution selected by such PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plans on behalf of these participants. Such participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, purchase and sale of corresponding stocks or interests, and fund transfer. In addition, the PRC agents are required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agents or the overseas entrusted institution or other material changes. The PRC agents shall, on behalf of the PRC residents who have the right to exercise the employee share options, apply to

SAFE or its local branches for an annual quota for the payment of foreign currencies in connection with the PRC residents' exercise of the employee share options. The foreign exchange proceeds received by the PRC residents from the sale of shares under the stock incentive plans granted and dividends distributed by the overseas listed companies must be remitted into the bank accounts in the PRC opened by the PRC agents before distribution to such PRC residents. In addition, the PRC agents shall file each quarter the form for record-filing of information of the domestic individuals participating in the stock incentive plans of overseas listed companies with SAFE or its local branches.

REGULATIONS ON LABOR AND SOCIAL SECURITY

Employment contracts

Pursuant to the PRC Labor Law (中華人民共和國勞動法) which was promulgated by the Standing Committee of the National People's Congress on July 5, 1994 and became effective on January 1, 1995 and subsequently amended on August 27, 2009, the PRC Labor Contract Law (中華人民共和國勞動合同法) which was promulgated Standing Committee of the National People's Congress on June 29, 2007 and became effective on January 1, 2008 and subsequently amended on December 28, 2012 and became effective on July 1, 2013 and its Implementing Regulations of the Employment Contracts Law (中華人民共和國勞動合同法實施條例) which was promulgated by the State Council and became effective on September 18, 2008, labor contracts in written form shall be executed to establish labor relationships between employers and employees. Wages cannot be lower than local minimum wage. The employer must establish a system for labor safety and sanitation, strictly abide by state standards, and provide relevant education to its employees. Employees are also required to work in safe and sanitary conditions meeting State rules and standards, and carry out regular health examinations of employees engaged in hazardous occupations.

Social Insurance

Under applicable PRC laws, rules and regulations, including the Social Insurance Law (中華人民共和國社會保險法) which was promulgated by the Standing Committee of the National People's Congress on October 28, 2010 and became effective on July 1, 2011, the Administration Regulations on the Declaration and Payment of Social Security Funds (社會保險費申報繳納管理規定) which was promulgated by the Ministry of Human Resources and Social Security of the PRC on September 26, 2013 and became effective on November 1, 2013, Interim Measures concerning the Maternity Insurance (企業職工生育保險試行辦法) which was promulgated by the Ministry of Labor on December 14, 1994 and became effective on January 1, 1995, the Regulations on Occupational Injury Insurance (工傷保險條例) which was promulgated by the State Council on April 27, 2003 and became effective on January 1, 2004 and subsequently amended on December 20, 2010 and became effective on January 1, 2011, and the Regulations on the Administration of Housing Accumulation Funds (住房公積金管理條例) which was promulgated by the State Council and became effective on April 3, 1999 and amended on March 24, 2002, employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, maternity leave insurance, and to housing accumulation funds. These payments are made to local administrative authorities and any employer who fails to contribute may be fined and ordered to make good the deficit within a stipulated time limit.

According to the Interim Measures for Participation in the Social Insurance System by Foreigners Working within the Territory of China (在中國境內就業的外國人參加社會保險暫行辦法), which was promulgated by the Ministry of Human Resources and Social Security on September 6, 2011 and became effective on October 15, 2011, employers who employ foreigners shall participate in the basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, and maternity leave insurance in accordance with the law, with the social insurance premiums to be contributed respectively by the employers and foreigner employees as required. In accordance with such Interim Measures, the social insurance administrative agencies shall exercise their right to supervise and exam the legal compliance of foreign employees and employers and the employers who do not pay social insurance premium in conformity with the laws shall be subject to the administrative provisions provided in the Social Insurance Law and the relevant regulations and rules mentioned above.

REGULATIONS ON TAXATION

Income tax

According to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) (the "**EIT Law**") , which was promulgated on March 16, 2007 and became effective on January 1, 2008, enterprises are classified as resident enterprises and non-resident enterprises. The income tax rate for PRC resident enterprises, including both domestic and foreign-invested enterprises shall typically be 25% commencing from January 1, 2008. An enterprise established outside of the PRC with its "de facto management bodies" located within the PRC is considered a "resident enterprise," meaning that it can be treated in a manner similar to a PRC domestic enterprise for enterprise income tax purposes. In order to clarify some provisions in the EIT Law, the Implementation Regulation of the Enterprise Income Tax Law of the PRC(中華人民共和國企業所得稅法實施條例, the "**EIT Rules**") was promulgated on December 6, 2007 and became effective on January 1, 2008.

The State Administration of Tax (中華人民共和國國家稅務總局, the "**SAT**") issued Notice of the State Administration of Taxation on Issues Relevant to Foreign-registered Chinese-invested Holding Enterprises Determined as Resident Enterprises in Accordance with Actual Management Organization Standard (國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知, the "**Circular 82**") on April 22, 2009. Circular 82 provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled offshore incorporated enterprise is located in China, which include all of the following conditions: (a) the location where senior management members responsible for an enterprise's daily operations discharge their duties; (b) the location where financial and human resource decisions are made or approved by organizations or persons; (c) the location where the major assets and corporate documents are kept; and (d) the location where more than half (inclusive) of all directors with voting rights or senior management have their habitual residence. In addition, the SAT issued a bulletin on July 27, 2011, effective as of September 1, 2011, providing more guidance on the implementation of Circular 82. This bulletin clarifies matters including resident status determination, post-determination administration and competent tax authorities. Although both Circular 82 and the bulletin only apply to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreign individuals, the determining criteria set forth in Circular 82 and the bulletin may reflect the SAT's general position on how the "de facto management body" test should be applied in determining the tax resident status of offshore enterprises, regardless of whether they are controlled by PRC enterprises or PRC enterprise groups or by PRC or foreign individuals.

According to Notice of the Ministry of Finance and the State Administration of Taxation on Tax Policies Relating to Education (財政部國家稅務總局關於教育稅收政策的通知, the "**Circular 39**") and Notice of the Ministry of Finance and the State Administration of Taxation on Issues Concerning Strengthening the Administration over the Collection of Business Tax on Educational Services (財政部、國家稅務總局關於加強教育勞務營業稅徵收管理有關問題的通知, the "**Circular 3**"), schools shall be exempt from enterprise income tax on fees they have collected upon approval and have incorporated under the fiscal budget management or the special account management for the funds outside the fiscal budget. Schools shall be exempt from enterprise income tax on the financial allocations they have received and special subsidies they have obtained from their administrative departments or institutions at higher levels.

According to the Law of PRC for Promoting Private Education (中華人民共和國民辦教育促進法) and its implementing rules, a private school that does not require reasonable returns enjoys the same preferential tax treatment as public schools, whereas the preferential tax treatment policies applicable to private schools that require reasonable returns are separately formulated by the relevant authorities under the PRC State Council. Our schools are all private schools that do not require reasonable returns and the Company believes it could enjoy the preferential tax treatment as public schools. In addition, Beipeng Software, our wholly-owned subsidiary in China, is qualified as a "software development enterprise" under the EIT Law. Accordingly, Beipeng Software is entitled to a two-year EIT exemption when it becomes profitable and a further three-year EIT reduction to 50% of the applicable rate from the EIT following that. Beipeng Software secured the software enterprise certification in 2009 and 2010.

Business Tax

Pursuant to the Provisional Regulations of the PRC on Business Tax (中華人民共和國營業稅暫行條例), which was promulgated by the Stated Council on December 13, 1993 and subsequently amended on November 10, 2008 and its Implementation Rules (中華人民共和國營業稅暫行條例實施細則) which was promulgated by the MOF and the SAT on December 15, 2008 and subsequently amended on October 28, 2011, unless stated otherwise, the taxpayers providing taxable services in China are required to pay a business tax at a normal tax rate of 5% of their revenue.

According to Circular 39, Circular 3 and the Provisional Regulations of the PRC on Business Tax, nursing services provided by nurseries, kindergartens and educational services provided by schools and other educational institutions shall be exempt from business tax. Hence, the nursing services and educational services provided by our schools and kindergartens are not subject to business tax.

Other Tax Exemptions

According to Circular 39 and Circular 3, the real properties and land used by schools, nurseries and kindergartens established by enterprises shall be exempt from house property tax and urban land use tax. Schools and kindergartens expropriate arable land upon approval shall be exempt from arable land use tax. Schools and educational institutions established by any enterprises, government affiliated institutions, social groups or other social organizations or individuals and citizens with non-state fiscal funds for education and open to the public upon the approval of the administrative department for education or for labor of the relevant people's government at the county level or above which has also issued the relevant school running license, shall be exempted from deed tax on their ownerships of land and houses used for teaching activities.

Dividend Withholding Tax

The EIT Rules provide that since January 1, 2008, an income tax rate of 10% will normally be applicable to dividends declared to non-PRC resident investors which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC. The income tax on the dividends may be reduced pursuant to a tax treaty between China and the jurisdictions in which our non-PRC shareholders reside.

However, if we are considered a PRC resident enterprise and the competent PRC tax authorities consider dividends we pay with respect to our Shares and the gains realized from the transfer of our Shares income derived from sources within the PRC, such dividends and gains earned by non-resident individuals may be subject to PRC individual income tax at a rate of 20% (or other applicable preferential tax rate if any such non-resident individuals' jurisdiction has a tax treaty with China that provides for a preferential tax rate or a tax exemption).

Pursuant to an Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排, the "**Double Tax Avoidance Arrangement**"), and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under such Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5%. However, based on the Circular on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (關於執行稅收協定股息條款有關問題的通知, the "**SAT Circular 81**") issued on February 20, 2009 by the SAT, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment; and based on the Circular on How to Interpret and Recognize the "Beneficial Owner" in Tax Treaties (關於如何理解和認定稅收協定中"受益所有人"的通知), issued on October 27, 2009 by the SAT, conduit companies, which are established for the purpose of evading or reducing tax, or transferring or accumulating profits, shall not be recognized as beneficial owners and thus are not entitled to the above-mentioned reduced income tax rate of 5% under the Double Tax Avoidance Arrangement.

On January 9, 2009, the SAT promulgated the Provisional Measures for the Administration of Withholding of Enterprise Income Tax for Non-resident Enterprises (非居民企業所得稅源泉扣繳管理暫行辦法, the "**Non-resident Enterprises Measures**"), pursuant to which, the entities which have the direct obligation to make certain payments to a non-resident enterprise shall be the relevant tax withholders for such non-resident enterprise. Further, the Non-resident Enterprises Measures provides that in case of an equity transfer between two non-resident enterprises which occurs outside China, the non-resident enterprise which receives the equity transfer payment shall, by itself or engage an agent to, file tax declaration with the PRC tax authority located at the place of the PRC company whose equity has been transferred, and the PRC company whose equity has been transferred shall assist the tax authorities to collect taxes from the relevant non-resident enterprise. On April 30, 2009, the MOF and the SAT jointly issued the Notice on Issues Concerning Process of Enterprise Income Tax in Enterprise Restructuring Business (關於企業重組業務企業所得稅處理若干問題的通知, the "**Circular 59**"). On December 10, 2009, the SAT issued the Notice of the State Administration of Taxation on Strengthening the Administration of Enterprise Income Tax on Gain Derived from Equity Transfer Made by Non-Resident Enterprise (國家稅務總局關於加強非居民企業股權轉讓所得企業所得稅管理的通知, the "**SAT Circular 698**"). Both Circular 59 and SAT Circular 698 became effective retroactively as of January 1, 2008. By promulgating and implementing these two circulars, the PRC tax authorities have enhanced their scrutiny over the direct or indirect transfer of equity interests in a PRC resident enterprise by a non-resident enterprise. Under SAT Circular 698, where a non-resident enterprise transfers the equity interests of a PRC "resident enterprise" indirectly by disposition of the equity interests of an overseas holding company, or an Indirect Transfer, and such overseas holding company is located in certain low tax jurisdictions, the non-resident enterprise, being the transferor, shall report to the competent tax authority of the PRC "resident enterprise" this Indirect Transfer. The PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such Indirect Transfer may be subject to PRC tax at a rate of up to 10%. Although it appears that SAT Circular 698 was not intended to apply to purchase and sale of shares of publicly traded companies in the open market, the PRC tax authorities may determine that SAT Circular 698 is applicable to our non-resident shareholders who acquired our shares outside of the open market and subsequently sell our shares in our private financing transactions or in the open market if any of such transactions were determined by the tax authorities to lack reasonable commercial purpose, and we and our non-resident shareholders may be at risk of being required to file a return and being taxed under SAT Circular 698 and we may be required to expend valuable resources to comply with SAT Circular 698 or to establish that we should not be taxed under SAT Circular 698.

SAFE Regulations on Employee Share Options

Pursuant to the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company, or Circular 7, issued by SAFE in February 2012, employees, directors, supervisors and other senior management participating in any stock incentive plan of an overseas publicly listed company who are PRC citizens or who are non-PRC citizens residing in China for a continuous period of not less than one year, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed company, and complete certain other procedures. Failure to complete the SAFE registrations may subject them to fines and legal sanctions and may also limit our ability to contribute additional capital into our wholly foreign-owned subsidiaries in China and limit these subsidiaries' ability to distribute dividends to us. In addition, the State Administration for Taxation has issued certain circulars concerning employee share options or restricted shares. Under these circulars, the employees working in the PRC who exercise share options or are granted restricted shares will be subject to PRC individual income tax. The PRC subsidiaries of such overseas listed company have obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold individual income taxes of those employees who exercise their share options. If the employees fail to pay or the PRC subsidiaries fail to withhold their income taxes according to relevant laws and regulations, the PRC subsidiaries may face sanctions imposed by the tax authorities or other PRC government authorities.

M&A RULES AND OVERSEAS LISTINGS

The M&A Rules, among other things, purport to require that an offshore special vehicle, or a special purpose vehicle, formed for listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange, especially in the event that the special purpose vehicle acquires shares of or equity interests in the PRC companies in exchange for the shares of offshore companies.

The application of the M&A Rules remains unclear, with no consensus currently existing among the leading PRC law firms regarding the scope of the applicability of the CSRC approval requirement. Based on the understanding on the current PRC laws, rules and regulations and the M&A Rules of our PRC Legal Counsel, Tian Yuan Law Firm, that CSRC approval is not required in the context of this offering as we are not a special purpose vehicle formed or controlled by PRC companies or individuals for the purpose of acquiring domestic companies that are controlled by such PRC individuals or companies, and we acquired contractual control rather than equity interests in our domestic affiliated entities.

CANADIAN LAWS AND REGULATIONS

This section summarizes relevant British Columbia, or BC, statutes and other regulatory requirements that affect our schools, specifically in relation to the BCMOE's process for granting certification to offshore schools.

British Columbia's Governance of Education

In Canada, provincial governments, rather than the federal government, are responsible for education. In British Columbia, the Lieutenant-Governor appoints the members of the Executive Council, which includes the Minister of Education. The Minister is responsible to the provincial legislature for administering the educational system for Kindergarten to Grade 12 (K-12), among other things. The Minister exercises overall responsibility for the administration of K-12 education through the BCMOE.

Two primary acts which govern the delivery of K-12 education in British Columbia are the School Act and the Independent School Act, which governs independent (or private) schools.

School Act

Under the School Act, boards of education, consisting of elected trustees, are mandated to manage schools within their school districts in accordance with specified powers. Boards of education may appoint principals in each school who are members of such school's School Planning Council (if applicable). Boards of education must consult with School Planning Councils in respect of certain matters.

Independent School Act

The Inspector of Independent School is responsible to the Minister for the administration of the Independent School Act. Under the Independent School Act, the Inspector may issue, renew, suspend and cancel certificates classifying independent schools, and authorize a person to inspect and evaluate independent schools.

British Columbia Global Education Program

Section 168(3) of the School Act provides that the minister, or with the approval of the minister, a board or a francophone educational authority, may enter into an agreement with a school authority outside British Columbia for the education of children for whose education that school authority is responsible.

The British Columbia Ministry of Education has developed the British Columbia Global Education Program. A discussion of this program and the process for obtaining certification thereunder is set out under the heading "BC Global Education Program Certification and Inspection Requirements".

BC GLOBAL EDUCATION PROGRAM CERTIFICATION AND INSPECTION REQUIREMENTS

APPLICATION

According to the 2014/2015 British Columbia Global Education Program Operating Manual for Offshore Schools (the **"Operating Manual"**), the BCMOE may invite applications to enter the Global Education Program where it sees the potential for a strong partnership capable of making significant contributions to the goals of British Columbia's international education strategy.

If the BCMOE decides to accept an offshore school's application, the BCMOE will enter into an initial curriculum delivery agreement with the school operator, and, upon payment by the school's owner/operator (referred to herein as the "school operator" or the "operator") of all applicable fees, the school is moved into the pre-certification phase. The agreement is valid for one school year starting from July 1 and ending at June 30.

PRE-CERTIFICATION AND CERTIFICATION

A school in the pre-certification phase is permitted to deliver the BC curriculum for the following school year. During the pre-certification phase, the school operator is not permitted to advertise the school as "BC certified" or indicate that students will be able to receive a BC high school diploma upon graduation.

The BCMOE will appoint a team of inspectors to perform an onsite inspection of the school in the spring, at the expense of the school operator. Once the inspection team has completed its evaluation of the school, required changes and/or follow-up items for the school operator will be identified and recommendations will be provided to the BCMOE for consideration. The BCMOE will consider the recommendations of the inspection team and any other factors it deems relevant. If the BCMOE determines to certify the school, the school operator will sign a one-year certification agreement with the BCMOE. In the event that the school is not certified, the BCMOE will not renew the initial curriculum delivery agreement, in which case the school operator may re-apply to the program at a later time.

Below is a summary of the key terms of the BCMOE's standard form of certification agreement:

Category	**Description of key terms**
Agreement term	The certification agreement commences on the first day of the school year (July 1) in the year in which the agreement is executed and ends on the last day (June 30) of the school year. The certification agreement may be renewed at the sole discretion of the Province of British Columbia (the "Province") if the Province is satisfied that the school operator continues to meet all the certification requirements.
Qualification criteria for school operators	The school operator represents and warrants as to the qualification requirements, including, but not limited to, the following: (i) it has satisfied all of the certification requirements in the form and with the content established by the Province, including without limitation all components of an annual report submitted in accordance with the requirements of the BC Global Education Program, as may be modified from time to time by the Province in its sole discretion; (ii) it is able to communicate orally and in writing with the Province in fluent English at a level acceptable to the Province; (iii) it has paid all fees; (iv) it has provided any additional information that the Province reasonably requests; (v) it is considered by the Province, at the Province's sole discretion, to be a suitable candidate in accordance with the certification requirements; (vi) it is, subject to the written approval of the Province, offering a BC educational program that commences between kindergarten and grade eight and is able to demonstrate to the satisfaction of the Province that reasonable efforts are being made to maintain a minimum enrollment of 60 full-time students in each grade offered in the school; (vii) it has, subject to the written approval of the Province and

Category	Description of key terms
	the laws of the jurisdiction where the school is located, ensured that students commence full-time enrollment in the school in or before grade eight, or, in cases where a jurisdiction's laws prevent enrolment at this age, ensured that students may not commence the program after grade ten and that students entering the program in grade ten are provided with additional English language learner supports to enable success in the program; and (viii) providing the Province annually with written confirmation from the appropriate government entity with paramount responsibility for education in the jurisdiction in which the school is located that the operator has obtained written approval or a letter of no objection to obtain certification for the school and operate the school under the certification agreement.
School operator's representations, warranties and obligations	All statements contained in any certificate, application or other document delivered before or during the continuation of the certification agreement, by or on behalf of the school operator to the Province under the certification agreement or in connection with the school and the provision of an educational program under the certification agreement will be deemed to be representations and warranties by the operator under the certification agreement. All representations, warranties, covenants and agreements made under the certification agreement and all certificates, applications or other documents delivered by or on behalf of the school operator are material and will conclusively be deemed to have been relied upon by the Province and will continue in full force and effect during the continuation of the certification agreement. The school operator must, if requested by the Province, provide evidence satisfactory to the Province that the representations and warranties are true and correct and that the operator's obligations under the certification agreement have been met. The school operator represents and warrants to the Province that: • there is no law or decision of a governmental entity, which would prohibit the operator from entering into the certification agreement with the Province; • the certification agreement has been legally and validly authorized and executed by the operator and is legally binding upon and enforceable against the operator in accordance with its terms; and • the operator: (i) will directly operate the school and is solely responsible for its operation; (ii) has the power and capacity to accept and execute the certification agreement; (iii) has the power and capacity to perform its obligations under the certification agreement and the certification agreement is binding upon and enforceable against the operator in accordance with its terms; (iv) does not know of any fact that adversely affects, or might adversely affect, in a material way, the operator's properties, assets, condition (financial or otherwise), business or operations or its ability to fulfill its obligations under the certification agreement; (v) has all the rights necessary to operate the school and use the facilities for the purposes of the school; and (vi) will operate the school in accordance with the laws of the country where the school is located. The operator will not transfer, sell or license the whole or portions of the certification agreement without the prior written approval of the Province. Material changes to the operator are forbidden under the certification agreement without the prior written approval of the Province. Material changes include (but are not limited to) changes in the operator's governance, business or administrative structure, including a change to the majority shareholder or controlling interest.

BC GLOBAL EDUCATION PROGRAM CERTIFICATION AND INSPECTION REQUIREMENTS

Category	Description of key terms
Principals and teachers	The school operator must employ a principal for the school during the term of the certification agreement. The operator must not employ a principal who is employed as a principal for any other BC offshore school. The principal must be an individual who, at the time that the individual is hired by the operator as the principal and during the term of the certification agreement, meets all of the following requirements: (i) is fluent in English; (ii) holds a BC certificate of qualification; (iii) is not otherwise affiliated with the operator, other than through the principal's employment contract with the operator; and (iv) has experience working at a principal or vice-principal level and has a minimum of three years of teaching experience, preferably in a BC school, except where the Province has provided written approval to the operator for the use of modified criteria due to exceptional circumstances. The operator must ensure that the principal has responsibility for and authority to undertake certain enumerated duties in relation to the school. The operator may employ a vice-principal to support and assist the principal, under the direction of the principal, in fulfilling a specified selection of these enumerated duties. The school operator must ensure that teachers employed to teach at the school: (i) hold a BC certificate of qualification prior to beginning teaching in the school and during the term of the certification agreement; (ii) provide to the operator police records checks from all jurisdictions in which they have previously resided; (iii) maintain their certification in good standing complying with all professional requirements under the Province's Teachers Act; (iv) provide consents for the disclosure of personal information to the Province as required under the certification agreement and for storing and accessing this information outside of Canada; (v) provide instruction in a competent manner to students in accordance with the requirements under the certification agreement and as identified in the requirements of the BC Global Education Program; (vi) teach the programs of study and educational programs that are prescribed, approved or authorized under the certification agreement; (vii) encourage and foster learning in students; (viii) regularly evaluate students and periodically report the results of the evaluation to the students, the students' parents and the school in accordance with the terms of the certification agreement; (ix) maintain, under the direction of the principal, order among the students while they are in the school or on the school grounds and while they are attending or participating in activities sponsored or approved by the school; and (x) carry out, subject to any applicable contract of employment, those duties that are assigned to the teacher by the principal.
Facilities	The school operator is responsible for (i) ensuring that local health and safety standards in respect of the operation of the school are met; (ii) ensuring that the facilities, grounds and equipment used in conjunction with the operation of the school meet local building code and health and safety standards; and (iii) any damages or compensation arising as a result of any liability related to facilities, grounds, equipment or operation of the school. The facilities, grounds and equipment used in the operation of the school must, in the opinion of the Province, be adequate for the operation of a school under the BC Global Education Program for offshore schools.
Indemnity	The school operator will indemnify and save harmless and forever releases and discharges the Province, its employees and agents, from and against any and all losses, claims, damages, actions, causes of action, costs and expenses that any of them may sustain, incur, suffer or put to at any time either before or after the expiration or termination of the certification agreement, where the same or any of them are based upon, arise out of or occur, directly or indirectly, by reason of any act or omission of the operator, or of any agent, employee, officer, director or

Category	Description of key terms
	subcontractor of the operator pursuant to the certification agreement or in connection with the school.
Fees	The school operator must ensure that all communications, including publications and promotional materials, accurately set out the amount of fees and other monies payable under the certification agreement to the Province. Below is a summary of the fees for the BC Global Education Program all of which must be paid by the school operator and all of which are non-refundable: • initial application fee — CAD5,000 per school payable at the time of application; • curriculum usage fee — CAD10,000 per school/annum, which is payable on August 1 of each calendar year; • program administration fee — CAD5,000 per school/annum, payable on August 1 of each calendar year; • student registration fee — CAD350 per student/annum, which is payable on December 19 of each calendar year; and • inspection fees — variable and payable 30 days in advance of the inspection team's departure, inspection fees include professional services of the inspection chair and members of the inspection team, as well as their travel, accommodation, per diem and incidental costs. Below is a summary of the procedures that the BCMOE applies where there are delinquent fees: • 30 days delinquent — the school is issued a second invoice for the amount outstanding plus interest charges and will be placed on probationary status for 60 days (regardless of when the fees are submitted); • 60 days delinquent — the school is issued a third invoice for the amount outstanding plus interest charges and will be placed on probationary status for 90 days (regardless of when the fees are submitted); • 90 days delinquent — the school will be decertified. Recertification will be subject to the payment of delinquent fees plus interest charges, reapplication (including an application fee of CAD5,000) and payment as liquidated damages of CAD10,000; and • Delinquent inspection fees — the inspection will be cancelled and the uninspected school will lose certification status. Recertification will be subject to the payment of delinquent fees plus interest charges, reapplication (including an application fee of CAD5,000) and payment as liquidated damages of CAD10,000. Below is a summary of other program expenses: • In-person application review — the school operator is responsible for (a) all travel, accommodations, per diem and incidental costs of all BCMOE participants if the inspection is held at the school location, which is payable 15 days in advance of departure or (b) all relevant travel and accommodation expenses for the operator and accompanying persons if the inspection is held in British Columbia; and • Learning audits — including professional services of the audit chair and audit team members, as well as their travel, accommodation, per diem and incidental costs, which are payable 15 days in advance of the audit team's departure.

Category	Description of key terms
Renewal	The Province at its sole discretion will determine whether the school operator may renew the certification agreement, after: (i) determining if the operator is in compliance with the terms and conditions of the certification agreement; (ii) conducting an inspection of the school to assess whether, in the Province's opinion, the operator is eligible to apply to renew the certification agreement, with or without conditions; and (iii) assessing any other matters that the Province considers relevant to that determination. If the Province has notified the school operator that the school will not be certified, that the certification agreement will not be renewed, or that the certification agreement will be terminated, the operator must: (i) update the school's website; and (ii) notify, in writing, all students or applicants for enrollment in the school and their parents or legal guardians that the school will not continue to operate under the BC Global Education Program and will not be eligible to continue to deliver the BC Curriculum or offer a BC Evaluation Program and of alternative certified schools in the country or, if there are no other certified in the country, of alternative certified schools in the region.
Default and Termination	The following events will result in the school operator no longer being in good standing with the BCMOE, and, as a result, will constitute an event of default: • the operator fails to comply with any provision of the certification agreement, and specifically fails to pay fees required under the certification agreement, or a request or direction of the Province made under the certification agreement; • the owner/operator fails to implement to the Province's satisfaction, any compliance requirements set out in the certification agreement; • any representation or warranty made by the operator in the certification agreement, or otherwise made, to the Province before or during the term of the certification agreement which is untrue or incorrect; • the operator fails to correct any deficiency noted in an inspection report within the time specified by the Province, and if no time was specified, within a reasonable time; • any information, oral or written statement, certificate, report or other document furnished or submitted by or on behalf of the operator pursuant to or as a result of the certification agreement which is untrue or incorrect; • the operator ceases, in the opinion of the Province, to operate; • a change occurs with respect to one or more of the following, including some or all, of the properties, assets, condition (financial or otherwise), business or operations of the operator which, in the opinion of the Province, materially adversely affects the ability of the operator to fulfill its obligations under the certification agreement; or • the operator does not, in the opinion of the Province, continue to provide a school in a manner that meets the Province's requirements; • the operator sells, transfers or licenses ownership of the certified school (or attempts to do any of these things) without the prior written approval of the Province or there are material changes to the operator's governance, business or administrative structure including a change to the majority shareholder or controlling interest that have not received the prior written approval of the Province. Upon the occurrence of any event of default and at any time thereafter the Province may, notwithstanding any other provision of the certification agreement, at its sole discretion, exercisable by written notice to the school operator, (i) require that the

Category	Description of key terms
	event of default be remedied within a time period specified by the Province; (ii) terminate the certification agreement and cancel the authorization of the operator to use the BC Curriculum for purposes of operating the school, where the termination of the certification agreement and the cancellation of the authorization are effective on the dates stated in the notice; or (iii) pursue any remedy or take any other action available to it at law or in equity.
	All rights, powers and remedies conferred on the Province under the certification agreement or under any statute or law are not intended to be exclusive and each shall be cumulative in addition to and not in substitution for every other right, power and remedy existing or available to the Province under the certification agreement or any other agreement at law or in equity.
	The exercise by the Province of any right, power or remedy will not preclude the simultaneous or later exercise by the Province of any other right, power or remedy.
	The certification agreement may be terminated where there is no event of default, by either party if during that school year, the school operator or the Province receives a written request to terminate from the other party. Termination in such manner will become effective at the end of the school year during which notice is given, unless another date is agreed to by the parties in writing.
	Where the certification agreement is terminated, or notice of termination is received or deemed to be received by the operator, the operator will cease advertising in any way that suggests that the operator or the school is certified by the province or that it is eligible to deliver the BC curriculum or offer a BC graduation program.
Damages	Where the certification agreement is terminated due to an event of default prior to the end of the term, the school operator shall pay, in a single payment, as liquidated damages and not as a penalty, the early termination charge of CAD10,000.
	The Province and the operator acknowledge and agree that all liquidated damages set out in the certification agreement have been calculated as, and are, a genuine pre-estimate of the loss likely to be suffered by the Province and are not penalties.
Dispute resolution	The certification agreement will be governed by and construed in accordance with the laws of the Province. Any matter regarding the interpretation and application of the certification agreement, and all disputes arising under or in connection with the certification agreement, that cannot be resolved between the parties, will be within the exclusive jurisdiction of the courts of British Columbia.

In addition to the above, the BCMOE's standard form of certification agreement also contains provisions relating to (i) restrictions on the school operator's ability to advertise, make public announcements or make statements about the school and its accreditation or certification; (ii) the operation of the school, including with respect to admissions, record keeping, reporting to the Province and other persons or entities, the location of the school and compliance with respect to directions, requests or enquiries by the Province; (iii) the ability of the school operator to sub-contract its obligations thereunder and the operator's responsibility and obligations in respect of any such sub-contracting; (iv) delivery of the BC curriculum and the license of the Educational Material (as such term is defined in the certification agreement); and (v) inspections, investigations, audits and reviews by the Province. Certain other provisions contained in the BCMOE's standard form of certification agreement are discussed below, under the subheading "Reforms Announced Prior to the Publication of the 2014/2015 Operating Manual". Reference should be made to the sample form of certification agreement which is attached as Appendix B to the Operating Manual available at http://www2.gov.bc.ca/gov/DownloadAsset?assetId=AFE62A666A3A4E599CC3971C414AD782&filename=is-operatingmanual-2014-15.pdf.

MAINTAINING CERTIFICATION AND ANNUAL REPORTING

According to the Operating Manual, operators of BC certified offshore schools may not transfer, sell or license ownership of the school without the written approval of the Province, including a change to the majority shareholder or controlling interest, and are responsible for, among others:

- directly operating the school, including delivery of the BC curriculum in English;
- the financial management and administration of the school, including the payment of all applicable fees;
- improving and maintaining student achievement and ensuring that there are no significant discrepancies between Provincial exam marks and course marks;
- ensuring that the education program provided at the school meets BC provincial education standards as described in certification agreements (i.e. achieving Prescribed Learning Outcomes, using provincial Performance Assessment Standards, meeting instructional time requirements, adhering to exam invigilation instructions, meeting English language assessment and development standards, etc.);
- developing policies and procedures regarding student admissions, student discipline, parental appeals, evaluation of teachers and administrators, and dispute resolution;
- ensuring that only those students with sufficient English language capability are permitted to enter the program and that students studying in the program have access to adequate English language development supports as required;
- school marketing and student recruitment;
- complying with all applicable laws, bylaws, orders, directions, rules, and regulations of any city, state, provincial, and national government body of the region/country in which the school operates;
- recruiting, hiring, compensating, and providing suitable accommodations for administrators and teachers;
- establishing and maintaining complete and accurate records for students, the school, and administrators and teachers;
- meeting the BCMOE data and annual reporting requirements;
- reporting dismissal, suspension, discipline, conduct and competence issues regarding the principal or any teacher to both the Commissioner for Teacher Regulation and the BCMOE's Director of International Education (as such terms are defined in the Operating Manual, including the appendices thereto);
- working with the Offshore Program Consultant (if applicable) (as such term is defined in the Operating Manual, including the appendices thereto), the principal and teachers as required to assist the BCMOE in investigating complaints and resolving issues to the BCMOE's satisfaction;
- ensuring that all communications with BCMOE are in English; and
- supporting and participating in the BCMOE's inspections of the school as required.

Sub-contracting to other entities does not relieve an operator from any of the obligations specified in the certification agreement.

Operators of BC certified offshore schools must continuously demonstrate that all program requirements are being met. In order for a school's certification to be renewed on an annual basis, the school operator must, among other things, submit a completed annual report to the BCMOE which consists of an inspection catalogue, an update on the school's business plan and audited financial statements. The inspection catalogue must be submitted by September 30 of each year and must conform to the template issued each year by the BCMOE. The business plan must be submitted by September 30 of each year and must conform to the template issued each year by the BCMOE, which currently includes the following information: (i) a description of the school, the larger school within which the BC offshore school is housed (if applicable), and the BC offshore school program; (ii) a description of the business operations, including the school's unique culture, marketing activities and long-term growth plan; (iii) a description of the school's operations, including the management structure and approach to engaging and communicating with parents, students, staff and school administration; (iv) information about the school's approach to human resources, including the operator's plan for ensuring that all teachers and administrators are properly certified at all times; and (v) a description of partnerships with BC onshore schools to promote cultural and language learning, collaborative approaches to pedagogy and professional development and including activities to encourage offshore school students to study at post-secondary institutions in British Columbia. The audited financial statements must be submitted by November 30 of each year and must be in the form and content described in the certification agreement. The financial statements must conform with international accounting standards and be prepared and audited by a third party.

Certified offshore schools must also pass annual onsite inspections, which take place between fall and spring of each year at the expense of the school operators. The BCMOE also conducts random, unannounced inspections. The BCMOE publishes final inspection reports on its website. Once the inspection team has completed its inspection of a certified school, it will inform the operator of any required changes and its recommendations for the school will be provided to the BCMOE. The BCMOE will carefully review the inspection results and follow up with the school operators. Following its review of the inspection, the BCMOE will inform the school of any remedial actions that must be taken to address inspection findings, and any other factors deemed relevant by the BCMOE at the time.

Operators of certified offshore schools may submit a request to the BCMOE to move to a biennial inspection process when certain requirements are met. Schools approved for a biennial inspection process must still meet annual reporting requirements in order for their certification to be renewed on an annual basis. For schools on a biennial inspection cycle, the BCMOE will still renew the certification agreements with the operators on an annual basis provided that annual reporting requirements have been met and the most recent inspection process has been successfully passed.

At its discretion, the BCMOE may remove an operator's certification at any time during the school year if the operator is found to be out of compliance with the BCMOE's requirements, including if the operator fails to remain in "good standing" with the BCMOE. The BCMOE will consider the following criteria in assessing whether a school operator remains in good standing with the BCMOE:

- whether the operator is currently and has been consistently complying with agreement requirements;
- whether all certification fees have been paid and costs covered in full and on time;
- whether the operator and/or individual/entities acting on behalf of the operator are in compliance with relevant legislation of the country/region in which the school is operating;
- whether the operator and/or individuals/entities acting on behalf of the operator are currently or have recently acted in a manner that could negatively impact the integrity of the BC Global Education Program and/or BC's positive international education reputation; and
- any other criteria that the BCMOE considers relevant at the time.

Certain other provisions set out in the Operating Manual are set out below, under the subheading "Reforms Announced Prior to the Publication of the 2014/2015 Operating Manual".

School operators are expected to maintain sufficient organizational and financial capacity to effectively operate offshore schools, including by:

- maintaining a formal school management structure in which the accountabilities of the operator, offshore program consultant (if applicable), principal, vice-principal, teachers and administrative staff are clearly defined, communicated and understood by all parties;
- having in place school policies and procedures that are consistent with the terms and conditions outlined in certification agreements and easily accessible by relevant teaching and administration staff;

- undertaking regular reviews of the school's finances to ensure sufficient financial capacity is in place for operating the school, including regular updates of expense and revenue information and audited financial statements;
- having in place clear and formalized processes for engaging and involving students, parents, staff and school administration;
- ensuring that school facilities are adequate for operating a school under the program, as outlined in the inspection catalogue; and
- ensuring that the schools' operations, as well as facilities, grounds and equipment, meet local health and safety standards.

The Province may investigate or act on any complaint or information regarding a pre-certified or certified school. The BCMOE may inspect the school facility to investigate a complaint or to determine whether the School operator is complying with agreement/program requirements. If the BCMOE has concerns about the quality of the education being delivered at a school, the BCMOE may perform a comprehensive learning audit of the school facility at the school operator's expense. When a school is deemed out of compliance, the BCMOE will provide written notice to a school operator outlining the compliance issues and the time line within which compliance is expected. If a school operator does not bring itself or the school's operations into compliance by the BCMOE's specified date, the BCMOE will place the school on probationary status and publish this information on its website, in which case the school operator must notify all students and their parents that the school has been placed on probationary status and may lose its certification. If the school operator cannot demonstrate to the BCMOE that it will bring itself into compliance, the school will lose its certification and the BCMOE's agreement with the school operator will be terminated. If the BCMOE revokes a school's certification, the school will be removed from all BCMOE publications, including the BCMOE's website, and the students in such school will not be able to complete their studies unless they transfer to another offshore school or to a K-12 public or certified independent school within BC.

REFORMS ANNOUNCED PRIOR TO THE PUBLICATION OF THE 2014/2015 OPERATING MANUAL

Prior to the publication of the Operating Manual, the BCMOE announced reforms of its Global Education Program and initiated further reviews of its administration of such program to protect its high-quality education brand. It issued the Transition Guidelines for Offshore Schools (the "**Transition Guidelines**") in January 2013, which include various new requirements for certification application and renewal inspection. In addition, on June 27, 2014, the BCMOE issued Global Education Program — Offshore Schools Changes to Requirements (the "**Changes**") to further revise certain requirements outlined in the Transition Guidelines. All of our BC certified high schools and Foreign Schools entered a certification agreement with the province under the BC Global Education Program — Offshore Schools for the 2014/2015 school year.

In order to meet the new requirements we undertook certain measures during the period leading up to the implementation of the Operating Manual. A summary of some of the reforms set out in the Transition Guidelines and the Changes, together with a summary of the measures we have taken or plan to take for such requirements is set out below.

Requirement	Transition process	Measures we have taken or plan to take
School operator must have financial and organizational capacity to operate a BC school (as defined in the certification agreement and further outlined in the 2013/2014 British Columbia Education Program Operating Manual for Offshore Schools (the "**Old Operating Manual**").	Applies to all schools effective from January 2013.	As of January 2013 and up to the Latest Practicable Date, we had been able to comply with this requirement for all of our high schools under operation.
Students must enter the BC education program on a full-time basis no later than grade eight. Students who have previously been instructed in English on a full-time basis may be admitted after grade eight, provided that they have passed the English language assessment and met all the other English language requirements specified in the Old Operating Manual.	Applies to all schools applying to enter the BC Global Education Program after January 2013.	Our high schools in Shanghai and Luoyang are exempt from this requirement. We have obtained permission from the BCMOE to offer BC curriculum to students of these high schools from grade ten. The BCMOE views our foundations program and bridging program as substitutes for offering BC curriculum from grade 8. We also plan to obtain the same exemption for high schools we plan to open in the future.
Students in offshore schools must pass an English language assessment, as described in the Old Operating Manual, prior to being enrolled in the BC program. Each school's principal is responsible for signing-off on all English language assessments and subsequent student admission decisions.	Applies to all schools effective beginning in the 2013/2014 school year.	As of September 2013 and up to the Latest Practicable Date, we had been able to comply with this requirement for our high schools under operation. The vice director of our English teaching center, who is a BC-certified teacher, has developed an English language assessment exam for applications to our high schools. The exam is strictly invigilated, and exam results are signed off by our BC principals. The exam results are also placed in the student's file for inspection by the BCMOE.
Each school must have a minimum of 60 full-time students within each grade. New applicant schools must be able to clearly demonstrate prospective enrollment of at least 60 full-time students per grade as part of the application process, and confirm that annual enrollment targets are being met through the annual reporting and inspection processes.	Applies to all new schools, effective from January 2013. New schools will have a maximum of three years from the time the school opens to meet this requirement.	As of January 2013 and up to the Latest Practicable Date, we had been able to comply with this requirement for our high schools under operation. For high schools we plan to open in the future, we do not foresee any hardship in fulfilling this requirement within the first three years of operation.
Students are expected to write provincial exams for a specific grade during the year in which they are enrolled in that grade.	Applies to all schools effective in the 2014/2015 school year. Each school must submit to the BCMOE as part of its 2013/2014 annual report, a plan outlining the supports that will be in place to ensure student success in provincial examinations.	As of the Latest Practicable Date, we had been able to comply with this requirement for our high schools under operation. We do not foresee any hardship in continuing to comply with this requirement at all of our high schools in the 2014/2015 school year.

BC GLOBAL EDUCATION PROGRAM CERTIFICATION AND INSPECTION REQUIREMENTS

Requirement	Transition process	Measures we have taken or plan to take
Students whose classroom mark is 25 percent (or greater) higher than their exam grade will have their exam mark stand as their final course mark. Schools will be monitored for exam/ classroom mark differentials and schools that consistently have high differentials may be required, at cost to the school, to bring in specialists appointed by the BCMOE to provide professional development and recommend appropriate programming.	Applies to all schools effective from November 1, 2014.	As of the Latest Practicable Date, we had been able to comply with this requirement for our high schools under operation. We do not foresee any hardship in continuing to comply with this requirement at all of our high schools in the 2014/2015 school year.
A school must implement the new program governance structure which consists of school operator, offshore program consultant (not mandatory), principal (and vice-principal), and teachers.	Applies to new applicant schools effective from January 2013. Applies to existing schools beginning in the 2013/14 school year.	As of January 2013 and up to the Latest Practicable Date, we had been able to comply with this requirement for all of our high schools under operation.
All courses are eligible to be delivered through distributed learning from the BCMOE-approved distributed learning providers identified in the applicable certification agreements, with the exception of provincially-examinable subjects.	Applies to all schools effective beginning in the 2013/2014 school year.	As of September 2013 and up to the Latest Practicable Date, we had been able to comply with this requirement for all of our high schools under operation.
Schools are asked to demonstrate that they are making efforts to enter into twinning relationships with one or more BC K-12 public or certified independent schools.	Applies to all schools effective from June 2014.	As of June 2014 and up to the Latest Practicable Date, we had been able to comply with this requirement for all of our high schools under operation. We are in the process of negotiating with the Comox Valley School District to establish twinning relationships for our high schools.
Where there are identifiable issues associated with the administration or local marking of provincial exams, the BCMOE may appoint an official to inspect and advise an offshore school on exam invigilation and marking, with the cost to be borne by such offshore school.	Applies to all schools effective from June 2014.	As of the Latest Practicable Date, the BCMOE had not notified us of any concerns relating to the administration or marking of provincial exams in our high schools. We do not believe that there are identifiable issues associated with the administration or local marking of provincial exams in our high schools. However, if the BCMOE sees room for improvement, we will cooperate with the BCMOE and implement measures it deems necessary.
The BCMOE has the ability to perform: (i) an unannounced inspection of any school at any time; and/or (ii) a learning audit of any school at any time if there are concerns about the quality of educational programming and/or student achievement.	Applies to all schools effective from January 2013.	Our high school in Wuhan was the first BC offshore school to undergo an unannounced inspection. The inspection occurred on March 17 and 18, 2014 and the results were very positive and are made public on the website of the BCMOE. We believe that we are able to pass such unannounced inspections in the future.

ESTABLISHMENT AND DEVELOPMENT OF THE GROUP

We commenced operations in 1996 with the establishment of our first school, Dalian Maple Leaf High School, in Dalian, China as a joint venture between Sherman (Holdings) Limited and China Shijiazhuang Yanshan Textile Corporation Limited ("**Shijiazhuang Textile**"), a company controlled by the Founder's brother. The Founder, Mr. Sherman Jen, funded our first school with his own financial resources accumulated from operating his own textile business since the 1980s. This school represented the vision of Mr. Jen to operate a high quality, externally accredited, international private school in China. We have expanded significantly since then, with the number of schools we operate 40 schools as of the Latest Practicable Date, consisting of seven high schools, 10 middle schools, nine elementary schools, 12 preschools and two foreign national schools in nine cities throughout China. Approximately 13,459 students were enrolled in our schools as at May 31, 2014.

KEY MILESTONES

Set out below are some of the key milestones in our Group's history:

1994	
May	A cooperation agreement was signed regarding the establishment of Dalian Maple Leaf High School as a Sino-foreign joint venture between Sherman (Holdings) Limited and Shijiazhuang Textile with a view to providing high quality international school education in China
1996	
April	Liaoning Province Education Commission granted approval for the establishment of Dalian Maple Leaf High School
1996	
September	Dalian Maple Leaf International School (Middle School and Elementary School) opened in Jinshitan, Dalian
1998	
April	Dalian Maple Leaf High School was the first school to have been granted certification status under the British Columbia Global Education Program — Offshore Schools
1999	
June	The first graduating class from Dalian Maple Leaf High School received their high school diplomas and entered colleges and universities, including in Canada, the USA, the UK and South Korea
2004	
May	Dalian Foreign School was established under the laws of the PRC to provide international high quality education for children of foreign nationals
2005	
September	Dalian Foreign School opened in downtown Dalian
	Our first preschool, Dalian Maple Leaf Qianshan Xincheng Preschool, opened in downtown Dalian
2007	
June	Our Company was incorporated in the Cayman Islands
	We acquired Dalian Maple Leaf Yuanjing Fengqiaoyuan Preschool, the name of which was later changed to Dalian Maple Leaf Fengqiao Preschool

	We acquired Dalian Lanxi Wenyuan Preschool, the name of which was later changed to Dalian Maple Leaf Lanxi Wenyuan Preschool
September	Wuhan Foreign School and Wuhan Maple Leaf International School (High School) opened
2008	
February	Sequoia Capital China subscribed for a total of 18,000,000 Preferred Shares in our Company
March	Beipeng Software, our PRC wholly-owned subsidiary, was incorporated under the laws of the PRC
	Dalian Maple Leaf Sunshine Preschool opened
May	We acquired Dalian Jiabao Sunshine Preschool, the name of which was later changed to Dalian Maple Leaf Jiabao Preschool
September	Tianjin Taida Maple Leaf International School (High School, Middle School and Elementary School) opened
2009	
April	Dalian Maple Leaf Xiangzhou Preschool opened
May	We acquired Dalian Jinhai Preschool, the name of which was later changed to Dalian Maple Leaf Jinhai Preschool
August	Chongqing Maple Leaf International School (High School) opened
September	Dalian Maple Leaf High School opened a new campus to provide for separate, single-gender educational facilities
December	Dalian Maple Leaf Kaifaqu Preschool opened
2010	
September	Wuhan Maple Leaf School (Middle School) opened
December	Dalian Maple Leaf Xianghe Huayuan Preschool opened
2011	
January	New elementary and middle school facilities opened in Tianjin leading to the establishment of the Tianjin Maple Leaf Educational Park
June	Dalian Maple Leaf Zhonghua Mingcheng Preschool opened
September	Zhenjiang Maple Leaf International School (High School) opened
2012	
May	Ordos Maple Leaf First Preschool opened
September	Inner Mongolia Ordos Maple Leaf International School (Middle School and Elementary School) opened
	Henan Maple Leaf International School (Middle School and Elementary School) opened
	Chongqing Maple Leaf International School (Middle School) opened

2013

September	Henan Maple Leaf International School (High School) opened
	Shanghai Maple Leaf International School (High School) opened
	Wuhan Maple Leaf School (Elementary School) opened leading to the establishment of Wuhan Maple Leaf Education Park
	Zhenjiang Maple Leaf International School (Middle School and Elementary School) opened

2014

September	Pingdingshan Maple Leaf International School (Middle School and Elementary School), Pingdingshan Maple Leaf International School Preschool, Tianjin Huayuan Maple Leaf International School (Middle School and Elementary School), Shanghai Maple Leaf International School (Middle School), Chongqing Maple Leaf International School (Elementary School) opened

OUR CORPORATE HISTORY AND SHAREHOLDING CHANGES OF OUR GROUP

We are a holding company incorporated in the Cayman Islands and conduct our operations primarily through (i) a series of contractual arrangements among us, our wholly-owned PRC subsidiary, Beipeng Software and our consolidated affiliated entities in China, and (ii) Dalian Maple Leaf High School, our PRC subsidiary. The principal changes to the corporate structure of our Company, our subsidiaries and our consolidated affiliated entities since our establishment are described below. Further information regarding the contractual arrangements can be found in the section headed "Contractual Arrangements" in this prospectus.

Our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on June 5, 2007. As at the date of incorporation, our authorized share capital was US$50,000 divided into 50,000 Shares of par value US$1.00 each. On June 5, 2007, our Company allotted and issued one Share to Offshore Incorporations (Cayman) Limited which was transferred to Sherman Investment. Our Company allotted and issued an additional 49,999 Shares to Sherman Investment on the same day.

On November 2, 2007, the authorized share capital of our Company was increased to US$200,000 divided into 200,000 Shares of a nominal or par value of US$1.00, and each Share of par value US$1.00 in the authorized share capital of our Company was then subdivided (the "**Share Subdivision**") into 1,000 Shares of par value US$0.001 each (the "**Subdivided Shares**") such that immediately following the Share Subdivision, the authorized share capital of our Company became US$200,000 divided into 200,000,000 Shares of a nominal or par value of US$0.001 each. On November 19, 2007, 10,627,100 and 3,190,900 Shares were allotted and issued to Sherman Investment as fully paid and to TBIG for a consideration of US$3.51 million, respectively. TBIG is incorporated in the BVI and an Independent Third Party which was 42.325% owned by Kazimir Investment Limited ("**Kazimir**"), 42.325% owned by Shipston Group Limited ("**Shipston**") and 15.35% owned by Balloch Investment Holdings Limited ("**BIH**"). BIH is controlled by one of our non-executive Directors, Mr. Howard Robert Balloch. Kazimir and Shipston are Independent Third Parties of the Company and of Mr. Balloch. On February 29, 2008, 7,772,900 and 409,100 Shares were allotted and issued to Sherman Investment and TBIG as fully paid. On March 5, 2008, the authorized share capital of our Company of US$200,000 divided into 200,000,000 Shares of a par value of US$0.001 each was designated and classified into 21,000,000 Preferred Shares of par value US$0.001 each and 179,000,000 Ordinary Shares of par value US$0.001 each (including all of the 72,000,000 then existing issued Shares). On March 12, 2008, 18,000,000 Preferred Shares were allotted and issued to Sequoia Capital China Growth Fund I, L.P. For more details on the Pre-IPO Investment, see the sub-section headed "Pre-IPO Investment" in this prospectus.

On April 11, 2008, Sherman Investment transferred 1,000,000 Ordinary Shares to Shu Ling Jen, the Founder's cousin for nil consideration, 100,000 Ordinary Shares to James William Beeke, our executive Director and BC Program Superintendent for a consideration of RMB1 million, 50,000 Ordinary Shares to Richard David Rabson, an Independent Third Party for nil consideration and 25,000 Ordinary Shares to Chong Yuen Sang, an Independent Third Party for nil consideration, representing 1.11%, 0.11%, 0.06% and 0.03% of the share capital of the Company, respectively. On November 9, 2010, Sherman Investment transferred 1,397,160 Shares to Bei Kai China Fund I, L.P. ("**Bei Kai**"), for a consideration of US$3 million, representing 1.56% of the share capital of the Company. Bei Kai is a limited liability partnership incorporated in the Cayman Islands. Its general partner is Bei Kai Capital Partners Limited which is owned 50% by Kazimir Bei Kai Holdings Limited, an Independent Third Party of the Company and of Mr. Balloch, and 50% by BIH, respectively. On January 12, 2011, Sherman Investment transferred 60,000 Shares to Chingching Yao, an Independent Third Party for a consideration of US$100,000, representing 0.07% of the share capital of the Company. On July 14, 2011, TBIG transferred its entire interest in our Company represented by 3,600,000 Ordinary Shares to Bei Kai for a consideration of RMB36 million, representing 4.00% of the share capital of the Company. On September 23, 2011, Chong Yuen Sang transferred her entire interest in our Company represented by 25,000 Ordinary Shares to Shu Ling Jen for nil consideration. On August 29, 2012 and September 24, 2012, Bei Kai transferred 1,067,275 and 213,455 Ordinary Shares to Sherman Investment for a consideration of US$2.75 million and US$550,000, respectively, representing 1.19% and 0.24% of the share capital of the Company, respectively. The consideration for each of the share transfers above was determined based on arm's length negotiations. On April 17, 2014, Bei Kai transferred 1,513,800 Ordinary Shares to Shipston Maple Leaf Holdings Limited, an affiliate of Shipston and an Independent Third Party, for nil consideration, and 2,202,630 Ordinary Shares to TBIG for nil consideration, representing 1.68% and 2.45% of the share capital of the Company, respectively. These transfers were for nil consideration because the beneficial ownership of the underlying shares pursuant to the transfers remains unchanged. Shipston and the beneficial owners of TBIG held their interests in the Company through Bei Kai for a period of time. When Bei Kai was wound up in 2014, those shares were transferred back to Shipston Maple Leaf Holdings Limited and TBIG for nil consideration. Bei Kai ceased to be our Shareholder following such transfers.

Our Subsidiaries

Dalian Maple Leaf High School

On May 18, 1994, Sherman (Holdings) Limited and Shijiazhuang Textile entered into a Sino-foreign joint cooperation agreement regarding the establishment of Dalian Maple Leaf High School. On April 15, 1996, Liaoning Province Education Commission granted approval for the establishment of Dalian Maple Leaf High School. Based on the asset appraisal report issued by Liaoning Xinxin Accounting Firm in November 1994 and the capital verification report issued by Dalian Yongjia Accounting Firm in May 2001, Dalian Maple Leaf High School had a registered share capital of US$5 million, 95% of which was contributed by Sherman (Holdings) Limited and 5% of which was contributed by Shijiazhuang Textile. On January 22, 2003, Shijiazhuang Textile and Dalian Science and Education (details of which are set out below) entered into an agreement to transfer the equity interest held by Shijiazhuang Textile in Dalian Maple Leaf High School to Dalian Science and Education for nil consideration. According to our PRC Legal Counsel, PRC laws do not prohibit transfers of the equity interests in private school for nil consideration. Such transfer was approved by the Department of Education of Liaoning Province (previously known as the Liaoning Province Education Commission) on February 20, 2003. On February 28, 2006, Sherman (Holdings) Limited changed its name to Maple Leaf Education (Holdings) Limited. On February 6, 2007, Maple Leaf Education (Holdings) Limited changed its name to Maple Leaf Educational Systems Limited.

The Hong Kong Subsidiaries

As of the Latest Practicable Date, we had two wholly-owned subsidiaries incorporated in Hong Kong, namely, Tech Global Investment Limited and Hong Kong Maple Leaf Educational Systems Limited. On June 7, 2007, Tech Global Investment Limited was incorporated with an authorized share capital of HK$10,000 divided into 10,000 shares of HK$1.00 each. Tech Global Investment Limited was set up for the purposes of establishing Beipeng Software. Hong Kong Maple Leaf Educational Systems Limited was incorporated on February 10, 2009 under the name of Broad Wisdom Enterprises Limited with an authorized share capital of HK$10,000 divided into 10,000 shares of HK$1.00 each. On March 3, 2009 Broad Wisdom Enterprises Limited changed its name to Hong Kong Maple Leaf Educational Systems Limited. Hong Kong Maple Leaf Educational Systems Limited is not currently engaged in any business activities. Since their incorporation and up to the Latest Practicable Date, our Company has held 100% shareholding interests in both Tech Global Investment Limited and Hong Kong Maple Leaf Educational Systems Limited.

Beipeng Software

Beipeng Software was incorporated on March 10, 2008 under the laws of the PRC as a limited liability company by Tech Global Investment Limited with an initial registered share capital of US$20 million. Since the date of incorporation and up to the Latest Practicable Date, Tech Global Investment Limited has held a 100% equity interest in Beipeng Software.

Our consolidated affiliated entities

Dalian Science and Education

Dalian Science and Education was incorporated on January 9, 2003 under the laws of the PRC as a limited liability company by Wanqing Li, Wansheng Zang and Jingxia Zhang, with an initial registered share capital of RMB1 million, 60% of which was contributed by Wanqing Li, and 20% of which was contributed by each of Wansheng Zang and Jingxia Zhang. Each of these individuals was an employee of the Group at the time Dalian Science and Education was incorporated and each of them held their respective interests in Dalian Science and Education on behalf of the Founder and Ms. Amy Yan, the Founder's spouse pursuant to a nominee arrangement. As of the Latest Practicable Date, Wansheng Zang was no longer an employee of the Group, having retired in November 2011. On June 17, 2003, Dalian Science and Education increased its registered share capital from RMB1 million to RMB2.05 million, 51.21% of which was contributed by Dalian Educational Group (details of which are set out below), 29.27% of which was contributed by Wanqing Li, 9.76% of which was contributed by Wansheng Zang and 9.76% of which was contributed by Jingxia Zhang. On June 23, 2003, Dalian Science and Education increased its registered share capital from RMB2.05 million to RMB8.5 million, 88.24% of which was contributed by Dalian Educational Group, 7.06% of which was contributed by Wanqing Li, 2.35% of which was contributed by Wansheng Zang and 2.35% of which was contributed by Jingxia Zhang.

On November 20, 2005, Dalian Educational Group transferred its entire interest in Dalian Science and Education to Wanqing Li for nil consideration. Subsequent to this share transfer, Wanqing Li became the largest shareholder of Dalian Science and Education with a 95.3% interest while Wansheng Zang and Jingxia Zhang each held a 2.35% interest.

On May 18, 2007, Wanqing Li transferred his entire interest in Dalian Science and Education to Dalian Educational Group for nil consideration. On the same date, Wansheng Zang and Jingxia Zhang transferred their entire interests in Dalian Science and Education to Ms. Amy Yan for nil consideration. Subsequent to these transfers Dalian Educational Group became the largest shareholder of Dalian Science and Education with a 95.3% interest and Ms. Amy Yan held the remaining 4.7% interest.

On July 20, 2010, Ms. Amy Yan transferred her entire interest in Dalian Science and Education to the Founder's Sister for nil consideration. According to our PRC Legal Counsel, the share transfers and the nominee arrangement above are legally complete and valid, and PRC laws and regulations do not prohibit share transfers for nil consideration.

Dalian Educational Group

Dalian Educational Group was incorporated under the name of Dalian Maple Leaf Educational Development Ltd. on May 23, 2003 under the laws of the PRC as a limited liability company by Dalian Maple Leaf High School and Dalian Science and Education with an initial registered share capital of RMB20 million, 97.5% of which was contributed by Dalian Maple Leaf High School and 2.5% of which was contributed by Dalian Science and Education. On June 27, 2003, Dalian Maple Leaf Educational Development Ltd. changed its name to Dalian Maple Leaf Educational Group Co., Ltd.

On November 17, 2005, Dalian Maple Leaf High School transferred its entire interest in Dalian Educational Group to Wansheng Zang for nil consideration. Mr. Zang held the interest in Dalian Educational Group on behalf of the Founder and Ms. Amy Yan pursuant to a nominee arrangement. On December 28, 2005, Zang Wangsheng transferred his entire interest in Dalian Educational Group to Ms. Amy Yan for nil consideration, and Ms. Amy Yan became the largest shareholder of Dalian Educational Group with a 97.5% interest. On May 7, 2007, Dalian Science and Education transferred its entire interest in Dalian Educational Group to Ms. Amy Yan for a consideration of RMB500,000, which was determined based on arm's length negotiations. On September 20, 2008, Beipeng Software entered into an investment agreement with Dalian Educational Group pursuant to which Beipeng Software invested RMB120 million into Dalian Educational Group bringing its registered share capital to a total of RMB140 million. On September 20, 2009, Beipeng Software transferred its entire interest in Dalian Educational Group to Ms. Amy Yan for a consideration of RMB120 million, which was determined based on the amount of capital contributed by Beipeng Software, and Ms. Amy Yan became the sole shareholder of Dalian Educational Group. According to our PRC Legal Counsel, the share transfers and the nominee arrangement above are legally complete and valid, and PRC laws and regulations do not prohibit share transfers for nil consideration.

On June 27, 2010, Ms. Amy Yan transferred her entire interest in Dalian Educational Group to the Founder's Sister for nil consideration, which was determined based on arm's length negotiations.

The Foreign Schools

As of the Latest Practicable Date, we have established two Foreign Schools in Dalian, Liaoning province and Wuhan, Hubei province, respectively, through the Founder, a Canadian citizen qualified to be the foreign investor of a foreign national school in China under PRC laws. The Founder is the sponsor for both of the Foreign Schools. Dalian Foreign School was established on May 1, 2004 under the laws of the PRC and obtained approval for its establishment from the MOE on August 31, 2005. Wuhan Foreign School was acquired by the Company on December 9, 2006 under the laws of the PRC. Wuhan Foreign School was acquired by the Founder from William Mao, an Independent Third Party, for a consideration of RMB3 million, which was determined based on arm's length negotiations. The approval of the change of sponsor from the Education Bureau of Donghu New Technology Development District in Wuhan was obtained on January 15, 2007. We also obtained final approval from the Education Department of Hubei Province for our application of the acquisition of Wuhan Foreign School on August 8, 2014.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

Acquisitions

Although we have expanded our business operations primarily through organic growth, we have made six business acquisitions since mid-2006 to take advantage of the targets' existing student base and operating licenses. The acquisitions were:

- the acquisition of Dalian Maple Leaf Yuanjing Fengqiaoyuan Preschool, the name of which was later changed to Dalian Maple Leaf Fengqiao Preschool in June 2007, for a total consideration of RMB2.80 million;

- the acquisition of Wuhan Foreign School in December 2006 for a total consideration of RMB3 million;
- the acquisition of Dalian Lanxi Wenyuan Preschool, the name of which was later changed to Dalian Maple Leaf Lanxi Wenyuan Preschool in June 2007, for a total consideration of RMB1.2 million;
- the acquisition of Dalian Jiabao Sunshine Preschool, the name of which was later changed to Dalian Maple Leaf Jiabao Preschool in May 2008, for a total consideration of RMB2.2 million;
- the acquisition of Tianjin Binhai School, the name of which was later changed to Tianjin Taida Maple Leaf International School (High School) in September 2008, for a total consideration of RMB101.25 million; and
- the acquisition of Dalian Jinhai Preschool, the name of which was later changed to Dalian Maple Leaf Jinhai Preschool in May 2009, for a total consideration RMB1.4 million;

All of these acquisitions were from Independent Third Parties and have been legally completed. The consideration for each of the acquisitions was based on arm's length negotiations and has been paid in full. Our PRC Legal Counsel has advised us that, other than disclosed in this prospectus, we have obtained all relevant approvals from the competent regulatory authorities in the PRC under the applicable PRC laws and regulations for these acquisitions.

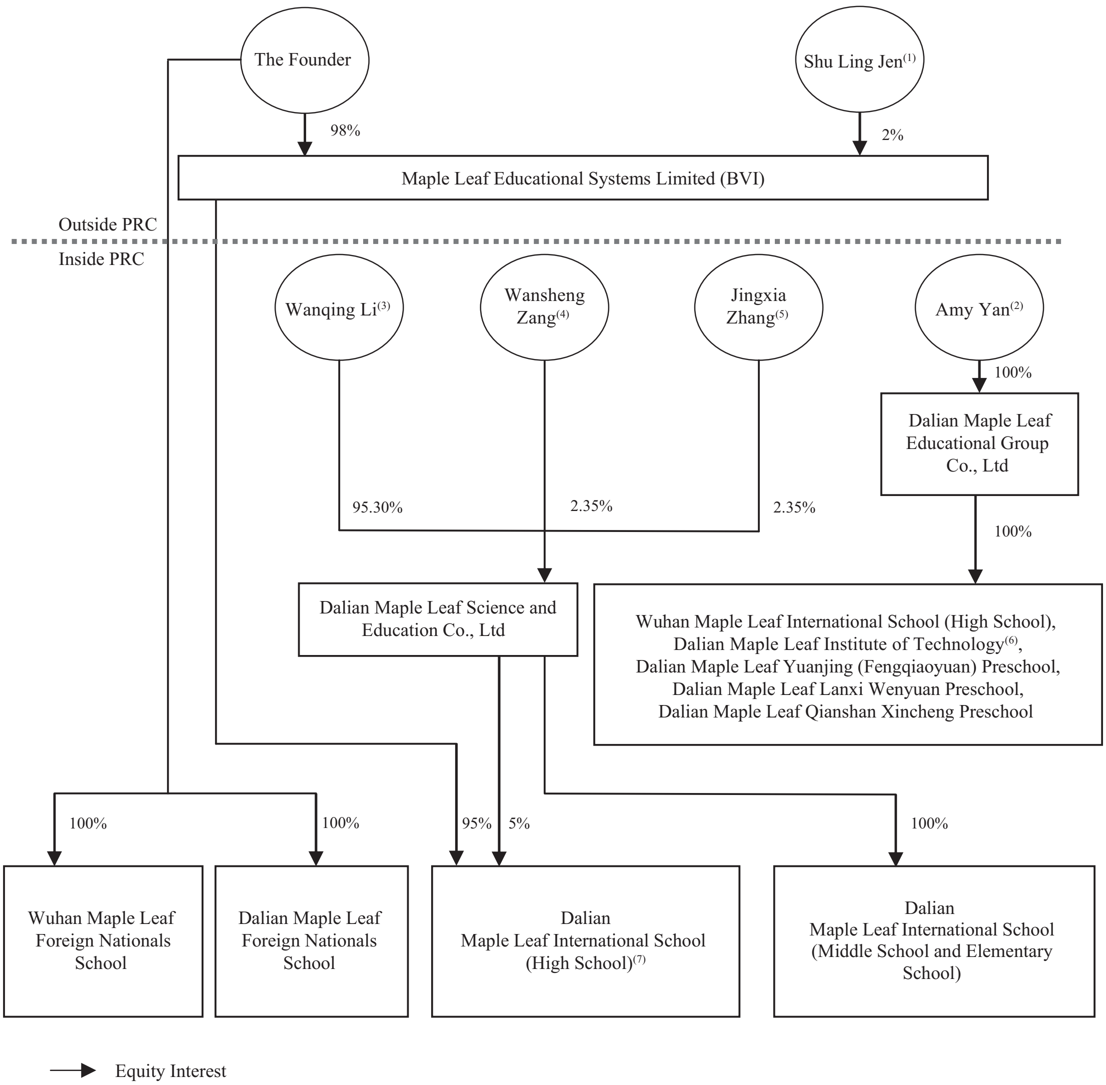
Disposition of Dalian Maple Leaf Institute of Technology

In 2009, we decided to focus on our core business of providing educational services and to divest our business of pre-occupation technical training, which we had conducted through Dalian Maple Leaf Institute of Technology (the "**Institute**"). As a result, we entered into an agreement with an Independent Third Party transferee (the "**Transferee**") on September 22, 2009 (the "**Original Agreement**"), and a supplemental agreement with the Transferee on November 1, 2013 (the "**Supplemental Agreement**", and together with the Original Agreement, the "**Agreements**"), pursuant to which we assigned the sponsorship licence of the Institute to the Transferee. Further, pursuant to the Agreements, we agreed to transfer all the assets, including all the buildings and land use rights in the old campus of Dalian Maple Leaf International School (Middle School and Elementary School) to the Transferee for a consideration of RMB110 million (subject to the completion of the transfer), which was determined based on arm's length negotiations. This transfer has not been completed because we are in the process of applying for reissued land use rights certificates. We have not been involved in the business of pre-occupation technical training since this disposal. According to relevant PRC laws and regulations, to complete the transfer of an educational institution, we are required to register the transfer with the local education governmental authority and change the sponsor of this training institution from us to the Transferee. As the transfer has not been finalized, the consideration has not been paid in full and we have registered the Transferee as a co-sponsor of the institute. Pursuant to the Supplemental Agreement, we may be required to repay the Transferee the deposit payments received if the transfer cannot be finalized by December 31, 2016.

OUR CORPORATE STRUCTURE

Our current corporate structure has been established since Sequoia Capital China's investment in our Company in early 2008. For details on the Pre-IPO Investment, see the sub-section headed "Pre-IPO Investment" in this prospectus. In 2007, our Company underwent an offshore and onshore restructuring in order to attract Sequoia to invest in our Company. Immediately prior to such restructuring, Dalian Maple Leaf High School was held as to 95% by Maple Leaf Educational Systems Limited, our BVI subsidiary, and 5% by Dalian Science and Education. The Founder and his cousin, Shu Ling Jen, were the Shareholders of Maple Leaf Educational Systems Limited. Dalian Science and Education was held by Wanqing Li, Wansheng Zang and Jingxia Zhang as to 95.3%, 2.35% and 2.35%. Ms. Amy Yan was the sole owner of Dalian Educational Group which in turn held our schools in operation at that time.

The corporate and shareholding structure of our Group immediately before the Pre-IPO Investment by the Pre-IPO Investors was as follows:



1. Shu Ling Jen is the Founder's cousin and a Hong Kong citizen.
2. Amy Yan is the Founder's wife and a Hong Kong citizen.
3. Wanqing Li is an employee of the Company.
4. Wansheng Zang was an employee of the Company at the time Dalian Science and Education was incorporated. As of the Latest Practicable Date, Wansheng Zang was no longer an employee of the Company.
5. Jingxia Zhang is a Director of the Company.
6. Dalian Maple Leaf Institute of Technology was disposed of to an Independent Third Party on September 22, 2009. For further details, see the section headed "History and Corporate Structure — Major Acquisitions, Disposals and Mergers — Disposition of Dalian Maple Leaf Institute of Technology" in this prospectus.
7. Dalian Maple Leaf International School (High School) is a Sino-foreign joint venture private school.

PRE-IPO INVESTMENT

Overview of the Pre-IPO Investment

Our Company and Sequoia Capital China Growth Fund I, L.P. entered into the Preferred Share Purchase Agreement on February 29, 2008. Pursuant to the Preferred Share Purchase Agreement, Sequoia Capital China Growth Fund I, L.P., subject to certain terms and conditions, agreed to subscribe for 18,000,000 Preferred Shares for an aggregate consideration of RMB180,000,000. On May 9, 2008, Sequoia Capital China Growth Fund I, L.P. transferred 1,926,000 and 370,800 Preferred Shares to Sequoia Capital China GF Principals Fund I, L.P. and

Sequoia Capital China Growth Partners Fund I, L.P. both for nil consideration. The Preferred Shares are convertible into Shares of our Company based on the Conversion Rate (as defined in the amended and restated Memorandum and Articles of Association of our Company adopted in conjunction with the Pre-IPO Investment). The Conversion Rate is determined by dividing the original issue price, which is RMB10.00, by the conversion price which initially equalled the original issue price. Pursuant to an adjustment agreement (the "**Adjustment Agreement**") entered into on February 22, 2011 by our Company and the Pre-IPO Investors, among others, the conversion price was adjusted to equal RMB8.411477. Therefore, one Preferred Share shall be convertible into approximately 1.19 Shares. Any dividends shall be distributed to the Pre-IPO Investors in proportion to the number of Shares that would be held by such Pre-IPO Investor if all Preferred Shares were converted to Shares at the Conversion Rate. Each Pre-IPO Investor shall have the right to one vote for each Share into which such Preferred Shares could be converted. All Preferred Shares will be automatically converted into Shares upon Listing.

The fair value changes associated with the issuance of the Preferred Shares during each period of the Track Record Period were each recognized as a fair value loss of redeemable convertible preferred shares in our financial information. See the section headed "Financial Information — Key Components of Our Results of Operations — Change in Fair Value on Redeemable Convertible Preferred Shares" in this prospectus.

Pursuant to the Preferred Share Purchase Agreement, on March 12, 2008, our Company and Sequoia Capital China Growth Fund I, L.P. entered into the Series A Warrant pursuant to which Sequoia Capital China Growth Fund I, L.P. was entitled, subject to the terms and conditions of the Series A Warrant, at any time and from time to time during the Exercise Period (as defined below), to purchase from our Company up to 3,000,000 Preferred Shares of our Company (the "**Warrant Shares**"), at the Exercise Price per Preferred Share (as defined above). The Series A Warrant was amended on December 13, 2008 such that each of Sequoia Capital China GF Principals Fund I, L.P. and Sequoia Capital China Growth Partners Fund I, L.P. was added as a party to the Series A Warrant for all purposes provided therein. Upon the addition of new parties, each of Sequoia Capital China Growth Fund I, L.P., Sequoia Capital China GF Principals Fund I, L.P. and Sequoia Capital China Growth Partners Fund I, L.P. is entitled, subject to the terms and conditions of the Series A Warrant, as amended on December 13, 2008, at any time and from time to time during the Exercise Period, to purchase from our Company up to 2,617,200, 321,000 and 61,800 Preferred Shares of our Company, at the Exercise Price per Preferred Share. On January 15, 2014, our Company and the Pre-IPO Investors entered into a Termination Agreement (as defined below) to terminate the Series A Warrant in the manner described therein.

Information on the Pre-IPO Investors

Each of Sequoia Capital China Growth Fund I, L.P., Sequoia Capital China GF Principals Fund I, L.P. and Sequoia Capital China Growth Partners Fund I, L.P. is a limited liability partnership incorporated in the Cayman Islands. Their general partner is Sequoia Capital China Growth Fund Management I, L.P., whose general partner is SC China Holding Limited. SC China Holding Limited is wholly-owned by SNP China Enterprises Limited, a company wholly-owned by Nanpeng Shen. Prior to the Pre-IPO Investment, Sequoia Capital China was an Independent Third Party of our Group. As Sequoia Capital China will hold more than 10% of the total issued share capital of our Company immediately following the completion of the Global Offering, it will be a substantial shareholder of our Company upon Listing and hence a connected person of our Company. Accordingly, all shares held by Sequoia Capital China shall not be counted as part of the public float for the purposes of Rule 8.08 of the Listing Rules.

Preferred Shares

Name of Pre-IPO Investors:	Sequoia Capital China Growth Fund I, L.P., Sequoia Capital China GF Principals Fund I, L.P. and Sequoia Capital China Growth Partners Fund I, L.P.

Date of Preferred Share Purchase Agreement:	February 29, 2008
Date of Adjustment Agreement:	February 22, 2011
Number of shares held for by the Pre-IPO Investors:	A total of 18,000,000 Preferred Shares of par value US$0.001 each, of which, Sequoia Capital China Growth Fund I, L.P. held 15,703,200 Preferred Shares, Sequoia Capital China GF Principals Fund I, L.P. held 1,926,000 Preferred Shares and Sequoia Capital China Growth Partners Fund I, L.P. held 370,800 Preferred Shares, representing approximately 17.45%, 2.14% and 0.41% of the then total issued share capital of our Company upon the completion of the Pre-IPO Investment
Total consideration:	RMB180 million
Completion of the subscription and date of payment of consideration:	March 14, 2008
Cost per Preferred Share paid by each Pre-IPO Investor:	RMB10.00 (approximately RMB0.93 as adjusted pursuant to the Capitalization Issue)
Basis of determination of the consideration:	The consideration was determined based on arm's length negotiations between our Company and Sequoia Capital China Growth Fund I, L.P. after taking into account the timing of the subscription and the illiquidity of our Shares as a private company when the Preferred Share Purchase Agreement was entered into
Discount to the Offer Price:	The cost per Share after conversion into Shares is approximately RMB0.79, representing a discount of approximately 62.7% to an Offer Price of HK$2.65 per Share, being the midpoint of the indicative Offer Price range of HK$3.07 to HK$2.23, on the basis of our enlarged share capital of our Company immediately upon completion of the Global Offering
Use of proceeds from the Pre-IPO Investment:	We utilized the proceeds for working capital, business expansion and other corporate purposes. As of the Latest Practicable Date, the net proceeds from the Pre-IPO Investment had been fully utilized
Strategic benefits the Pre-IPO Investors brought to our Company:	At the time of the Pre-IPO Investment, our Directors were of the view that our Company could benefit from the additional capital that would be provided by Sequoia Capital China's investment in our Company and the possibility that our Company could take advantage of Sequoia Capital China's knowledge and experience
Shareholding of the Pre-IPO Investors in our Company immediately following the completion of the Capitalization Issue and the Global Offering:	On the basis that one Preferred Share is convertible into approximately 1.19 Shares of our Company, Sequoia Capital China Growth Fund I, L.P., Sequoia Capital China GF Principals Fund I, L.P. and Sequoia Capital China Growth Partners Fund I, L.P. shall hold approximately 14.99%, 1.84% and 0.35% of the total issued share capital of our Company, respectively, immediately following the completion of the Capitalization Issue and the Global Offering

	(assuming the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme or the RSU Scheme)

Series A Warrant

Date of Warrant to Purchase Preferred Shares:	March 12, 2008 (as amended on December 13, 2008)
Warrant Shares:	Up to 3,000,000 Preferred Shares with par value of US$0.001 each, of which, Sequoia Capital China Growth Fund I, L.P. was entitled to purchase 2,617,200 Preferred Shares, Sequoia Capital China GF Principals Fund I, L.P. was entitled to purchase 321,000 Preferred Shares and Sequoia Capital China Growth Partners Fund I, L.P. was entitled to purchase 61,800 Preferred Shares
Total consideration of the Warrant Shares:	Nil
Exercise Price:	RMB8.411477
Exercise Period:	the period commencing on March 12, 2008 and ending on the date of consummation of a qualified public offering (as defined in the Warrant)
Termination	The Pre-IPO Investors and our Company entered into a termination agreement (the "**Termination Agreement**") on January 15, 2014 pursuant to which the Series A Warrant was terminated with immediate effect and each party agreed to release and discharge each other from their respective duties, obligation and liabilities set out in the Series A Warrant. The Series A Warrant was not exercised as of the date of the Termination Agreement. Each of the parties also acknowledged and confirmed that it had no claim or demand whatsoever against the other parties for any fees, expenses, costs or otherwise arising out of or in connection with the Series A Warrant.

PRE-IPO INVESTORS' RIGHTS

Special Rights

The holders of Preferred Shares have been granted the following rights, each of which will terminate upon the Listing when all the Preferred Shares will be automatically converted into Shares:

Redemption rights

Pursuant to the amended and restated memorandum and articles of association of our Company adopted in conjunction with the Pre-IPO Investment, at any time and from time to time commencing from the fourth (4th) anniversary date of the March 12, 2008 (provided that there has not occurred a Qualified Public Offering or certain liquidation related events), each holder of the Preferred Shares shall be entitled to require and demand, by lodging a notice of redemption, our Company to redeem all of its Preferred Shares. The redemption price for each such Preferred Share shall be equal to the actual purchase price for such Preferred Share, plus 8% per annum return for each year the Preferred Share was outstanding measured from March 12, 2008. These redemption rights will not survive upon the Listing since they only exist in the absence of a Qualified Public Offering, which the Global Offering is currently expected to be, and our Shareholders have resolved to adopt a new set of Articles consistent with the requirements of the Listing Rules that do not contain these rights from the Listing Date. Furthermore, as agreed by the Company and the Pre-IPO Investors on June 20, 2014 by way of a supplemental agreement to the Investor's Rights Agreement, the Pre-IPO Investors will suspend their rights to require the Company to redeem the Preferred Shares until December 31, 2015.

Right to elect director and participation in Board and Board committee

Pursuant to the Investor's Rights Agreement, the Pre-IPO Investors shall, for so long as they continue to hold 5% or more of the outstanding Shares, be entitled to appoint one director (the "**Series A Director**") to the Board. Moreover, the quorum of the Board meeting may be fixed by the Directors and unless so fixed shall be three, which shall include the director appointed by the Pre-IPO Investors. The right to elect the Series A Director will terminate upon Listing. Mr. Yue Ji, being the director appointed to the Board by the Pre-IPO Investors, will cease to be a Director upon Listing.

Information and Inspection rights

Pursuant to the Investor's Rights Agreement, the Pre-IPO Investors have the right to receive certain financial statements and other information about our Company. Pursuant to the Investors' Rights Agreement, so long as the Pre-IPO Investors continue to hold no less than 1% of the shares in the share capital of our Company, the Pre-IPO Investors shall have the right to inspect the Group's properties, to examine its books of accounts and records and to discuss each Group company's affairs with its directors and officers. These information rights will terminate upon Listing.

Veto rights

Pursuant to the Investor's Rights Agreement, certain matters require the approval of the holders of at least a majority of the Preferred Shares. These matters include, among others, the issuance of new securities by our Company, amendment of our Memorandum and Articles and any merger, consolidation or share acquisition in which 50% or more of our voting power is transferred. These veto rights will terminate upon Listing.

Pre-emptive right

Each holder of the Preferred Shares shall have the pre-emptive right to purchase up to a pro rata share of any new securities (other than certain excepted issuances, including but not limited to new securities issuance under the Global Offering) which our Company may propose to issue. The pre-emptive right shall terminate upon Listing.

Right of first refusal and co-sale

Pursuant to the Investor's Rights Agreement, if any of Sherman Investment and Bei Kai (collectively, the "**Ordinary Shareholders**") proposes to transfer securities of our Company (the "**Offered Shares**"), our Company has the right of first refusal to purchase all the Offered Shares on the terms and conditions stated in the transfer notice given by the transferring Ordinary Shareholders. If our Company has not purchased any or all of the Offered Shares, the Pre-IPO Investors have a right of first refusal to purchase all of or the remaining Offered Shares on a pro rata basis, provided that the Pre-IPO Investors continue to hold no less than 1% of the Shares. If our Company and the Pre-IPO Investors do not exercise their respective rights of first refusal as to the Offered Shares, the Pre-IPO Investors have the right to participate in the sale of the Offered Shares by the transferring Ordinary Shareholder on the terms and conditions set forth in the transfer notice given by the transferring Ordinary Shareholder. These right will terminate upon Listing.

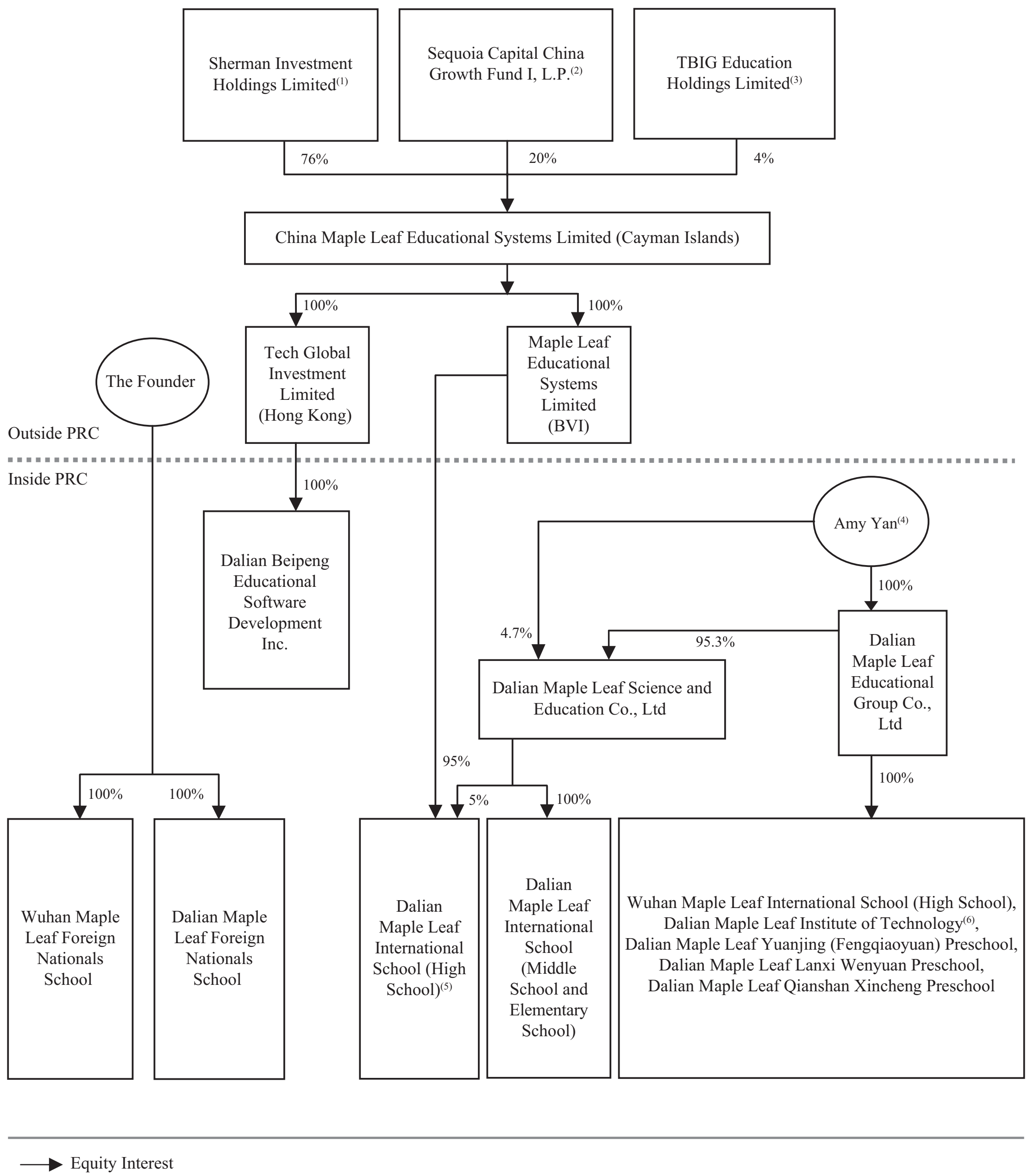
Lock-up

The Pre-IPO Investors have agreed to us that for a period of not to exceed 180 days following the Price Determination Date, they will not sell or otherwise transfer or dispose of any securities of our Company without the prior consent of the Underwriters of the Global Offering.

Confirmation from the Joint Sponsors

The Joint Sponsors have confirmed that the investment by the Pre-IPO Investors is in compliance with the Interim Guidance on Pre-IPO Investments issued on October 13, 2010 by the Stock Exchange, Guidance Letter HKEx-GL43-12 issued in October 2012 and updated in July 2013 by the Stock Exchange and Guidance Letter HKEx-GL44-12 issued in October 2012 by the Stock Exchange.

The corporate and shareholding structure of our Group following the completion of the Pre-IPO investment by the Pre-IPO Investors is as follows:



1. Represents 68,400,000 Shares held by Sherman Investment, a company incorporated in the BVI that is wholly-owned by Mr. Jen.
2. Represents 18,000,000 Preferred Shares held by Sequoia Capital China Growth Fund I, L.P. Sequoia Capital China Growth Fund I, L.P. is a limited liability partnership incorporated in the Cayman Islands. Its general partner is Sequoia Capital China Growth Fund Management I, L.P., whose general partner is SC China Holding Limited. SC China Holding Limited is wholly-owned by SNP China Enterprises Limited, a company wholly-owned by Nanpeng Shen.

3. Represents 3,600,000 Shares held by TBIG, a Company incorporated in the BVI and an Independent Third Party.
4. Amy Yan is the Founder's wife and a Hong Kong citizen.
5. Dalian Maple Leaf International School (High School) is a Sino-foreign joint venture private school.
6. Dalian Maple Leaf Institute of Technology was disposed of to an Independent Third Party on September 22, 2009.

REASONS FOR THE LISTING

We intend to continue to expand the scope of our operations, as described in more detail in the sections headed "Our Business — Our Strategies" and "Future Plans and Use of Proceeds" in this prospectus. The Directors believe that the Listing will provide our Company with further capital for its expansion and increase awareness of the Maple Leaf brand.

PREVIOUS LISTING ATTEMPT

We submitted an application for the listing of our American depositary shares on the Nasdaq Global Market in 2011. As part of our attempted U.S. listing, we submitted various documents, including a draft registration statement, to the U.S. Securities and Exchange Commission (the "**SEC**") for its review, and the SEC raised certain comments, inter alia, which required us to:

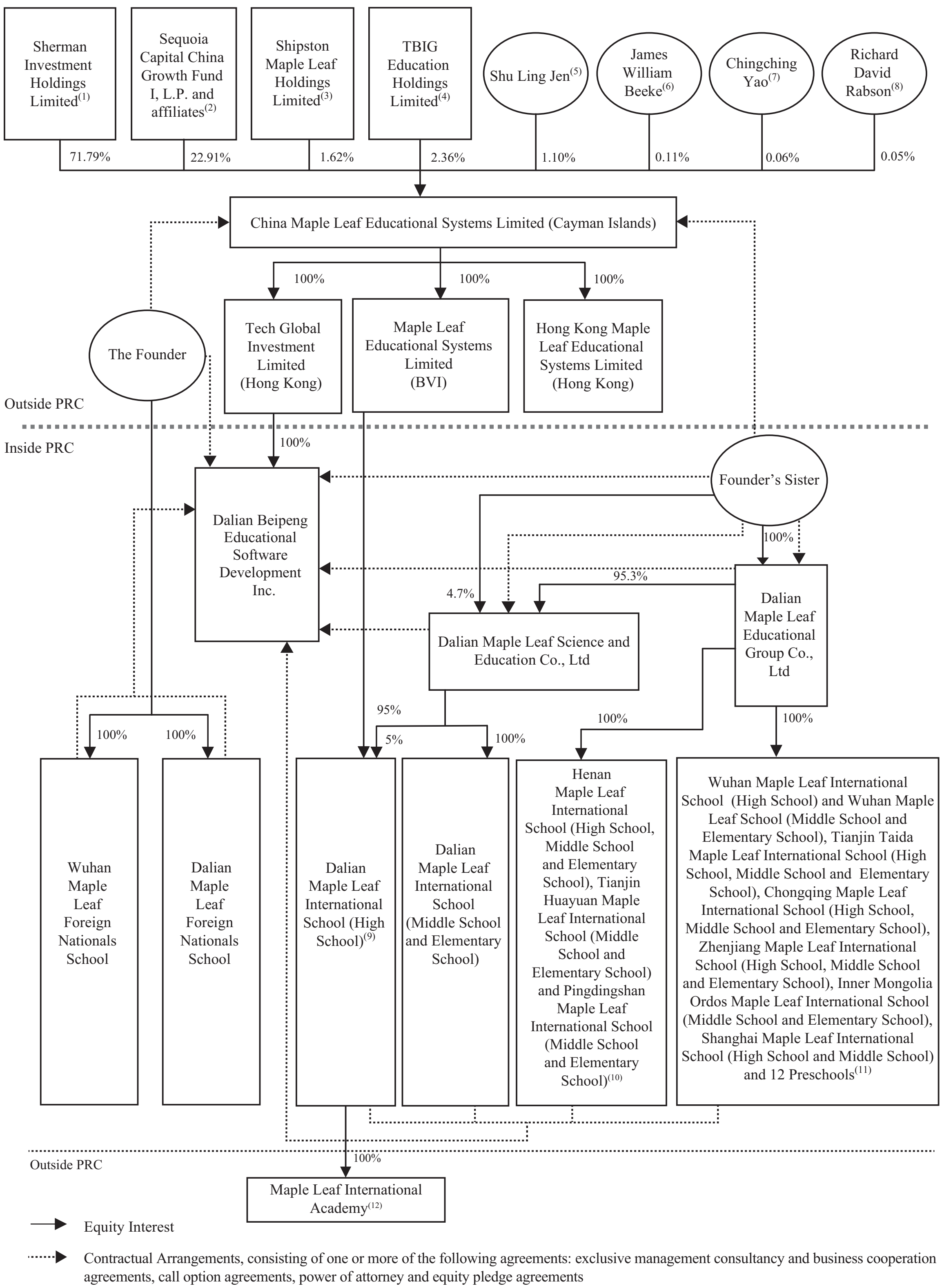
- provide backup materials for the industry and market statistics and qualitative information about our industry and business cited in the draft registration statement, including general market conditions and our market share;
- clarify disclosure regarding our corporate structure and consolidated affiliated entities, including details of our contractual arrangements, especially service fee to be paid to Beipeng Software, the percentage of revenues attributed to our consolidated affiliated entities, risks of our corporate structure under the PRC laws and regulations, additional information on certain subsidiaries, and risks that relating to loss of effective control over our consolidated affiliated entities;
- provide copies of certain regulatory approvals required to operate our business, including certificates of approval or clearance from annual inspection issued by BCMOE or local educational authorities and business licenses;
- clarify or elaborate disclosures regarding details of our business operations, including our internal policies, seasonality of our business, discussion of certain operational data and potential business and regulatory risks, such as limits imposed by the PRC government to limit the number of students studying abroad, steps and risks relating to obtaining or renewing certain licenses/approvals required, and the risk of losing preferential tax treatments; and
- clarify disclosures of past and existing regulatory compliance/non-compliance, such as lack of building ownership certificates and incomplete building assessment procedures for certain properties.

During the course of preparing for our attempted U.S. listing, our independent registered public accounting firm, Deloitte Touche Tohmatsu CPA Ltd. ("**DTTC**") audited our consolidated financial statements for the financial years ended August 31, 2009, 2010 and 2011. While the purpose of the audit was not to issue an opinion on the effectiveness of our internal control over financial reporting, DTTC issued a draft management letter for the material weaknesses and control deficiencies identified by DTTC from their audit of our consolidated financial statements, which included two material weaknesses (both of which are U.S. GAAP-related and we therefore believe are no longer applicable to us): (i) lack of sufficient skilled resources in our finance team to perform certain review procedures and insufficient accounting personnel with appropriate U.S. GAAP knowledge; and (ii) lack of an appropriate accounting policies and procedures manual in accordance with U.S. GAAP. We have taken a number of measures to remediate these weaknesses and deficiencies, including hiring a financial controller who is a Chartered Professional Accountant ("**CPA**") in Canada and was previously a finance manager at a publicly traded company.

In October 2011, we voluntarily suspended the U.S. listing attempt due to unfavorable capital markets conditions in the United States at the time. On November 15, 2011, the SEC issued eight additional comments to us relating to: (i) further disclosure of the service fees charged by Beipeng Software, (ii) further clarification and disclosure of the duties owed by Mr. Sherman Jen to the Group, (iii) the dates by which we expected to receive or apply for certain building ownership certificates, (iv) details regarding the companies our financial controller used to work for, (v) requests for copies of our loan agreements, (vi) requests for copies of material lease agreements, (vii) the number of shares beneficially owned by our directors and officers, and (viii) the details about a loan to Mr. Sherman Jen, which was fully repaid in 2011. As we decided to suspend the listing attempt, we did not proceed to respond to these eight comments. Other than these eight outstanding comments, we had addressed all of the comments raised by the SEC in relation to the attempted U.S. listing. Our Directors confirm that, to the extent any disclosure in this Prospectus should be made to address the SEC comments which are relevant to the Track Record Period, such disclosure has been made in this Prospectus for investors to form an informed assessment of us in the context of the Listing. Our Directors take the view that there is nothing in relation to the previous U.S. listing attempt and relevant to the Listing which would affect our suitability for the Listing. Furthermore, our Directors are of the view that the disclosure requests from the SEC were primarily clarificatory in nature and that none of the disclosure or documentary requests in the eight additional comments in the last comment letter received from the SEC were of a nature that we would not have been able to comply with should we have chosen to continue with our U.S. listing attempt. Our Directors also understand from our special U.S. counsel on the U.S. listing attempt that, subject to addressing these requests, we would have been in a position to request the SEC to declare its registration statement effective, signifying its approval for the Company to proceed with its U.S. listing. As such, our Directors are of the view that there was nothing in the eight additional comments or in the course of our listing application that was material to the effect that it would have resulted in the SEC preventing us from proceeding with its U.S. listing attempt should we have chosen to proceed with it.

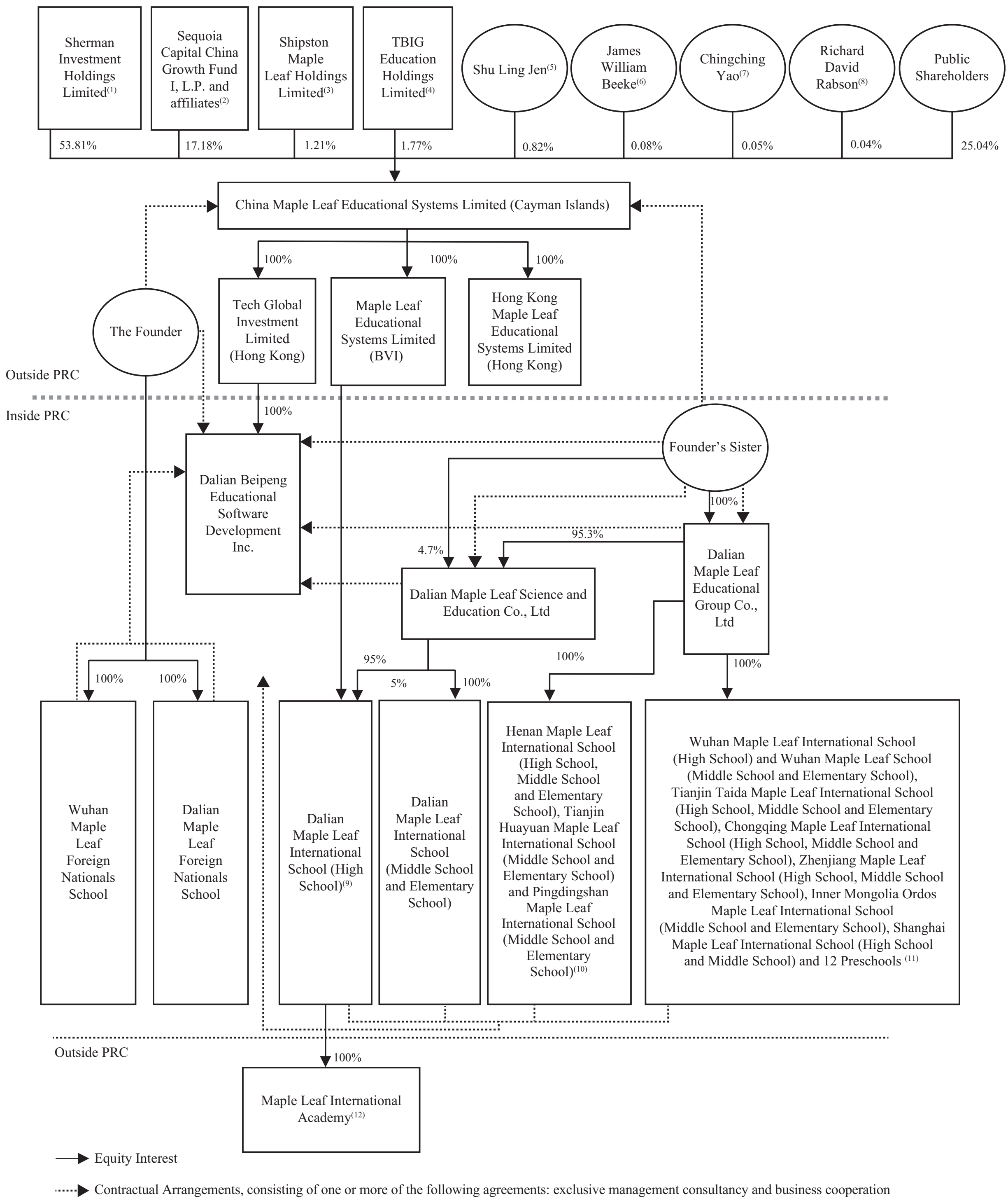
In relation to the previous U.S. listing attempt, the Joint Sponsors reviewed the written correspondence with the SEC provided to the Joint Sponsors and discussed with us and our special U.S. counsel and independent public accountants for the previous U.S. listing attempt to further understand the previous U.S. listing attempt. Whilst the Joint Sponsors do not have the relevant qualification or expertise in relation to listing applications in the U.S., based on these steps and the information and representation given to the Joint Sponsors, nothing has come to the Joint Sponsors' attention that could lead them to cast doubts on our Directors' view above.

The corporate and shareholding structure of our Group immediately prior to the completion of the Capitalization Issue and the Global Offering and without taking into account any Shares which may be issued upon the exercise of the options which were granted under the Pre-IPO Share Option Scheme:



1. Represents 67,048,570 Shares held by Sherman Investment Holdings Limited, a company incorporated in the BVI that is wholly-owned by Mr. Jen.
2. Represents 21,399,332 Shares issuable upon conversion of (i) 15,703,200 Preferred Shares held by Sequoia Capital China Growth Fund I, L.P., (ii) 1,926,000 Preferred Shares held by Sequoia Capital China GF Principals Fund I, L.P. and (iii) 370,800 Preferred Shares held by Sequoia Capital China Growth Partners Fund I, L.P. Each of Sequoia Capital China Growth Fund I, L.P., Sequoia Capital China GF Principals Fund I, L.P. and Sequoia Capital China Growth Partners Fund I, L.P. is a limited liability partnership incorporated in the Cayman Islands. Their general partner is Sequoia Capital China Growth Fund Management I, L.P., whose general partner is SC China Holding Limited. SC China Holding Limited is wholly-owned by SNP China Enterprises Limited, a company wholly-owned by Nanpeng Shen.
3. Represents 1,513,800 Shares held by Shipston Maple Leaf Holdings Limited, a company incorporated in Turks and Caicos Islands and an Independent Third Party.
4. Represents 2,202,630 Shares held by TBIG, a company incorporated in the BVI and an Independent Third Party.
5. Represents 1,025,000 Shares held by Shu Ling Jen, the Founder's cousin.
6. Represents 100,000 Shares held by James William Beeke, our executive Director and BC Program Superintendent.
7. Represents 60,000 Shares held by Chingching Yao, an Independent Third Party.
8. Represents 50,000 Shares held by Richard David Rabson, an Independent Third Party.
9. Dalian Maple Leaf International School (High School) is a Sino-foreign joint venture private school.
10. Henan Maple Leaf International School (High School, Middle School and Elementary School), Tianjin Huayuan Maple Leaf International School (Middle School and Elementary School) and Pingdingshan Maple Leaf International School (Middle School and Elementary School) are private schools established and operated by Dalian Educational Group. The buildings and land use rights of these three Schools are provided by Luoyang New District Administrative Committee, Tianjin Binhai High-Tech Industrial Development Zone Administration Committee and Henan Shangxuetang Industrial Co., Ltd., respectively.
11. Our 12 Preschools are Dalian Maple Leaf Fengqiao Preschool, Dalian Maple Leaf Lanxi Wenyuan Preschool, Dalian Maple Leaf Qianshan Xincheng Preschool, Dalian Maple Leaf Kaifaqu Preschool, Dalian Maple Leaf Xianghe Huayuan Preschool, Dalian Maple Leaf Sunshine Preschool, Dalian Maple Leaf Jiabao Preschool, Dalian Maple Leaf Jinhai Preschool, Dalian Maple Leaf Xiangzhou Preschool, Dalian Maple Leaf Zhonghua Mingcheng Preschool, Ordos Maple Leaf First Preschool and Pingdingshan Maple Leaf International School Preschool.
12. Maple Leaf International Academy, a legal entity that was formed on April 27, 2012, is a potential education facility that was under negotiation and, if it proceeds, will be based in Suncheon City, South Korea.

The corporate and shareholding structure of our Group following the completion of the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option is not exercised and without taking into account any Shares which may be issued under the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme or the RSU Scheme will be as follows:



1. Represents 717,869,909 Shares held by Sherman Investment Holdings Limited, a company incorporated in the BVI that is wholly-owned by Mr. Jen.
2. Represents 229,116,542 Shares issuable upon conversion of (i) 15,703,200 Preferred Shares held by Sequoia Capital China Growth Fund I, L.P., (ii) 1,926,000 Preferred Shares held by Sequoia Capital China GF Principals Fund I, L.P. and (iii) 370,800 Preferred

Shares held by Sequoia Capital China Growth Partners Fund I, L.P. Each of Sequoia Capital China Growth Fund I, L.P., Sequoia Capital China GF Principals Fund I, L.P. and Sequoia Capital China Growth Partners Fund I, L.P. is a limited liability partnership incorporated in the Cayman Islands. Their general partner is Sequoia Capital China Growth Fund Management I, L.P., whose general partner is SC China Holding Limited. SC China Holding Limited is wholly-owned by SNP China Enterprises Limited, a company wholly-owned by Nanpeng Shen.

3. Represents 16,207,825 Shares held by Shipston Maple Leaf Holdings Limited, a company incorporated in Turks and Caicos Islands and an Independent Third Party.
4. Represents 23,582,931 Shares held by TBIG, a company incorporated in the BVI and an Independent Third Party.
5. Represents 10,974,383 Shares held by Shu Ling Jen, the Founder's cousin.
6. Represents 1,070,671 Shares held by James William Beeke, our executive Director and BC Program Superintendent.
7. Represents 642,403 Shares held by Chingching Yao, an Independent Third Party.
8. Represents 535,336 Shares held by Richard David Rabson, an Independent Third Party.
9. Dalian Maple Leaf International School (High School) is a Sino-foreign joint venture private school.
10. Henan Maple Leaf International School (High School, Middle School and Elementary School), Tianjin Huayuan Maple Leaf International School (Middle School and Elementary School) and Pingdingshan Maple Leaf International School (Middle School and Elementary School) are private schools established and operated by Dalian Educational Group. The buildings and land use rights of these three Schools are provided by Luoyang New District Administrative Committee, Tianjin Binhai High-Tech Industrial Development Zone Administration Committee and Henan Shangxuetang Industrial Co., Ltd., respectively.
11. Our 12 Preschools are Dalian Maple Leaf Fengqiao Preschool, Dalian Maple Leaf Lanxi Wenyuan Preschool, Dalian Maple Leaf Qianshan Xincheng Preschool, Dalian Maple Leaf Kaifaqu Preschool, Dalian Maple Leaf Xianghe Huayuan Preschool, Dalian Maple Leaf Sunshine Preschool, Dalian Maple Leaf Jiabao Preschool, Dalian Maple Leaf Jinhai Preschool, Dalian Maple Leaf Xiangzhou Preschool, Dalian Maple Leaf Zhonghua Mingcheng Preschool, Ordos Maple Leaf First Preschool and Pingdingshan Maple Leaf International School Preschool.
12. Maple Leaf International Academy, a legal entity that was formed on April 27, 2012, is a potential education facility that was under negotiation and, if it proceeds, will be based in Suncheon City, South Korea.

OVERVIEW

We are the largest international high school operator and the largest international school operator in China, as measured by student enrollment at the end of the 2010/2011, 2011/2012, 2012/2013 and 2013/2014 school years, according to the Frost & Sullivan Report. We operate all of our schools under our "Maple Leaf" brand and offer a bilingual K-12 education with competitive tuition fees. The core component of our business is a dual-curriculum and dual-diploma high school education that is unique among the top 10 international school operators in China as measured by student enrollment at the end of the 2013/2014 school year. It enables graduates of our PRC and schools which have been granted certification status under the British Columbia Global Education Program — Offshore Schools to receive both a fully accredited BC high school diploma and a PRC high school diploma. We aspire to develop our students into well-rounded and academically excellent individuals that can function effectively in both Chinese and foreign environments. As of the Latest Practicable Date, we operated seven high schools, 10 middle schools, nine elementary schools, 12 preschools and two foreign national schools across nine cities in China. We had an approximately 9.0% market share in the highly fragmented international high school market in China and an approximately 7.6% market share in the international school market in China, as measured by student enrollment at the end of the 2013/2014 school year, according to the Frost & Sullivan Report.

We have a 19-year track record in providing a comprehensive education that immerses our students in both Chinese and Western cultures. According to the BCMOE, our Dalian Maple Leaf High School was the first-ever offshore high school to have been granted certification status under the British Columbia Education Program — Offshore Schools. In addition, our high school program is the largest offshore program in China as measured by student enrollment in the 2012/2013 school year, according to the Frost & Sullivan Report. All of our BC-accredited courses are taught in English by BC-certified teachers. Our foreign national schools, which are only open to foreign nationals, cover the K-9 class levels and are BC certified schools. Our middle and elementary schools, which can only offer PRC curricula under PRC laws and regulations, offer extensive English training and a bilingual learning environment to students, preparing them for our English-intensive high school program.

We strive to offer our students a pathway into universities and colleges around the world. In each of the 2010/2011, 2011/2012 and 2012/2013 school years, based on our estimates, over 90% of our high school graduates were admitted to universities and colleges around the world. In the same school years, based on our estimates, approximately 44%, 38% and 47% of our high school graduates, respectively, were admitted to the World Top 100 Universities. In the 2013/2014 school year, based on our estimates, over 95% of our high school graduates were admitted to universities and colleges around the world and approximately 51% of our high school graduates were admitted to the World Top 100 Universities. Over 50 universities and colleges around the world have a memorandum of understanding with us to facilitate the admissions process for our high school graduates, which we believe evidences their acknowledgement of the academic performance and English capacity of our students. We design our educational services to prepare students for the challenges they may face while attending post-secondary institutions overseas and help them to smoothly adapt to, and thrive in, diverse undergraduate environments.

We believe we have developed a successful business model that provides us with high visibility and, increasingly since 2012, low capital requirements. Our comprehensive academic offerings from preschool through high school allow us to retain students within our system as they progress through their education, which provides us with high visibility on future enrollments and revenue. The quality of our academic programs and the success of our students also help us to achieve consistent growth in student enrollment and at the same time increase tuition fees. In addition, we believe that our schools contribute to the local economy of the cities in which we operate by creating employment opportunities, stimulating the local real estate industry, assisting the local governments to attract foreign investment and foreign talents, and adding to the diversity of the local community. As a result, since 2012, we have, in part, implemented our expansion plan pursuant to an asset-light approach by partnering with third parties, in particular local governments, to develop new schools. Under the recent cooperation agreements we have entered into with local governments, the local governments are responsible for acquiring campus sites and building school premises, which we believe enables us to achieve a higher return on capital.

We have experienced steady growth in our revenue and student enrollment in recent years. Our revenue increased from RMB346.1 million for the financial year ended August 31, 2011 to RMB413.5 million for the financial year ended August 31, 2012, to RMB471.2 million for the financial year ended August 31, 2013 and to RMB365.5 million for the nine months ended May 31, 2014. Our overall student enrollment grew from approximately 9,120 as of the end of the 2010/2011 school year to approximately 10,509 as of the end of the 2011/2012 school year, to approximately 11,697 as of the end of the 2012/2013 school year and to approximately 13,459 as of May 31, 2014. Our gross profit was RMB156.4 million, RMB191.1 million and RMB202.5 million in the financial years ended August 31, 2011, 2012 and 2013, respectively. For the nine-month periods ended May 31, 2013 and 2014, our revenue amounted to RMB325.5 million and RMB365.5 million, and our gross profit was RMB139.3 million and RMB150.5 million, respectively.

OUR STRENGTHS

We believe that the following are our key competitive strengths that have contributed significantly to our success and differentiate us from our competitors:

The Largest International School Operator in China with Extensive Experience

We are the largest international school operator in China, as measured by student enrollment at the end of the 2010/2011, 2011/2012, 2012/2013 and 2013/2014 school years, according to the Frost & Sullivan Report. As of the Latest Practicable Date, we operated seven high schools, 10 middle schools, nine elementary schools, 12 preschools and two foreign national schools in nine cities in China. We are also in the process of developing new campuses in three cities in China, namely Pinghu, Yiwu and Xi'an. According to the Frost & Sullivan Report, among the high schools offering dual diplomas in China, we had more student enrollment than all of our competitors combined in the 2010/2011, 2011/2012 and 2012/2013 school years. Many of our campuses have capacity to handle substantially more students than our existing student body without the need for significant additional capital expenditure. We believe that our high-quality education and strong reputation have helped us receive local government support while obtaining the requisite licenses and suitable land sites for our campuses. We believe that our unparalleled scale, long-standing accreditations from PRC educational authorities and authority to offer educational programs leading to British Columbia Certificates of Graduation for our dual-diploma programs, established relationships with foreign universities and colleges, high-quality dedicated team of teachers, 19-year operating history, over 6,000 high school graduate student base and strong brand recognition have provided us with substantial competitive advantages.

Reputable Brand and Pathway into World Class Universities and Colleges

We believe that our "Maple Leaf" brand has achieved a strong reputation in China's private education sector as a pathway into world class universities and colleges. We have received numerous awards such as the *Top Educational Group Award* by Sina.com, a well-known website in China, in 2013, and the *Most Influential International High School Award* by 163.com, also a well-known website in China, in 2013. For the 2010/2011, 2011/2012 and 2012/2013 school years, based on our estimates, approximately 44%, 38% and 47% of our high school graduates, respectively, were admitted to World Top 100 Universities.

We maintain long-term relationships with a significant number of universities and colleges around the world. Over 50 of these universities and colleges have a memorandum of understanding with us to facilitate the admissions process for our high school graduates. We hold annual college recruitment fairs at our campuses and provide consulting services to assist our students in making informed decisions about the universities and colleges they choose to attend. In addition, we assist our students with respect to admissions, visas and scholarships, preparing them to study abroad. We believe that our services ensure a smooth transition for our students from our high schools to post-secondary educational institutions.

Well-established Bilingual, Dual-curriculum and Dual-diploma Education

In 1998, Dalian Maple Leaf High School became the first high school in the world to be operating as a BC certified school, according to BCMOE. Since then, we have been offering dual-curriculum education at our high schools. We differentiate ourselves from other international schools by providing a Western education, while incorporating the strengths of a Chinese education through offering a concurrent Chinese language curriculum. The reputation of our schools as well-established bilingual, dual-curriculum and dual-diploma educational institutions has allowed us to attract students from a number of countries, including the United States, Canada, South Korea, Mongolia, Kazakhstan, Japan and Russia. As of the Latest Practicable Date, we had students from various provinces, direct-controlled municipalities and autonomous regions across China and international students from 36 countries and regions in Asia, Europe, North America and Africa. We believe that our high schools are particularly attractive to students from South Korea because the BC high school diploma provides such students a competitive advantage in their college applications in South Korea.

Full Range of K-12 Bilingual Education Creating High Business Visibility

We offer a comprehensive education from preschools through high schools with great emphasis on establishing a bilingual learning environment for our students. In addition to our English teachers, we have English-speaking staff who provide our students with additional exposure to the English language. We design our classes according to the specific linguistic needs of the students at each grade level and build their vocabulary as they progress from elementary school to middle school, with the aim of achieving English fluency by high school. In 2013, the PRC government announced plans to reduce the weight of English proficiency tests in college entrance exams as part of China's educational reform policy. As this is expected to result in reduced English instruction time in public schools in China, we believe the curriculum we offer at our schools will become increasingly attractive to Chinese students and parents seeking a full-range bilingual education.

By attracting students at an early age and retaining them within our system as they progress through their education, we create a pipeline of students for our high schools. For the 2010/2011, 2011/2012 and 2012/2013 school years, over 70% of the total graduates from our elementary schools enrolled into our middle schools, and over 70% of the total graduates from our middle schools enrolled into our high schools. Our ability to effectively retain students within our school system provides us with a stable and recurring revenue base, and enhances our marketing efficiency by reducing the need for us to recruit students from external sources. Accordingly, we are able to achieve high business visibility on future enrollments and revenue driven by long student tenure, which is further supported by high student retention rates.

Centralized Operation Led by Experienced Management Team

We have a centralized operation led by an experienced management team. Our Founder, Mr. Sherman Jen, established our first school in Dalian in 1994 and has since led us to develop the dual-diploma school model, and successfully execute our strategy to become the leading international school service provider in China. On October 18, 2013, Mr. Jen received the Governor General's Medallion from David Johnston, Governor General of Canada, for his contributions to international education. In October 2014, Mr. Jen received the Chinese Government Friendship Award from the PRC Premier Mr. Li Keqiang and two Vice Premiers, which is the highest honor awarded by the Chinese government to foreign experts for their outstanding contributions to the modernized development of China. Our BC program superintendent, Mr. James Beeke, has deep knowledge in the operation of BC high schools and served as a BCMOE's inspector of offshore schools from 1998 to 2005. Mr. Beeke is responsible for managing and enhancing our BC curriculum, training our BC-certified teachers and liaising with the BCMOE. Our Chinese curriculum co-chancellor, Mr. Linsheng Chen, has over 20 years of experience in the PRC education industry and is responsible for managing and enhancing the Chinese curriculum in our schools. Our vice president and Co-CFO, Mr. Bin Xu, who graduated from our Dalian Maple Leaf High School in 2003 and received degrees from the University of Toronto, Canada and University of Cambridge, the United Kingdom in 2007 and 2011 respectively, is responsible for managing the investors' relationships and corporate finance activities of our Company. Mr. Xu served as an accountant and an investment banker prior to joining our Group and has extensive knowledge of the financial services industry.

We also have a team of seasoned mid-level managers, including headmasters, curriculum chancellors and academic directors, many of whom have extensive experience from the education industry. Some of our mid-level managers served as teachers at our schools before being internally promoted to management level and have in-depth understanding of our corporate culture and management philosophy. We have centralized our management, finance, human resources, and information technology capabilities to efficiently develop and operate multiple schools across campuses in different cities. We believe that our centralized operations improve our operating efficiency, facilitate our schools' access to financial resources and governmental support, and are essential to our success.

OUR STRATEGIES

Our goal is to maintain and further strengthen our position as the leading international school operator in China and expand our school network to major cities in China. We intend to pursue the following growth strategies to achieve our goal:

Further Expand Our School Network

We intend to continue to expand our school network with a particular emphasis on high schools. Once we enter into a new geographic market, we first focus on establishing a high school, and gradually build out one or more sets of middle and elementary schools to provide a pipeline of students for our high school and strengthen our position as a provider of comprehensive educational services. In cities where we already enjoy a strong market position through established high schools, we plan to leverage our brand and experience by building more schools. For example, in Shanghai and Zhenjiang, we plan to leverage our reputation as a premium high school operator and expand our elementary and middle schools to increase student enrollment across all grade levels. We also aim to explore opportunities in new geographic locations in China and abroad, where we see potential for our dual-diploma high school program. We take a variety of factors into account in selecting new school locations, including demographics, potential demand, income trends, regional economic conditions, the level of local government support, the availability of suitable sites and existing market competition.

We plan to continue to carry out part of our future expansion plan under an asset-light approach by partnering with third parties to develop new schools, which we believe will enable us to generate high returns on capital. In particular, with the growing reputation of our "Maple Leaf" brand, an increasing number of local governments in China are showing strong interest in cooperating with us to establish new Maple Leaf schools. Since 2012, we have entered into cooperation agreements with the local governments in Luoyang, Ordos, Tianjin, Yiwu, Pinghu and Xi'an to develop new schools offering a bilingual curriculum. In exchange, these local governments have undertaken to provide us the necessary land use rights to the campus sites and build necessary school facilities. See the section headed "Business — Our Schools — Maple Leaf Schools and Campuses Under Development" in this prospectus. We may also expand our school network by purchasing land use rights and developing new schools, or acquiring established schools from independent third parties. As of the Latest Practicable Date, we had not identified any specific acquisition target.

Increase School Utilization

We intend to increase the utilization rate of our schools. Since a significant portion of our costs is fixed, we believe we can improve our financial results by increasing student enrollment in our existing campuses. We plan to continue to market our schools and recruit new students through our on-campus student recruitment offices and third-party recruiting agents. As of May 31, 2014, we had approximately 51 recruiting staff in more than nine on-campus recruiting offices and had engaged approximately 119 third-party individual recruiting agents and 36 third-party recruiting offices located throughout China. We also intend to continue to market our brand by inviting the media, officials from local educational authorities and the public to attend our recruitment fairs and other on-campus events and communicate with our students and teachers in person. For example, a number of reporters and government officials were invited to our ninth annual recruitment fair held in November 2013, which was covered by various newspapers and other media and promoted our high schools. In addition, we plan to utilize new and targeted marketing techniques, such as Internet marketing, targeting potential students and their parents and offering individual informational meetings. Furthermore, we plan to increase our school utilization by providing additional programs such as summer and winter offerings at our existing campuses outside regular school hours, which we believe will generate additional revenue.

Optimize Pricing at Our Schools

A significant factor affecting our profitability is the tuition fees we charge. Historically, we focused on our market expansion instead of substantial fee increases. As we have established a solid reputation for providing quality education, we believe we can optimize our pricing without compromising our reputation for providing premium value education relative to our competitors. Subject to applicable government approval, we plan to raise tuition in the future for students in geographic regions where we have obtained a substantial market share and have built sufficient student and parent loyalty. We believe that our relatively low tuition level, high-quality services and track record of student performance coupled with the demand for our services, may allow us to further raise tuition fees at these or other schools in the future without a material adverse impact on the level of student enrollment.

Continue to Provide Premium Quality Education and Promote Our Brand Name

We will continue to enhance our ability to provide premium quality education, which we believe is a foundation of our success and enables us to promote our Maple Leaf brand name. We plan to continue to track the academic performance of individual students and provide each student with customized advice and guidance through our academic advisors and teaching staff. We also intend to provide top students with scholarships and financial assistance, encouraging them to achieve better academic performance. We are also gradually enhancing a supplementary online learning environment, which is accessible to all of our students in grade 10 and above. We believe that such an Internet-based system complements our curricula and enables our students to interact and collaborate with each other online, which fosters independent and interactive learning beyond the classroom and prepares our students for future university study. In addition, we plan to increase the variety and quality of advanced courses for exceptional students and expanding our specialty class offerings, such as advanced fine arts and business courses, to all of our schools. Furthermore, we will continue to maintain a team of experienced and qualified principals, teachers and other teaching staff, who we believe are critical to the quality of our educational services. In particular, we intend to attract and retain more qualified teachers by providing better career advancement opportunities and continuous training, which are designed to prepare our teachers and other teaching staff for career progression and help continuously improve their performances. For example, we plan to continue to host visiting university professors from graduate schools to offer courses for credits to our teachers who wish to obtain a master's degree in education.

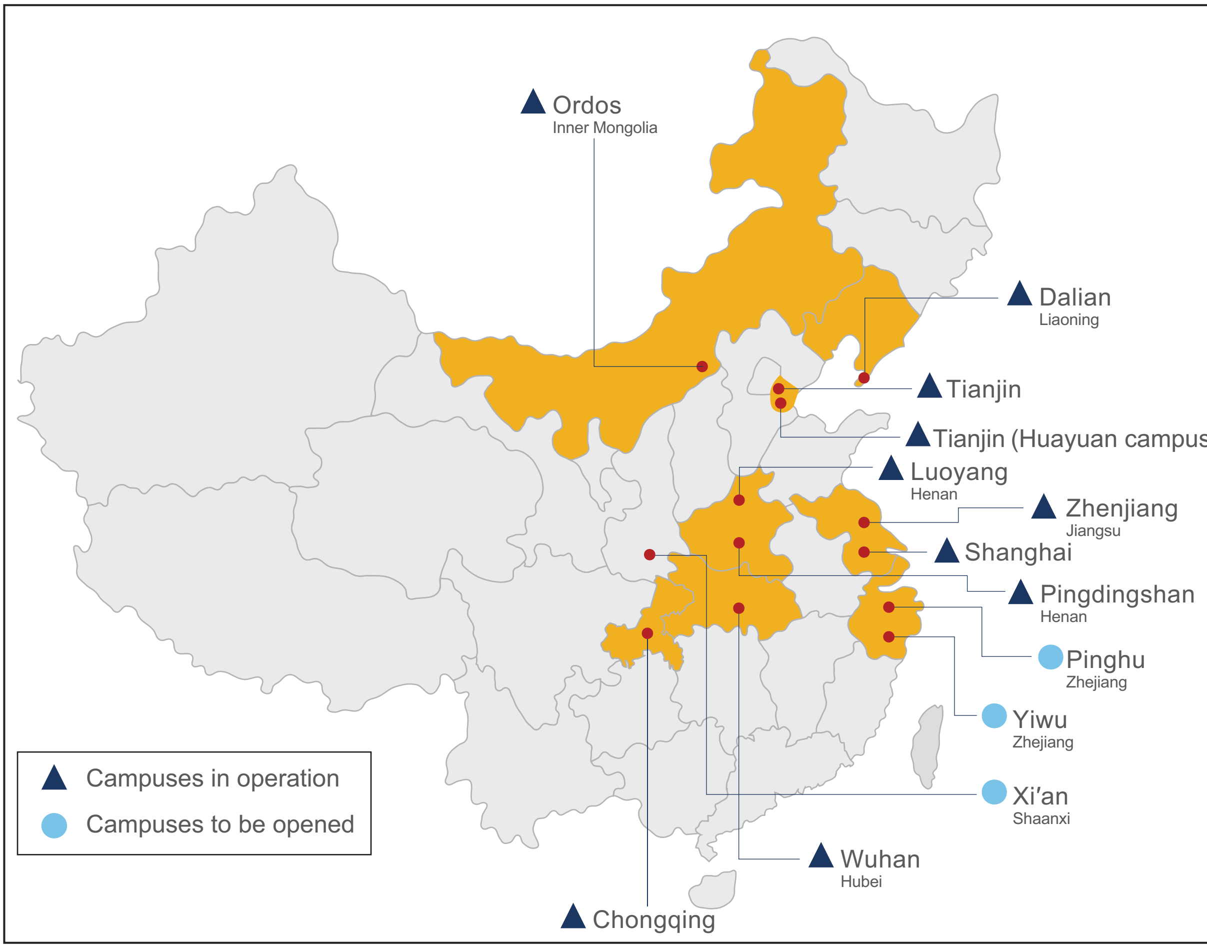
EDUCATIONAL PHILOSOPHY

Our fundamental educational philosophy is to combine the strengths of Chinese and Western education systems to provide our students with a bilingual and bi-cultural education. We embrace both the rigorous preparation and thorough practice that are the focus of the Chinese education system and the creative thinking and innovative teaching methods promoted by the Western education system. We emphasize the importance of solid academic performance in core subject areas such as mathematics, science, languages and history, while at the same time encouraging our students to explore individual interests and nurturing student creativity, communication skills, independent thinking and social responsibility, to enable students to thrive in the future.

OUR SCHOOLS

We operate all of our schools under our "Maple Leaf" brand. We have a variety of campus facilities, such as classrooms, administrative offices, staff apartments, laboratories, libraries, dance studios, gymnasiums, auditoriums, dormitories, cafeterias, outdoor playing fields and sport courts. In selecting school locations, we take various factors into consideration, including demographics in neighboring areas, availability of suitable sites, potential demand, income trends, regional economic conditions, the level of local government support and existing market competition. Our campuses are usually built to accommodate over 2,000 students with expansion possible to more than double that size in some cases.

The following map sets forth the geographical location and establishment information about our schools:



The following table sets forth information concerning the approximate student enrollment, capacity and utilization rate of each of our schools as of the dates indicated:

	Student Enrollment as of					Capacity for Students[2] as of		School Utilization Rate[3] as of	
	June 30[1],			May 31,	June 30,	May 31,	June 30,	May 31,	June 30,
	2011	2012	2013	2014	2014	2014	2014	2014	2014
Dalian, Liaoning Province									
High school	2,723	2,914	2,651[4]	2,498	2,479[5]	3,500	3,500	71.4%	70.8%
Middle school	1,211	1,248	1,308	1,171	1,182	1,300	1,300	90.1%	90.9%
Elementary school	840	884	899	918	928	850	850	108.0%	109.2%
Preschools[6]	1,613	1,702	1,704	1,510	1,582	1,800	1,800	83.9%	79.6%
Foreign national school	187	184	171	187	191	240	240	77.9%	87.9%
Wuhan, Hubei Province									
High school	1,106	1,246	1,332	1,404	1,392[5]	1,500	1,500	93.6%	92.8%
Middle school	110	312	540	652	653	1,500	1,500	43.5%	43.5%
Elementary school	—[7]	—	—	501	501	400	400	125.3%	125.3%
Foreign national school	28	26	25	30	30	100	100	30.0%	30.0%
Tianjin									
High school	519	683	839	1,109	1,087[5]	1,500	1,500	73.9%	72.5%
Middle school	278	401	512	607	602	750	750	80.9%	80.3%
Elementary school	350	508	684	835	844	750	750	111.3%	112.5%
Chongqing									
High school	155	331	349	444	434[5]	1,000	1,000	44.4%	43.4%
Middle school	—	—	116	210	211	500	500	42.0%	42.2%
Zhenjiang, Jiangsu Province									
High school	—	70	163	259	256[5]	400	400	64.8%	64.0%
Middle school	—	—	—	100	101	200	200	50.0%	50.5%
Elementary school	—	—	—	93	94	200	200	46.5%	47.0%
Luoyang, Henan Province									
High school	—	—	—	26	30	550	550	4.7%	5.5%
Middle school	—	—	104	140	145	1,150	1,150	12.2%	12.6%
Elementary school	—	—	100	244	243	1,000	1,000	24.4%	24.3%
Shanghai									
High school	—	—	—	163	158[5]	2,000	2,000	8.2%	7.9%
Ordos, Inner Mongolia Autonomous Region									
Middle school	—	—	36	46	47	500	500	9.2%	9.4%
Elementary school	—	—	43	120	121	500	500	24.0%	24.2%
Preschool[6]	—	—	121	192	202	300	300	64.0%	67.3%
Total	9,120	10,509	11,697	13,459	13,513	22,490	22,490	59.8%	60.1%

(1) *Despite the fact that our financial year ends on August 31 of each year, our school year ends on June 30 of each year.*

(2) *Except for our preschools and Foreign Schools, all of our schools are boarding schools. For these boarding schools, the capacity for students is calculated based on the approximate number of beds in their dormitories according to our calculations. For our Foreign Schools, the capacity for students is calculated based on the approximate number of desks in their classrooms according to our calculations. For our preschools, the capacity for students is calculated based on the approximate number of beds used for naps in the schools according to our calculations.*

(3) *As of May 31, 2014 and June 30, 2014, the school utilization rates of our elementary schools in Dalian, Wuhan and Tianjin exceeded 100%. This was due to the fact that some of our students in those schools were commuter students who did not live on-campus and thus did not occupy beds in the dormitories of those schools.*

(4) *The student enrollment at our Dalian Maple Leaf High School decreased significantly in the school year ended June 30, 2013 because we had a large number of high school graduates in the 2011/2012 school year. This was primarily due to the fact that starting from the 2011/2012 school year, we began to encourage our high school students to complete the BC curriculum in three years by offering summer course to students in the foundations program and bridging program.*

(5) *The student enrollment at all of our high schools (except for our Luoyang High School, which did not have grade 12 students in the 2013/2014 school year) decreased slightly in June 2014 compared to May 2014. We believe that this was primarily because certain grade 12 students whose families moved or expect to move in the next school year overseas voluntarily withdrew from our high school program before the current school year ended.*

(6) *We had 10 preschools in Dalian and one preschool in Ordos as of May 31, 2014 and June 30, 2014. The student enrollment in each of our preschools is subject to monthly fluctuation.*

(7) *Some of our schools were opened after June 30, 2011 and did not have student enrollment in certain periods during the Track Record Period.*

Our school network has been expanding during the Track Record Period and up to the Latest Practicable Date. The following table sets forth the numbers of our schools as of the dates indicated:

	August 31,			May 31,	The Latest Practicable Date
	2011	2012	2013	2014	
High schools	4	5	5	7	7
Middle schools	3	3	6	7	10
Elementary schools	2	2	4	6	9
Preschools	10	10	11	11	12
Foreign Schools	2	2	2	2	2
Total	21	22	28	33	40

We restrict classes to a maximum of 30 students, with a few exceptions. According to the Frost & Sullivan Report, the class sizes of our high schools and middle schools are smaller than those of average PRC public schools, which we believe allows our teachers to devote more time and attention to each student, improving student development. We also strive to identify the various learning styles of our students to ensure that each student receives an education tailored to maximize his or her learning potential. We believe all these factors contribute to the high quality of our education and high levels of student and parent satisfaction, which is reflected in our long student tenure and high retention rates.

An important element of our educational services is a bilingual learning environment. A majority of our students are native Chinese speakers and, as such, we have included comprehensive English immersion programs in our school curriculum. In addition to our English teachers, we have English-speaking staff who provide our students with additional English-language exposure. To help students master the English language, we design our classes according to the specific linguistic needs of the students at each grade level, building their English language skills as students progress from elementary school to middle school, with the aim of achieving English fluency by high school. We also offer ESL classes under the language elective program at our high schools, which is mandated under the BC certification requirements for students who require additional help to improve their English proficiency. In addition, we offer Chinese classes to our foreign national students using text books developed by us.

In addition to providing bilingual education, our schools offer courses we instituted under our overarching educational philosophy. As private schools, we have more flexibility in offering courses which are unavailable in public schools in response to popular student or parent demand. These courses, such as calligraphy, dance, debate and music, emphasize creativity, critical thinking and a deeper appreciation of traditional Chinese and Western cultures. Our schools also offer students the opportunity to participate in a variety of after-school programs and club events, including sports and life skills building projects that supplement classroom teaching. This provides our students with opportunities to interact with each other and serve the community. During the 2012/2013 school year, the students in our Model United Nations club attended six Model United Nations conferences in five cities in China researching and representing various countries and policies through debate and dialogue.

For all of our schools except our preschools, tuition includes a boarding fee for boarding students and is generally paid in advance prior to the beginning of each school year. We divide each school year of all of our schools, except our preschools, into 10 academic months. We offer full refunds for the remaining academic months to students of our high, middle and elementary schools and Foreign Schools who decide to withdraw from a program, but charge a fee which equals to 10% of the school year tuition.

The following table sets forth the tuition information about our schools for the 2012/2013, 2013/2014 and 2014/2015 school years:

	Tuition(1)		
	2012/2013 school year	**2013/2014 school year**	**2014/2015 school year**
High schools	RMB42,400 – RMB49,000	RMB42,400-RMB71,500	RMB42,400-RMB71,500
Middle schools	RMB21,000 – RMB31,000	RMB21,000-RMB38,000	RMB21,000-RMB43,000
Elementary schools	RMB18,000 – RMB28,000	RMB18,000-RMB33,000	RMB18,000-RMB33,000
Preschools	RMB14,400 – RMB21,600	RMB14,400-RMB21,600	RMB12,000-RMB21,600
Foreign Schools	USD13,000 – USD15,600	USD13,000-USD15,600	USD13,000-USD15,600

(1) *For our high schools, middle schools and elementary schools, tuition included a boarding fee ranging between RMB900 to RMB4,000 for the 2012/2013 school year, RMB900 to RMB5,000 for the 2013/2014 school year and RMB900 to RMB5,000 for the 2014/2015 school year. Except for our Foreign Schools, the tuition ranges set forth in this table do not apply to foreign students.*

Tuition from all of our schools except for preschools, which accounted for 81.5%, 83.1%, 80.6% and 88.2% of our total revenue in the years ended August 31, 2011, 2012 and 2013 and the nine months ended May 31, 2014, respectively, is recognized proportionately over the relevant period when the educational services are provided. See the section headed "Financial Information — Critical Accounting Policies — Revenue Recognition" in this prospectus. As a result, tuition from all of our schools except for preschools, is not subject to significant seasonal fluctuations.

For our preschools, tuition is paid in advance at the beginning of every month. We refund 50% of the tuition to students who decide to withdraw from our preschools, provided that less than eight calendar days of service have been delivered in a month. No refund is allowed if the withdrawing student has received eight days of service or more. We experience seasonality for tuition from our preschools. For example, revenue from our preschool decreased in the second quarter of each financial year during the Track Record Period due to the Chinese New Year holiday.

Historically we purchased land use rights and constructed premises for our schools. As a result, we own all the land use rights and premises for our schools in operation in Dalian, Tianjin, Wuhan, Chongqing, Zhenjiang and Shanghai, except for our preschools and Foreign Schools. With the growing reputation of our "Maple Leaf" brand, an increasing number of municipal governments in China are showing interest in cooperating with us to establish new Maple Leaf schools. We have developed our schools in Ordos and Luoyang jointly with the local governments in these two cities.

Under our cooperation agreement with the Ordos Dongsheng District government (the "**Dongsheng Government**"), the Dongsheng Government has granted us the right to use certain vacant school premises for free. The Dongsheng Government owns the land use rights to the campus site and school premises. The Dongsheng Government plans to provide us with land use rights to a new campus site for free after suitable land sites become available in the future. The Dongsheng Government also assisted us to obtain the requisite approvals, licenses and permits. In exchange, we are responsible for the maintenance, renovation and upgrade of the exiting school premises and the recruitment of teachers, other teaching staff and administrative staff. We are also responsible for building new school premises after the Dongsheng Government grants us the new campus site. Under the cooperation agreement, we are the sole sponsor of our schools and are in complete charge of the school operation.

Under our cooperation agreement with the Luoyang New District Administration Committee (the "**Luoyang Committee**"), the Luoyang Committee has purchased the land use rights and constructed the premises for our Luoyang schools. The Luoyang Committee owns such land use rights and premises and has granted us the right to use them in exchange for an administration fee, the calculation of which is based on our Luoyang school's disposable profit in the prior financial year. The Luoyang Committee also assisted us to obtain the requisite approvals, licenses and permits. In exchange, we are responsible for the maintenance, renovation and upgrade of the school premises and the recruitment of teachers, other teaching staff and administrative staff. Under the cooperation agreement, we are the sole sponsor of our schools and are in complete charge of the school operation.

As of the Latest Practicable Date, for our high schools, middle and elementary schools, preschools, and foreign national schools, the average breakeven period was approximately 2.5 years, 1.5 years, 1.6 years and 2.5 years, respectively. The average investment pay-back period of our high schools, middle and elementary schools, and preschools was approximately 9 years, 2 years and 3.6 years, respectively. Such average breakeven periods and average investment pay-back periods only take into account those schools that have reached the breakeven point or had their investments paid back in full.

Maple Leaf High Schools

As of the Latest Practicable Date, we operated seven high schools located in Dalian, Wuhan, Tianjin, Chongqing, Zhenjiang, Luoyang and Shanghai. As of May 31, 2014, our high schools had a total of approximately 5,903 students.

Our high schools are open to PRC citizens and foreign nationals and offer a dual-curriculum program. In order to make students eligible for both BC and PRC high school diplomas, each of our high schools must receive both BC and PRC certifications and obtain approvals from relevant provincial level educational authorities in China for delivering a dual-curriculum and dual-diploma program that enables our students to count the BC courses they take toward the PRC high school diploma. Each of our high schools has obtained PRC certification and the requisite approval from the relevant PRC provincial educational authority.

We have entered into a certification agreement with BC under the BC Global Education Program — Offshore Schools by going through the application process required under the BC Global Education Program. For each application, we presented to the BCMOE our compliance with the application requirements, our financial integrity and successfully passed a pre-certification onsite inspection. Our Dalian Maple Leaf International School (High School), which entered into a certification agreement with BC under the BC Global Education Program — Offshore Schools in the 1997/1998 school year, was the first offshore school with the authority to offer educational programs at the school leading to British Columbia Certificates of Graduation and served as BC's pilot school for delivering the BC Global Education Program. For details about the requirements and processes of application to and pre-certification and certification by the BCMOE, see the section headed "BC Global Education Program Certification and Inspection Requirements" in this prospectus.

We undergo annual inspections from the relevant authorities which ensure that our schools comply with the guidelines provided by such educational authorities. In January 2013, the BCMOE implemented various new requirements for certification application and renewal inspection. We believe that we have taken all the necessary steps to fulfill these new requirements. For more information about the annual inspections, the new requirements and the measures we have taken or plan to take with respect to those new requirements, see the section headed "BC Global Education Program Certification and Inspection Requirements" in this prospectus. As of the Latest Practicable Date, we had maintained all the certification status under the British Columbia Global Education Program — Offshore Schools in the annual inspections administered by the International Education Branch of the BCMOE. The annual inspections are mandatory under the BC Global Education Program, looking at various aspects of school operation, such as school facilities, student grades and teaching records. During the Track Record Period and up to the Latest Practicable Date, we had also passed all the inspections administered by the local educational authorities in China.

As schools that have been granted certification status under British Columbia Global Education Program — Offshore Schools, we conduct standardized BC provincial exams at our high schools throughout the school year in accordance with the schedule set by the BCMOE. These exams are marked by the BCMOE as required. We also have an agent who is responsible for contacting the BCMOE, as required by the BC Global Education Program.

For risks associated with our abilities to obtain and maintain PRC and BC certifications and obtain requisite approvals from relevant PRC educational authorities, see the section headed "Risk Factors — Risks Relating to Our Business and Our Industry — If we fail to obtain or renew PRC or BC certification or requisite PRC government approvals, we will not be able to continue to offer the corresponding high school diploma under the PRC or BC education systems to our high school graduates" in this prospectus. For a detailed description of the measures we have taken or plan to take in order to fulfill the new requirements of the BC Global Education Program, see the section headed "BC Global Education Program Certification and Inspection Requirements — Recent Reforms" in this prospectus.

Dual-Diploma Curriculum

The core component of our business is a dual-curriculum and dual-diploma high school education that enables our high school graduates to receive a fully accredited BC high school diploma and a PRC high school diploma.

The curriculum we have developed for our high schools consists of two types of subjects — those required under the BC high school system and those required under the PRC high school system. We aim to design our curriculum to have the BC courses and PRC courses supplement one another, combining the strengths of both education systems. The subjects required under the BC education system encompass eight fields: (i) English; (ii) mathematics; (iii) sciences; (iv) humanities; (v) arts; (vi) physical education; (vii) applied skills and (viii) college-bound electives such as applied sciences, acting, psychology, economics, marketing and accounting. All these subjects are taught in English by our BC-certified teachers using BC teaching materials. The courses required by the PRC educational authorities are Chinese language and social studies (Chinese history, geography and politics), which are taught by our PRC-certified teachers in Mandarin using materials required by PRC educational authorities and supplementary materials developed by us and can be used to count toward the BC high school diploma. For students who are not ready for the English intensive environment of the full BC high school program, we offer ESL courses which allow them to earn elective credits towards their BC high school diploma while increasing their English proficiency in an academically-motivated environment.

In addition to developing language acquisition skills, the required English courses expose students to Western literature and culture. Elective courses in areas such as art and drama cultivate individual creativity in our students and are intended to broaden their exposure to Western culture, better preparing them for studying in universities and colleges abroad. We also encourage our students to explore and develop potential career interests while in school and provide a "personal planning" class to our grade 10 students so that they can begin to explore possible future avenues of study and career options.

Memoranda of Understanding with Universities and Colleges Abroad

We currently have over 50 memoranda of understanding in place with different universities and colleges abroad to facilitate the admissions process for our high school graduates. We believe that each memorandum serves to help the partner university/college appreciate our solid bi-cultural academic program and the high level of our students' English language proficiency and facilitate the early admissions process by encouraging early contacts between our high school students and the university/college. We also believe that these memoranda help overseas universities and colleges familiarize themselves with our schools and accommodate the advantages of recruiting our high school graduates for their entering first-year classes.

Assessment and Grading

We tailor our assessment and grading system to ensure that the grades our students receive properly reflect their academic performances. The final grades of our students are a combination of marks given for classwork, homework, tests, quizzes, reports, the final exam results and the BC provincial exam results. As required by the BC Global Gradation Program, students must obtain a minimum grade of 50% to pass each course. We require our BC-certified teachers to strictly follow our policy that in marking school work and exams, our students must be assessed under the same grading standards applicable to native Canadian students.

Student Placements

As the English skills of our admitted students vary significantly, we accommodate our students' learning abilities by placing them into one of the three program streams based on the results of their English language assessments:

- *Foundations Program.* Students in the Foundations Program are typically able to communicate in English orally but need to develop the necessary language skills to read, write and communicate in an academic high school classroom. Students placed in this program take one BC course, one PRC course and three ESL courses every semester.
- *Bridging Program.* Students in the Bridging Program generally are able to read and write English, but need to develop the vocabulary and fluency necessary for success in the academic subjects in the BC high school program. Students placed in this program take two BC courses, one PRC course and two ESL courses every semester.
- *Full BC Program.* Students in the Full BC Program take four BC courses and one PRC course every semester.

After a period of study, some students in the Foundations or Bridging Program may show significant improvement in their learning abilities and language skills. We transfer such students to a more advanced program if we find that they are able to adapt to a more intensive class schedule.

Single Gender Education

Beginning in the 2009/2010 school year, we introduced single-gender education programs in our Dalian high school and middle school. Such separation of genders is intended to improve the academic performance of our students by taking into account the subtleties of gender differences in learning, and designing tailored learning opportunities for male and female students. Some of our classes are offered exclusively to students in one gender. Some select classes, as well as social events, are co-educational. We believe that such single gender education programs will lead to improvements in student academic performances as measured by test scores, graduation rates, and are solutions to behavioral difficulties for both male and female students. Since their inception, our single-gender programs at the Dalian campus have been well received by a majority of our parents, especially parents of female students.

Counselors

We have a team of counselors to provide care, support and guidance to our students. Our counselors are teachers that do not instruct, and they work with our students outside of the classroom, overseeing their independent study and their extracurricular activities. Our counselors communicate with BC-certified teachers regarding our students' in-class performance and serve as a bridge between the students and the faculty. Our counselors also take care of our students' daily life issues, resolving disputes between students and acting as liaison between schools and parents. Our counselors play an important role in helping to prepare our students to meet the challenges they will encounter when they go off to university and college studies overseas.

Academic Advising

We provide academic advice and guidance to our students at each of our high schools. We believe that the success of our students in an overseas undergraduate program requires more than just earning a high school diploma from a Canadian program or getting the right score on an English proficiency test. We believe that success in a university or college takes preparation, understanding and academic development. We employ

Canadian academic advisors on each of our high school campuses to meet one-on-one with our students regularly. Our academic advising begins in grade 10, with discussions about student interests and program selection. Our advisors supervise the academic performance of each student, identifying and resolving their concerns. They build strong relationships with our students throughout their high school years through regular discussions and follow-ups concerning their academic performance, grades and course selection. We also conduct surveys to enable our advisors to ensure that our students are aware of the processes and requirements necessary to graduate and receive the BC high school diploma.

Annual University and College Recruitment Fair

We host a university and college recruitment fair in each of our high schools in November every year. We selectively invite about 60 foreign post-secondary institutions to tour our campuses in China and meet face-to-face with our students and their parents. The schools we select are varied, including some of the world's top ranked large research universities, some small and medium sized undergraduate universities and colleges, and a number of renowned specialty institutions in the arts, technologies and hospitality. For example, approximately 57 post-secondary educational institutions from Canada, Australia, Denmark, Switzerland, the UK and the United States attended our ninth annual university and college fair held in Dalian, Wuhan, Tianjin, Chongqing and Zhenjiang in November 2013. To facilitate their candidacy at the visiting institutions, our grade 12 students will have received their first official BCMOE interim transcript showing their current academic standing before the recruitment fairs. We also encourage our grade 10 and 11 students to visit the fairs and start planning for their post-secondary paths upon graduation. We believe that our recruitment fairs provide an excellent opportunity for post-secondary institution representatives to begin a conversation with those of our students who will soon be seeking an undergraduate program.

Maple Leaf Middle Schools and Elementary Schools

As of the Latest Practicable Date, we operated 10 middle schools which are located in Tianjin, Wuhan, Dalian, Chongqing, Zhenjiang, Luoyang, Ordos, Pingdingshan and Shanghai, and nine elementary schools in Tianjin, Dalian, Wuhan, Zhenjiang, Luoyang, Ordos, Pingdingshan and Chongqing. As of May 31, 2014, our middle schools had a total of approximately 2,926 students and our elementary schools had a total of approximately 2,711 students.

Our middle schools focus on nurturing positive personal and academic development by guiding our students to acquire good learning skills, good living skills and good personal conduct. We carefully tailor our middle school program in alignment with the BC program offered in our high schools, with a focus on the all-around development of students and an emphasis on academic English development. Our middle schools offer the full middle school curriculum required by the PRC compulsory education system as well as English enhancement classes taught by ESL teachers. We believe that our middle school program addresses students' individual needs while setting a solid foundation for their academic development and ensuring smooth transition into our high schools.

Our elementary schools focus on developing a learning environment that leads to a lifelong desire to learn. We believe that our courses represent a combination of the solid academic foundation of the PRC compulsory education curriculum with our outstanding Maple Leaf English curriculum. Our elementary school program implements an active and engaging learning model that includes a focus on the arts and traditional Chinese culture. Our elementary school program provides our students the pathway to succeed through our middle schools and high schools. As our students in grades one to three are too young to fully adapt to the boarding environment, we assign child care supervisors to help them manage their daily life, ensuring that they gradually learn to take care of themselves and at the same time enjoy their time in our elementary school program. As our elementary and middle school course materials must fulfill the strict requirements imposed by the MOE as part of the nine-year compulsory education system, we have carefully designed our supplementary course materials to infuse Western educational philosophy into standard Chinese course offerings. We have developed our own set of supplementary course materials for use in our elementary and middle schools. With the help of various Chinese and Western education experts, we have combined the positive characteristics of Canadian elementary and middle school textbooks while, at the same time, taking into consideration the cultural and educational background of PRC students. We believe these materials are innovative, reader-friendly and content-rich; and they are adopted by our schools to supplement the education materials mandated under the PRC compulsory education system.

We emphasize an English-intensive education system throughout our school network. We have developed our own model for ESL teaching at the elementary and middle school levels and our own textbooks and learning materials, Maple Leaf English and Maple Leaf English for Young Learners. Our ESL model includes the important areas of listening, speaking, reading, writing and grammar. Through our teaching methods and our instructional materials we aim to teach our students to think in English as preparation for learning in English in their studies at our high schools. At the elementary and middle school levels our students take at least 12 English classes each week with half of those taught by native English speakers. Some of our ESL teachers hold education degrees.

Maple Leaf Preschools

As of the Latest Practicable Date, we had 12 preschools, 10 of which are located in Dalian and the remaining two in Ordos and Pingdingshan. As of May 31, 2014, our preschools had a total of approximately 1,702 students. We select our preschool locations by considering certain criteria, including the size of the potential student pool and the number of target families in a given area, as well as the availability of reasonably priced rental space.

Our preschools focus on developing an active and healthy learning environment that helps develop an inquisitive mind and emphasize fun in the process of learning. In our preschools, we blend elements of traditional Chinese culture with western cultural awareness and attempt to immerse our students in the English language at an early age through English classes and activities designed to emphasize early and significant exposure to a bilingual environment. In addition, our preschools are designed to encourage creative thinking, building independent problem-solving skills and instilling confidence in children at an early age.

Maple Leaf Foreign Schools

As of the Latest Practicable Date, we had two foreign national schools in Dalian and Wuhan, respectively. As of May 31, 2014, our Foreign Schools had a combined total of approximately 217 students. We believe that our Foreign Schools offer a positive and engaging learning environment in an all-English, Canadian education program. Enrollment at our Foreign Schools is open to all students from pre-school through grade nine who are foreign nationals. Our foreign national school program has been granted certification status under the British Columbia Global Education Program — Offshore Schools and all teachers and principals are BC-certified educators. Our Foreign Schools offer a diverse environment designed to enrich and support the development of students from international families living in China and students who are about to immigrate to a foreign country.

The core curriculum in our Foreign Schools includes math, science, social studies and language arts. In addition to the required second language, students must take courses in applied skills, health, career and personal planning, and fine arts, as well as meet the BC requirement of 30 minutes of physical activity each day. Learning is enhanced by offering small classes with 18 or fewer students, ensuring that each student receives a high level of individual attention. Teachers are also provided with teaching assistants to ensure enhanced learning opportunities for all students.

For some of our foreign national students, English is their second language and Chinese their third. We provide language tutoring for students tailored to their individual needs. Our quality educational program includes both ESL classes to support students who are not native English speakers and daily Chinese classes to help international students develop academic Mandarin proficiency. Our foreign national school students use teaching materials developed by our teachers in the ESL and Chinese classes.

Maple Leaf Schools and Campuses under Development

With an increasing demand of PRC parents for quality international education that paves a pathway to post-secondary educational institutions overseas, we have experienced significant growth and a pressure on certain schools' capacities. As a result, we plan to expand operations in our existing campuses and establish schools in other geographic locations both in and outside of China.

To better identify new locations for the expansion of our schools, we formed a development committee that meets monthly to discuss potential new opportunities. The process we go through in identifying and deciding on a new school location includes ordering and conducting market research, discussing project feasibility, determining target school locations, deciding on whether to build our own schools or find local partners, discussing terms of school setup with any counterparties, signing agreements and appointing an operations team for the new school. Among the various factors we take into consideration in selecting school locations, the expansion potential of a school site is something that we view as a key issue. On some of our existing campuses we reserve undeveloped lands on which we plan to construct various types of facilities to increase the capacity of these campuses. For our recently established campuses, we usually divide the sites into two areas and only complete the construction on one area upon school opening. We will consider commencing construction on the other area following increase in the student enrollment on these campuses. For example, we have purchased land adjoining our exiting campuses in Shanghai and Zhenjiang and plan to start constructing new schools on such land once the existing Shanghai and Zhenjiang campuses approach their full capacity.

We also aim to explore opportunities in new geographic locations and gradually expand our operations to more cities in China and abroad. Once we enter into a new geographic market, we first focus on establishing a high school, and gradually build out one or more sets of middle and elementary schools to provide a pipeline of students for our high school. We assign experienced mid-level managers in our established schools, such as headmasters, curriculum chancellors and academic directors, to develop and operate our new schools. We usually transfer BC-certified teachers from our established schools to the new schools and hire other teachers and staff locally.

We have cooperated with third parties, in particular, local governments, to jointly develop new schools. Under the recent cooperation agreements we have entered into, the third parties are responsible for acquiring campus sites and building school premises.

On July 10, 2013 and April 1, 2014, we entered into a cooperation agreement and a supplemental agreement, respectively, with Henan Shangxuetang Co. Ltd. ("**Shangxuetang Co.**") to jointly develop bilingual middle and elementary schools in Pingdingshan, Henan. Under the agreements, Shangxuetang Co. will construct the school premises with a capacity of 2,000 students for our Pingdingshan schools. Shangxuetang Co. will grant us the right to use the campus site and the school premises in exchange for an administration fee, the calculation of which is based on our Pingdingshan schools' disposable profit in the prior financial year. Shangxuetang Co. also agreed to assist us to obtain the requisite approvals, licenses and permits. We are responsible for the recruitment of teachers, other teaching staff and administrative staff. Under the cooperation agreement, we are the sole sponsor of our schools and will be in complete charge of the school operation. We opened our middle school, elementary school and preschool in Pingdingshan in September 2014.

On April 25, 2014, we entered into a cooperation agreement with the Tianjin Binhai High-Tech Industrial Development Zone Administration Committee (the "**Tianjin Committee**") to jointly develop bilingual middle school, elementary school and preschool in Tianjin. Under the agreement, the Tianjin Committee will construct the school premises with a capacity of 1,600 students for our new schools on the Huayuan Campus in Tianjin. The Tianjin Committee will grant us the right to use the campus site and the school premises in exchange for a rent, the calculation of which will be based on the number of students enrolled at our new schools in Tianjin. The cooperation agreement provides that we will enjoy a rent-free period of five years. We are responsible for the renovation and upgrade of the school premises and the recruitment of teachers, other teaching staff and administrative staff. Under the cooperation agreement, we are the sole sponsor of our schools and will be in complete charge of the school operation. We opened our middle school and elementary school on the Huayuan campus in Tianjin in September 2014.

On July 11, 2014, we entered into a cooperation agreement with the Shaanxi Xixian New District Administration Committee (the "**Xixian Committee**") to jointly develop bilingual high, middle, elementary and foreign national schools in Xi'an, Shaanxi. Under the agreement, the Xixian Committee will construct the school premises and contribute the land use right to the campus site and the school premises to the Xi'an schools, and we are responsible for the recruitment of teachers, other teaching staff and administrative staff and the management of the schools. The Xixian Committee and we will coordinate to obtain the requisite approvals, licenses and permits. The Xixian Committee is entitled to receive an administration fee, the calculation of which is based on our Xi'an schools' disposable profit in the prior financial year. Under the cooperation agreement, we are the sole sponsor of our schools and will be in complete charge of the school operation.

On July 18, 2014, we entered into a cooperation agreement with Zhejiang Pinghu Economic and Technical Development Zone Administration Committee (the "**Pinghu Committee**") to jointly develop bilingual middle school, elementary school and preschool in Pinghu, Zhejiang. Under the agreement, the Pinghu Committee will construct the school premises with a capacity of 2,000 students to our Pinghu schools and contribute the land use right to the campus site and the school premises to the Pinghu schools. The Pinghu Committee also agreed to assist us to obtain the requisite approvals, licenses and permits. The Pinghu Committee is entitled to receive an administration fee, the calculation of which is based on our Pinghu schools' disposable profit in the prior financial year. We are responsible for the recruitment of teachers, other teaching staff and administrative staff. Under the cooperation agreement, we are the sole sponsor of our schools and will be in complete charge of the school operation.

On September 25, 2014, we entered into a cooperation agreement with the Yiwu government to jointly develop bilingual schools on two campuses (one campus for a high school and a Foreign School, the other for a middle school, an elementary school and a preschool) in Yiwu, Zhejiang. Under the agreement, with respect to the high school and Foreign School, the Yiwu government will grant us the right to use the campus site and the school premises and obtain the requisite approvals, licenses and permits for us. The Yiwu government is entitled to receive an administration fee, the calculation of which is based on the disposable profit of our Yiwu high school and Foreign School in the prior financial year. With respect to the middle school, elementary school and preschool, the Yiwu government will provide us the land use right to the campus site for free and assist us to obtain the requisite approvals, licenses and permits. We will construct the school premises for the middle school, elementary school and preschool. Under the cooperation agreement, we are the sole sponsor of all of our Yiwu schools and will be in complete charge of the school operation.

We also plan to carry out part of our future expansion plan under an asset-light approach by partnering with third parties to develop new schools. We negotiated with local governments in South Korea to explore an expansion opportunity in Suncheon City, South Korea.

After deciding on the location and operating model of a new school, our operations team proceeds to design and construct the school, arrange for the necessary facilities and equipment, obtain the necessary licenses and approvals and formulate an effective teaching plan. The operations team typically consists of a headmaster, an academic director, an English teaching director, and admissions director, a general affairs director and a financial officer. Our marketing team formulates a tailored marketing plan for the school and provides training to our operations team to maximize local promotion and teachers and student recruitment for the school. It typically takes approximately 18 to 24 months for us to proceed from identifying a new school location to admitting our first students on campus.

The following table sets forth certain addition information about our new campuses that opened in September 2014:

School	Maximum capacity for students	Investment budgets(1) (RMB'000)	Costs incurred(1) (RMB'000)	Source of funds
Tianjin (Huayuan campus)				
Middle school and elementary school	1,600	9,100	600	Self-owned capital and proceeds from the Global Offering
Pingdingshan, Henan Province				
Middle school, elementary school and preschool	2,000	0	0	—

(1) Related to capital expenditure only.

The following table sets forth certain additional information about our new campuses to be opened as of the Latest Practicable Date:

School	Status	Estimated school commencement date	Estimated maximum capacity for students	Investment budgets(1) (RMB'000)	Costs incurred(1) (RMB'000)	Source of funds
Pinghu, Zhejiang Province				12,040	0	Self-owned capital and proceeds from the Global Offering
Middle school	Under planning	September 1, 2016	800			
Elementary school	Under planning	September 1, 2016	900			
Preschool	Under planning	September 1, 2016	300			
Yiwu, Zhejiang Province				152,060	0	Self-owned capital and proceeds from the Global Offering
High school and foreign national school	Under planning	September 1, 2015	1,400–1,800	14,160	0	
Middle school, elementary school and preschool	Under planning	September 1, 2016	1,800	137,900	0	
Xi'an, Shaanxi Province				23,660	0	Self-owned capital and proceeds from the Global Offering
High school, middle school, elementary school and foreign national school	Under planning	September 1, 2016– September 1, 2017	3,500–4,000			

(1) Related to capital expenditure only.

In addition to expanding our existing campuses and developing new campuses, we also plan to make use of the vacant premises on some of our existing campuses by opening new schools. We opened a middle school on our Shanghai campus and an elementary school on our Chongqing campus in September 2014, which we believe will enable us to increase the utilization rates of these two campuses.

OTHER SERVICES

We aim to provide an inclusive system of academic and outreach programs that are designed to work together to provide all of our students with access to a diverse range of experiences, including networking, character development and cultural exploration. We have put in place the following services to encourage and support the success of our students, as well as our innovative English intensive dual-diploma program.

Our revenue for other services is recognized when the related services are rendered. See the section headed "Financial Information — Critical Accounting Policies — Revenue Recognition" in this prospectus. As a result, our revenue from other services is subject to seasonal fluctuations.

Summer and Winter Camps

We believe that one of the greatest challenges for our students is to develop fluency in English, and that our students can learn English more effectively through an educational camp in Canada, Australia or the United

States. We therefore have developed partnerships with foreign universities and colleges that tailor programs and activities to improve our students' English communication skills, expand their knowledge and develop a familiarity with university and college environments and western cultural diversity. For our students in grades nine and below we organize English immersion camps overseas in Canada, Australia and the United States. These camps are typically two weeks long and take place on college or university campuses with classes, games and excursions. For our high school students we offer university tour camps that are usually also two weeks long. Participants will visit different universities during the tour. These visits help our student to get a feel for the campuses, talk with admissions officers and spend time with our alumni currently studying at each university.

Through our camps, many students have visited post-secondary institutions in different countries such as Canada, Australia and the United States. We have also recently added summer camps in South Korea. Some of the university tour camps include a homestay, which allows the participants to get an inside look at Western family dynamics and form supportive friendships while improving English fluency. We send our teachers to escort our students during their tours. By participating in the summer and winter camps, we believe that our students not only broaden their horizons and improve their English, but also clarify their academic goals and enhance their motivation.

Graduation Consulting Center

We have graduation consulting centers and employ a team of graduation consultants. Our graduation centers provide an important link between our students, the universities and colleges they are applying to, and the embassies and consulates issuing student visas. Our on-campus consultants provide confidential services for our students and parents. They assist our high school students with their university and college applications and guide them through the admissions process for overseas post-secondary institutions. Our consultants maintain close relationships with many post-secondary institutions to which our students apply and arrange campus visits and information sessions for college and university representatives to facilitate their meetings with our student applicants. They also provide college/university and career counseling advice to help our students make informed decisions.

In addition, our academic advisors are in contact with admissions officers of overseas post-secondary institutions to which our students apply. They ensure completion of application documents and receipt of reference letters. They also help our students with the immigration process for overseas studies, and provide services such as obtaining visas, scholarships and off-campus housing. We believe that the services of our consultants ensure a smooth transition for our students from our high schools to post-secondary studies. In 2013, over 80% of our high schools students chose to use the services provided by our graduation consulting centers for their applications. We charge each student a fee based on the scope of consulting services requested by the student and enter into contractual arrangements with individual students and their parents requesting such services.

Orca Center

In June 2013, we established the Maple Leaf Orca Center, which focuses on the development of high-end educational services and products. Our Orca Center offers the Orca program, which targets our students who aim to enroll in leading universities in the world. The Orca program provides them personalized college counseling services and helps them obtain offers and financial aid from top universities. We typically go through several rounds of interviews and evaluations of candidates recommended by our high schools and place no more than 10 students into the Orca program. For students admitted into the program, we assign mentors who design tailored extracurricular activities and advise them on their university/college applications to enhance their competitiveness. As of June 30, 2014, through the Orca program, we assisted one student in getting an offer from the University College London.

The Orca Center also cooperates with Ameson Education and Culture Exchange Foundation to select candidates for the University of Cambridge, and offers selected students opportunities to attend events organized by the world's top 10 universities, such as the Harvard Summit for Young Leaders of China. Furthermore, our Orca Center provides on-campus SAT training and test taker escorting services to our students who are interested in applying universities/colleges in the United States.

OUR STUDENTS

We seek students who are broad-minded, eager to embrace cultures and change, and enthusiastic about learning and expanding their academic horizons. For the financial years ended August 31, 2011, 2012 and 2013 and the nine months ended May 31, 2014, our revenue per student was approximately RMB37,949, RMB39,343, RMB40,286 and RMB27,160, respectively.

Our High School Students

We target our efforts to recruit high school students who seek a blend of Chinese and Western education and who are interested in attending colleges and universities outside of China. As of June 30, 2014, our high school students were primarily Chinese nationals, with the remaining approximately 3.6% being international students.

Our high school admissions process is selective and seeks to enroll students with strong English skills and high learning potential. We implement the same admissions standards in all of our high schools to ensure fair and consistent admissions results. Admissions to our high schools require successful completion of grade nine in the middle school program and passing the Entrance Exam with a high score. In general, applicants who received 75% or more on the Entrance Exam would be admitted into our high school program directly. Applicants who scored below 75% on the Entrance Exam will have to take admission tests designed by each school. The tests consist of one paper exam on English and one paper exam on math. For applications from transfer students, we test their English skills and take into account various other factors, especially their academic performances in the last attended high schools.

In the 2010/2011, 2011/2012 and 2012/2013 school years, based on our estimates, our high school graduates were admitted to over 239 universities and colleges in over 15 countries and regions around the world, primarily in Canada and the United States, which represents over 60% and 15% of our total high school graduates, respectively. Most of the Chinese national students of our high schools who graduated in these three school years chose to study abroad, but some of our international students applied to universities and colleges in China. In the same school years, based on our estimates, approximately 44%, 38% and 47% of our high school graduates, respectively, were admitted to the World Top 100 Universities.

As of May 31, 2014, we had over 5,903 high school graduates. We have established the Global Alumni Association of Maple Leaf International Schools. We strongly encourage our graduates to actively take part in the networking activities and other initiatives organized by our alumni association. We have established local branches of our alumni association in Toronto, Vancouver and Dalian. In addition, we plan to start new branches in more cities, such as Boston and Edmonton. With the annual increase in the number of our graduates, we believe that our alumni association will better serve and respond to the needs of our alumni globally. Our growing student alumni network also provides support to our schools in numerous ways, including in the areas of student recruitment and teaching staff recruitment.

Our Middle School and Elementary School Students

Our middle and elementary schools endeavor to enroll students who seek an interactive and vigorous learning environment with an emphasis on academic English development and who are interested in attending our high schools or high schools overseas. As of June 30, 2014, our middle school and elementary school students mostly consisted of Chinese nationals and had approximately 3.9% international students. We apply standardized admissions criteria in all of our middle and elementary schools, requesting applicants in grade three or below to go through an interview process and applicants starting from grade four to go through both interviews and written admission assessment exams. In each of the 2010/2011, 2011/2012 and 2012/2013 school years, over 70% of our elementary school graduates enrolled in our middle school programs, and over 70% of our middle school graduates chose to attend our high schools.

Our Foreign National School Students

Our Foreign Schools have the authority to offer educational programs at the school leading to British Columbia Certificates of Graduation and provides a full K-9 curriculum to foreign students. As of May 31, 2014, we had approximately 200 students in our Foreign Schools that come from 36 countries and regions, including the United States, Canada, South Korea, Mongolia, Kazakhstan, Japan and Russia.

MARKETING AND STUDENT RECRUITMENT

We employ a range of marketing and recruiting methods to attract students and increase enrollment at our schools. Historically, our student enrollment has been driven primarily by word-of-mouth referrals. We believe that one of the best student recruitment tools we have is a strong education program that consistently improves and challenges our students. We believe that parents who are satisfied with our services will naturally express their satisfaction to people around them, who are often have strong interest in sending their children to study overseas as well. Our student enrollment has benefited and will continue to benefit from referrals by our extensive network of students, parents and alumni satisfied with the high-quality education that we offer.

We promote our brand and recruit students through our on-campus student recruitment offices. As of May 31, 2014, we had more than nine on-campus student recruitment offices with a total of 51 recruiting staff. Each of our recruiting staff must go through marketing training sessions and is responsible for answering inquiries made by interested parents and holding promotional events to attract new students.

We also carry out our marketing activities through third-party recruiting agents. As of May 31, 2014, we had engaged approximately 119 third-party individual agents and 36 third-party recruiting offices located throughout China. These recruiting agents acted as independent contractors on a commission basis to market our schools in various geographic regions, introduce our schools to local parents and recruit new students. Under our agreements with them, each agent is paid a commission for every student who successfully passes through the interview process and enrolls at one of our schools.

We increase the awareness of our "Maple Leaf" brand by inviting our parents, the media, the officials of local educational authorities, the public and sometimes BC government officials to attend our annual university and college recruitment fairs and other on-campus events and communicate with our students and teachers face-to-face. For example, a number of reporters and government officials were invited to our ninth annual recruitment fair held in Dalian, Wuhan, Tianjin, Chongqing and Zhenjiang in November 2013, which was covered by various newspapers and other media and successfully promoted our high schools. We also plan to utilize new and targeted marketing techniques, such as Internet marketing, targeting potential students and their parents and offering individual informational meetings. In addition, we plan to increase our school utilization by providing additional programs such as summer and winter classes at our existing campuses outside regular school hours.

As of May 31, 2014, we had approximately 42 sales and marketing personnel who actively promoted and increased student enrollment in existing schools. Our sales and marketing personnel work on campus, answering inquires of the parents who are interested in our schools and holding marketing events to present our programs to interested parents.

TEACHERS AND TEACHER RECRUITMENT

We believe that our team of dedicated and capable teachers has been crucial to our success. Our BC-certified teachers form a core group within our teaching staff, allowing us to maintain the quality of our educational services while undergoing expansion. As an operator of private schools, we can provide better incentives to independently recruit qualified teachers who fit our hiring criteria and can thrive in our schools. Teachers are the key to maintaining high-quality educational programs and services as well as maintaining our brand and reputation. Our aim is to continue hiring teachers with a strong command of their respective subject areas who are open to innovative teaching methods.

As of May 31, 2014, we had a team of approximately 1,272 teachers, including approximately 306 BC-certified teachers, approximately 834 PRC-certified teachers and approximately 56 ESL teachers. Our BC-certified teachers accounted for about 70% of our high school teachers as of May 31, 2014. Most of our teachers are full-time teachers. As of the end of the 2010/2011, 2011/2012 and 2012/2013 school years and the nine months ended May 31, 2014, our part-time teachers accounted for approximately 5%, 5%, 4% and 3% of the total number of our teachers, respectively. For each of the financial years ended August 31, 2011, 2012 and 2013 and the nine months ended May 31, 2014, staff costs in relation to our part-time teachers amounted to less than 2% of our total staff costs. All of our courses required under the BC curriculum are taught by BC-certified teachers in English. All of our BC-certified teachers are certified by the BCMOE. They must submit their credentials for evaluation by either of the aforementioned BC certification bodies before becoming BC-certified. All of our courses required for PRC diplomas are taught by PRC-certified teachers in Chinese. Our PRC-certified teachers obtain certification with relevant local educational authorities in China after passing applicable tests. Our ESL teachers are neither PRC-certified nor BC-certified. They hold ESL certificates and train our students to improve their English proficiency.

We seek to employ teachers who have strong commands of the subject areas they teach, sound social and communication skills and who are open to new educational theories and creative teaching methods which we may implement from time to time. Before hiring each teacher, we usually consider his or her transcript, graduation certificate and reference letters as well as his or her performance in the interview. All of our PRC-certified teachers are recruited from within China by each school, and our BC-certified teachers are mainly recruited from Canada through third-party recruiters. We also conduct background checks for our candidates during the recruiting process and include the background check results in each candidate's assessment report. Such assessment report will be reviewed by management at both the school level and the group level before a hiring decision is made.

We strive to attract teaching talent for our schools. There are a limited number of teachers with the necessary experience and language proficiency to teach our courses and there are challenges involved in recruiting qualified BC-certified teachers to live and teach in China. We offer a comprehensive benefits package, including return airfare, children tuition discount and orientation to attract BC-certified teachers. Our scale also allows us to provide our BC-certified teachers with the opportunity to work on different campuses within our school network and enjoy diversified experiences and cultural exposure during their stay in China. In addition, we endeavor to help our new BC-certified teachers to familiarize themselves with the daily life in China. Our employment agreements for BC-certified teachers have initial terms of two years. After the initial two years, each teacher may extend his or her contract by one year or negotiate and sign another two-year contract with us. We generally enter into a three-year employment contract with these teachers.

We provide orientation for our new BC-certified teachers which covers logistics of the schools we operate. We also implement ongoing monitoring and evaluation procedures for our teachers. During the school year, we monitor the teaching quality of our teachers and conduct evaluations of our teachers from time to time. Our teachers may meet with experienced staff members as well as each other to discuss ways to improve classroom teaching and student learning.

The following table sets forth the approximate numbers of our teachers as of the dates specified:

	June 30,			May 31,
	2011	2012	2013	2014
High, middle and elementary schools and Foreign Schools				
BC-certified teachers	211	246	266	306
PRC-certified teachers	404	528	651	834
ESL teachers	23	28	49	56
Subtotal	638	802	966	1,196
Preschools				
Teachers qualified in childcare	61	61	70	76
Total	699	863	1,036	1,272

COMPETITION

The education sector in China is rapidly evolving, highly fragmented and competitive, and we expect competition in this sector to persist and intensify. We face competition in each geographic market in which we operate. In particular, we compete with public schools and other private schools that offer bilingual programs to students. We believe that the principal competitive factors in our relevant markets include the following:

- brand recognition;
- reputation of the BC high school diploma, the BC Global Education Program or BC education as a whole and popularity of the BC high school diploma;
- popularity of other international high school diplomas;
- foreign universities' level of acceptance/recognition of the BC high school diploma and other high school diplomas;
- scope and quality of programs, services and product offerings;
- overall student experience;
- ability to effectively market programs, services and products to a broad base of prospective students;
- ability to attract and retain qualified certified teachers; and
- alignment of programs, services and products catering to specific needs of students, parents, educators and employers.

We believe that our primary competitive advantages are our well-known "Maple Leaf" brand, our innovative and inspirational instruction methods and the high quality of our programs, services and products. In the 2012/2013 school year, based on our estimates, approximately 47% of our high school graduates, respectively, were admitted to the World Top 100 Universities, which according to the Frost & Sullivan Report is the highest ratio among the top five international high schools in China in the 2012/2013 school year. However, some of our existing and potential competitors may have more resources than we do, and may be able to devote greater resources than we can to the development, promotion and sale of their programs, services and products and respond more quickly than we can to changes in student demands, testing materials, admissions standards, market needs or new technology. In addition, we face competition from a variety of smaller-sized organizations that focus on some of our targeted geographical markets, and they may be able to respond more promptly to changes in student preferences in these markets. See the sections headed "Risk Factors — Risks Relating to Our Business and Our Industry — Competition in the education industry sectors that we serve could lead to pricing pressures, reduced operating margins, loss of market share, departure of key employees and increased capital expenditures" and "Industry Overview" in this prospectus.

EMPLOYEES

We had approximately 2,528 employees as of May 31, 2014. All of our employees are located at our campuses in China.

The following table sets forth the approximate numbers of our employees categorized by function in each of the periods ended:

	June 30,			May 31,
Types of Employees	**2011**	**2012**	**2013**	**2014**
Management	63	28	34	31
Administrators	472	447	599	689
Sales and marketing	25	31	63	51
Teachers and other teaching staff	1,127	1,336	1,504	1,757
Total	1,687	1,842	2,200	2,528

As required by regulations in China, we participate in various employee social security plans that are administered by municipal and provincial governments, including housing, pension, medical insurance and unemployment insurance. For more information about our compliance with the relevant social insurance and housing provident fund regulations, see the section headed "Business — Legal Proceedings and Compliance" in this prospectus. We believe that we maintain a good working relationship with our employees, and we have not experienced any material labor disputes.

INTELLECTUAL PROPERTY

Given the importance of the "Maple Leaf" brand to our business, our intellectual property is an important element of our business. As of the Latest Practicable Date, we had registered one trademark and two active domain names in the PRC and one trademark in Hong Kong. For detailed information about our intellectual property, see the section headed "Appendix VI — Statutory and General Information — Intellectual Property Rights of Our Group" to this prospectus.

We rely on trademarks and other intellectual property laws to protect our intellectual property rights. We send cease-and-desist letters to any instance of copyright infringement when we find where third parties make unauthorized use of our trademarks. The employment agreements with our employees also contain standard provisions for the confidential use of our intellectual properties and provided that we entitled to have the ownership of all the "work for hire" intellectual properties developed by its employees. For risks and uncertainties associated with our intellectual property, see the section headed "Risk Factors — Risks Relating to Our Business and Our Industry — We may lose our competitive advantage and our reputation, brand and operations may suffer if we fail to protect our intellectual property rights or prevent the loss or misappropriation of our intellectual property rights" in this prospectus.

As of the Latest Practicable Date, we had not received any intellectual infringement-related complaints or claims against us. However, we cannot assure you that we will not encounter disputes from time to time over rights and obligations concerning intellectual property. See the section headed "Risk Factors — Risks Relating to Our Business and Our Industry — We may encounter disputes from time to time relating to the intellectual property of third parties" in this prospectus. Copyright, trademark or trade name infringing activities by a teacher or employee is subject to disciplinary action and such behaviors would be considered in the annual evaluation of such teacher or employee.

CUSTOMERS AND SUPPLIERS

Our customers primarily consist of our students and their parents or other sponsors. We did not have a single customer who accounted for more than 5% of our revenue for each of the financial years ended August 31, 2011, 2012 and 2013 and the nine months ended May 31, 2014.

Our suppliers primarily comprise of travel agencies, construction material providers, electronics vendors and technology system vendors. For each of the three years ended August 31, 2011, 2012 and 2013, and the nine months ended May 31, 2014, our five largest suppliers in aggregate accounted for 6.9%, 7.8%, 8.2% and 3.6%, respectively, of our cost of revenue. During the same periods, our largest supplier accounted for 2.6%, 2.6%, 3.8% and 0.9%, respectively, of our cost of revenue. None of our Directors, their respective associates, or any Shareholder who, to the knowledge of our Directors, owns more than 5% of our issued capital, has any interest in any of our five largest suppliers during the Track Record Period and up to the Latest Practicable Date.

PROPERTIES

We own all the land use rights to our campuses in Dalian, Wuhan, Tianjin, Chongqing, Zhenjiang, and Shanghai, which cover all of our schools in operation in these cities, except for our preschools and Foreign Schools and all the school premises in those campuses. The land use rights we have acquired are generally valid for a period of fifty years starting from the date of grant. In addition, we develop certain of our schools in accordance with cooperation agreements with third parties, under which the third parties have agreed to grant us the right to use the campus sites and the school premises. For more information about these schools, see the section headed "— Our Schools" in this prospectus. For risks and uncertainties associated with our cooperation with local governments, see the section headed "Risk Factors — Risks Relating to Our Business and Our Industry — We develop certain of our schools in accordance with our cooperation agreements with third parties, under which the third parties grant us the right to use the campus sites and the school premise" in this prospectus. We believe that our existing campuses and campuses under construction are adequate for our current and foreseeable requirements.

The following table sets out a summary of the site area and gross floor area of the campuses we owned as of May 31, 2014:

	Site area (sqm)	**Gross floor area (sqm)**
Dalian		
Main campus (high school and middle school)(1)	232,554	160,723.68
Elementary school	14,612	20,695.91
Wuhan (high school, middle school, elementary school and foreign national school)(2)	225,549	105,259.54
Tianjin (high school, middle school and elementary school)	104,689	75,655.63
Chongqing (high school and middle school)	142,951	46,959.54
Zhenjiang	60,226.6	41,091.92
Shanghai(3)	87,973	37,672.94
Total	868,554.6	488,059.16

(1) *As of the Latest Practicable Date, we had not obtained the building ownership certificates for certain school premises on our Dalian campus, which have been put into use and cover an aggregate gross floor area of 34,814.56 square meters. In addition, we had not passed the environmental assessments, fire control assessments and construction completion inspections for certain premises on our Dalian campus, which have been put into use and cover an aggregate gross floor area of 327 square meters.*

(2) *As of the Latest Practicable Date, we had not passed the construction completion inspections for certain premises on our Wuhan campus, which have been put into use and cover an aggregate gross floor area of 32,173.6 square meters*

(3) *As of the Latest Practicable Date, we had not passed the construction completion inspections for all the school premises on our Shanghai campus, which have been put into use and cover an aggregate gross floor area of 37,672.94 square meters.*

The following table sets out a summary of the gross floor area of the campuses that we had obtained the right to use as of May 31, 2014:

	Gross floor area (sqm)
Ordos (high school, middle school, elementary school and preschool)	20,237.35
Luoyang (middle school and elementary school)	81,067.84
Total	101,305.19

As of the Latest Practicable Date, we had not obtained the building ownership certificates for certain school premises on our Dalian campus, which have been put into use and cover an aggregate gross floor area of 34,814.56 square meters. Such failure was due to the relevant local government authorities' delays in processing our building ownership certificate applications. Our PRC Legal Counsel does not find any major legal impediment to our ability to obtain building ownership certificates for these school premises on our Dalian campuses. Our PRC Legal Counsels has also advised us that, under applicable PRC laws and regulations, the fact that we do not have building ownership certificates for these school premises would not affect our usage of such premises as they have passed the construction completion inspection.

As of the Latest Practicable Date, we had not passed the environmental assessments, fire control assessments and construction completion inspections for certain premises on our Dalian campus, which have been put into use as mailroom and sewage treatment facilities and cover an aggregate gross floor area of 327 square meters. Such failure was due to our failure to obtain construction project planning permit or construction permit for those premises. In addition, as of the Latest Practicable Date, we had not passed the construction completion inspections for certain premises on our Wuhan campus, which have been put into use and cover an aggregate gross floor area of 32,173.6 square meters, and the construction completion inspections for all the school premises on our Shanghai campus, which have been put into use and cover an aggregate gross floor area of 37,672.94 square meters. Such failure was due to the relevant local government authorities' delays in carrying out the assessments or inspections, or both. For risks and uncertainties associated with our failure to pass these assessments and inspections, see the section headed "Risk Factors — Risks Relating to Our Business and Our Industry — We are subject to extensive governmental approvals and compliance requirements for constructing and developing campuses and school premises" in this prospectus.

Our Directors are of the view that, our failure to obtain the environmental assessments, fire control assessments and/or construction completion inspections for the above school premises, either individually or collectively, is not material to our business operation, because (i) the affected school premises in Dalian have a very small gross floor area and are not used as teaching facilities or student dormitories; and (ii) the affected school premises in Wuhan and Shanghai will not be used during the summer break, which is between July 1 to August 31, 2014, and we expect to complete all the requisite assessments and inspections for these school premises by the end of 2014.

As of May 31, 2014, we leased school premises with an aggregate gross floor area of 20,030.9 square meters for our preschools in Dalian and Dalian Foreign School. The following table sets out a summary of properties we leased as of May 31, 2014:

	Gross floor area (sqm)
Dalian	
Dalian Foreign School	3,346.32
Jiabao preschool	1,045.8
Lanxi preschool	1,534
Fengqiao preschool	1,444
Jinhai preschool	1,440
Sunshine preschool	1,785.78
Xiangzhou Xincheng preschool	1,720
Qianshan Xincheng preschool	1,770.18
Kaifaqu preschool	2,344.82
Zhonghua Mingcheng preschool	2,400
Xianghe Huayuan preschool	1,200
Total	20,030.9

We have tried to verify the title and certification of each of our leased properties. However, some of the lessors refused to, or were unable to, provide us the valid land use rights certificates or building ownership certificates for the premises they leased to us. As of the Latest Practicable Date, we were unable to determine with complete certainty whether the lessors of Lanxi preschool, Xiangzhou Xincheng preschool, Jinhai preschool, Xianghe Huayuan preschool, Zhonghua Mingcheng preschool, Sunshine preschool and Dalian Foreign School hold good title and the right to lease those properties. The aggregate gross floor area of these properties is 13,426.1 square meters. As of the Latest Practicable Date, we were not aware of any actions, claims or investigations being contemplated by any third party with respect to possible defects in our leased real properties. In addition, we have not registered most of our lease agreements with relevant government authorities. For a description of the risks and uncertainties associated with our leased properties, see the section headed "Risk Factors — Risks Relating to Our Business and Our Industry — Our legal right to lease certain properties could be challenged by property owners or other third parties" in this prospectus.

Our Directors are of the view that, these seven leased properties, either individually or collectively, are not material to our business operation, because (i) tuition from our preschools accounted for approximately 6.6%, 5.7%, 5.6% and 5.2% of our total revenue for the years ended August 31, 2011, 2012 and 2013 and the nine months ended May 31, 2014, respectively; and (ii) the aggregate student enrollment of the affected schools is less than 10% of the our entire student enrollment. Our Directors believe that we would not incur significant expenses if we are required to relocate the affected schools, and that our business operation would not be materially affected by such relocation.

INSURANCE

We maintain various insurance policies to safeguard against risks and unexpected events. We purchased property insurance on the school facilities that we own legal titles to and the insurance policies cover losses due to fire, explosion and a wide range of human accidents. We also maintain school liability insurance for our schools and have procured student safety insurance coverage on behalf of students at our schools. We also provide social security insurance including pension insurance, unemployment insurance, work related injury insurance and medical insurance for our PRC employees. We consider our insurance coverage to be in line with that of other companies of similar size in the same industry in China. For risks associated with our insurance coverage, see the section headed "Risk Factors — Risks Relating to Our Business and Our Industry — We have limited insurance coverage" in this prospectus.

HEALTH AND SAFETY MATTERS

We are dedicated to protecting the health and safety of our students. We have purchased insurance for our students as required under PRC laws and regulations. We also maintain a team of security guards at each of our campuses and require approvals from both counselors and parents before allowing our students to leave our schools. Our PRC Legal Counsel is of the opinion that, during the Track Record Period and up to the Latest Practicable Date, we had been in compliance with applicable PRC laws and regulations in all material respects relating to the protection of health or safety.

LICENSES AND PERMITS

Our PRC counsel has advised us that, during the Track Record Period and up to the Latest Practicable Date, we had obtained most of the requisite licenses, approvals and permits from the relevant government authorities that are material for our business operations in China and such licenses, approvals and permits remained in full effect, and no circumstances existed that would render their revocation or cancellation. For risks and uncertainties associated with our licenses, approvals and permits, see the section headed "Risk Factors — Risks Relating to Our Business and Our Industry — We may not be able to obtain all necessary approvals, licenses and permits and to make all necessary registrations and filings for our education and other services in China" in this prospectus. Our PRC counsel also advised that there was no legal impediment to renew such licenses, approvals and permits which had been obtained by us as of the Latest Practicable Date. The following table sets forth details of our material licenses and permits:

License/Permit	Holder	Granting Authority	Grant Date	Expiry Date
Private School Operating License	Dalian Maple Leaf High School	Liaoning Education Bureau	April 28, 2013	April 28, 2016
Private School Operating License	Dalian Maple Leaf International School (Middle School and Elementary School)	Dalian Jinzhouxin District Education Bureau	March 1, 2014	February 28, 2017
Private School Operating License	Wuhan Maple Leaf International School (High School)	Wuhan Education Bureau	March 31, 2010	N/A
Private School Operating License	Wuhan Maple Leaf School (Middle School and Elementary School)	Wuhan Donghu District Education Bureau	April 25, 2013	N/A
Private School Operating License	Chongqing Maple Leaf International School (High School, Middle School and Elementary School)	Chongqing Yongchuan District Education Bureau	March 27, 2014	May 31, 2018
Private School Operating License	Tianjin Taida Maple Leaf International School (High School, Middle School and Elementary School)	Tianjin Economic and Technical Development Zone Education Bureau	November 2012	December 2014

License/Permit	Holder	Granting Authority	Grant Date	Expiry Date
Private School Operating License	Henan Maple Leaf International School (High School, Middle School and Elementary School)	Luoyang Education Bureau	September 2014	September 2018
Private School Operating License	Inner Mongolia Ordos Maple Leaf International School (Middle School and Elementary School)	Ordos Dongsheng District Education Bureau	May 29, 2014	May 28, 2015
Private School Operating License	Shanghai Maple Leaf International School (High School and Middle School)	Shanghai Jinshan District Education Bureau	March 2, 2014	March 1, 2015
Private School Operating License	Zhenjiang Maple Leaf International School (High School)	Zhenjiang Education Bureau	January 4, 2013	January 3, 2015
Preschool Operating License	Dalian Maple Leaf Qianshan Xincheng Preschool	Dalian Ganjinzi District Education Bureau	March 6, 2013	March 5, 2016
Preschool Operating License	Dalian Maple Leaf Sunshine Preschool	Dalian Shahekou District Education Bureau	April 6, 2013	April 5, 2016
Preschool Operating License	Dalian Maple Leaf Fengqiao Preschool	Dalian Zhongshan District Education Bureau	April 5, 2010	N/A
Preschool Operating License	Dalian Maple Leaf Lanxi Wenyuan Preschool	Dalian Shahekou District Education Bureau	May 30, 2014	December 30, 2014
Preschool Operating License	Dalian Maple Leaf Jiabao Preschool	Dalian Zhongshan District Education Bureau	November 8, 2013	N/A
Preschool Operating License	Dalian Maple Leaf Jinhai Preschool	Dalian Xigang District Education Bureau	January 1, 2014	December 31, 2016
Preschool Operating License	Dalian Maple Leaf Xiangzhou Preschool	Dalian Shahekou District Education Bureau	May 29, 2014	December 30, 2014
Preschool Operating License	Dalian Maple Leaf Kaifaqu Preschool	Dalian Development Zone Education Bureau	November 25, 2009	November 25, 2014

License/Permit	Holder	Granting Authority	Grant Date	Expiry Date
Preschool Operating License	Dalian Maple Leaf Xianghe Huayuan Preschool	Dalian Ganjinzi District Education Bureau	March 18, 2013	March 17, 2016
Preschool Operating License	Dalian Maple Leaf Zhonghua Mingcheng Preschool	Dalian Xigang District Education Bureau	April 28, 2011	April 27, 2015
Preschool Operating License	Ordos Maple Leaf First Preschool	Ordos Dongsheng District Education Bureau	May 29, 2014	May 28, 2015
Private School Operating License	Pingdingshan Maple Leaf International School (Middle School and Elementary School)	Pingdingshan Education Bureau	January 10, 2014	N/A
Private School Operating License	Pingdingshan Maple Leaf International School Preschool	Pingdingshan Xincheng District Education Bureau	October 21, 2014	October 20, 2018
Private School Operating License	Tianjin Huayuan Maple Leaf International School (Middle School and Elementary School)	Tianjin Binhai New District Education Bureau	August 29, 2014	August 29, 2018

Note:
To maintain each of our Private School Operating Licenses and Preschool Operating Licenses, the respective school is required to pass an annual inspection, regardless of whether such license bears an expiry date or not. As of the Latest Practicable Date, each of our schools had passed the latest annual inspection.

We are in the process of obtaining, renewing or updating the following licenses and permits:

License/Permit	Holder	Remark
Private School Operating License, Private Non-enterprise registration Certificates	Wuhan Foreign School	We obtained approval from the Education Department of Hubei Province for our application of the acquisition of Wuhan Foreign School on August 8, 2014. We plan to apply to the relevant local government authorities for the requisite licenses and permits for Wuhan Foreign School after the relevant local government authorities inform us of the documents that should be filed with the relevant applications, the timing of which is beyond our control.

License/Permit	Holder	Remark
Fee Charge Permit	Henan Maple Leaf International School (Middle School and Elementary School)	In July 2013, we submitted an application to update the Fee Charge Permit of our Luoyang schools to include approval for charging high school tuition fees. However, due to delays of the local pricing authority in Luoyang, we have not been able to update the Fee Charge Permit for our Luoyang high school. We submitted a new application to update the Fee Charge Permit in July 2014 but have not heard back from the local pricing authority in Luoyang. We expect to obtain the updated permit by the end of 2014.
Fee Charge Permit	Ordos Maple Leaf First Preschool	We are in the process of renewing this permit, which expired in June 2014 and expect to obtain the updated Fee Charge Permit by the end of 2014.
Fee Charge Permit	Tianjin Huayuan Maple Leaf International School (Middle School and Elementary School)	We are in the process of obtaining the Fee Charge Permit.
Fee Charge Permit	Pingdingshan Maple Leaf International School Preschool	We submitted an application for the Private School Operating License, which must be obtained before we can apply for Fee Charge Permit, for Pingdingshan Maple Leaf International School Preschool in July 2014. We did not obtain the Private School Operating License until October 21, 2014, primarily due to the relevant local government authority's delay in processing our application. We are in the process of applying for Fee Charge Permit for Pingdingshan Maple Leaf International School Preschool. For more information, see the section headed "— Legal Proceedings and Compliance" in this prospectus.

We are required to renew our licenses and permits from time to time. According to our PRC Legal Counsel, before the expiration of a license or permit, the school holding such license or permit should file requisite application documents to the relevant authority. Such authorities will inspect the school as required under relevant PRC laws and regulation before issuing the new license or permit. Our PRC Legal Counsel has advised us that, if a school has complied with relevant PRC laws and regulations in all material respects, there is no substantial legal impediment for such school to renew its licenses or permits. However, we cannot provide assurance that relevant governmental authorities will not hold up the renewal process at their sole discretion.

The following table sets forth a summary of our licenses and permits that will expire by the end of 2014:

License/Permit	Holder	Expiry Date
Private School Operating License	Tianjin Taida Maple Leaf International School (High School, Middle School and Elementary School)	December 2014
Private School Operating License	Dalian Maple Leaf Kaifaqu Preschool	November 25, 2014
Private School Operating License	Dalian Maple Leaf Lanxi Wenyuan Preschool	December 30, 2014
Private School Operating License	Dalian Maple Leaf Xiangzhou Preschool	December 30, 2014

As of the Latest Practicable Date, the Company has not applied for the renewal of license and permits that will expire by the end of 2014, all of which are Private School Operating Licenses or Fee Charge Permits. According to the Company's PRC Legal Counsel, within thirty (30) days before the expiration of a Private School Operating License or Fee Charge Permit or another period as may be requested by the relevant government authorities, the school holding such license or permit should file the requisite application documents with the relevant local government authority, and such authority would then inspect the school as required under relevant PRC laws and regulation before issuing the new license or permit. The Company's PRC Legal Counsel has advised the Company that, if the school has complied with relevant PRC laws and has not materially changed its tuition level, there is no substantial impediment for such school to renew its Private School Operating License or Fee Charge Permit. Nonetheless, the Company cannot provide assurance that the relevant government authorities will not hold up the renewal processes at their sole discretion. The Company's PRC Legal Counsel further advises the Company that, if a school fails to renew its permits according to relevant PRC laws and regulations, it would be ordered by the relevant government authorities to rectify the non-compliance within a specified period of time, and such school's Private School Operating License or Fee Charge Permit would be renewed after it rectifies the non-compliance. A school that fails to carry out the rectification on time may be ordered to suspend operation.

As each of the Company's schools has passed its annual inspection in 2013, the Company's PRC Legal Counsel is of the opinion that there is no substantial legal impediment for the Company to renew the Private School Operating Licenses and Fee Charge Permits that will expire by the end of 2014, provided that the school has complied with relevant PRC laws and regulations in all material respects and has not materially changed its tuition level before the expiration of these permits.

LEGAL PROCEEDINGS AND COMPLIANCE

From time to time, we are subject to legal proceedings, investigations and claims incidental to the conduct of our business. During the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or any of our Directors which, in the opinion of our management, could have a material adverse effect on our operations or financial condition. Our Directors have confirmed that, no member of our Group is currently engaged in any material litigation, arbitration or administrative proceeding.

During the Track Record Period and up to the Latest Practicable Date, other than disclosed, we did not experience any material non-compliance of the laws or regulations which taken as a whole, in the opinion of our Directors, is likely to have an adverse effect on our business, financial condition or results of operations. During the same periods, we also did not experience any non-compliance of the laws or regulations which taken as a whole, in the opinion of our Directors, reflects negatively on the ability or tendency of us, our Directors or our senior management, to operate in a compliant manner. Our PRC Legal Counsel is of the opinion that, other than disclosed, we have complied with all relevant PRC laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

Set forth below is a summary of our material non-compliance matter during the Track Record Period and up to the Latest Practicable Date, as well as rectification actions and preventive measures that we have taken in respect of such matters, including obtaining confirmations from relevant regulatory authorities that they would not impose penalties or other measures on us:

	Non-compliance Incident	Reasons for the non-compliance	Legal consequences and potential maximum penalties	Remedies and rectification measures taken to prevent future breach and ensure ongoing compliance	Senior management in charge of rectification	Potential impact on our operations and financial condition
1.	During the Track Record Period and up to the Latest Practicable Date, we breached the relevant requirements for making contributions to the social insurance plans and the housing provident fund for our employees, including our foreign employees. We estimate that the amounts of social insurance payments and housing provident fund contributions that we did not pay during the three years ended August 31, 2011, 2012 and 2013 and the nine months ended May 31, 2014 were approximately RMB5.7 million, RMB6.6 million, RMB7.7 million and RMB8.7 million (in respect of social insurance payments for PRC employees), RMB2.4 million, RMB2.8 million, RMB3.3 million and RMB3.3 million (in respect of housing provident fund contributions for PRC employees) and RMB1.7 million, RMB11.0 million, RMB14.2 million and RMB11.7 million (in respect of social insurance payments for foreign employees), respectively.	The non-compliance was primarily caused by administrative oversight and our local management being unfamiliar with relevant regulatory requirements, different levels of acceptance of the social insurance scheme by our employees and inconsistent implementation or interpretation by local authorities in the PRC of the relevant regulations.	Our PRC Legal Counsel has advised us that, under relevant PRC laws and regulations, late fees and fines will be imposed on an employer for not making full social insurance payments for employees in a timely manner. If any competent government authority is of the view that the social insurance payments we made for our employees could not satisfy the requirements under relevant PRC laws and regulations, it can order us to pay the outstanding balance to the relevant local authorities within a given period and a late fee of 5% of the total outstanding balance per day. If we fail to do so, we may be subject to a fine ranging between one to three times of the total outstanding balances. Our PRC Legal Counsel has also advised us that, if any competent government authority is of the view that the housing provident fund contributions for housing provident fund could not satisfy the requirements under relevant PRC laws and regulations, it can order us to make the outstanding balance to the relevant local authorities within a given period.	As of the Latest Practicable Date, no administrative action, fine or penalty had been imposed by relevant government authorities with respect to this non-compliance incident, nor has any order been received by the Company to settle the outstanding amount of social insurance payments and housing provident fund contributions. We have engaged our PRC Legal Counsel to conduct interviews with the competent local human resources and social security bureaus and housing provident fund management centers in cities covering a significant majority of the amount we did not pay to determine the likelihood of any penalty being levied against us and the current practice of those authorities with respect to implementation and interpretation of the relevant regulations. We notified each of the authorities being interviewed of our non-compliance incident. Each of these authorities confirmed in the interview that: (a) it would not require us to pay the outstanding balance; and (b) it would not impose any penalty on us for such non-compliance. We have also obtained confirmations from relevant local human resources and social security bureaus and housing provident fund management centers in all of the cities in which we operate (other than the housing provident management fund center in Chongqing, which our PRC Legal	Ms. Jingxia Zhang	Our PRC Legal Counsel is of the view that although our contributions are not in strict compliance, on the basis of the confirmations from the competent authorities, the possibility of us being required to make outstanding payments by the competent authorities is relatively low. In light of the confirmations from the competent authorities and the advice from our PRC Legal Counsel, our Directors do not believe that we have to make any provision for the outstanding balance of social insurance payments and housing provident fund contributions. Furthermore, on the same bases, our Directors are of the view that this non-compliance incident has no material impact on our operations and is not material to our business operation and does not reflect negatively on the ability or tendency of us, our Directors or our senior management, to operate in a compliant manner.

	Non-compliance Incident	Reasons for the non-compliance	Legal consequences and potential maximum penalties	Remedies and rectification measures taken to prevent future breach and ensure ongoing compliance	Senior management in charge of rectification	Potential impact on our operations and financial condition
				Counsel has conducted an interview with, the housing provident fund management center for our new schools on Tianjin Huayuan campus and the human resources and social security bureaus for our new schools on Tianjin Huayuan campus and Pingdingshan campus), to the effect, (a) that no penalties are expected to be imposed upon us; and (b) that they are of the view that we have complied with the relevant regulations. Our PRC Legal Counsel has also confirmed that the authorities that have been interviewed by our PRC Legal Counsel or have issued us written confirmations are the competent authority within their respective cities. In addition, our PRC Legal Counsel has advised us that, based on the interviews and written confirmations, it is of the view that: • the risk of us being required by the relevant local human resources and social security bureaus to pay the outstanding social insurance balance for our PRC employees is relatively low; • the risk of us being penalized by the relevant local human resources and social security bureaus for our failure to make full social insurance payments for our PRC employees is relatively low; • the risk of us being required by the relevant local housing provident fund management centers to pay the outstanding housing provident fund balance for our PRC employees is relatively low; • the risk of us being penalized by the relevant housing provident fund management centers for our failure to make full housing		

	Non-compliance Incident	Reasons for the non-compliance	Legal consequences and potential maximum penalties	Remedies and rectification measures taken to prevent future breach and ensure ongoing compliance	Senior management in charge of rectification	Potential impact on our operations and financial condition
				provident fund contributions for our PRC employees is relatively low; • the risk of us being required by the relevant local human resources and social security bureaus to pay the outstanding social insurance balance for our foreign employees is remote; and • the implementation of the regulations governing foreign employees' social insurance scheme remains uncertain and these regulations have been rarely enforced, as such, the risk of us being penalized by the relevant local human resources and social security bureaus for our failure to make social insurance for our foreign employees is remote. We have established an internal control department to monitor our on-going compliance with the social insurance and housing provident fund contribution regulations and oversee the implementation of any necessary measures and intend to make social insurance and housing provident contributions in accordance with applicable laws and regulations in each of the cities in which we operate as soon as practicable. We have communicated with the relevant PRC local government authorities regarding the applicable payment adjustments and have commenced taking active steps to comply with applicable laws and regulations in each of the cities in which it operates by adjusting the applicable payments. Our Directors undertake to use their best endeavors to comply with applicable laws and regulations and believe we will be in compliance in 2015.		

Set forth below is a summary of certain additional non-compliance matters related to our properties during the Track Record Period and up to the Latest Practicable Date, as well as rectification actions and preventive measures that we have taken in respect of such matters, including obtaining confirmations from relevant regulatory authorities that they would not impose penalties or other measures on us. Our Directors are of the view that the non-compliance incidents disclosed in the table below are immaterial for the reasons stated in "potential impact on our operations and financial condition" column of the table.

	Non-compliance Incident	Reasons for the non-compliance	Legal consequences and potential maximum penalties	Remedies and rectification measures taken to prevent future breach and ensure ongoing compliance	Senior management in charge of rectification	Potential impact on our operations and financial condition
2.	We own a building in Dalian which was constructed on a land site that is restricted and may only be used for educational purposes. However, we have leased this building to 11 tenants for non-educational usage. One of these leases will expire on September 30, 2015, two of them will expire on May 31, 2016, and the remaining eight will expire on June 12, 2016. This building is not on any of our campuses in Dalian and is not used as school premises for any of our educational programs.	This non-compliance incident occurred due to our management's lack of knowledge of the relevant PRC laws and regulations at the time.	Our PRC Legal Counsel is of the view that, under applicable PRC laws and regulations, we may be ordered by the relevant government authorities to stop such practice.	We had notified the relevant competent government authority of this incident and conducted an interview with such authority on May 22, 2014. During the interview, we obtained confirmation that we would not be ordered to rectify the situation or be subject to penalties. As a result, our PRC Legal Counsel has advised us that the risk of us being ordered to rectify the situation or pay penalties is remote. We will not renew the leases after expiry.	Ms. Jingxia Zhang	In light of the confirmation we received from the relevant competent government authority and the advice from our PRC Legal Counsel, our Directors believe that this non-compliance incident will not have a material financial or operational impact on us in the future.
3.	As of the Latest Practicable Date, we had pledged land use rights and buildings, which are restricted for educational purposes, to secure two bank loans in the aggregate amount of RMB88.5 million. Those two bank loans will be due on January 28, 2015 and April 24, 2015, respectively.	This non-compliance incident occurred due to administrative oversight and the fact that Donghu New Technology Development District Branch of Hankou Bank, the lending bank of both loans, only accepted land and buildings as collateral and was fully aware of the nature of the current collateral being pledged. Because all the land and buildings of the Company that carry significant value are restricted for educational, the Company is unable to replace the current collateral with other assets that comply with the relevant regulatory requirement.	Our PRC Legal Counsel is of the view that, under relevant PRC laws and regulations, pledges or other encumbrances should not be created on properties which are used for public welfare facilities. The land use rights and buildings that we pledged may be considered "public welfare facilities" according to the Law for Promoting Private Education (2003), which provides that private education is considered in the nature of "public welfare" in the PRC. As a result, those pledges may be considered by the relevant government authorities to be in violation of applicable PRC laws if we and the lending bank have disputes with regards to	As of the Latest Practicable Date, we had not been aware of any actions or claims being contemplated by the relevant banks or any penalties being imposed by relevant government authorities with respect to this non-compliance incident. Going forward, we will not pledge properties, including land use rights and buildings, which are to be considered "public welfare facilities" pursuant to applicable PRC laws and regulations.	Ms. Jingxia Zhang	As a result of the foregoing, our Directors believe that this non-compliance incident is immaterial.

	Non-compliance Incident	Reasons for the non-compliance	Legal consequences and potential maximum penalties	Remedies and rectification measures taken to prevent future breach and ensure ongoing compliance	Senior management in charge of rectification	Potential impact on our operations and financial condition
			the relevant loans or if the validity of those pledges were otherwise challenged. In such a case, it is likely that such pledges would not be enforceable and we may be requested by the banks to provide other guarantees or prepay the loans immediately. Our PRC Legal Counsel has advised that there is no penalty for such pledges under relevant PRC laws and regulations.			
4.	As of the Latest Practicable Date, we had not passed the construction completion assessments for certain premises on our Wuhan campus and Shanghai campus, which have been put into use and cover an aggregate gross floor area of 32,173.6 square meters and 37,672.94 square meters, respectively.	This non-compliance incident occurred due to the relevant local government authorities' delays in carrying out the environmental assessments and fire control assessments, which must be administered before applications for the construction completion assessments can be submitted.	Our PRC Legal Counsel has advised us that, under relevant PRC laws and regulations, for failure to pass construction completion assessments before putting the premises into use, we may be subject to a fine ranging between 2% to 4% of the contract price of the affected premises' construction contract and/or temporary suspension of the usage of the affected premises before the noncompliance is rectified.	We have taken reasonable steps to rectify this non-compliance incident. According to our PRC Legal Counsel, we must pass the environmental assessments and fire control assessments for the affected premises before applications for the construction completion assessments can be submitted. We passed the environment assessments and fire control assessments for the affected premises on our Shanghai campus on May 26 and September 5, 2014, respectively. We passed the fire control assessments and environment assessments for the affected premises on our Wuhan campus on July 11 and September 11, 2014, respectively. Because it took the relevant local government authorities longer than we expected to process our applications for the environmental assessments and fire control assessments and carry out such assessments, applications for the construction completion assessments of the affected premises on our Wuhan and Shanghai campuses could not be submitted before the commencement of the 2014/2015 school year. However, the process of completing the construction completion assessments is underway and, as of the	Ms. Jingxia Zhang	As a result of the foregoing, our Directors take the view that this non-compliance incident will not have a material financial or operational impact on us in the future, because (i) the maximum amount of the fine to which we may be subject for this non-compliance incident is relatively small; and (ii) we expect to rectify this non-compliance incident by the end of 2014. As the student enrollment at our Wuhan schools remains substantially below their overall capacity, we have sufficient available alternative premises in Wuhan to use for our school operations. With respect to the Shanghai campus, as our student enrollment represented less than 3% of our overall student enrollments as of the Latest Practicable Date, to the extent that we are required to temporarily suspend use of the affected premises we do not believe it will have a material impact on our overall operations.

	Non-compliance Incident	Reasons for the non-compliance	Legal consequences and potential maximum penalties	Remedies and rectification measures taken to prevent future breach and ensure ongoing compliance	Senior management in charge of rectification	Potential impact on our operations and financial condition
				date of the Latest Practicable Date, the relevant local government authorities had not given any indication that they do not expect us to successfully pass the assessments. We expect to pass the requisite construction completion assessments for the affected premises on our Wuhan and Shanghai campuses by the end of 2014. Our internal control department will monitor our ongoing compliance with the relevant PRC laws and regulations and oversee the implementation of any necessary measures.		
5.	As of the Latest Practicable Date, we had not been able to obtain the Fee Charge Permit for Pingdingshan Maple Leaf International School Preschool, which opened in September 2014. As of the Latest Practicable Date, Pingdingshan Maple Leaf International School Preschool had 15 students.	The non-compliance was primarily caused by the relevant local government authority's delay in processing our application for the Private School Operating License, which must be obtained before we can apply for the Fee Charge Permit.	Our PRC Legal Counsel has advised that under applicable PRC laws and regulations, Pingdingshan Maple Leaf International School Preschool may be ordered to refund the tuition fees collected, forfeit its revenue and/or suspend its operations before obtaining the relevant licenses. Our PRC Legal Counsel has also advised us that we cannot apply for the Fee Charge Permit before we obtain the Private School Operating License. We have procured student safety insurance coverage on behalf of students at Pingdingshan Maple Leaf International School Preschool and our PRC Legal Counsel has advised that pursuant to relevant insurance contract, insurance coverage under the student safety insurance we have procured on behalf of students at the preschool will not be invalidated by the Pingdingshan Maple Leaf International School Preschool's lack of relevant	We submitted an application for the Private School Operating License for Pingdingshan Maple Leaf International School Preschool in July 2014. After we discovered the relevant local government authority's delay, we immediately informed our in-house legal counsel of this issue and followed all the procedures required by our internal control measures and obtained the requisite internal approvals regarding the opening of Pingdingshan Maple Leaf International School Preschool. In particular, we conducted a number of consultations and carefully assessed the risks associated with opening Pingdingshan Maple Leaf International School Preschool without the Private School Operating License. As part of our internal control and risk management procedures, before Pingdingshan Maple Leaf International School Preschool opened, our in-house legal counsel consulted Pingdingshan Xincheng District Education Bureau, the local government authority in charge of issuing the Private School Operating License, which as confirmed by our PRC Legal Counsel is the competent	N/A	As a result of the foregoing, our Directors believe that this noncompliance incident is immaterial.

	Non-compliance Incident	Reasons for the non-compliance	Legal consequences and potential maximum penalties	Remedies and rectification measures taken to prevent future breach and ensure ongoing compliance	Senior management in charge of rectification	Potential impact on our operations and financial condition
			licenses. We will purchase the school liability insurance, which is not mandatory according to PRC laws and regulations, when the preschool obtained the relevant licenses, which is a condition to purchase the school liability insurance as requested by the insurance company. Therefore, to the extent that any liabilities or losses due to fire, explosions or other accidents materialize, our students will be able to seek coverage under their student safety insurance but we may not be able to seek insurance coverage for any losses or liabilities incurred directly by us as a result of these incidents.	authority on this matter. Our in-house legal counsel was informed that there was no impediment for us to obtain the Private School Operating License for Pingdingshan Maple Leaf International School Preschool, and that such authority had already approved the operation of Pingdingshan Maple Leaf International School Preschool. Our in-house legal counsel was also informed that such authority would issue the Private School Operating License as soon as practicable and did not consider the opening of Pingdingshan Maple Leaf International School Preschool without the Private School Operating License a non-compliance incident. After receiving the confirmation from the competent local government authority, we also consulted our PRC Legal Counsel regarding the maximum penalties we may face under PRC laws and regulations for opening Pingdingshan Maple Leaf International School Preschool before obtaining the relevant licenses. Because Pingdingshan Maple Leaf International School Preschool had only 15 students as of the Latest Practicable Date, to the extent that we are subject to any or all of the above penalties we do not believe it will have a material impact on our overall operations. As a result of the foregoing, we believe that the risk of us being penalized for opening Pingdingshan Maple Leaf International School without the Private School Operating License is remote and immaterial and decided to open the school in September 2014. Furthermore, after Pingdingshan Maple Leaf International School Preschool opened, we and our PRC Legal Counsel followed up on this matter by conducting an interview		

	Non-compliance Incident	Reasons for the non-compliance	Legal consequences and potential maximum penalties	Remedies and rectification measures taken to prevent future breach and ensure ongoing compliance	Senior management in charge of rectification	Potential impact on our operations and financial condition
				with an official of the same local government authority. During the interview, the official confirmed that we had submitted the application materials and that there is no impediment for us to obtain the Private School Operating License for Pingdingshan Maple Leaf International School Preschool. The official also informed us that the authority acknowledged that Pingdingshan Maple Leaf International School Preschool opened in September 2014 and approved its operation and that the authority would issue the Private School Operating License before the Listing. On October 21, 2014, we obtained the Private School Operating License for Pingdingshan Maple Leaf International School Preschool. On November 3, 2014, we obtained the Private None-enterprise Registration Certificate. We are in the process of applying for the Fee Charge Permit for Pingdingshan Maple Leaf International School Preschool.		

INTERNAL CONTROL OVER BUSINESS OPERATIONS

In preparation for the Listing, we engaged an independent business consulting and internal audit firm (the "**Internal Control Consultant**") to conduct an evaluation of our internal control system. We have consulted with our Internal Control Consultant to identify the factors relevant to enhancing our internal control system and the steps to be taken and the Internal Control Consultant made a number of recommendations. The work performed by the Internal Control Consultant, which did not involve an assurance engagement in relation to the Company's internal control, was conducted in March 2014 and resulted in a number of findings and recommendations. We have taken corrective actions in response to the Internal Control Consultant's findings and recommendations. The Internal Control Consultant performed follow-up procedures on the Company's system of internal control with regard to those actions taken by the Company and reported further commentary in May 2014. In its follow-up reviews, the Internal Control Consultant noted that we had followed all of its recommendations and accordingly taken corrective actions to address its internal control deficiencies and weaknesses.

Below is a summary of the findings and recommendations made by the Internal Control Consultant in March 2014:

- high-level corporate management issues, including control environment, risk assessment and internal supervision and audit;
  - For example, the Internal Control Consultant identified in its initial review that we had not yet set up a comprehensive risk assessment system, including, among others, risk management strategies and policies and a risk reporting mechanism. The Internal Control Consultant recommended that the Company establish a comprehensive risk control and management system taking into account the business development strategy, risk strategy and risk preference of the Company. As of the follow-up reviews conducted in May 2014, we had established an internal audit department and appointed a department head. We had also commenced a full-scale internal audit and would further enhance its risk management following the internal audit;
- issues relating to sales, procurement and fixed asset management;
  - For example, the Internal Control Consultant identified in its initial review that records of management approvals for some projects on the Wuhan campus could not be located. The Internal Control Consultant recommended that we strictly implement its contract approval mechanism, under which no material contract can be signed without requisite written approvals. As of the follow-up reviews conducted in May 2014, the contract approval mechanism had been implemented as suggested.
- issues relating to investment management, human resources management, information system management, financial reporting and disclosure and cash flow management.
  - For example, the Internal Control Consultant identified in its initial review that written approvals for setting up, changing and closing bank accounts of schools on the Dalian, Wuhan, Henan and Tianjin campuses could not be located. The Internal Control Consultant recommended that we adopt a bank account management system under which applications for setting up, changing and closing bank accounts must be handled by the accounting department and approved by the management in writing. Up to the follow-up reviews conducted in May 2014, we had implemented a bank account management system as suggested and duly maintained records of the relevant internal approvals.

We have also established an internal control department to monitor our on-going compliance with the social insurance and housing provident fund contribution regulations and other relevant PRC laws and regulations and to oversee the implementation of any necessary measures. We also appointed an in-house legal counsel in June

2014, who is responsible for updating the PRC laws and regulations applicable to our business operations and advising us on the compliance matters. In addition, we plan to provide our Directors, senior management and employees involved with continuing training development programs and/or updates regarding the relevant PRC laws and regulations on a regular basis with a view to proactively identify any concerns and issues relating to potential non-compliance. Our Executive Director and senior vice-president, Ms. Zhang Jingxia, is responsible for ensuring our on-going compliance.

Taking into account the internal control measures implemented by us in connection with the non-compliance incidents disclosed under the section headed "Business — Legal Proceedings and Compliance" in this prospectus, the ongoing monitoring and supervision by our internal control department with the assistance and advice of professional external advisers where required, and the fact that, as confirmed by our Directors and our PRC Legal Counsel, the non-compliance incidents did not involve fraud or dishonesty, our Directors are of the view that our enhanced internal control measures are adequate and effective; the suitability of our Directors is compliant with Listing Rules 3.08 and 3.09; and the Company is suitable for listing under Listing Rule 8.04. The Joint Sponsors concur with the views of our Directors.

Risk Management

We recognize that risk management is critical to the success of our business operation. Key operational risks faced by us include changes in general market conditions and the regulatory environment of the PRC education industry, ability to offer quality education and dual diplomas, ability to increase student enrollment and raising tuitions, expansion risks relating to entering into new geographic regions, available financing to support our growth and competition from other school operators that offer a bilingual program. See the section headed "Risk Factors" in this prospectus for a discussion of various risks and uncertainties we face.

In addition, we also face various market risks. In particular, we are exposed to credit, liquidity, interest rate and currency risks that arise in the normal course of our business. See the section headed "Financial Information — Quantitative and Qualitative Disclosure about Market Risk" in this prospectus for a discussion of these market risks.

In order to meet these challenges, we have established the following structures and measures to manage our risks:

- at the board level, our Board of Directors is responsible and has general powers over the management and operation of our schools, and is in charge of the overall risk control of our Group. Any significant business decision involving material risks, such as decisions to expand into new geographic regions or to raise tuitions, are reviewed, analyzed and approved at the board level to ensure a thorough examination of the associated risks at our highest corporate governance body;
- we maintain insurance coverage which we believe is in line with the customary practice in the PRC education industry. We also adopt health and safety measures on our campuses to safeguard our students' wellbeing; and
- we have made arrangements with banks to ensure that we are able to obtain credits to support our business operation and expansion.

We have also implemented a set of internal control and risk management measures to manage our risks related to investments in principal-guaranteed investment products. These measures were formulated by Mr. Sherman Jen, our Executive Director, Chairman of the Board and Co-CEO, Ms. Jingxia Zhang, our Executive Director, Senior Vice President and Co-CFO, Mr. Bin Xu, our Vice President and Co-CFO, and Mr. Yongtao Li, our financial controller. These measures have been reviewed by our Internal Control Consultant and approved by our Board. We receive most of our tuition fees in August every year, and we believe we can make better use of such cash by making appropriate investments in low-risk, principal-guaranteed and short-term investment products, which generates income without interfering with our business operation or capital expenditures. Before making a proposal to invest in principal-guaranteed investment products, the head of the financial department of the relevant school or Group company must assess the cash flow and operational needs and capital expenditures of such school or company. If the cash flow exceeds its operational needs and an appropriate low-risk, principal-guaranteed and short-term investment opportunity is available, the head of the financial department will submit the investment proposal to the management of the Group for approval. According to our internal policies, regardless of the investment size, a proposal to invest in principal-guaranteed investment products must first be reviewed by our financial controller. Our financial controller is a Chartered Professional Accountant in Canada and was previously a finance manager at a publicly traded company. After the financial controller approves the proposal, the proposal must then be approved by the head of our internal audit department. The head of our internal audit department joined us in 1996 and has been managing our accounting and auditing issues since then. If the investment exceeds RMB10 million approval from Ms. Jingxia Zhang is required. If the investment exceeds RMB100 million, the proposal must be approved by our Board.

In assessing a proposal to invest in principal-guaranteed investment products, a number of criteria must be met, including but not limited to:

- the term of the principal-guaranteed investment products must not exceed three months;
- the proposed investment must not interfere with our business operation or capital expenditures;
- the principal-guaranteed investment products should be issued by a reputable bank with which we have a long-term relationship, preferably exceeding five years; and
- the investment portfolio of the principal-guaranteed investment products should generally bear minimum risk.

We believe that our internal policies regarding investment in principal-guaranteed investment products and the related risk management mechanism are adequate. We may make investments in principal-guaranteed investment products that meet the above criteria as part of our treasury management where we believe it is prudent to do so after the Listing.

AWARDS AND RECOGNITION

We have received numerous awards from various local governments and other sources that recognize our unique contribution to the private education industry in China. We were independently chosen for all of these awards and did not submit ourselves or pay for any of them. Some of our awards are as follows:

Award/Recognition	Award Date	Awarding Organization/Authority
Top Educational Group (最具綜合實力教育集團)	2013	Sina.com
Most Influential International High School (最具影響力國際高中)	2013	163.com
2013 Top 10 International School in China (中國十大國際學校)	2013	Xinhua Education Forum
Leading Education Group in China's Education Industry (中國教育產業領軍集團金狐獎)	2013	Sohu.com

BOARD OF DIRECTORS

Our Board of Directors is the primary decision making body of our Company and consists of nine Directors, among whom four are executive Directors, two are non-executive Directors (one of whom will cease to be a Director from the Listing Date) and three are independent non-executive Directors. The table below shows certain information in respect of the members of the Board of Directors of our Company.

Members of our Board

Name	Age	Position/Title	Role and Responsibility	Date of Appointment as director	Date of Joining the Group
Shu Liang Sherman Jen (任書良)	60	Executive Director, Chairman of the Board and Co-CEO	Overseeing management, business and strategy	June 2007	May 18, 1994
Zhenwan Liu (柳振萬)	58	Executive Director, Vice Chairman of the Board, President and Co-CEO	General operation, strategic planning and business direction	June 2014[1]	March 10, 2014
Jingxia Zhang (張景霞)	57	Executive Director, Senior Vice President and Co-CFO	Overseeing financial and school operations	March 2008	April 10, 1995
James William Beeke	64	Executive Director, Vice President and BC program Superintendent	Overseeing overall school management and the BC Program	April 2014	April 25, 2014[2]
Howard Robert Balloch	63	Non-Executive Director	Supervising the overall management and strategic planning of our Group	March 2008	March 12, 2008
Yue Ji (計越)	41	Director[3]	Supervising the overall management and strategic planning of our Group	March 2008	March 12, 2008
Peter Humphrey Owen	67	Independent non-executive Director	Chairman of the Remuneration Committee, and member of the Nomination and Audit committees, supervising and providing independent judgment to our Board	June 2014[1]	Listing Date

Name	Age	Position/Title	Role and Responsibility	Date of Appointment as director	Date of Joining the Group
Chak Kei Jack Wong (王澤基)	42	Independent non-executive Director	Member of Audit, Remuneration and Nomination committees, supervising and providing independent judgment to our Board	June 2014[(1)]	Listing Date
Lap Tat Arthur Wong (黃立達)	54	Independent non-executive Director	Chairman of the Audit Committee	June 2014[(1)]	Listing Date

(1) Effective from the Listing Date.
(2) Mr. James William Beeke previously worked for the Group from 2005 to 2009, he was appointed as Director from March 12, 2008 to January 20, 2010, and reappointed on April 25, 2014.
(3) Mr. Ji will cease to be a Director upon the Listing.

Executive Directors

***Shu Liang Sherman Jen (任書良)*,** aged 60, is our Controlling Shareholder and Founder. Mr. Jen was appointed executive Director in June 2014, and is primarily responsible for the overall business and strategy of our Group, including the introduction of the dual diploma school model. He has been the chairman of the Board of Directors, chief executive officer of our Company since 2007, and co-chief executive officer ("**Co-CEO**") since March 2014. He is also the president of Dalian Maple Leaf International School since 1995, the chairman of Dalian Maple Leaf Educational Group Ltd. since 2003, and the director of Maple Leaf Educational Systems Limited since 1992, Tech Global Investment Ltd. since 2007, Hong Kong Maple Leaf Educational Systems Limited since 2009 and Beipeng Software since 2011. His contributions has lead us to become one of the leading international school service providers in China.

Mr. Jen has more than 19 years of experience in the education industry. In 2004, he was selected as one of the most influential figures in the private education industry in China by sohu.com; in 2005, he received the Outstanding Chinese Entrepreneur Award from the Overseas Chinese Affairs Office of the State Council of the PRC; in 2011, he was honored as one of the "Top Ten Figures of our Time" by a group of media organizations and industry associations; in 2013, he received the Governor General's Medallion from David Johnston, Governor General of Canada, for his contributions to international education; and in October 2014, he received the Chinese Government Friendship Award from the PRC Premier Mr. Li Keqiang and two Vice Premiers, which is the highest honor awarded by the Chinese government to foreign experts for their outstanding contributions to the modernized development of China. Mr. Jen has not held any directorship roles in any listed companies in the last three years. Mr. Jen is not a resident of Canada for Canadian taxation purposes.

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

Pursuant to code provision A.2.1 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. Currently, Mr. Jen performs the dual roles of both chairman and Co-CEO. Our Board believes that by vesting the roles of both chairman and Co-CEO in Mr. Jen, along with the other Co-CEO, Mr. Zhenwan Liu, the Company derives the benefit of ensuring consistent leadership within our Group, which in turn enables more effective and efficient overall strategic planning for our Group. Our Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively.

Zhenwan Liu (柳振萬), aged 58, was appointed as an executive Director and the vice chairman of the Board of Directors of our Company in June 2014, taking effect on the Listing Date. Mr. Liu has been the President and the Co-CEO of our Company since March 10, 2014, and is primarily responsible for the general operation, strategic planning and business direction of our Company.

Prior to joining the Company, Mr. Liu worked as a teacher, youth league secretary and head of the ethics education and research office at Dalian Polytechnic University from December 1981 to December 1990, where he was responsible for lecturing and managing student activities. He was the deputy director of the member education office of the publicity department of Dalian Municipal Party Committee and the director of planning and research division of Dalian Municipal Spiritual Civilization Office, between December 1990 to August 1996, and later, the deputy director of Dalian Municipal Spiritual Civilization Office, between August 1996 to April 1998. He subsequently served as the deputy head of Dalian Culture Bureau between April 1998 to November 1999, where he was responsible for the planning and coordination of the cultural affairs. He was the deputy head and deputy Party secretary of Dalian Tourist Administration between November 1999 to June 2000. From June 2000 to December 2006, he was the head and party secretary of Dalian Tourist Administration, responsible for the strategic planning and development of local tourism. He served as deputy secretary general, office head and party secretary at the municipal government office of Dalian from December 2006 to April 2010, and was responsible for the organization, coordination and management of the daily affairs of the municipal government. From April 2010 to February 2014, he served as the secretary of the party committee and the chairman of the University Council at Dalian University of Foreign Languages where he was responsible for implementing educational policies, managing educational research and cultivating professional personnel. Mr. Liu has not held any directorship roles in any listed companies in the last three years.

Mr. Liu received a Bachelor's degree in Mathematics from Dalian Polytechnic University in January 1982, a Bachelor's degree in Political Education from Liaoning Normal University in July 1987 and a Master of Business Administration from Dalian University of Technology in April 1997. Mr. Liu was awarded professorship title by Dalian University of Foreign Languages in September 2010.

Jingxia Zhang (張景霞), aged 57, is the senior vice president and co-chief financial officer ("**Co-CFO**") of our Company and was appointed executive Director in June 2014. Ms. Zhang joined the Company on April 10, 1995 and is primarily responsible for the overall management, financial operations and human resources of our schools. Ms. Zhang is one of the key members of the management team of our Company and has made important contributions to our Group.

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

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

James William Beeke, aged 64, is our Director, vice president and BC Program Superintendent. He was appointed Director in April 2014 and executive Director in June 2014. Mr. Beeke previously served as the Vice Chairman of the Board of Directors and the Superintendent of the BC Programs of our Company from 2005 to 2009. Mr. Beeke is primarily responsible for overseeing the operation of the BC Program and our schools.

Prior to joining our Group, Mr. Beeke was employed by the British Columbia provincial government as deputy inspector, and later, inspector for the Ministry of Education of the BC provincial government between 1996 to

1998 and between 1998 to 2005, respectively. As inspector, he was responsible for the inspection, certification and funding of all independent schools in the province, and developed and directed BC's Offshore School Certification Program. Since September 2009, he has been president of Signum International Educational Services, Inc., a company which provides educational consultant services to schools in Canada and internationally, where he was responsible for assisting schools with board governance and strategic development planning, performing school reviews, conducting principal evaluations and providing analysis and comparisons of provincial curricula. Mr. Beeke has not held any directorship roles in any listed companies in the last three years.

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

Non-Executive Directors

Howard Robert Balloch, aged 63, was appointed non-executive Director of our Company in June 2014 and is responsible for supervising the overall management and strategic planning of our Group. Mr. Balloch has been our Director since March 12, 2008.

Mr. Balloch is a veteran Canadian diplomat. Prior to joining our Group, he served as Canadian Ambassador to the PRC and Mongolia from April 1996 to July 2001, and to the Democratic People's Republic of Korea from March 2000 to July 2001. Subsequently, he served as the president and chief executive officer of the Canada China Business Council, a private, non-profit business association that facilitates and promotes trade and investment between Canada and China, from 2001 to 2006, and is currently its vice chairman. Mr. Balloch has also served as the director of several companies outside the Group. He has been a director of Ivanhoe Energy Inc. since January 2002, a company listed on both the Toronto Stock Exchange ("TSE") (stock code: IE) and NASDAQ (stock code: IVAN), which is engaged in the oil development and production business, primarily in Canada, the United States, Ecuador and Mongolia. Mr. Balloch has also been a director of Methanex Corp. since December 2004, a company listed on both the TSE (stock code: MX) and NASDAQ (stock code: MEOH), which is engaged in the supply, distribution and marketing of methanol to major international markets. He was a director of Ivanhoe Mines Ltd. from March 2005 to May 2011, a company now controlled by Rio Tinto Inc. and operating as Turquoise Hill Resources Ltd listed on the New York Stock Exchange ("**NYSE**") and TSE (stock code: TRQ), which was engaged in mineral exploration and development and headquartered in Vancouver, Canada. Mr. Balloch founded and served as chairman of the board of The Balloch Group from 2001 to 2011, a boutique investment bank that advised domestic and multinational corporations in China and a member of Canaccord Genuity Group Inc.. From 2011 to 2013, he served as chairman of Canaccord Genuity Asia, the Asian subsidiary of Canaccord Genuity Group Inc., a Canadian company listed on both the TSE (stock code: CF) and the London Stock Exchange (stock code: CF), which provides banking and financial services to individual, institutional and corporate clients worldwide.

Mr. Balloch received a Bachelor of Arts degree and a Master of Arts degree from McGill University, Canada in June 1973 and June 1974, respectively.

Yue Ji (計越), aged 41, has served as a Director of our Company since March 31, 2010. Mr. Ji joined Sequoia Capital China, a private equity investor, in 2005 and is currently a partner. Mr. Ji has been a director of Noah Holdings Limited since 2007, a wealth management service provider listed on the NYSE and a director of Country Style Cooking Restaurant Chain Co., Ltd since 2007, a NYSE-listed quick service restaurant chain in China. He has also been an independent non-executive director of BAIOO Family Interactive Limited since

March 31, 2010, a Guangzhou-based children's online game developer and operator listed on the Stock Exchange, a director of Jumei International Holding Limited since April 2011, China's leading online retailer of beauty products listed on the NYSE and a director of Tuniu Corporation since 2011, an online leisure travel company in China listed on NASDAQ.

Mr. Ji received a Bachelor's degree in engineering from Nanjing University of Aeronautics & Astronautics, PRC in July 1995 and a Master of Business Administration from China Europe International Business School, PRC in April 2000.

Mr. Ji will cease to be a Director upon the Listing.

Independent Non-Executive Directors

Peter Humphrey Owen, aged 67, was appointed as an independent non-executive Director of our Company in June 2014, taking effect on the Listing Date. Mr. Owen is primarily responsible for supervising and providing independent judgment to our Board.

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

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

Chak Kei Jack Wong (王澤基), aged 42, was appointed as an independent non-executive Director of our Company in June 2014, taking effect on the Listing Date. Mr. Wong is primarily responsible for supervising and providing independent judgment to our Board.

Prior to joining our Group, Mr. Wong was managing director and Head of Structuring of the Investment Banking Department of Barclays Capital Asia (including Japan). He was responsible for client risk advisory and risk management solutions across all asset classes. Prior to that, Mr. Wong was a managing director and trader in UBS London and Hong Kong, co-heading the APAC structured products groups which trades and designs products including all asset classes and hybrids. He also spent a number of years in London in Goldman Sachs as executive director, working as a strategist/quant and trader for rate, FX and inflation. Prior to that, he was a quantitative analyst in credit derivative and emerging market in Morgan Stanley, London.

Mr. Wong studied in The Chinese University of Hong Kong and University of California at Berkeley. His major was Electrical Engineering with minors in Pure Mathematics and French. He obtained his DPhil and MPhil degrees in Economics from the University of Oxford. He was a Rhodes Scholar of Hong Kong for 1995.

Lap Tat Arthur Wong (黃立達), aged 54, was appointed as an independent non-executive Director of our Company in June 2014, taking effect on the Listing Date. Mr. Wong is primarily responsible for supervising and providing independent judgment to our Board.

Prior to joining our Group, from 1982 to 2008, Mr. Wong held various positions in Deloitte Touche Tohmatsu ("Deloitte") in Hong Kong, San Jose and Beijing, with the latest position as a partner in the Beijing office. He subsequently served as the chief financial officer in the following companies: Asia New Energy Holdings Pte. Ltd, a manufacturer of fertilizer, chemicals and new energy products, from 2008 to 2009; Nobao Renewable Energy Holding Ltd., a renewable energy company, from March 2010 to November 2010; GreenTree Inns Hotel

Management Group, Inc., an economy hotel chain from 2011 to 2012; and Beijing Radio Cultural Transmission Company Limited, a music production and music data management service company, since January 2013.

Mr. Wong previously served as an independent non-executive director at Besunyen Holdings Co Ltd., a herbal tea processing and marketing company listed on the Stock Exchange (00926) from July 2010 to April 2014. He currently serves as an independent non-executive director and the chairperson of the audit committee of the following listed companies: VisionChina Media, Inc., an out-of-home advertising network company listed on NASDAQ (VISN) since December 2011; China Automotive Systems, Inc., an automotive systems and components manufacturer listed on NASDAQ (CAAS) since May 2012; Daqo New Energy Corp., a polysilicon manufacturer listed on NYSE (DQ) since December 2012; Petro-king Oilfield Services Ltd., a consultancy and oilfield project services company listed on the Stock Exchange (02178) since February 2013; and YOU On Demand Holdings, Inc., a media company listed on NASDAQ (YOD) since January 2014.

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

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The table below shows certain information in respect of the senior management of our Company.

Name	Age	Position/Title	Role and Responsibility	Date of Appointment	Joining Date
Shu Liang Sherman Jen (任書良)	60	Co-CEO	Overseeing management, business and strategy	June 2007	May 18, 1994
Zhenwan Liu (柳振萬)	58	President and Co-CEO	General operation, strategic planning and business direction	March 2014	March 10, 2014
Jingxia Zhang (張景霞)	57	Senior Vice President and Co-CFO	Overseeing financial and school operations	March 2008	April 10, 1995
James William Beeke	64	Vice President and BC program Superintendent	Overseeing overall school management and the BC Program	April 2014	April 25, 2014(1)
Bin Xu (徐斌)	31	Vice President and Co-CFO	Overseeing financial operations	February 2013	February 16, 2013
Linsheng Chen (陳林生)	55	Vice President and the Chinese Program Superintendent	Managing the Chinese curriculum and school evaluation	September 2012	August 2000
Xiaoduo Zhang (張小多)	31	Director of the Marketing Department	Overseeing overall marketing strategic planning and student recruitment	November 2013	August 23, 2010

(1) Mr. James William Beeke previously worked for the Group from 2005 to 2009, was appointed as a Director from March 12, 2008 to January 20, 2010, and reappointed on April 25, 2014.

***Bin Xu (徐斌)*,** aged 31, has been the vice president and Co-CFO of our Company since February 16, 2013. Mr. Xu is primarily responsible for managing the financial operations of our Company.

Prior to joining our Group, Mr. Xu was an accountant at the Citco Financial Group, an international financial services provider, from 2007 to 2010, and an investment banking associate at the Essence Securities Co., Ltd., a financial and securities brokerage services provider based in China, from 2011 to 2013. Mr. Xu has not held any directorship roles in any listed companies in the last three years.

Mr. Xu is an alumnus of Dalian Maple Leaf International School. He received a Bachelor's degree in Economics and Finance from the University of Toronto, Canada in November 2007 and a Master's degree in Finance from the University of Cambridge, United Kingdom in May 2012.

***Linsheng Chen (陳林生)*,** aged 55, has been the vice president and Chinese Program Superintendent of our Company since September 2012 and is primarily responsible for management of the Chinese curriculum and evaluation of our schools. Mr. Chen has been supervising the content and quality of the Chinese curriculum and conducting periodic reviews of the operation of our schools.

Mr. Chen served as the head of the educational affairs department of Dalian Maple Leaf High School from August 2000 to April 2006, where he was responsible for managing the Chinese curriculum. He later served as the Chinese Program Superintendent of Shenyang Maple Leaf International School from May 2006 to March 2007, where he was responsible for managing the Chinese curriculum. He was also the headmaster of Wuhan Maple Leaf International School from April 2007 to August 2012, where he was responsible for the overall operation of the school. Mr. Chen has not held any directorship roles in any listed companies in the last three years.

Mr. Chen received a Bachelor's degree in Chinese from Hunan Normal University in Hunan, China in December 1981.

***Xiaoduo Zhang (張小多)*,** aged 31, has been the director of the Marketing Department of the Company since November 2013, and is primarily responsible for the overall marketing strategic planning, business development and student recruitment of our Company.

Ms. Zhang previously served as the assistant to the BC Program Superintendent, as head of the external affairs department of the Company from August 2010 to March 2012, and head of the chief executive officer's office of the Company from August 2010 to November 2013. Ms. Zhang has not held any directorship roles in any listed companies in the last three years.

Ms. Zhang received a Bachelor of Arts degree and a Bachelor of Science degree from the University of British Columbia, Canada in May 2008.

COMPANY SECRETARY

Wai Ling Chan (陳蕙玲), aged 47, was appointed as our company secretary on May 14, 2014. She is responsible for corporate secretarial duties and corporate governance matters in relation to the Company. She is a senior manager of Corporate Services of Tricor Services Limited, and has more than 18 years of experience in the corporate secretarial field. Prior to joining Tricor Group in 2003, she was a manager of corporate services with PricewaterhouseCoopers in Hong Kong. Ms. Chan holds an Honours Bachelor's degree in Accountancy from City University of Hong Kong and a Bachelor of Laws degree from the University of London. She is a Chartered Secretary and a Fellow of both The Hong Kong Institute of Chartered Secretaries ("**HKICS**") and The Institute of Chartered Secretaries and Administrators ("**ICSA**") in the United Kingdom. She is a holder of the Practitioner's Endorsement from HKICS.

Audit Committee

The Company established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C3 and paragraph D3 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The Audit Committee consists of three independent non-executive Directors being Mr. Peter Humphrey Owen, Mr. Chak Kei Jack Wong, and Mr. Lap Tat Arthur Wong. The chairman of the Audit Committee is Mr. Lap Tat Arthur Wong, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee are to assist our Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of our Group, overseeing the audit process and performing other duties and responsibilities as assigned by our Board.

Remuneration Committee

The Company established a Remuneration Committee with written terms of reference in compliance with paragraph B1 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The Remuneration Committee consists of two independent non-executive Directors being Mr. Peter Humphrey Owen and Mr. Chak Kei Jack Wong, and one non-executive Director being Mr. Howard Robert Balloch. The Remuneration Committee is chaired by Mr. Peter Humphrey Owen, an independent non-executive Director. The primary duties of the Remuneration Committee include but are not limited to, the following: (i) making recommendations to the Board on our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) determining the specific remuneration packages of all Directors and senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

Nomination and Corporate Governance Committee

The Company established a Nomination and Corporate Governance Committee with written terms of reference in compliance with paragraphs A4 and D3 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The Nomination and Corporate Governance Committee consists of two independent non-executive Directors being Mr. Peter Humphrey Owen and Mr. Chak Kei Jack Wong, and one executive Director being Mr. Sherman Jen. The chairman of the Nomination and Corporate Governance Committee is Mr. Sherman Jen. The primary functions of the Nomination and Corporate Governance Committee include, without limitation, reviewing the structure, size and composition of the Board of Directors, assessing the independence of independent non-executive Directors and making recommendations to the Board on matters relating to the appointment of Directors as well as reviewing compliance with the Corporate Governance Code.

MANAGEMENT PRESENCE

According to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Currently, most of our executive Directors ordinarily reside in the PRC. Since our main business operations are in China, we do not and, for the foreseeable future, will not have sufficient management presence in Hong Kong.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements of Rule 8.12 of the Listing Rules, subject to the conditions that, among other things, we maintain the following arrangements to maintain effective communication between us and the Stock Exchange:

(a) We have appointed two authorized representatives pursuant to Rules 2.11 and 3.05 of the Listing Rules, who will act as the Group's principal channel of communication with the Stock Exchange. The authorized representatives are Jingxia Zhang and Wai Ling Chan. Jingxia Zhang is an executive Director of the Company and Wai Ling Chan is our Company Secretary. Each of the authorized representatives will be able to meet with the Stock Exchange within a reasonable period upon request, if required. Our authorized representatives will be readily contactable by telephone, facsimile and email, and is authorized to communicate on behalf of the Company with the Stock Exchange.

(b) The authorized representatives have means of contacting our Directors promptly at all times and as and when the Stock Exchange wishes to contact our Directors on any matters. To enhance communication among the Stock Exchange, the authorized representatives, our Directors and the Company, we have implemented a policy whereby: (i) each Director is to provide his/her office phone number, facsimile number and email address to the authorized representatives; and (ii) in the event that a Director expects to travel or be out of the office, he/she is to provide the phone number of the place of his accommodation to the authorized representatives. Further, for convenience of communication, each Director has provided his/her means of contact to the Stock Exchange.

(c) We have, in accordance with Rule 3A.19 of the Listing Rules, appointed Guotai Junan Capital Limited as our compliance advisor, who will, among other things, act as an alternate channel of communication with the Stock Exchange.

(d) All of our Directors who are not ordinarily resident in Hong Kong have confirmed that they possess valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange in Hong Kong, within a reasonable period, upon the request of the Stock Exchange.

DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

The aggregate amounts of remuneration (including salaries and other allowances, share-based payments and social benefits) paid by our Group to the Directors and senior management for each of the financial years ended August 31, 2011, 2012 and 2013 and the nine months period ended May 31, 2014 were approximately RMB1,707,000, RMB3,987,000, RMB4,615,000 and RMB3,978,000, respectively.

The five highest paid individuals of the Group for the relevant periods included one, three, three and three directors for each of the years ended August 31, 2011, 2012 and 2013 and the nine months period ended May 31, 2014 respectively whose emoluments are included in the disclosures above. The emoluments of the remaining four, two, two and two individuals for the years ended August 31, 2011, 2012 and 2013 and the nine months period ended May 31, 2014 were RMB2,439,000, RMB1,427,000, RMB1,883,000 and RMB1,260,000, respectively.

No remuneration was paid by the Group to the Directors or senior management or the five highest paid individuals as an inducement to join or upon joining the Group or as a compensation for loss of office in respect of the financial years ended August 31, 2011, 2012 and 2013 and the nine months period ended May 31, 2014. Further, none of our Directors or senior management had waived any remuneration during the same period.

Under our arrangements currently in force, the aggregate remuneration (including salaries and other allowances, share-based payments and social benefits) of our Directors and senior management, excluding any discretionary bonuses, for the financial year ended August 31, 2014 are estimated to be no more than approximately RMB3,647,000 and RMB2,396,000, respectively.

The Directors anticipate that they will periodically review the compensation levels of key executives of the Group. Based on the Group's performance and the executives' respective contributions to the Group, the Directors may, with the approval of the Company's remuneration committee, grant salary increases or pay bonuses to executives. These increases or bonuses could result in the incurrence of compensation expense at levels that are significantly higher than those incurred by the Group in prior periods.

The non-executive Directors and the independent non-executive Directors are entitled to receive directors' fees, which are recommended by our remuneration committee and determined by the Board. All Directors receive reimbursements from the Company for expenses which are necessarily and reasonably incurred for providing services to the Company or executing matters in relation to the operations of the Company.

PRE-IPO SHARE OPTION SCHEME

In order to incentivize our Directors, senior management and other employees for their contribution to the Group and to attract and retain suitable personnel to our Group, we adopted the Pre-IPO Share Option Scheme on April 1, 2008. For further details, see the section headed "Appendix VI — Statutory and General Information — Pre-IPO Share Option Scheme" to this prospectus.

DIRECTOR'S INTEREST

Save as disclosed in this prospectus, each of our Directors (i) did not hold other positions in our Company or other members of our Group as of the Latest Practicable Date; (ii) had no other relationship with any Directors, senior management or substantial or Controlling Shareholders of our Company as of the Latest Practicable Date; and (iii) did not hold any other directorships in listed public companies in the three years prior to the Latest Practicable Date. As of the Latest Practicable Date, save as disclosed in the section headed "Appendix VI — Disclosure of Interests — Interests of the Directors and the Chief Executive of Our Company" to this prospectus, each of our Directors did not have any interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed herein, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

COMPLIANCE ADVISOR

We have appointed Guotai Junan Capital Limited as our compliance advisor (the "**Compliance Advisor**") pursuant to Rule 3A.19 of the Listing Rules. The Compliance Advisor will provide us with guidance and advice as to compliance with the requirements under the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will advise our Company, among others, in the following circumstances:

(a) before the publication of any regulatory announcement, circular, or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

(c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where the business activities, development or results of our Group deviate from any forecast, estimate or other information in this prospectus; and

(d) where the Stock Exchange makes an inquiry to the Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of appointment of the Compliance Advisor shall commence on the Listing Date and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date.

So far as our Directors are aware, the following persons will, immediately following the completion of the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme or the RSU Scheme), have beneficial interests or short positions in Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are directly and/or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company and are therefore regarded as substantial shareholders of our Company under the Listing Rules:

Name of shareholder	Capacity/Nature of interest	Number of Shares held at the time of filing the listing application[1]	Approximate percentage of interest in our Company at the time of filing the listing application	Number of Shares held after the completion of the Capitalization Issue and the Global Offering and assuming the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme or the RSU Scheme[1]	Approximate percentage of interest in our Company immediately following the completion of the Capitalization Issue and the Global Offering and assuming the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme or the RSU Scheme
Sherman Investment	Registered owner	67,048,570(L)[2]	71.79%	717,869,909(L)[3]	53.81%
Shu Liang Sherman Jen	Interest of a controlled corporation	67,048,570(L)[2]	71.79%	717,869,909(L)[3]	53.81%
Shu Liang Sherman Jen	Beneficial interest	—	—	3,212,015(L)[4]	0.24%
Sequoia Capital China Growth Fund I, L.P.	Registered owner	15,703,200(L)[5]	19.99%[6]	199,881,280(L)[7]	14.98%[8]

Notes:

(1) The Letter "L" denotes the person's long position in the Shares.

(2) The entire share capital of Sherman Investment Holdings Limited, a company incorporated in the BVI, is owned by Mr. Jen. Mr. Jen and Sherman Investment are taken to be interested in 67,048,570 Shares at the time of filing the listing application.

(3) The entire share capital of Sherman Investment Holdings Limited, a company incorporated in the BVI, is owned by Mr. Jen. Mr. Jen and Sherman Investment are taken to be interested in 717,869,909 Shares upon the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme or the RSU Scheme).

(4) Mr. Shu Liang Sherman Jen is interested in the options granted pursuant to the Pre-IPO Share Option Scheme to subscribe for 3,212,015 Shares. Taking into account his interest in the Company held by Sherman Investment, he is deemed to be interested in the Company as to 54.05%.

(5) Sequoia Capital China Growth Fund I, L.P. is a limited liability partnership incorporated in the Cayman Islands and holds 15,703,200 Preferred Shares at the time of filing the listing application.

(6) The shareholding percentage of Sequoia Capital China Growth Fund I, L.P. is calculated based on the assumption that the 15,703,200 Preferred Shares held by Sequoia Capital China are converted into Shares at the time of filing the listing application.

(7) Sequoia Capital China Growth Fund I, L.P. is taken to be interested in 199,881,280 Shares upon the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme or the RSU Scheme).

(8) The shareholding percentage of Sequoia Capital China Growth Fund I, L.P. is calculated based on the assumption that the 15,703,200 Preferred Shares held by Sequoia Capital China are converted into Shares upon the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme or the RSU Scheme).

Save as disclosed herein, our Directors are not aware of any person who will, immediately following the completion of the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme and the RSU Scheme), have interests or short positions in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements with the following investors (the "**Cornerstone Investors**" and each a "**Cornerstone Investor**"), who agreed to subscribe at the Offer Price for such number of Shares with certain investment amount (the "**Cornerstone Placing**"). The total number of Shares to be subscribed for by the Cornerstone Investors would be 76,500,000 Shares, representing approximately 22.9% of the Offer Shares (assuming the Over-allotment Option and the Pre-IPO Share Option Scheme are not exercised) and approximately 5.7% of our total issued share capital after the Capitalization Issue and the Global Offering (assuming the Over-allotment Option and the Pre-IPO Share Option Scheme are not exercised).

The Cornerstone Placing forms part of the International Placing. The Shares to be subscribed for by the Cornerstone Investors will not be affected by any reallocation of the Shares between the International Placing and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in "Structure of the Global Offering — The Hong Kong Public Offering — Reallocation and clawback".

Each of the Cornerstone Investors is an independent third party of our Company and is independent from each other. The Shares to be subscribed for by the Cornerstone Investors will be counted towards the public float of our Company and will rank *pari passu* with the Shares then in issue and to be listed on the Stock Exchange. Other than the subscription pursuant to the cornerstone investment agreements, the Cornerstone Investors have agreed not to subscribe for any Offer Shares under the Global Offering. Immediately following the completion of the Capitalization Issue and the Global Offering, none of the Cornerstone Investors will have any Board representation in our Company, nor will any of them become a substantial shareholder of our Company.

THE CORNERSTONE INVESTORS

Edmond de Rothschild Asset Management (France)

Edmond de Rothschild Asset Management (France) ("**Rothschild**") has agreed to subscribe for 25,500,000 Shares in the International Placing at the Offer Price, representing approximately 1.9% of the Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised).

Rothschild is a wholly-owned subsidiary of the Edmond de Rothschild Group. Edmond de Rothschild Group was founded in 1953 by Baron Edmond de Rothschild and presided over since 1997 by Baron Benjamin de Rothschild. The Edmond de Rothschild Group specializes in Asset Management and Private Banking. At December 31, 2013 the Group had Euro133.6 billion of assets under management and nearly 2800 employees spread across 31 offices, branches and subsidiaries throughout the world. In Asset Management, the Edmond de Rothschild Group had close to Euro45 billion under management at December 31, 2013 and employed 550 people including 100 investment professionals.

International Finance Corporation

International Finance Corporation ("**IFC**") has agreed to subscribe for 25,500,000 Shares in the International Placing at the Offer Price, representing approximately 1.9% of the Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised).

IFC is a member of the World Bank Group and is established by its Articles of Agreement among 184 member countries, including the PRC. IFC fosters sustainable economic growth in developing countries by financing private sector investment, mobilizing capital in the international financial markets, and providing advisory services to businesses and governments. Since 1985, IFC has financed more than 200 projects in China to support sustainable private sector development in a wide range of industry including manufacturing and services sector, banking and financial market, infrastructure, agriculture, health & education, and private equity funds.

Our Company and IFC entered into a policy agreement (the "**Policy Agreement**") on November 13, 2014 whereby we agreed to adopt certain corporate governance measures, namely (a) not to engage in certain sanctionable practices; (b) complying with IFC's environmental and social performance standards and guidelines, which are international standards adopted by many companies worldwide; (c) not to enter into any transaction or engage in any activity prohibited by any resolution of the United Nations Security Council under Chapter VII of the United Nations Charter; and (d) maintaining adequate insurance policies. Under the Policy Agreement, IFC will not have any special right after the Listing. Further details of these corporate governance measures are set out below:

(a) Sanctionable practices

We will not undertake certain sanctionable practices (including actions undertaken for the purpose of bid rigging or threatened or actual illegal actions) or make certain prohibited payments (including kickbacks and bribery to violate or derogate a duty owed by the recipient in order to obtain an undue advantage or to avoid an obligation, and facilitation payments).

(b) Environmental and social policy

We will collect data to monitor our environmental and social status, review and report on our environmental and social policy which covers the status of our compliance with applicable local environmental, social, labor, safety, security and health legislation and standards and measures taken to remedy any non-compliance. We agree to achieve, as a minimum, the standards set out in IFC's environmental and social policies and its environmental, social, labor, health and safety guidelines. Such environmental and social policies define responsibilities or approaches for managing business operations and investment projects and include performance standards in areas such as environmental and social management system, labor and working conditions, land acquisition and involuntary resettlement, biodiversity and others. We have agreed to implement an action plan to adopt measures to ensure our operations to be conducted in compliance with the performance standards. We will also comply with applicable environmental, social, labor, health, security and safety legislation and guidelines and standards in countries where we operate.

(c) UN Security Council Resolutions

We will not enter into any transaction or engage in any activity prohibited by any resolution of the United Nations Security Council under Chapter VII of the United Nations Charter.

(d) Insurance

We will insure and keep insured our Company's assets and businesses which can be insured.

Under the Policy Agreement, our Company has also granted IFC with rights to access our operating facilities, books and records except for non-public inside information, and employees, agents, contractors and subcontractors of our Company. Such access rights are primarily intended for IFC's monitoring of our Company's compliance with the undertakings in the Policy Agreement and if any information required to be disclosed to IFC or permitted to be accessed by IFC under the Policy Agreement constitutes non-public inside information, our Company will as soon as reasonably practicable disclose such information to both IFC and the public and/or our shareholders for the purpose of ensuring equal dissemination of information in accordance with, and as required by, applicable laws and regulations. IFC has also acknowledged in the Policy Agreement that, if IFC knows that it is, through its access to our Company's information upon the exercise of its access rights, in possession of any information which constitutes non-public inside information of our Company for the purpose of the relevant requirements under the SFO, IFC will comply with the relevant requirements under the SFO in relation to its dealings in the Shares of our Company.

Under the cornerstone investment agreement with IFC dated November 14, 2014, IFC has a right to terminate the agreement if in the reasonable opinion of IFC, there are any differences between the draft prospectus provided to it prior to the signing of the agreement and this prospectus which, individually or in the aggregate, have a material adverse effect on our Company or the value of the Shares. The termination right set out above has lapsed as of the date of this prospectus.

New China Asset Management (Hong Kong) Limited

New China Asset Management (Hong Kong) ("**New China**") Limited has agreed to subscribe for 25,500,000 Shares in the International Placing at the Offer Price, representing approximately 1.9% of the Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised).

New China was established and jointly held by New China Asset Management Co., Ltd. ("**NCAM**") and New China Life Insurance Company Ltd. ("**NCL**") as to 60% and 40%, respectively. New China is the offshore asset allocation and investment platform of NCL. Controlled by Central Huijin Investment Ltd., NCL is a nationwide life insurance company with leading market share in the life insurance sector. NCL was dual-listed in the Hong Kong Stock Exchange and Shanghai Stock Exchange in December 2011 (stock code: HK.1336; SH.601336). NCAM was established in July 2006 as a dedicated asset management firm, and over 97% of its shares are controlled by NCL. NCAM's business scope includes management of proprietary and insurance funds; discretionary mandates; consulting services related to asset management business; and management of other assets permitted by laws and regulations.

CONDITIONS PRECEDENT

The subscription obligation of each of the Cornerstone Investors is subject to, among other things, the following conditions precedent:

(a) the Hong Kong Underwriting Agreement and the International Underwriting Agreement having been entered into, become effective and having become unconditional (in accordance with their respective original terms, as subsequently varied by agreement of the parties thereto or waived, to the extent it may be waived, by the relevant parties) ;

(b) neither of the aforesaid underwriting agreements having been terminated;

(c) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering and that such approval having not been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

(d) no laws shall have been enacted or promulgated by any governmental authority which prohibit the consummation of the transactions contemplated under the Global Offering or under the respective cornerstone investment agreement and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of the transactions contemplated under the Global Offering or under the respective cornerstone investment agreement; and

(e) the respective representations, warranties, acknowledgements, undertakings and confirmations of the relevant Cornerstone Investor and the Company are (as of the date of the respective cornerstone investment agreement) and will be (as of the Closing Date (as defined in the relevant cornerstone investment agreement)) accurate and true in all material respects and not misleading and that there is no material breach of the respective cornerstone investment agreement on the part of the relevant Cornerstone Investor and the Company.

In addition, the subscription obligation of the following Cornerstone Investors is also subject to the following conditions precedent:

In relation to the Cornerstone Placing with IFC:

(a) the final Offer Price being fixed at a price no more than HK$3.07 per Share excluding brokerage, SFC transaction levy and Stock Exchange trading fee;

(b) IFC not being the single largest cornerstone investor in the Global Offering as a result of the Cornerstone Placing in terms of number of Shares to be subscribed for; and

(c) the issuance of the Offering Documents (as defined in the relevant cornerstone investment agreement) and such Offering Documents having not been subsequently withdrawn, repudiated or supplemented (except for (a) the pricing supplement set forth in the International Underwriting Agreement; and (b) any supplement as a result of any decrease in the low end of the Offer Price range).

In relation to the Cornerstone Placing with Rothschild:

- the subscription of Shares by Rothschild not resulting in any breach of law applicable to Rothschild.

RESTRICTIONS ON DISPOSALS BY THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that, without the prior written consent of each of the Company, the Joint Global Coordinators and the Joint Sponsors, it will not at any time during the period of six months following the Listing Date dispose of (as defined in the respective cornerstone investment agreement) any of the Shares to be subscribed by it pursuant to the respective cornerstone investment agreement.

Each Cornerstone Investor may transfer the Shares so subscribed in certain limited circumstances, such as transfer to a wholly-owned subsidiary of such Cornerstone Investor, provided that such wholly–owned subsidiary agrees to be subject to the restrictions on disposals imposed on such Cornerstone Investor.

The following is a description of our authorized and issued share capital in issue and to be issued as fully paid or credited as fully paid immediately before and after the completion of the Capitalization Issue and the Global Offering.

	Nominal Value (US$)	Approximate percentage of share capital (%)
Authorized share capital		
3,979,000,000 Shares of US$0.001 each	3,979,000.000	99.47
21,000,000 Preferred Shares of US$0.001 each	21,000.000	0.53
Total	4,000,000.000	
Issued share capital at the date of this prospectus:		
72,000,000 Shares of US$0.001 each	72,000.000	77.09
18,000,000 Preferred Shares of US$0.001 each	21,399.332[(1)]	22.91
	93,399.332	
Shares to be issued pursuant to the Capitalization Issue:		
906,600,668 Shares of US$0.001 each	906,600.668	
Shares to be issued pursuant to the Global Offering:		
334,000,000 Shares of US$0.001 each	334,000.000	
Total issued share capital on completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised at all):		
1,334,000,000 Shares of US$0.001 each	1,334,000.000	
Shares to be issued assuming the Over-allotment Option is exercised in full		
50,100,000 Shares of US$0.001 each	50,100.000	
Total issued share capital on completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is exercised in full)		
1,384,100,000 Shares of US$0.001 each	1,384,100.000	

Note:

(1) Assuming that the 18,000,000 Preferred Shares held by Sequoia Capital China have been converted into Shares upon the completion of the Capitalization Issue and the Global Offering.

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional but does not take into account any Shares to be issued under the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme, the RSU Scheme or which may be issued or repurchased pursuant to the general mandate given to the Directors for issue and allotment of Shares referred to in the section headed "Appendix VI — Statutory and General Information" to this prospectus or the repurchase mandate referred to in the same section of this prospectus, as the case may be.

RANKING

The Shares will rank equally with all Shares currently in issue and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Conditional on the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with the Shares (otherwise than pursuant to, or in consequence of, the Global Offering, a rights issue or the exercise of any options under the Pre-IPO Share Option Scheme, Post-IPO Share Option Scheme, the RSU Scheme or any scrip dividend scheme or similar arrangements, any adjustment of rights to subscribe for Shares under options and warrants or a special authority granted by our Shareholders) with an aggregate nominal value of not more than the sum of:

- Shares representing 20% of the aggregate nominal value of our share capital in issue immediately following the completion of the Capitalization Issue and the Global Offering; and
- the aggregate nominal value of our share capital repurchased by us (if any) under the general mandate to repurchase Shares referred to below.

This general mandate to issue Shares will remain in effect until:

- the conclusion of our next annual general meeting;
- the expiration of the period within which our next annual general meeting is required by any applicable law or the Articles of Association to be held; or
- it is varied or revoked by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

Particulars of this general mandate to allot, issue and deal with Shares are set forth under the section headed "Appendix VI — Statutory and General Information — Written resolutions of the Shareholders passed on November 10, 2014" to this prospectus.

REPURCHASE MANDATE

Conditional on the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all our powers to repurchase Shares with a total nominal value of not more than 10% of the aggregate nominal value of our share capital in issue immediately following the completion of the Capitalization Issue and the Global Offering.

This mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and made in accordance with all applicable laws and the requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed "Appendix VI — Statutory and General Information — Written resolutions of the Shareholders passed on November 10, 2014" to this prospectus.

The general mandate to repurchase Shares will remain in effect until:

- the conclusion of our next annual general meeting;
- the expiration of the period within which our next annual general meeting is required by any applicable law or the Articles of Association to be held; or
- it is varied or revoked by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

Particulars of this general mandate are set out under the section headed "Appendix VI — Statutory and General Information — Written resolutions of the Shareholders passed on November 10, 2014" to this prospectus.

PRE-IPO SHARE OPTION SCHEME AND POST-IPO SHARE OPTION SCHEME

We have conditionally approved and adopted the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme and the RSU Scheme. See the sections headed "Appendix VI — Statutory and General Information — Pre-IPO Share Option Scheme", "Appendix VI — Statutory and General Information — Post-IPO Share Option Scheme" and "Appendix VI — Statutory and General Information — RSU Scheme" to this prospectus.

You should read the following discussion and analysis with our audited combined financial information, including the notes thereto, included in the Accountant's Report set out in Appendix I to this prospectus. The Accountant's Report has been prepared in accordance with IFRS, which may differ in material aspects from generally accepted accounting principles in other jurisdictions, including the United States.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in the sections headed "Risk Factors" and "Forward-Looking Statements" in this prospectus.

For the purpose of this section, unless the context otherwise requires, references to 2011, 2012 and 2013 refer to our financial years ended August 31 of such years. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are the largest international high school operator and the largest international school operator in China, as measured by student enrollment at the end of the 2010/2011, 2011/2012, 2012/2013 and 2013/2014 school years, according to the Frost & Sullivan Report. We operate all of our schools under our "Maple Leaf" brand and offer a bilingual K-12 education with competitive tuition fees. The core component of our business is a dual-curriculum and dual-diploma high school education that is unique among the top 10 international school operators in China as measured by student enrollment at the end of the 2013/2014 school year. It enables graduates of our PRC and BC certified schools to receive both a fully accredited BC high school diploma and a PRC high school diploma. We aspire to develop our students into well-rounded and academically excellent individuals that can function effectively in both Chinese and foreign environments. As of the Latest Practicable Date, we operated seven high schools, 10 middle schools, nine elementary schools, 12 preschools and two foreign national schools across nine cities in China. We had an approximately 9.0% market share in the highly fragmented international high school market in China and an approximately 7.6% market share in the international school market in China, as measured by student enrollment at the end of the 2013/2014 school year, according to the Frost & Sullivan Report.

We have a 19-year track record in providing a comprehensive education that immerses our students in both Chinese and Western cultures. According to the BCMOE, our Dalian Maple Leaf High School was the first-ever offshore high school to be granted certification status under the British Columbia Global Education Program—Offshore Schools. In addition, our high school program is the largest offshore program in China as measured by student enrollment in the 2012/2013 school year, according to the Frost & Sullivan Report. All of our BC-accredited courses are taught in English by BC-certified teachers. Our foreign national schools, which are only open to foreign nationals, cover the K-9 class levels and are granted certification status under the British Columbia Global Education Program—Offshore Schools. Our middle and elementary schools, which can only offer PRC curricula under PRC laws and regulations, offer extensive English training and a bilingual learning environment to students, preparing them for our English-intensive high school program.

We strive to offer our students a pathway into universities and colleges around the world. In each of the 2010/2011, 2011/2012 and 2012/2013 school years, based on our estimates, over 90% of our high school graduates, respectively, were admitted to universities and colleges around the world. In the same school years, based on our estimates, approximately 44%, 38% and 47% of our high school graduates, respectively, were admitted to the World Top 100 Universities. In the 2013/2014 school year, based on our estimates, over 95% of our high school graduates were admitted to universities and colleges around the world and approximately 51% of our high school graduates were admitted to the World Top 100 Universities. Over 50 universities and colleges around the world have a memorandum of understanding with us to facilitate the admissions process for our high school graduates, which we believe evidences their acknowledgement of the academic performance and English capacity of our students. We design our educational services to prepare students for the challenges they may face while attending post-secondary institutions overseas and help them to smoothly adapt to, and thrive in, diverse undergraduate environments.

We derive revenue primarily from tuition fees from our schools, which accounted for approximately 88.0%, 88.8%, 86.2% and 93.3% of our total revenue in the fiscal years ended August 31, 2011, 2012 and 2013 and the nine months ended May 31, 2014, respectively. In addition to tuition, we also generate revenue from various educational services, including overseas winter and summer camps, consulting services for overseas university admissions and the sale and lease of textbooks and other educational materials to our students.

We have experienced steady growth in our revenue and student enrollment in recent years. Our revenue increased from RMB346.1 million for the fiscal year ended August 31, 2011 to RMB413.5 million for the fiscal year ended August 31, 2012 and to RMB471.2 million for the fiscal year ended August 31, 2013. Our overall student enrollment grew from 9,120 as of the end of the 2010/2011 school year to 10,509 as of the end of the 2011/2012 school year, to 11,697 as of the end of the 2012/2013 school year and to approximately 13,459 as of May 31, 2014. Our gross profit was RMB156.4 million, RMB191.1 million and RMB202.5 million in the fiscal years ended August 31, 2011, 2012 and 2013, respectively. For the nine-month periods ended May 31, 2013 and 2014, our revenue amounted to RMB325.5 million and RMB365.5 million, and our gross profit was RMB139.3 million and RMB150.5 million, respectively.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION

The selected financial information from our consolidated statements of financial position as of August 31, 2011, 2012 and 2013 and May 31, 2014, our consolidated statements of profit and loss and other comprehensive income for the years ended August 31, 2011, 2012 and 2013 and the nine months ended May 31, 2013 and 2014 and our consolidated statement of cash flows for the years ended August 31, 2011, 2012 and 2013 and the nine months ended May 31, 2013 and 2014 set forth below are derived from the Accountant's Report set out in Appendix I to this prospectus, and should be read in conjunction with the Accountant's Report and with the section headed "Financial Information — Management's Discussion and Analysis of Financial Condition and Results of Operations" in this prospectus.

The following table presents our selected consolidated statements of profit and loss and other comprehensive income for the years ended August 31, 2011, 2012 and 2013 and the nine months ended May 31, 2013 and 2014:

Consolidated Statements of Profit and Loss and Other Comprehensive Income

	Year ended August 31,			Nine months ended May 31,	
	2011	2012	2013	2013	2014
			(RMB'000)		
				(Unaudited)	
Revenue	346,091	413,459	471,219	325,470	365,549
Cost of revenue	(189,687)	(222,342)	(268,751)	(186,134)	(215,083)
Gross profit	156,404	191,117	202,468	139,336	150,466
Investment and other income	1,588	4,872	4,859	3,623	4,501
Other income, gains and losses	6,701	(1,633)	101	478	(95)
Marketing expenses	(13,861)	(14,409)	(20,886)	(14,227)	(15,064)
Administrative expenses	(34,256)	(47,934)	(56,118)	(42,998)	(49,039)
Finance costs	(14,952)	(15,234)	(15,554)	(11,072)	(11,849)
Other expenses	(6,279)	(1,433)	(1,515)	(1,135)	(15,347)
Change in fair value on redeemable convertible preferred shares	(104,040)	(10,440)	(63,720)	(40,860)	(59,642)
Change in fair value on warrants	(21,960)	(1,785)	(8,410)	(5,225)	(3,695)
Gain on cancellation of warrants	—	—	—	—	42,510
(Loss) profit before taxation	(30,655)	103,121	41,225	27,920	42,746
Taxation	(7,575)	(9,153)	(8,043)	(5,702)	(5,018)
(Loss) profit for the year/period	(38,230)	93,968	33,182	22,218	37,728
Other comprehensive income (expense):					
Item that may be subsequently reclassified to profit or loss:					
Change in fair value of available-for-sale investments	—	63	316	411	(126)
Exchange difference arising on the transaction of foreign operation	—	59	(120)	(217)	844
Other comprehensive income for the year/period	—	122	196	194	718
Total comprehensive (expense) income for the year/period	(38,230)	94,090	33,378	22,412	38,446
(Loss) earnings per share					
Basic (RMB)	(0.05)	0.12	0.04	0.03	0.05
Diluted (RMB)	(0.05)	0.10	0.04	0.03	(0.00)

The following table reconciles our income before income taxes and minority interests under IFRS to our definition of EBITDA for the periods indicated.

Adjusted EBITDA

	Year ended August 31,			Nine months ended May 31,	
	2011	2012	2013	2013	2014
			(RMB'000)		
				(Unaudited)	
(Loss) profit before taxation	(30,655)	103,121	41,225	27,920	42,746
Interest expense on bank borrowings and banking facilities	14,952	15,234	15,554	11,072	11,849
Depreciation and amortization	32,062	33,137	38,332	28,581	32,923
EBITDA	16,359	151,492	95,111	67,573	87,518
Add:					
Share-based payments	353	72	31	16	—
Change in fair value on redeemable convertible preferred shares	104,040	10,440	63,720	40,860	59,642
Change in fair value on warrants	21,960	1,785	8,410	5,225	3,695
Gain on cancellation of warrants	—	—	—	—	(42,510)
Adjusted EBITDA	142,712	163,789	167,272	113,674	108,345

Note:
We use Adjusted EBITDA to provide additional information about our operating performance. We define Adjusted EBITDA as the sum of profit before taxation, interest expense on bank borrowings and banking facilities and depreciation and amortization (include depreciation of property, plant and equipment, depreciation of investment properties, amortization of books for lease and release of prepaid lease payments), and add share-based payment, change in fair value on redeemable convertible preferred shares and change in fair value on warrants and gain on cancellation of warrants. Adjusted EBITDA is not a measurement of financial performance or liquidity under IFRS and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with IFRS or as an alternative to cash flow from operating activities as measures of liquidity. Adjusted EBITDA is provided in addition to net income because net income includes accounting items associated with interest expenses and depreciation and amortization (include depreciation of property, plant and equipment, depreciation of investment properties, amortization of books for lease and release of prepaid lease payments). These accounting items may vary between companies depending on the method of accounting adopted by each company. In addition, Adjusted EBITDA is not a standardized term, hence, a direct comparison between companies using such terms may not be possible. We have included Adjusted EBITDA because we believe that it is a useful supplement to the cash flow data as a measure of our performance and our ability to generate cash flow from operations.

The following table presents our selected consolidated statements of financial position as of August 31, 2011, 2012 and 2013 and May 31, 2014:

Consolidated Statements of Financial Position

	The Group			
	At August 31,			At May 31,
	2011	2012	2013	2014
	(RMB'000)			
NON-CURRENT ASSETS				
Property, plant and equipment	882,953	961,387	1,177,025	1,200,824
Prepaid lease payments	162,733	167,546	196,589	192,877
Investment properties	20,412	19,558	18,704	18,063
Goodwill	3,980	1,982	1,982	1,982
Available-for-sale investments	4,418	3,177	3,493	3,367
Books for lease	2,565	4,028	3,309	4,121
Deposits for construction of property and land use right	3,037	3,193	1,227	1,037
	1,080,098	1,160,871	1,402,329	1,422,271
CURRENT ASSETS				
Deposit, prepayments and other receivables	13,283	12,483	16,256	19,386
Bank balances and cash	234,903	297,036	409,303	179,088
	248,186	309,519	425,559	198,474
CURRENT LIABILITIES				
Deferred revenue	319,847	357,475	408,325	214,520
Other payables and accrued expenses	87,087	109,842	188,607	166,087
Amounts due to related parties	13,822	13,805	13,491	3,545
Income tax payable	10,205	14,873	17,541	16,183
Bank borrowings	233,500	170,000	215,000	224,000
Redeemable convertible preferred shares	307,260	317,700	381,420	441,062
Warrants	28,620	30,405	38,815	—
	1,000,341	1,014,100	1,263,199	1,065,397
NET CURRENT LIABILITIES	(752,155)	(704,581)	(837,640)	(866,923)
TOTAL ASSETS LESS CURRENT LIABILITIES	327,943	456,290	564,689	555,348
CAPITAL AND RESERVES				
Share capital	511	511	511	511
Reserves	289,560	383,722	417,131	455,577
	290,071	384,233	417,642	456,088
NON-CURRENT LIABILITIES				
Deferred tax liabilities	4,572	9,057	14,347	16,860
Bank borrowings	—	—	60,000	—
Deposit received in respect of disposal of properties	30,000	60,000	70,000	80,000
Other non-current liabilities	3,300	3,000	2,700	2,400
	37,872	72,057	147,047	99,260
	327,943	456,290	564,689	555,348

The following table sets forth a summary of our cash flows for the years ended August 31, 2011, 2012 and 2013, and the nine months ended May 31, 2014:

Consolidated Statements of Cash Flow

	Year ended August 31,			Nine months ended May 31,
	2011	2012	2013	2014
			(RMB'000)	
Net cash from (used in) operating activities	235,667	216,782	250,274	(82,000)
Net cash used in investing activities	(154,498)	(74,256)	(227,201)	(75,620)
Net cash from (used in) financing activities	23,786	(80,379)	89,346	(72,722)
Increase (Decrease) In Cash and Cash Equivalents	104,955	62,147	112,419	(230,342)
Cash and cash equivalents at beginning of the year/period	130,038	234,903	297,036	409,303
Effect of foreign exchange rate changes	(90)	(14)	(152)	127
Cash and cash equivalents at the end of the year/period	234,903	297,036	409,303	179,088

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis in conjunction with the consolidated financial information included in the Accountant's Report set out in Appendix I to this prospectus and the operating data included elsewhere in this prospectus. The financial information has been prepared in accordance with IFRS.

BASIS OF PRESENTATION

Our Company was incorporated in the Cayman Islands on June 5, 2007 as an exempted company under the Cayman Companies Law. On March 10, 2008, the Company established a wholly-owned foreign enterprise, Beipeng Software, in Dalian, China. See the section headed "History and Corporate Structure" in this prospectus. The Group resulting from the reorganization before the Track Record Period is regarded as a continuing entity. Accordingly, the financial information of the Group which has been prepared by applying the principles of merger accounting, as if the group structure had been in existence throughout the Track Record Period and up to the Latest Practicable Date, or since their respective dates of incorporation or establishment where this is a shorter period.

Due to regulatory restrictions on foreign ownership of our schools in China, we conduct a substantial portion of our business in China through our consolidated affiliated entities. We do not hold any equity interests in our consolidated affiliated entities. Rather, through a series of contractual arrangements, we effectively control these consolidated affiliated entities and are able to derive substantially all of their economic benefits. Accordingly, we consolidate into our financial statements the results of operations, assets and liabilities, and cash flows of our consolidated affiliated entities. See the section headed "Contractual Arrangements" in this prospectus.

As of August 31, 2011, 2012 and 2013, and May 31, 2014, we had net current liabilities of RMB752.2 million, RMB704.6 million, RMB837.6 million and RMB866.9 million, respectively. Taking into account our financial resources, including our unutilized banking facilities, the binding agreements signed with banks from February 2014 to May 2014 to renew or refinance the banking facilities upon maturity, and the supplement agreement signed in June 2014 by the Company and holders of the Preferred Shares that the Preferred Shares would not be redeemed until December 31, 2015, our Directors are of the opinion that we have sufficient working capital to meet in full its financial obligations as they fall due for at least the next twelve months from the end of the reporting period and accordingly, the financial information have been prepared on a going concern basis.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, affected by a number of factors, which primarily include the following:

Macroeconomic Conditions in China

We have benefited significantly from the growth of China's economy, favorable demographic trends and the demand for high quality K-12 private education in China. Over the past years, the Chinese economy has maintained a solid growth pace, and its GDP growth rate was 17.8%, 9.7% and 9.6%, in 2011, 2012 and 2013, respectively, and, according to the Frost & Sullivan Report, is expected to be 10.4%, 10.1% and 9.5%, in 2014, 2015 and 2016, respectively. The overall economic growth and the increase in the GDP per capita in China have led to a significant increase in spending on education in China. According to the Frost & Sullivan Report, per capita expenditure on education, culture and recreation items and services has been increasing at a steady pace from 2007 to 2013 at a CAGR of 8.6% and 7.8% for urban and rural households, respectively. Also, in 2013, the Chinese government announced that it will relax its "one-child policy" as a measure to stimulate birth rates by allowing families to have two children if one of the parents is an only-child. As China continues to integrate into the global economy and with the possible increase in population as a result of the relaxation of the "one-child policy", we anticipate that the demand for high-quality K-12 private education in China will continue to increase. However, any adverse changes in the economic conditions or regulatory environment in China may have a material adverse effect on the private education industry in China, which in turn may harm our business and results of operations.

Student Enrollment

Our revenue is primarily driven by tuition fees and other fees from students enrolled at the schools that we operate. During the Track Record Period, our total student enrollment increased from 9,120 as of the end of the 2010/2011 school year to 10,509 as of the end of the 2011/2012 school year and to 11,697 as of the end of the 2012/2013 school year. According to the Frost & Sullivan Report, the total student enrollment in international schools (excluding schools for foreigners only) in China is expected to increase at a 2013-2017 CAGR of 14.8%.

Student enrollment is generally dependent on, among other things, the reputation of our schools, which is primarily driven by the quality of our curriculum and our teachers. We believe that our dual-curriculum (BC curriculum and PRC curriculum), bilingual form of education has enabled us to continuously increase the number of students enrolled in our schools, as more and more students in China have sought a pathway into universities and colleges overseas. In addition, the quality of our teachers, which directly affects the quality and reputation of our educational services, is an important factor in the success of our schools and our ability to increase student enrollment. Accordingly, we maintain stringent teacher selection and retention criteria and require rigorous training as well as ongoing monitoring and evaluation of our teachers.

Student enrollment is also affected by the number and capacity of the schools that we operate. As part of our strategy to expand our school network, we intend to continue to open new schools and campus facilities to further penetrate existing markets and enter new markets. Since 2008, we have successfully expanded our school network outside of Dalian, where we began our operations, to Wuhan, Tianjin, Chongqing, Zhenjiang, Ordos, Luoyang and Shanghai, which has been one of the key factors affecting student enrollment and our revenue. During the Track Record Period and up to the Latest Practicable Date, we also continued to expand the premises of our existing schools, such as our Wuhan and Tianjin campuses.

Student enrollment is also dependent on the tuition fees we charge. According to the Frost & Sullivan Report, our average annual tuition fees for the 2012/2013 school year were the lowest for elementary schools, middle schools and high schools out of the top five international schools in China by student enrollment. We believe that our relatively lower tuition fees has been one of the key factors parents have considered when deciding to enroll children in our schools.

Tuition Fees

Our revenue is also affected by the price of tuition we charge. Tuition is generally paid in advance prior to the beginning of each school year. Tuition rates are primarily based on the demand for our educational programs, the cost of our services, the general economic conditions in the geographic areas in which we operate, the tuition fees charged by our competitors, and our pricing strategy to gain market share. In addition, under applicable PRC regulations, the type and amount of fees charged by a private school providing certifications must be approved by the governmental pricing authority. All of our applications to raise tuition fees in prior years have been approved by the governmental pricing authority, thus we do not expect these regulations to limit our ability to increase the tuition we charge in the future. However, there can be no assurance that the governmental pricing authority will approve future applications to raise our tuition in a timely manner or at all. See the sections headed "Regulatory Overview" and "Risk Factors — Risks relating to Our business and Our Industry — Governmental pricing authorities may limit our ability to increase the tuition we charge at our schools" in this prospectus. We also have a refund policy for students who withdraw from our schools. See the section headed "Business — Our Schools" in this prospectus.

For the 2013/2014 school year, we charged tuition generally ranging between RMB42,400 and RMB71,500 per student per year in our high schools, including a boarding fee for boarding students, which was lower than the average tuition of international high schools in China, according to the Frost & Sullivan Report. Tuition rates at our preschools, elementary schools and middle schools are higher than those in the public school system. In the past, we kept our tuition rates relatively low in order to remain attractive to parents and students, and thereby increase our student enrollment and market share. When we raised our tuition rates during the Track Record Period, we applied the increased rates only to new students that enrolled in our schools after the tuition increase was implemented. According to the Frost & Sullivan Report, our average annual tuition fees for the 2012/2013 school year were the lowest for elementary schools, middle schools and high schools out of the top five international schools in China as measured by student enrollment. However, we believe the tuition levels we charge are not so low as to negatively impact market perception of the "Maple Leaf" brand as a provider of quality education. In addition, we believe that our pricing strategy has enabled us to increase student enrollment and thus the utilization rate of our facilities. As part of our strategy to optimize our revenue structure, we plan to explore opportunities to increase our tuition fees in the future. We believe that an increase in tuition fees will not have a material adverse impact on our business or results of operations.

If we are able to increase our tuition while maintaining or continuing to increase our student enrollment, we may be able to improve our gross margin. However, tuition increases may have the effect of decreasing the total number of students enrolled in our schools. See the section headed "Risk Factors — Risks Relating to Our Business and our Industry — Our business depends on our ability to maintain or raise the tuition levels we charge at our schools" in this prospectus.

Utilization of Our Facilities

In addition to student enrollment and tuition fees, the utilization rate of our schools' facilities is a key driver of revenue growth and gross margin. Utilization rate is calculated as the number of students divided by the capacity for a given school. Except for our preschools and Foreign Schools, all of our schools are boarding schools. For these boarding schools, the capacity for students is calculated based on the number of beds in their dormitories. For our Foreign Schools, the capacity for students is calculated based on the number of desks in their classrooms. For our preschools, the capacity for students is calculated based on the number of beds used for naps in the schools.

Independent of the level of student enrollment in any given year, we incur a significant amount of fixed costs relating to the operation of our business. If we are able to increase our utilization rate, we will be able to increase our revenue at a faster pace than our fixed costs, which in turn will improve our gross margin. For the fiscal years ended August 31, 2011, 2012 and 2013 and the nine months ended May 31, 2014, we had overall facility utilization rates of 73.0%, 73.5%, 61.6% and 59.8%, respectively, based on a maximum capacity of 12,490, 14,290, 18,990 and 22,490, respectively, in all of our schools. Utilization rates are generally higher at our more established facilities than they are at the facilities in our newly entered markets. For example, as of May 31, 2014, the utilization rate of our well-established high school in Wuhan was 93.9%, whereas the utilization rate for our high school in Shanghai was 8.2%, which we have been operating for a shorter period of time and is in a newly entered market. The utilization rate of schools in newly entered markets is typically lower because a period of time is needed for us to build brand recognition and market our bilingual educational programs in new geographic areas. Our overall utilization rate has decreased as a result of our entrance into the Zhenjiang, Ordos, Luoyang and Shanghai markets in recent years. Likewise, if we expand our campus facilities at the schools we presently operate, our overall utilization rate may decrease temporarily until we are able to enroll more students. Accordingly, a key driver of success is identifying the proper time to expand our capacity, whether by entering new markets or by constructing additional buildings at existing facilities, and, following such expansion, quickly increase student enrollment in the new facilities.

In recent years, we have built or acquired additional facilities when the existing utilization rate of a given school was high, as we did with the expansion of our facilities at Dalian Maple Leaf International School (High School) in 2009, or when we were entering a new geographical area, as we did through building a high school in Shanghai in September 2013. With regards to the schools we currently operate that have a low utilization rate, we aim to concentrate on increasing student enrollment and the utilization rate and not to seek to expand capacity at these schools in the short to medium term.

Teachers' Salaries

Our ability to maintain and increase profitability also depends on our ability to effectively control our costs and expenses. A significant component of our cost of revenue is compensation to our teachers, including PRC-certified, BC-certified and ESL teachers, and other teaching staff. We offer competitive remuneration to our teachers in order to attract and retain top teaching talent. Salaries and other allowances to our teachers and other teaching staff amounted to approximately 33.3%, 32.5%, 33.4% and 37.6% of our revenue for the fiscal years ended August 31, 2011, 2012 and 2013 and the nine months ended May 31, 2014, respectively. Our cost of sales as a percentage of our total revenue was 54.8%, 53.8%, 57.0% and 58.8% for the fiscal years ended August 31, 2011, 2012 and 2013 and the nine months ended May 31, 2014, respectively. The increase in cost of sales as a percentage of revenue from the fiscal year ended August 31, 2012 to the fiscal year ended August 31, 2013 and for the nine months ended May 31, 2013 to the nine months ended May 31, 2014 was largely a result of the rapid expansion of our facilities, including our additional investments in human resources, especially compensation to our BC-certified teachers. The decrease in our cost of revenue as a percentage of revenue for the fiscal year ended August 31, 2012 was a result of the higher utilization rate of our facilities, which was due to an increase of the student enrollment in our existing schools and the fact that we only opened one new school in such fiscal year. As we continue to expand our school network and the capacity of our schools, we will need to hire more teachers, which will result in an increase in cost of revenue. If we are unable to effectively manage this increase, or if the salaries of teachers increase at a rate faster than the increase in revenue, our profitability and results of operations will be adversely affected.

CRITICAL ACCOUNTING POLICIES

We have identified certain accounting policies that we believe are most significant to the preparation of our consolidated financial statements. Some of our significant accounting policies involve subjective assumptions and estimates, as well as complex judgments by our management relating to accounting items. The determination of these items requires management judgment based on information and financial data that may change in future periods, and as a result, actual results could differ from those estimates. Our significant accounting policies are set forth in detail in Note 3 of Section A to the Accountant's Report included in Appendix I to this prospectus.

The estimates and associated assumptions are based on our historical experience and various other relevant factors that we believe are reasonable under the circumstances, the results of which form the basis of our judgments about accounting items that are not readily apparent from other sources. Our management has discussed the development, selection and disclosure of these estimates with the Directors. When reviewing our financial results, you should consider: (i) our significant accounting policies, (ii) the judgment and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts, and sales related tax.

Service income includes tuition fees from our Foreign Schools, preschools and elementary schools, middle schools and high schools. For all of our schools except our preschools, tuition includes a boarding fee for boarding students.

Tuition fees received from elementary schools, middle schools, high schools and Foreign Schools are generally paid in advance prior to the beginning of each school year, and are initially recorded as deferred revenue. Tuition fees are recognized as revenue proportionately over the relevant period in which students attend the applicable program. The portion of tuition payments received from students but not earned is recorded as deferred revenue and is reflected as a current liability as such amounts represent revenue that we expect to earn within one year. The school's academic year is generally from September to June of the following year.

Tuition fees received from our preschools are paid in advance at the beginning of every month. Revenue is recognized after a service contract is signed, the price is fixed or determinable, and services are provided.

We also provide graduation consulting services and winter and summer camps to students. Revenue from such services are recognized when the related services are rendered and when it is probable that the economic benefits from the services rendered will flow to us and such benefit could be reliably measured.

We also rent educational books to students of our high schools. Book rental fees are generally billed to a student prior to the beginning of an academic year and recognized on a straight-line basis over the period in which a student uses these books. Rental fees paid in advance are recorded as deferred revenue.

Revenue from the sale of educational materials is recognized when the goods are delivered and title has passed, at which time all of the following conditions are satisfied: (i) we have transferred to the buyer the significant risks and rewards of ownership of goods; (ii) we retain neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; (iii) the amount of revenue can be measured reliably; (iv) it is probable that the economic benefits associated with the transaction will flow to us; and (v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to us and the amount of the income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

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

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

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

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

We determine the estimated useful lives of our property, plant and equipment and the depreciation method in determining the related depreciation charges. This estimate is based on our experience of the actual useful lives of property, plant and equipment of similar nature and function. In addition, we assess impairment whenever events or changes in circumstances indicate that the carrying amount of an item of property, plant and equipment may not be recoverable. We will increase the depreciation charge where useful lives are expected to be shorter than expected, or will write off or write down obsolete assets that have been abandoned or impaired. When the actual useful lives or recoverable amounts of property, plant and equipment differ from the original estimates, adjustment will be made and recognized in the period in which such event takes place. As at August 31, 2011, 2012, 2013 and May 31, 2014, the carrying amount of property, plant and equipment were approximately RMB883.0 million, RMB961.4 million, RMB1,177.0 million and RMB1,200.8 million, respectively. Any change in these estimates may have a material impact on our results of operations.

Current and Deferred Income Taxes

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

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

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

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

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

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

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

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

Redeemable Convertible Preferred Shares

Our Preferred Shares include a conversion option and a redemption option and are not settled by the exchange of a fixed monetary amount for a fixed number of equity instruments recognized as a financial liability with embedded derivatives. Derivatives embedded in a financial instrument are treated as separate derivatives when their economic risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. We, however, have elected to designate the Preferred Shares with embedded derivatives and conversion options as financial liabilities at fair value through profit or loss. At each financial year end, all outstanding Preferred Shares are measured at fair value, with changes in fair value recognized directly in profit or loss in the year in which they arise.

The fair value of the entirety of the Preferred Shares is established using valuation techniques. These techniques include using discounted cash flow analysis and an option pricing method. Valuation techniques are proposed by independent and recognized international business valuers before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. The model involves estimating on time to expiration, risk free rate, other comparable public companies share price volatility and others. Our estimates and assumptions are reviewed periodically and are adjusted if necessary.

KEY COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

We derive revenue from tuition fees for our high schools, middle schools, elementary schools, preschools and foreign national schools and from other educational services. For the fiscal years ended August 31, 2011, 2012 and 2013 and the nine months ended May 31, 2014, we generated a total revenue of RMB346.1 million, RMB413.5 million, RMB471.2 million and RMB365.5 million, respectively. Our revenue is net of PRC business taxes and related surcharges.

The table below summarizes, for the periods indicated, the amount of revenue generated from tuition, other educational services and other sources.

	Year ended August 31,			Nine months ended May 31,	
	2011	2012	2013	2013	2014
			(RMB'000)		
				(Unaudited)	
Tuition fees					
— High school	196,472	241,051	259,205	193,604	200,740
— Middle school	41,683	54,801	68,150	49,792	60,690
— Elementary school	25,612	31,349	37,851	27,923	50,140
— Foreign national school	18,207	16,377	14,376	10,715	10,990
— Preschool	22,754	23,481	26,380	19,170	18,320
Textbooks	13,248	15,573	17,954	15,096	18,994
Summer and winter camp	16,282	17,107	26,234	7,794	5,325
Other educational services	11,833	13,720	21,069	1,376	350
Total	346,091	413,459	471,219	325,470	365,549

Tuition Fees

Tuition fees consist of tuition fees from our high schools, middle schools, elementary schools, preschools and foreign national schools. All of our high schools, middle schools and elementary schools are boarding schools, and tuition fees charged at these schools include boarding fees for boarding students. Our Foreign Schools and preschools are non-boarding schools. Revenue from our Dalian campus, our largest campus in terms of student enrollment and revenue contribution, constituted 69.2%, 63.8%, 57.2% and 45.0% of our total revenue in the fiscal years ended August 31, 2011, 2012 and 2013 and the nine months ended May 31, 2014, respectively, while schools outside of Dalian accounted for an increasing portion of our revenue from tuition as we continued to expand our school network outside of Dalian.

For all of our schools except preschools, tuition for the full school year is generally paid in advance prior to the beginning of the school year. Tuition for our preschools is generally paid in advance at the beginning of each month. Our schools' academic year is generally from September to June of the following year.

Textbooks

We generate revenue from the sale and lease of textbooks and other educational materials to our students. We sell textbooks and other educational materials for use in our schools. We also lease imported textbooks to students enrolled in the BC programs on a per-year basis.

Summer and Winter Camp

We generate revenue from fees for our summer and winter camps. For our students in grades nine and below we organize English immersion camps overseas in Canada, Australia and the United States, which take place on college or university campuses with classes, games and excursions. For our high school students we offer university tours to different universities and colleges overseas. We charge participating students a fee, which includes, among other things, airfare, lodging expenses, fees paid to the universities and colleges being visited and service fees for teachers accompanying the tours.

Other Educational Services

We also generate revenue from other educational services, which include summer classes, graduation consulting services and others.

Cost of Revenue

Our cost of revenue consists primarily of staff costs, depreciation and amortization, other training expenses and other costs. The following table sets forth the components of our cost of revenue:

	Year ended August 31,			Nine months ended May 31,	
	2011	2012	2013	2013	2014
			(RMB'000)		
				(Unaudited)	
Staff costs	115,400	134,348	157,207	117,647	137,612
Depreciation and amortization	25,479	26,154	29,577	21,947	25,929
Other training expenses	14,114	17,643	25,757	8,070	5,243
Other costs	34,694	44,197	56,210	38,470	46,299
Total cost of revenue	189,687	222,342	268,751	186,134	215,083

Staff costs consist of salaries and benefits paid to our teachers and other teaching staff. Depreciation and amortization relate to the depreciation of property, plant and equipment and the amortization of books for lease. For the financial years ended August 31, 2011, 2012 and 2013 and the nine months ended May 31, 2014, staff costs in relation to our teachers and other teaching staff were RMB115.4 million, RMB134.3 million, RMB157.2 million and RMB137.6 million respectively, representing 60.8%, 60.4%, 58.5% and 64.0% of our total cost of revenue, respectively.

For reference purposes, the following table sets out a sensitivity analysis of: (1) the effect of the fluctuations of tuition fees during the Track Record Period, and (2) the effect of the fluctuations of our teaching staff costs during the Track Record Period, assuming no change of depreciation and amortization, other training expenses and other costs. To illustrate the potential effect on our financial performance, the sensitivity analysis below shows the impact on our loss/profit for the year/period with a 3%, 6% and 9% increase or decrease in tuition fees and teaching staff costs. None of the hypothetical fluctuation ratios applied in the sensitivity analysis equals the historical fluctuations of the tuition fees and teaching staff cost as our tuition fees and teaching staff cost have been relatively stable during the Track Record Period. However, the Company believes that the application of hypothetical fluctuations of 3%, 6% and 9% in the tuition fees and staff cost presents a meaningful analysis of the potential impact of changes in the tuition fees and teaching staff cost on our profitability.

	For the year ended August 31,			For the nine months ended May 31,	
	2011	2012	2013	2013	2014
			(RMB'000)		
1. Sensitivity analysis of tuition fees					
Tuition fees increase/decrease	**Impact to loss/profit for the year/period**				
3%	8,835	10,693	11,828	8,778	9,935
6%	17,670	21,386	23,656	17,556	19,871
9%	26,505	32,078	35,484	26,334	29,806
2. Sensitivity analysis of teaching staff costs					
Teaching staff cost increase/decrease	**Impact to loss/profit for the year/period**				
3%	3,351	3,899	4,594	3,437	4,002
6%	6,702	7,799	9,188	6,875	8,005
9%	10,053	11,698	13,783	10,312	12,007

Other training expenses relate to travel expenses and other expenses incurred in connection with our summer and winter camps. Other costs include our daily expenses of operating our schools and facilities, including the cost of furniture at our schools and the cost of maintaining our facilities.

Investment and Other Income

Investment and other income consists of interest income from our bank deposits, dividend income from available-for-sale investments and rental income and expenses in connection with certain office space that we lease to third parties.

Other Income, Gains and Losses

Other income, gains and losses consist primarily of gains and losses recognized upon the disposal of available-for-sale investments, gains and losses recognized upon the disposal of property, plant and equipment, including computers, and foreign exchange gains. For the year ended August 31, 2011, we also recognized a gain representing liquidated damages and penalty fees received from a third party for a breach of contract and land requisition compensation from the relevant local PRC government.

Marketing Expenses

The majority of marketing expenses is comprised of commercials, and expenses for producing, printing and distributing advertising and promotional materials. Marketing expenses also include salaries and benefits for personnel engaged in selling and marketing activities.

Administrative Expenses

Administrative expenses primarily consist of the salaries and other benefits for general and administrative staff, depreciation of office buildings and equipment, travel expenses, taxes, employee share options and certain professional expenses. We expect our general and administrative expenses to increase as we intend to hire additional general and administrative personnel to support the growth of our business.

Finance Costs

Finance costs consist primarily of the interest expenses for our bank borrowings and banking facilities.

Other Expenses

Other expenses consist primarily of operating expenses and depreciation incurred in connection with certain properties that we lease to third parties.

Change in Fair Value on Redeemable Convertible Preferred Shares

Change in fair value on redeemable convertible preferred shares relates to the changes in fair value of the Preferred Shares calculated using the option-pricing method. The key parameters adopted for the valuation of the Preferred Shares include the estimated probability of the Preferred Shares, the risk-free rate, time to expiration, the dividend yield and volatility. For more information, see Note 30 in the Accountant's Report set forth in Appendix I to this prospectus and the section headed "History and Corporate Structure — Pre-IPO Investment" in this prospectus.

Change in Fair Value on Warrants

Change in fair value on warrants relates to the change in fair value of the Series A Warrant, the fair value of the Series A Warrant was determined at the relevant dates using the Black-Scholes option pricing model. The key parameters adopted for the valuation of the Series A Warrant include estimates on risk free rate, other comparable public companies share price volatility and others. For more information, see Note 30 in the Accountant's Report set forth in Appendix I to this prospectus and the section headed "History and Corporate Structure — Pre-IPO Investment" in this prospectus.

Taxation

Our effective tax rate for the fiscal years ended August 31, 2011, 2012 and 2013 and the nine months ended May 31, 2014 was 24.7%, 8.9%, 19.5% and 11.7%, respectively, of estimated assessable loss or profit. The fluctuations of our effective tax rates during the Track Record Period were primarily the result of changes in the fair value on Preferred Shares and changes in the fair value on warrants.

The following table shows how the changes in fair value on Preferred Shares and changes in fair value on warrants impacted our effective tax rate during the Track Record Period:

	Year ended August 31,			Nine months ended May 31,	
	2011	2012	2013	2013	2014
			(RMB'000)		
				(Unaudited)	
(Loss) profit before taxation	(30,655)	103,121	41,225	27,920	42,746
Taxation	(7,575)	(9,153)	(8,043)	(5,702)	(5,018)
Change in fair value on redeemable convertible preferred shares	(104,040)	(10,440)	(63,720)	(40,860)	(59,642)
Change in fair value on warrants	(21,960)	(1,785)	(8,410)	(5,225)	(3,695)
Gain on cancellation of warrants	—	—	—	—	42,510
Profit before taxation, excluding fair value change on preferred shares and warrants and cancellation of warrant	95,345	115,346	113,355	74,005	63,573
Adjusted effective tax rate	7.94%	7.94%	7.10%	7.70%	7.89%

Under the current laws of the Cayman Islands, we are not subject to income or capital gains tax. Our wholly owned subsidiaries in Hong Kong, Tech Global Investment Limited and Hong Kong Maple Leaf Educational Systems Limited are subject to profits tax under the laws of Hong Kong. However, no provision for profits tax has been made in our consolidated financial statements as neither Tech Global Investment Limited nor Hong Kong Maple Leaf Educational Systems Limited had any assessable income during the Track Record Period.

For our operations in the PRC, we are generally subject to the PRC enterprise income Tax at a rate of 25% on our taxable income. According to the Implementation Rules for the Law for Promoting Private Education, private schools for which the sponsors do not require reasonable returns are eligible to enjoy the same preferential tax treatment as public schools. As a result, private schools providing academic qualification education are eligible to enjoy income tax exemption treatment if the sponsors of such schools do not require reasonable returns. On August 30, 2013, Dalian Municipal State Tax Bureau issued a certification letter to acknowledge the enterprise income tax exemption status of our high school, middle school and elementary school in Dalian with respect to income derived from tuition fees. This certification letter does not specify an expiration date. On November 21, 2013, the Tianjin Municipal State Tax Bureau also issued a certification letter to confirm that our high school, middle school and elementary school in Tianjin were exempted from enterprise income tax with respect to income derived from tuition fees for the period from January 1, 2011 to December 31, 2013. In addition, we conducted interviews with the local tax bureaus in Wuhan on April 24, 2014. During the interviews we obtained confirmation that our high school, middle school and elementary school in Wuhan enjoyed enterprise income tax exemption status with respect to income derived from tuition fees from January 1, 2011 to December 31, 2013. Accordingly, during the Track Record Period, the tuition fees received by the aforementioned schools are exempted from enterprise income tax. We obtained final approval from the Education Department of Hubei Province for our application of the acquisition of Wuhan Foreign School on August 8, 2014. As of the Latest Practicable Date, we had not been able to register with the relevant tax authorities for tax payments for Wuhan Foreign School. As a result, as of May 31, 2014, we were unable to pay enterprise income tax for our Wuhan Foreign School and we had made a full tax provision of RMB1.3 million. Under relevant PRC laws and regulations, relevant PRC tax authorities may order us to pay the outstanding amount and/or a penalty ranging between 50% to five times of the outstanding amount. See the section headed "Risk Factors — Risks Relating to Our Contractual Arrangement — The discontinuation of any preferential tax treatments currently available to us, in particular the tax exempt status of our schools, could result in a decrease of our net income and materially and adversely affect our results of operations" in this prospectus.

DISCUSSION OF RESULTS OF OPERATIONS

Nine Months Ended May 31, 2013 Compared to Nine Months Ended May 31, 2014

Revenue

Our revenue increased by 12.3% from RMB325.5 million for the nine months ended May 31, 2013 to RMB365.5 million for the nine months ended May 31, 2014. This increase was primarily the result of revenue from tuition fees increasing by 13.2% from RMB301.2 million for the nine months ended May 31, 2013 to RMB340.9 million for the nine months ended May 31, 2014, primarily due to an increase in student enrollment. Our student enrollment increased by 14.9% from approximately 11,709 as of May 31, 2013 to approximately 13,459 as of May 31, 2014, primarily due to an increase in the number of students enrolled at our existing schools, and the opening of a new high school in Shanghai, which began operations for the 2013/2014 school year. Revenue from the sale and lease of textbooks increased by 25.8% from RMB15.1 million for the nine months ended May 31, 2013 to RMB19.0 million for the nine months ended May 31, 2014, which was primarily attributable to an increase in the number of students enrolled at our high school in Tianjin. Revenue from our summer and winter camps decreased by 32.1% from RMB7.8 million for the nine months ended May 31, 2013 to RMB5.3 million for the nine months ended May 31, 2014, primarily due to a decrease in the number of students participating in our winter camps.

Cost of Revenue

Cost of revenue increased by 15.6% from RMB186.1 million for the nine months ended May 31, 2013 to RMB215.1 million for the nine months ended May 31, 2014. This increase was primarily the result of an increase in staff costs by 17.0% from RMB117.6 million for the nine months ended May 31, 2013 to RMB137.6 million for the nine months ended May 31, 2014. In particular, the number of teachers increased by 22.8% from approximately 1,036 as of May 31, 2013 to approximately 1,272 as of May 31, 2014. Depreciation and amortization increased by 18.3% from RMB21.9 million for the nine months ended May 31, 2013 to RMB25.9 million for the nine months ended May 31, 2014 as a result of an increase in fixed assets as we completed the construction of certain schools and facilities during the period. Other training expenses decreased by 35.8% from RMB8.1 million for the nine months ended May 31, 2013 to RMB5.2 million for the nine months ended May 31, 2014 and was attributable to a decrease in the number of students participating in our winter camps. Other costs increased by 20.3% from RMB38.5 million for nine months ended May 31, 2013 to RMB46.3 million for the nine months ended May 31, 2014 as we made upgrades to various premises and facilities at our existing schools.

Gross Profit

Gross profit increased by 8.0% from RMB139.3 million for the nine months ended May 31, 2013 to RMB150.5 million for the nine months ended May 31, 2014 in line with the growth of our business. Our gross margin remained stable from 42.8% for the nine months ended May 31, 2013 to 41.2% for the nine months ended May 31, 2014.

Investment and Other Income

Investment and other income increased by 25.0% from RMB3.6 million for the nine months ended May 31, 2013 to RMB4.5 million for the nine months ended May 31, 2014. The increase was primarily attributable to interest income generated from certain financial products we purchased during the period.

Other Income, Gains and Losses

Other income, gains and losses decreased from a gain of RMB478,000 for the nine months ended May 31, 2013 to a loss of RMB95,000 for the nine months ended May 31, 2014. The decrease was primarily due to the fact that we recognized one-off gains attributable to the disposition of property, plant and equipment and to foreign exchange transactions for the nine months ended May 31, 2013 and we did not have similar dispositions or foreign exchange gains for the nine months ended May 31, 2014.

Marketing Expenses

Our marketing expenses increased slightly by 6.3% from RMB14.2 million for the nine months ended May 31, 2013 to RMB15.1 million for the nine months ended May 31, 2014.

Administrative Expenses

Our administrative expenses increased by 14.0% from RMB43.0 million for the nine months ended May 31, 2013 to RMB49.0 million for the nine months ended May 31, 2014 in line with the growth of our business.

Finance Costs

Finance costs increased by 6.3% from RMB11.1 million for the nine months ended May 31, 2013 to RMB11.8 million for the nine months ended May 31, 2014, reflecting the interest expense on our bank borrowings and banking facilities.

Other Expenses

Other expenses increased from RMB1.1 million for the nine months ended May 31, 2013 to RMB15.3 million for the nine months ended May 31, 2014. The increase was primarily attributable to expenses related to the Global Offering incurred during the nine months ended May 31, 2014.

Change in Fair Value on Redeemable Convertible Preferred Shares

Losses recognized in our consolidated statements of comprehensive income from change in fair value on redeemable convertible preferred shares increased by 45.7% from RMB40.9 million for the nine months ended May 31, 2013 to RMB59.6 million for the nine months ended May 31, 2014 due to the increase in fair value of the Preferred Shares, which was primarily attributable to the increase in the fair value of the Company.

Change in Fair Value on Warrants/Gain on Cancellation of Warrants

We recognized a loss of RMB3.7 million in our consolidated statements of comprehensive income from change in fair value on warrants for the nine months ended May 31, 2014, compared to a loss of RMB5.2 million for the nine months ended May 31, 2013, which was primarily attributable to the increase in the fair value of the Company. We recognized a one-time gain on cancellation of warrants in the amount of RMB42.5 million in our consolidated statements of comprehensive income from the termination of the Series A warrant on January 15, 2014.

Profit before Income Tax

As a result of the foregoing, we recognized a gain of RMB27.9 million before income tax for the nine months ended May 31, 2013, compared to a gain of RMB42.7 million before income tax for the nine months ended May 31, 2014. Our profit before income tax as a percentage of revenue was 11.7% for the nine months ended May 31, 2014.

Taxation

Our income tax expense decreased from RMB5.7 million for the nine months ended May 31, 2013 to RMB5.0 million for the nine months ended May 31, 2014, which was primarily a result of Beipeng Software recognizing less assessable income during the period. Our effective income tax rate was 11.7% for the nine months ended May 31, 2014.

Profit for the Period

As a result of the above factors, we recorded a profit of RMB37.7 million for the nine months ended May 31, 2014, as compared to a profit of RMB22.2 million for the year nine months ended May 31, 2013.

Year Ended August 31, 2012 Compared to Year Ended August 31, 2013

Revenue

Our revenue increased by 14.0% from RMB413.5 million for the year ended August 31, 2012 to RMB471.2 million for the fiscal year ended August 31, 2013. This increase was primarily the result of revenue from tuition fees increasing by 10.6% from RMB367.1 million for the year ended August 31, 2012 to RMB406.0 million for the year ended August 31, 2013 due to an increase in student enrollment. Our student enrollment increased by approximately 11.3% from approximately 10,509 as of the end of the 2011/2012 school year to approximately 11,697 as of the end of the 2012/2013 school year, primarily due to the opening of new schools in Luoyang and Ordos, which began operations for the 2012/2013 school year, and an increase in the number of students enrolled in our existing schools. Revenue from the sale and lease of textbooks increased 15.4% from RMB15.6 million for the year ended August 31, 2012 to RMB18.0 million for the year ended August 31, 2013 in line with the growth of our student enrollment. Revenue from our summer and winter camps increased by 53.2% from RMB17.1 million for the year ended August 31, 2012 to RMB26.2 million for the year ended August 31, 2013 primarily due to an increase in the number of students participating in our summer and winter camps. Revenue from other educational services increased by 54.0% from RMB13.7 million for the year ended August 31, 2012 to RMB21.1 million for the year ended August 31, 2013 primarily due to an increase in the number of students using our graduation consulting services and an increase in the number of students taking our summer classes.

Cost of Revenue

Cost of revenue increased by 20.9% from RMB222.3 million for the year ended August 31, 2012 to RMB268.8 million for the year ended August 31, 2013. This increase was primarily the result of a RMB22.9 million increase in staff costs, a RMB12.0 million increase in other costs and a RMB8.2 million increase in other training expenses. Staff costs increased by 17.1% from RMB134.3 million for the year ended August 31, 2012 to RMB157.2 million for the year ended August 31, 2013 primarily as a result of an approximate 20.0% increase in the number of teachers from 863 in the year ended August 31, 2012 to 1,036 in the year ended August 31, 2013 as a result of the expansion of our operation in established schools and opening of new schools. Depreciation and amortization increased by 13.0% from RMB26.2 million for the year ended August 31, 2012 to RMB29.6 million for the year ended August 31, 2013 as a result of an increase in fixed assets as we completed the construction of our new schools in Zhenjiang and additional premises for our existing schools in Wuhan during the period. Other training expenses increased by 46.6% from RMB17.6 million for the year ended August 31, 2012 to RMB25.8 million for the year ended August 31, 2013 in line with the growth attributable to our summer and winter camps. Other costs increased by 27.1% from RMB44.2 million for the year ended August 31, 2012 to RMB56.2 million for the year ended August 31, 2013 as we made upgrades to various facilities at our existing schools.

Gross Profit

Gross profit increased by 6.0% from RMB191.1 million for the year ended August 31, 2012 to RMB202.5 million for the year ended August 31, 2013. Our gross margin decreased from 46.2% for the year ended

August 31, 2012 to 43.0% for the year ended August 31, 2013 primarily due to staff costs, other training expenses and other costs growing at a faster rate than the growth in revenue. This was primarily due to the fact that we opened new schools in Luoyang and Ordos during the period and that the utilization rate of new schools is typically lower during the initial years of operations.

Investment and Other Income

Investment and other income remained RMB4.9 million for the year ended August 31, 2012 and 2013.

Other Income, Gains and Losses

Other income, gains and losses increased from a loss of RMB1.6 million for the year ended August 31, 2012 to a gain of RMB0.1 million for the year ended August 31, 2013. This was primarily due to the impairment of goodwill arising from our acquisition of Dalian Maple Leaf Jiabao Preschool.

Marketing Expenses

Our marketing expenses increased by 45.1% from RMB14.4 million for the year ended August 31, 2012 to RMB20.9 million for the year ended August 31, 2013, as a result of additional marketing efforts we made to promote our new schools in Luoyang and Ordos.

Administrative Expenses

Our administrative expenses increased by 17.1% from RMB47.9 million for the year ended August 31, 2012 to RMB56.1 million for the year ended August 31, 2013 in line with the growth of our business.

Other Expenses

Other expenses increased by 7.1% from RMB1.4 million for the year ended August 31, 2012 to RMB1.5 million for the year ended August 31, 2013. This was primarily due to an increase in the amount of operating expenses and depreciation incurred in connection with certain properties that we lease to third parties.

Finance Costs

Finance costs increased by 2.6% from RMB15.2 million for the year ended August 31, 2012 to RMB15.6 million for the year ended August 31, 2013, reflecting the interest expense on our bank borrowings and banking facilities.

Change in Fair Value on Redeemable Convertible Preferred Shares

Losses recognized in our consolidated statements of comprehensive income from change in fair value on redeemable convertible preferred shares increased from RMB10.4 million for the year ended August 31, 2012 to RMB63.7 million for the year ended August 31, 2013 due to the increase in fair value of the Preferred Shares, which was primarily attributable to the increase in the fair value of the Company.

Change in Fair Value on Warrants

Losses recognized in our consolidated statements of comprehensive income from change in value on warrants increased from RMB1.8 million for the year ended August 31, 2012 to RMB8.4 million for the year ended August 31, 2013 due to the increase in fair value of the Series A Warrant, which was in line with the change in fair value of the Preferred Shares.

Profit before Income Tax

As a result of the foregoing, our profit before income tax decreased by 60.0% from RMB103.1 million for the fiscal year ended August 31, 2012 to RMB41.2 million for the fiscal year ended August 31, 2013. Our profit before income tax as a percentage of revenue decreased from 24.9% for the year ended August 31, 2012 to 8.7% for the year ended August 31, 2013.

Taxation

Our income tax expenses remained RMB9.2 million and RMB8.0 million for the year ended August 31, 2012 and 2013. Our effective income tax rate was 8.9% for the year ended August 31, 2012, compared to 19.5% for the year ended August 31, 2013.

Profit for the Year

As a result of the above factors, we recorded a profit of RMB33.2 million for the year ended August 31, 2013, as compared to a profit of RMB94.0 million for the year ended August 31, 2012.

Year Ended August 31, 2011 Compared to year Ended August 31, 2012

Revenue

Our revenue increased by 19.5% from RMB346.1 million for the year ended August 31, 2011 to RMB413.5 million for the fiscal year ended August 31, 2012. This increase was primarily the result of revenue from tuition fees increasing by 20.5% from RMB304.7 million for the year ended August 31, 2011 to RMB367.1 million for the year ended August 31, 2012, due to a 15.2% increase in student enrollment and approximately 13% increase in the tuition fees charged to new students enrolled in certain schools. Our student enrollment increased by approximately 15.2% from approximately 9,120 as of the end of the 2010/2011 school year to approximately 10,509 as of the end of the 2011/2012 school year, primarily due to the opening of new schools in Zhenjiang, which began operations for the 2011/2012 school year and an increase in the number of students enrolled in our existing schools. Revenue from the sale and lease of textbooks increased 18.2% from RMB13.2 million for the year ended August 31, 2011 to RMB15.6 million for the year ended August 31, 2012 in line with the growth of our student enrollment. Revenue from our summer and winter camps increased by 4.9% from RMB16.3 million for the year ended August 31, 2011 to RMB17.1 million for the year ended August 31, 2012 primarily due to an increased number of students participating in our summer and winter camps. Revenue from other educational services increased by 16.1% from RMB11.8 million for the year ended August 31, 2011 to RMB13.7 million for the year ended August 31, 2012 primarily due to an increase in the number of students using our services.

Cost of Revenue

Cost of revenue increased by 17.2% from RMB189.7 million for the year ended August 31, 2011 to RMB222.3 million for the year ended August 31, 2012. This increase was primarily due to an increase in staff costs by 16.4% from RMB115.4 million for the year ended August 31, 2011 to RMB134.3 million for the year ended August 31, 2012. The increase in staff costs was primarily due to an increase in the number of teachers as we hired more teachers for the expansion of our established schools and for our new schools. In particular, the number of our teachers increased by approximately 23.5% from 699 in the year ended August 31, 2011 to 863 in the year ended August 31, 2012, primarily attributable to an increase in the number of PRC-certified teachers. Depreciation and amortization increased by 2.7% from RMB25.5 million for the year ended August 31, 2011 to RMB26.2 million for the year ended August 31, 2012 as a result of an increase in fixed assets as we completed the construction of certain schools and facilities during the period. Other training expenses increased by 24.8% from RMB14.1 million for the year ended August 31, 2011 to RMB17.6 million for the year ended August 31, 2012 primarily as a result of the relatively higher costs associated with the tour to universities and colleges in the United States. Other costs increased by 27.4% from RMB34.7 million for the year ended August 31, 2011 to RMB44.2 million for the year ended August 31, 2012 generally in line with the growth of our business.

Gross Profit

Our gross profit increased by 22.2% from RMB156.4 million for the year ended August 31, 2011 to RMB191.1 million for the year ended August 31, 2012 in line with the growth of our business. Our gross margin remained stable from 45.2% for the year ended August 31, 2011 to 46.2% for the year ended August 31, 2012.

Investment and Other Income

Investment and other income increased from RMB1.6 million for the year ended August 31, 2011 to RMB4.9 million for the year ended August 31, 2012. The increase was primarily attributable to an increase in interest income from our bank deposits and rental income from office space that we leased to third parties starting in 2012.

Other Income, Gains and Losses

Other income, gains and losses decreased from a gain of RMB6.7 million for the year ended August 31, 2011 to a loss of RMB1.6 million for the year ended August 31, 2012. The decrease was due to certain one-off gains we recognized for the year ended August 31, 2011, representing the liquidated damages and penalty fees received from a third party for a breach of contract and land requisition compensation from the relevant local PRC government.

Marketing Expenses

Our marketing expenses increased by slightly 3.6% from RMB13.9 million for the year ended August 31, 2011 to RMB14.4 million for the year ended August 31, 2012.

Administrative Expenses

Our administrative expenses increased by 39.7% from RMB34.3 million for the fiscal year ended August 31, 2011 to RMB47.9 million for the fiscal year ended August 31, 2012. This increase was primarily the result of salaries and benefits paid to administrative personnel increasing by 32.3% from RMB19.8 million for the fiscal year ended August 31, 2011 to RMB26.2 million for the fiscal year ended August 31, 2012, primarily due to the fact that we appointed additional senior management, increased the salaries of existing senior management, and recorded salaries paid to our principals under administrative expenses instead of cost of revenue.

Finance Costs

Finance costs increased by 1.3% from RMB15.0 million for the year ended August 31, 2011 to RMB15.2 million for the year ended August 31, 2012, reflecting the interest expense on our bank borrowings and banking facilities.

Other Expenses

Other expenses decreased by 77.8% from RMB6.3 million for the year ended August 31, 2011 to RMB1.4 million for the year ended August 31, 2012. This was primarily due to expenses related to the previous US listing attempt incurred during the financial year ended August 31, 2011 and a decrease in the amount of operating expenses and depreciation incurred in connection with certain properties that we lease to third parties, due to a decrease in the number of properties we leased to third parties.

Change in Fair Value on Redeemable Convertible Preferred Shares

Losses recognized in our consolidated statements of comprehensive income from change in fair value on redeemable convertible preferred shares decreased by 90.0% from RMB104.0 million for the year ended August 31, 2011 to RMB10.4 million for the year ended August 31, 2012 due to a smaller increase in the fair value of Preferred Shares attributable to changes in certain factors applied in making the valuation. The larger increase in fair value for the year ended August 31, 2011 was primarily due to a valuation adjustment and the adjustment of the conversion price of the Preferred Shares in February 2011.

Change in Fair Value on Warrants

Losses recognized in our consolidated statements of comprehensive income from change in fair value on warrants decreased by 91.8% from RMB22.0 million for the year ended August 31, 2011 to RMB1.8 million for the year ended August 31, 2012 due to a smaller increase in fair value of the Series A Warrant in line with the change in fair value of the Preferred Shares. The large increase in fair value for the year ended August 31, 2011 was primarily due to a valuation adjustment and the adjustment of the exercise price of the Series A Warrant in February 2011.

Profit before Income Tax

As a result of the foregoing, our loss before income tax for the year ended August 31, 2011 was RMB30.7 million, and our profit before income tax for the year ended August 31, 2012 was RMB103.1 million. Our loss before income tax as a percentage of revenue was 8.9% for the fiscal year ended August 31, 2011. Our profit before income tax as a percentage of revenue was 24.9% for the fiscal year ended August 31, 2012.

Taxation

Our income tax expenses increased from RMB7.6 million for the year ended August 31, 2011 to RMB9.2 million for the year ended August 31, 2012. Our effective income tax rate was -24.7% for the year ended August 31, 2011 and 8.9% for the year ended August 31, 2012 primarily attributable to change in fair value of the Preferred Shares and the Series A Warrant.

Profit for the Year

As a result of the above factors, we recorded a profit of RMB94.0 million for the year ended August 31, 2012, as compared to net loss of RMB38.2 million for the year ended August 31, 2011.

NET CURRENT ASSETS AND LIABILITIES

	As at August 31,			As at May 31,	As at September 30,
	2011	**2012**	**2013**	**2014**	**2014**
		(RMB'000)			(Unaudited)
CURRENT ASSETS					
Deposit, prepayments and other receivable	13,283	12,483	16,256	19,386	25,051
Bank balances and cash	234,903	297,036	409,303	179,088	434,348
Available-for-sale investments	—	—	—	—	3,621
Restricted bank deposits	—	—	—	—	4,000
	248,186	309,519	425,559	198,474	467,020
CURRENT LIABILITIES					
Deferred revenue	319,847	357,475	408,325	214,520	473,968
Other payables and accrued expenses	87,087	109,842	188,607	166,087	208,531
Amounts due to related parties	13,822	13,805	13,491	3,545	3,863
Income tax payable	10,205	14,873	17,541	16,183	17,078
Bank borrowings	233,500	170,000	215,000	224,000	153,500
Redeemable convertible preferred shares	307,260	317,700	381,420	441,062	—
Warrants	28,620	30,405	38,815	—	—
	1,000,341	1,014,100	1,263,199	1,065,397	856,940
Net current liabilities	(752,155)	(704,581)	(837,640)	(866,923)	(389,920)

As of August 31, 2011, 2012 and 2013 and May 31 and September 30, 2014, we had net current liabilities of RMB752.2 million, RMB704.6 million, RMB837.6 million, RMB866.9 million and 389.9 million, respectively. We had net current liabilities as of each of these dates primarily due to amounts recognized as deferred revenue, amounts recognized as other payables and bank borrowings and amounts recognized as redeemable convertible preferred shares. We recognize deferred revenue from tuition fees, textbook fees, among other things, received prior to the beginning of the relevant semester. Tuition fees and textbook rental income from all of our schools except our preschools are generally paid in advance prior to the beginning of each school year and are initially recorded as deferred revenue. We record payment of tuition fees initially as a liability under deferred revenue and recognize such amounts received as revenue proportionately over the relevant period in which students attend the applicable program. We recognize textbook rental income as a liability until the end of the relevant school year. The amount of deferred revenue is typically less as of May 31 since a certain amount of tuition services have already been rendered. Other payables and accrued expenses consist primarily of payables for purchase of property, plant and equipment in connection with our expansion and maintenance of our schools, deposits from students for the textbooks rented and miscellaneous expenses received from students, which primarily include expenses for purchasing laptop computers and school uniforms, registration fees required under the BC Global Education Program and expenses related to other on-campus activities. Our Directors confirm that we did not have any material defaults in other payables during the Track Record Period. Bank borrowings represent primarily short-term loans used in connection with our business expansion. Our current liabilities also include amounts due to related parties, which represent shareholder loans from our Founder and our Founder's Sisters. We will settle all amounts due to our related parties prior to the Listing. For more information, see the section headed "Risk Factors — Risks Relating to Our Business and Our Industry — We had net current liabilities as of August 31, 2011, 2012 and 2013 and May 31 and September 30, 2014, and require a high level of working capital to sustain our operations, expansion and overall growth" in this prospectus.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow

We historically have financed our operations primarily through cash generated from our operations, short term and long term bank loans, loans and advances from shareholders and related parties and capital contributions from shareholders. As of August 31, 2013, we had RMB409.3 million in cash and cash equivalents. For more information on the terms of the Preferred Shares and warrants, see the section headed "History and Corporate Structure — Pre-IPO Investment — Preferred Shares" in this prospectus.

Our future cash requirements will depend on many factors, including our operating income, the cost of maintaining, renovating and upgrading existing school premises, building additional premises for our existing schools, purchasing educational equipment and facilities for our schools and hiring additional teachers and other staff.

Our current debt and other contractual obligations and commercial commitments reduce our liquidity and place some limitations on our ability to make capital expenditures to support the expansion of our business. We expect to fund our future working capital, capital expenditure and other cash requirements from cash generated from our operations, the net proceeds from the Global Offering and where necessary, bank and other borrowings or future equity offerings. However, such financing may not be available on terms that are favorable to us, or at all. See the section headed "Risk Factors — Risks Relating to the Global Offering — We may need additional capital, and the sale or issue of additional Shares or other equity securities, including pursuant to the Pre-IPO Share Option Scheme, Post-IPO Share Option Scheme and RSU Scheme, could result in additional dilution to our Shareholders" in this prospectus.

We consolidate the results of our consolidated affiliated entities and our access to their cash balances or future earnings is through our contractual arrangements with them. See the section headed "History and Corporate Structure" in this prospectus.

The following table sets forth a summary of our cash flows for the periods indicated:

	Year ended August 31,			Nine months ended May 31,
	2011	2012	2013	2014
			(RMB'000)	
Net cash from (used in) operating activities	235,667	216,782	250,274	(82,000)
Net cash used in investing activities	(154,498)	(74,256)	(227,201)	(75,620)
Net cash from (used in) financing activities	23,786	(80,379)	89,346	(72,722)
Increase (Decrease) in cash and cash equivalents	104,955	62,147	112,419	(230,342)
Cash and cash equivalents at beginning of the year/period	130,038	234,903	297,036	409,303
Effect of foreign exchange rate changes	(90)	(14)	(152)	127
Cash and cash equivalents at end of the year/period, representing bank balances and cash	234,903	297,036	409,303	179,088

Operating Activities

We generate cash from operating activities primarily from tuition fees, fees for summer and winter camps and graduation consulting service fees, all of which are typically paid in advance before the respective services are rendered. Tuition fees, fees for summer and winter camps and graduation consulting service fees are initially recorded under deferred revenue. We recognize such amounts received as revenue proportionately over the relevant period in which students attend the applicable program. Due to the manner in which we recognize the aforementioned fees as revenue, we typically have cash outflows for operating activities throughout the school year. Cash from operating activities is also affected by other payables and accrued expenses. For example, we typically make payments to laptop computer vendors in August every year and pay registration fees to the BCMOE in December every year.

Net cash used in operating activities amounted to RMB82.0 million for the nine months ended May 31, 2014, consisting of RMB189.1 million of negative net working capital adjustments that was offset in part by RMB107.1 million of cash generated from operations before working capital adjustments. Our negative net working capital adjustments primarily consisted of: (i) a RMB193.8 million decrease in deferred revenue, which represented the portion of the deferred revenue that was recognized over the period, and (ii) a RMB10.5 million decrease in other payables and accrued expenses, which represented the portion of miscellaneous expenses received from students that was recognized over the period.

Net cash from operating activities amounted to RMB250.3 million for the year ended August 31, 2013, consisting of RMB165.7 million of cash generated from operations before working capital adjustments and positive net working capital adjustments of RMB84.6 million. Our positive net working capital adjustments primarily consisted of: (i) a RMB50.9 million increase in deferred revenue that primarily related to increased tuition fees resulting from an increase in student enrollment associated with the expansion of our schools geographically and at our existing schools, and (ii) a RMB35.9 million increase in other payables and accrued expenses in line with the increase in student enrollment.

Net cash from operating activities amounted to RMB216.8 million for the year ended August 31, 2012, consisting of RMB164.3 million of cash generated from operations before working capital adjustments and positive net working capital adjustments of RMB52.5 million. Our positive net working capital adjustments primarily consisted of: (i) a RMB37.6 million increase in deferred revenue that primarily related to increased tuition fees resulting from an increase in student enrollment associated with the expansion of our schools geographically and at our existing schools, and (ii) a RMB12.8 million increase in other payables and accrued expenses resulting from the increase in student enrollment and the fact that we started to purchase laptop computers on behalf of our high school students in the 2011/2012 school year.

Net cash from operating activities amounted to RMB235.7 million for the year ended August 31, 2011, consisting of RMB141.6 million of cash generated from operations before working capital adjustments and positive net working capital adjustments of RMB94.0 million. Our positive net working capital adjustments primarily consisted of: (i) a RMB74.7 million increase in deferred revenue that primarily related to increased tuition fees resulting from an increase in student enrollment associated with the expansion of our schools geographically and at our existing schools, and (ii) a RMB15.9 million increase in other payables and accrued expenses resulting from in line with the increase in student enrollment.

Investing Activities

Our expenditures for investing activities were primarily for the purchase of property, plant and equipment, prepaid lease payments and books for lease.

Net cash used in investing activities amounted to RMB75.6 million for the nine months ended May 31, 2014, which was primarily attributable to RMB83.0 million in purchases of property, plant and equipment and RMB3.0 million in purchase of books for lease, partially offset by RMB10.0 million in advance from a third party for disposal of property, plant and equipment. The purchase of property, plant and equipment primarily related to the construction of additional school premises for our Wuhan and Tianjin campuses and our new high school in Shanghai.

Net cash used in investing activities amounted to RMB227.2 million for the fiscal year ended August 31, 2013, primarily attributable to RMB200.1 million in purchases of property, plant and equipment and RMB37.2 million in purchase of prepaid lease payments, and RMB2.4 million in purchase of books for lease partially offset by RMB10.0 million in advance from a third party for disposal of property, plant and equipment. The purchase of property, plant and equipment primarily related to the construction of additional school premises for our Wuhan campus and our new schools in Shanghai and Zhenjiang, and the purchase of educational equipment and facilities for our new schools in Luoyang.

Net cash used in investing activities amounted to RMB74.3 million for the fiscal year ended August 31, 2012, primarily attributable to RMB93.3 million in purchases of property, plant and equipment and RMB9.0 million in purchase of prepaid lease payments, and RMB3.7 million in purchase of books for lease partially offset by RMB1.5 million in proceeds from disposal of available-for-sale investments and RMB30.0 million in advance from a third party for disposal of property, plant and equipment. The purchase of property and equipment primarily related to the construction of our new schools in Zhenjiang.

Net cash used in investing activities amounted to RMB154.5 million for the fiscal year ended August 31, 2011, primarily attributable to RMB130.1 million in purchases of property, plant and equipment, RMB30.4 million in deferred payment for the acquisition of Tianjin Binhai School, the name of which was later changed to Tianjin Taida Maple Leaf International School (High School), RMB4.5 million in purchase of prepaid lease payments, and RMB2.2 million in purchase of books for lease partially offset by RMB2.2 million in proceeds from disposal of available-for-sale investments and RMB10.0 million in advance from a third party for disposal of property, plant and equipment. The purchase of property, plant and equipment primarily related to the construction of additional school premises for our Tianjin campus.

Financing Activities

Our expenditures for financing activities were primarily for the prepayments of borrowings and payment of interest expense.

Net cash used in financing activities amounted to RMB72.7 million for the nine months ended May 31, 2014, which was primarily attributable to RMB196.0 million in repayments of borrowings and RMB11.7 million in payment of interest expense, offset in part by RMB145.0 million in proceeds raised from new borrowings.

Net cash from financing activities amounted to RMB89.3 million for the fiscal year ended August 31, 2013, primarily attributable to RMB275.0 million in proceeds raised from new borrowings, offset in part by RMB170.0 million in repayments of borrowings and RMB15.7 million in payment of interest expense.

Net cash used in financing activities amounted to RMB80.4 million for the fiscal year ended August 31, 2012, primarily attributable to RMB233.5 million in repayments of borrowings and RMB16.9 million in payment of interest expense, offset in part by RMB170.0 million in proceeds raised from new borrowings.

Net cash from financing activities amounted to RMB23.8 million for the fiscal year ended August 31, 2011, primarily attributable to RMB218.5 million in proceeds raised from new borrowings, offset in part by RMB180.0 million in repayments of borrowings and RMB14.2 million in payment of interest expense.

Working Capital

We intend to continue to finance our working capital with cash generated from our operations and by the net proceeds from the Global Offering. We have closely monitored the level of our working capital and will continue to do so, particularly in view of our strategy to continue expanding our school network. Our Co-CFOs, Ms. Jingxia Zhang and Mr. Bin Xu, are mainly responsible for ensuring that our working capital requirements are met.

Our working capital requirements are affected by a range of factors, including the size of our school network, the cost of maintaining, renovating and upgrading existing school premises, building additional premises for our existing schools, purchasing educational equipment and facilities for our new schools, and the staff costs associated with our schools. Our Directors believe, and the Joint Sponsors concur, that our cash, the anticipated cash flow from operations, bank borrowings and the net proceeds from the Global Offering will be sufficient to meet our present and anticipated cash requirements for at least twelve months from the date of this prospectus.

CONTRACTUAL OBLIGATIONS, CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Operating Leases

Property rental income earned during the years ended August 31, 2011, 2012 and 2013 and for the nine months ended May 31, 2014 was approximately RMB1.0 million, RMB3.6 million, RMB3.8 million and RMB2.8 million, respectively. All of the properties held have committed tenants for the next 2 years.

At the end of the reporting periods, the Group had contracted with tenants for the following future minimum lease payments:

	At August 31,			May 31,
	2011	2012	2013	2014
		(RMB'000)		
Within one year	2,065	3,196	3,484	2,194
In the second to fifth years inclusive	5,881	8,297	3,625	1,705
Total	7,946	11,493	7,109	3,899

Capital Commitments

We made capital commitments of RMB6.0 million, RMB11.4 million, RMB23.7 million and RMB6.1 million in the fiscal years ended August 31, 2011, 2012 and 2013 and the nine months ended May 31, 2014, respectively, in respect of the acquisition of property, plant and equipment and such sums included payments on construction projects in prior years. In the past, our capital expenditures were primarily used to construct educational facilities for our business.

The following table sets forth the capital commitments of the Group the end of the reporting periods:

	As at August 31,			As at May 31,
	2011	2012	2013	2014
		(RMB'000)		
Capital expenditure contracted for but not provided in the Financial Information in respect of the acquisition of — property, plant and equipment . . .	6,022	11,370	23,684	6,083

Contingent Liabilities

Except as disclosed in the indebtedness statement as set out below, we did not have any trade payables, outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities as of September 30, 2014, being the latest practicable date for the purpose of the indebtedness statement, and was not involved in any material legal proceedings. The Directors are not aware of any pending or potential material legal proceedings involving our Group.

CAPITAL EXPENDITURES

Our capital expenditures consist primarily of maintaining, renovating and upgrading existing school premises, building additional premises for our existing schools, and purchasing educational equipment and facilities for our new schools. Our capital expenditures for the years ended August 31, 2011, 2012 and 2013 and the nine months ended May 31, 2014 were, RMB167.1 million, RMB106.1 million, RMB239.7 million and RMB86.0 million, respectively. Our capital expenditures during the Track Record Period were primarily related to the construction of additional school premises in Wuhan, Tianjin and Dalian and the purchase of land use rights and the construction of school premises for our new schools in Zhenjiang and Shanghai.

The following table sets forth our cash flows of capital expenditures for the years ended August 31, 2011, 2012 and 2013 and the nine months ended May 31, 2014:

	Year ended August 31,			Nine months ended May 31,	
	2011	2012	2013	2013	2014
			(RMB'000)		
				(Unaudited)	
Property, plant and equipment . . .	130,066	93,306	200,135	92,252	83,023
Prepaid lease payments . . .	4,498	9,034	37,200	31,200	—
Purchase of books for lease . . .	2,182	3,739	2,413	2,413	2,967
Payment for acquisition of Tianjin Taida Maple in 2008 . . .	30,375	—	—	—	—
Total . . .	167,121	106,079	239,748	125,865	85,990

INDEBTEDNESS

The following table sets forth our borrowings, redeemable convertible preferred shares and warrants as of the dates indicated:

	As at August 31,			As at May 31, 2014	As at September 30, 2014
	2011	2012	2013		
			(RMB'000)		(Unaudited)
Bank borrowings					
Secured	198,500	90,000	145,000	89,000	88,500
Unsecured	35,000	80,000	130,000	135,000	65,000
	233,500	170,000	275,000	224,000	153,500
Carrying amounts repayable:					
Within one year	233,500	170,000	215,000	224,000	153,500
More than one year, but not exceeding two years	—	—	60,000	—	—
	233,500	170,000	275,000	224,000	153,500
Redeemable convertible preferred shares	307,260	317,700	381,420	441,062	484,036
Warrants	28,620	30,405	38,815	—	—

As of August 31, 2013, we had one long-term loan agreement with an aggregate balance of RMB60.0 million outstanding. The long-term loan has a term of two years and will be due in January 2015 according to the loan agreement. The long-term loan bears a fixed interest rate of 6.765%, is secured by our buildings and land use right and is guaranteed by Dalian Maple Leaf Educational Group Co., Ltd. None of these loans are guaranteed by any third party. As of August 31, 2013, we had six short-term loan agreements with a total of RMB215.0 million outstanding. Most of these loans are guaranteed by Dalian Maple Leaf Educational Group Co., Ltd. The short term loans are for working capital purposes, with a maturity term of one year. As of August 31, 2013, the interest rates for five of the short-term loans were fixed rates ranging from 6.0% to 6.9% per annum. The remaining short-term loan had a variable interest rate. The effective interest rate for this short-term loan was 6.3% per annum. As of August 31, 2013, an aggregate of RMB145 million in bank loans were secured by our buildings and land use right. Our loan agreements require us to obtain the banks' consent and/or inform the banks in advance should our schools consolidate or merge with, amalgamate into or transfer substantially their entire assets to any other parties. As of August 31, 2013, we recognized an amount of RMB381.4 million as the financial liabilities of our redeemable convertible preferred shares and an amount of RMB38.8 million as the financial liabilities of our Series A Warrant.

As of May 31, 2014, we had five short-term loans with an aggregate balance of RMB165 million and one long-term loan with a balance of RMB59 million outstanding, all of which are for working capital purposes and are repayable within one year. The long-term loan has a term of two years and will be due in January 2015 according to the loan agreement. Most of these loans are guaranteed by Dalian Maple Leaf Educational Group Co., Ltd. None of these loans are guaranteed by any third party. As of May 31, 2014, the interest rates for short-term loans were fixed rates ranging from 6.0% to 6.9% per annum. One of the short-term loans was secured by our buildings and land use right. The long-term loan had a fixed interest rate of 6.765% per annum and was secured by our buildings and land use right. As of May 31, 2014, we recognized an amount of RMB441.1 million as a financial liability in relation to our Preferred Shares.

As of September 30, 2014, which is the latest practicable date for our indebtedness statement, we had three short-term loans with an aggregate balance of RMB95.0 million outstanding and one long-term loan with a balance of

RMB58.5 million outstanding, all of which are for working capital purposes and are repayable within one year. The long-term loan has a term of two years and will be due in January 2015 according to the loan agreement. Most of these loans are guaranteed by Dalian Maple Leaf Educational Group Co., Ltd. None of these loans are guaranteed by any third party. As of September 30, 2014, the interest rates for short-term loans were fixed rates ranging from 6.0% to 6.44% per annum. One of the short-term loans was secured by our buildings and land use right. The long-term loan had a fixed interest rate of 6.765% per annum and was secured by our buildings and land use right. As of September 30, 2014, we recognized an amount of RMB484.0 million as a financial liability in relation to our Preferred Shares. Except as aforesaid and apart from intra-group liabilities, we did not have, as of September 30, 2014, any other loan issued and outstanding or any loan agreed to be issued, bank overdrafts, loans and other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

Our Directors have confirmed that we have not had any material default with regards to any bank borrowings and have not breached any material covenants in our bank borrowings during the Track Record Period and up to the Latest Practicable Date. We believe that there are no material covenant in our outstanding bank borrowings. Our Directors have confirmed that we do not have any plan to raise material external debt financing as of the Latest Practicable Date. As of the Latest Practicable Date, we had RMB226.5 million unutilized banking facilities.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Foreign Exchange Risk

Substantially all of our revenue and expenses are denominated in Renminbi. We do not believe that we currently have any significant direct foreign exchange risk and have not used any derivative financial instruments to hedge our exposure to such risk. Although in general, our exposure to foreign exchange risk should be limited, the value of your investment in our Shares will be affected by the exchange rate between the Hong Kong dollar and the Renminbi because the value of our business is effectively denominated in Renminbi, while the Shares will be traded in Hong Kong dollars.

The change in the value of Renminbi against the Hong Kong dollar and other currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions. For instance, in the PRC from 1995 until July 2005, the conversion of the Renminbi into foreign currencies, including the Hong Kong dollar and US dollar, was based on fixed rates set by the PBOC. The PRC government, however, has, with effect from July 21, 2005, reformed the exchange rate regime by moving into a managed floating exchange regime based on market supply and demand with reference to a basket of currencies. On July 21, 2005, this revaluation resulted in the Renminbi appreciating against the US dollar and the Hong Kong dollar by approximately 2% on that date. On September 23, 2005, the PRC government widened the daily trading band for the Renminbi against non-US dollar currencies from 1.5% to 3.0% to improve the flexibility of the new foreign exchange system. As a consequence, the Renminbi has fluctuated sharply since July 2008 against other freely traded currencies, in tandem with the U.S. dollar. On June 20, 2010, the PBOC announced that it intended to further reform the Renminbi exchange rate regime by enhancing the flexibility of the Renminbi exchange rate. On April 16, 2012, the PBOC enlarged the previous floating band of the trading prices of the Renminbi against the US dollar in the inter-bank spot foreign exchange market from 0.5% to 1% in order to further improve the managed floating Renminbi exchange rate regime based on market supply and demand with reference to a basket of currencies. On March 15, 2014, the PBOC further enlarged the floating band of the trading prices of the Renminbi against the US dollar in the inter-bank spot foreign exchange market from 1% to 2%, effective from March 17, 2014. However, it remains difficult to predict how this new policy may impact the Renminbi exchange rate. To the extent that we need to convert Hong Kong dollars we receive from this offering into Renminbi for our operations, appreciation of the Renminbi against the Hong Kong dollar would have an adverse effect on the Renminbi amount we receive from the conversion. Conversely, if we decide to convert the Renminbi into Hong Kong dollars for the purpose of making payments for dividends on our Shares or for other business purposes, appreciation of the Hong Kong dollar against the Renminbi would have a negative effect on the Hong Kong dollar amounts available to us.

We estimate that we will receive net proceeds of approximately HK$793.0 million from the Global Offering, after deducting underwriting discounts and commissions and other estimated offering expenses paid and payable by us in the Global Offering without taking into account any additional discretionary incentive fee, assuming no Over-allotment Option is exercised and an Offer Price of HK$2.65 per Share, being the mid-point of the indicative Offer Price range of HK$3.07 to HK$2.23 per Share. Assuming that we convert the full amount of the net proceeds from the Global Offering into RMB, a 10% appreciation of the Renminbi against the Hong Kong dollar, from a rate of RMB0.79578 to HKD1.00 to a rate of RMB0.71620 to HKD1.00, will result in a decrease of RMB63.1 million of the net proceeds from the Global Offering. Conversely, a 10% depreciation of the Renminbi against the Hong Kong dollar, from a rate of RMB0.79578 to HKD1.00 to a rate of RMB0.87536 to HKD1.00, will result in an increase of RMB63.1 million of the net proceeds from the Global Offering.

Interest Risk

Our exposure to interest rate risk primarily relates to the interest rates for our outstanding debt and the interest income generated by excess cash invested in liquid investments with original maturities of three months or less. As of May 31, 2014, we had RMB165 million of short-term loans and RMB59 million of long-term loan due within one year outstanding. All of our loans are subject to a fixed interest rate, varying from 6.0% to 6.9%. We have not used derivative financial instruments in our investment portfolio. Interest earning instruments carry a degree of interest rate risk. We have not been exposed to, nor do we anticipate being exposed to, material risks due to changes in market interest rates. However, our future interest income may fall short of expectation due to changes in market interest rates.

Inflation Risk

Since our inception, inflation in China has not materially impacted our results of operations. According to the National Bureau of Statistics of China, the consumer price index in China increased by 5.4% in 2011, increased by 2.6% in 2012 and increased by 2.6% in 2013. Although we have not, in the past, been materially affected by inflation since our inception, we can provide no assurance that we will not be affected in the future by higher rates of inflation in China.

KEY FINANCIAL RATIOS

The following table sets forth certain financial ratios as of the respective dates:

	As at/for the years ended August 31,			As at/for the nine months ended May 31,
	2011	2012	2013	2014
Return on equity	-13.2%	24.5%	7.9%	11.1%
Return on total assets	-2.9%	6.4%	1.8%	3.1%
Adjusted return on invested capital	10.3%	11.8%	9.5%	7.0%
Current ratio	0.25	0.31	0.34	0.19
Gearing ratio	80.5%	44.2%	65.8%	49.1%
Adjusted gearing ratio	39.1%	24.2%	34.4%	25.0%
Interest coverage ratio	-1.05	7.77	3.65	4.61

As of August 31, 2011, 2012 and 2013 and May 31, 2014, our return on equity, which is calculated as net income divided by shareholders' equity for the respective year or nine-month period (as annualized by multiplying by 365/273), was approximately -13.2%, 24.5%, 7.9% and 11.1%, respectively. The increase in our return on equity during the year ended August 31, 2012 was primarily attributable to our profit for the year increasing at a higher rate than our shareholders' equity during the period, which was primarily due to change in fair value of the Preferred Shares.

As of August 31, 2011, 2012 and 2013 and May 31, 2014, our return on total assets, which is calculated as profit for the year divided by total assets for the respective year or nine-month period (as annualized by multiplying by 365/273), which was approximately -2.9%, 6.4%, 1.8% and 3.1%, respectively. The increase in our return on total assets during the year ended August 31, 2012 was primarily attributable to our profit increasing at a higher rate than our total assets during the period, which was primarily due to change in fair value of the Preferred Shares.

As of August 31, 2011, 2012 and 2013 and May 31, 2014, our adjusted return on invested capital, which is calculated as the sum of (loss) profit, share-based payments, change in fair value on Preferred Shares, change in fair value on warrants and gain on cancellation of warrants for the year/nine-month period (as annualized by 365/273) minus dividend divided by sum of borrowings, Preferred Shares, warrants and total equity for the respective year or period, which was approximately 10.3%, 11.8%, 9.5% and 7.0%, respectively. The fluctuations in our adjusted return on invested capital during Track Record Period was primarily attributable to changes in fair value of the Preferred Shares.

As of August 31, 2011, 2012 and 2013 and May 31, 2014, our current ratio, which is calculated as current assets divided by current liabilities as of the end of the respective year/period, 0.25, 0.31, 0.34 and 0.19, respectively. The increase in current ratio during the Track Record Period reflects the increase in our current assets outpacing the rate of growth of our current liabilities.

As of August 31, 2011, 2012 and 2013 and May 31, 2014, our gearing ratio, which is calculated as total borrowings divided by total equity as of the end of the respective year/period, was approximately 80.5%, 44.2%, 65.8% and 49.1%, respectively. The decrease in our gearing ratio during the year ended August 31, 2012 was primarily due to the decrease in our total borrowings as a result of repayment of loans of RMB233.5 million.

As of August 31, 2011, 2012 and 2013 and May 31, 2014, our adjusted gearing ratio, which is calculated as total borrowings divided by total equity plus Preferred Shares for the respective year or period, was approximately 39.1%, 24.2%, 34.4% and 25.0%, respectively. The decrease in our adjusted gearing ratio during the year ended August 31, 2012 was primarily due to the decrease in our total borrowings as a result of repayment of loans of RMB233.5 million.

For the years ended August 31, 2011, 2012 and 2013 and the nine months ended May 31, 2014, our interest coverage, which is calculated as profit before tax and interest expense divided by interest expense for the respective year or period, was -1.05, 7.77, 3.65 and 4.61, respectively. The increase in our interest coverage for the year ended August 31, 2012 was primarily due to the increase in our profit before tax and interest expense as a result of a smaller increase in the fair value of Preferred shares. The decrease in our interest coverage for the year ended August 31, 2013 was primarily due to an increase in interest on bank loans.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We had not entered into any derivative contracts that are indexed to our shares and classified as shareholder's equity or that are not reflected in our consolidated financial statements. Furthermore, we did not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We did not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

DIVIDEND POLICY

We have never declared or paid any dividends on our Ordinary Shares. We have no present plan to declare and pay any dividends on our shares or Shares in the near future. We currently intend to retain our available funds and any future earnings to operate and expand our business. Any amount of dividends we pay will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial conditions, contractual restrictions and other factors which our Directors consider relevant. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Cayman Companies Law. Our Shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of the Board.

As we are a holding company, our ability to declare and pay dividends will depend on receipt of sufficient funds from our subsidiaries and, particularly, our consolidated affiliated entities, which are primarily incorporated in the PRC. Our consolidated affiliated entities must comply with their respective constitutional documents and the laws and regulations of the PRC in declaring and paying dividends to us. Pursuant to the laws applicable to the PRC's Foreign Investment Enterprises, the Company's subsidiaries and consolidated affiliated entities in the PRC must make appropriations from after-tax profit to non-distributable reserve funds as determined by the board of directors of each relevant entity prior to payment of dividends. These reserves include (i) a general reserve and (ii) a development fund. Subject to certain cumulative limits, the general reserve requires annual appropriations of 10% of after-tax profits as determined under PRC laws and regulations at each year-end until the balance reaches 50% of the relevant PRC entity's registered capital. PRC laws and regulations require private schools where the sponsors require reasonable returns to make annual appropriations of 25% of after-tax income to its development fund prior to payments of dividend. Such appropriations are required to be used for the construction or maintenance of the school or for the procurement or upgrading of educational equipment. In the case of a private school where the sponsors do not require reasonable returns, the school is required to make annual appropriations equivalent to no less than 25% of the annual increase of net assets of the school as determined in accordance with generally accepted accounting principles in the PRC.

No dividend has been paid or proposed by the Company during the Track Record Period, nor has any dividend been proposed since the Track Record Period.

DISTRIBUTABLE RESERVES

Under the Cayman Companies Law, the share premium of the Company may be distributed, subject to the provisions of the Company's Memorandum or Articles of Association and provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

LISTING-RELATED EXPENSES INCURRED AND TO BE INCURRED

Assuming an Offer Price of HK$2.65 per Share (being the mid-point of the indicative Offer Price range stated in this prospectus), the total estimated listing related expenses in relation to the Global Offering is approximately HK$92.1 million or RMB73.3 million without taking into account any additional discretionary incentive fee, of which RMB14.2 million were charged to profit or loss during the Track Record Period. For the remaining expenses, we expect to charge RMB16.9 million to our profit and loss and the balance of RMB42.2 million to be capitalized.

RELATED PARTY TRANSACTIONS

For details of the related party transactions, see Note 37 to the Accountant's Report set forth in Appendix I to this prospectus. Our Directors confirm that all related party transactions are conducted on normal commercial terms, and that their terms are fair and reasonable. We expect to settle our related party balances before the Listing.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following is an unaudited pro forma statement of adjusted consolidated net tangible assets of the Group which is based on the audited consolidated net tangible assets of the Group attributable to the owners of the Company as of May 31, 2014 as shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus, adjusted as described below. It has been prepared for illustrative purposes only and, because of its hypothetical nature, may not give a true picture of the consolidated net tangible assets of the Group attributable to the owners of the Company as at May 31, 2014 or any future date following the Global Offering.

	Audited Consolidated net tangible assets of the Group attributable to owners of the Company as of May 31, 2014	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share	
	RMB'000[(1)]	RMB'000[(2)]	RMB'000	RMB[(3)]	HK$[(4)]
Based on Offering price of HK$2.23 per Share	454,106	538,922	993,028	0.90	1.13
Based on Offering price of HK$3.07 per Share	454,106	751,564	1,205,670	1.09	1.37

Notes:

(1) The audited consolidated net tangible assets of the Group attributable to the owners of the Company as of May 31, 2014 are based on audited consolidated net assets of the Group attributable to the owners of the Company as of May 31, 2014 of approximately RMB456,088,000 as set out in Appendix I to this prospectus after deducting goodwill of approximately RMB1,982,000.

(2) The estimated net proceeds from the Global Offering are based on 334,000,000 shares at the offer price of lower limit and upper limit of HK$2.23 and HK$3.07 per Share, respectively, after deduction of estimated related fees and expenses (excluding approximately RMB14.2 million listing expenses which have already been accounted for prior to May 31, 2014 and any additional discretionary incentive fee) and do not take into account any Shares that may be issued pursuant to the exercise of the Over-allotment Option). The proceeds from the Global Offering are converted from Hong Kong Dollars to Renminbi at an exchange rate of RMB0.79578 to HK$1.000, the rate of The People's Bank of China prevailing on May 31, 2014. No representation is made that the Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

(3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share has been arrived on the basis of a total of 1,104,883,458 Shares in issue immediately following completion of the Global Offering and Capitalization Issue, which does not reflect the number of shares resulting from the conversion of the Series A Preferred Shares. It does not take into account any Share which may be issued upon exercise of the Over-allotment Option or options which may be granted under the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme or the RSU Scheme.

Pursuant to the terms and conditions of the Series A Preferred Shares issued in 2008, as disclosed in note 30 to Section A of the Accountants' Report set out in Appendix I to this prospectus, the Series A Preferred Shares will automatically be converted into such number of fully paid ordinary shares upon (i) the election of a majority of the outstanding Series A Preferred Shares shareholder or (ii) the consummation of an underwritten public offering with a price per Share of at least three times the purchase price and aggregate proceeds in excess of US$50,000,000. The above unaudited pro forma adjusted consolidated net tangible assets information has not been adjusted for the carrying amount of Series A Preferred Shares and the number of shares that will be issued resulting from the conversion.

Had the conversion of Series A Preferred Shares into ordinary shares been assumed to take place as at May 31, 2014, the net consolidated tangible assets of the Group would have been increased by RMB441,062,000, which represents the fair value and the carrying amount of the Series A Preferred Shares as of May 31, 2014. Assuming the conversion of Series A Preferred Shares and with the estimated net proceeds from the Global Offering as assumed in note 2 above, based on the minimum and maximum Offer Price of HK$2.23 and HK$3.07 per Share, respectively, the unaudited pro forma adjusted consolidated net tangible assets would be RMB1,434,090,000 and RMB1,646,732,000, respectively, and the unaudited pro forma adjusted consolidated net tangible assets per Share would be RMB1.08 (approximately HK$1.35) per Share and RMB1.23 (approximately HK$1.55) per Share, respectively. The computation of such unaudited pro forma adjusted consolidated net tangible assets per share is arrived on the basis of a total of

1,334,000,000 Shares in issue immediately following completion of Global Offering and Capitalization Issue, which include 229,116,542 Shares resulting from the conversion of Series A Preferred Shares.

(4) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of our Company per Share are converted into Hong Kong Dollars at an exchange rate of RMB0.79578 to HK$1, the rate of The People's Bank of China prevailing on May 31, 2014. No representation is made that the Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

PROPERTY INTERESTS

Except for our properties in Dalian, the value of which is apprised in the Property Valuation Report set forth in Appendix IV to this prospectus, no single property we own has a carrying amount of 15% or more of our total assets. DTZ Debenham Tie Leung Limited, an independent property valuation firm, has valued the properties owned by us in Dalian as at August 31, 2014. The text of its letter, summary of values and valuation certificate are set out in the section headed "Appendix IV — Property Valuation Report" to this prospectus.

The following table presents the reconciliation of the net book value of the relevant property interests, including land use rights, as at May 31, 2014 to their fair value as at August 31, 2014 as stated in the section headed "Property Valuation Report" as set out in Appendix IV to this prospectus.

Property interests reconciliation

	RMB'000
Net book amount of property interests of the Group as of May 31, 2014	379,481
Less: Depreciation during June, July and August 2014	(2,427)
Net book amount of property interests of the Group as of August 31, 2014	377,054
Valuation deficit	(209,054)
Valuation of properties as of August 31, 2014 as set out in "Appendix IV — Property Valuation Report"	168,000

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Our Directors confirm that since May 31, 2014 (being the date to which the latest audited consolidated financial information of our Group was prepared) and up to the Latest Practicable Date, there had been no material change in the industry in which we operate or to our business and financial condition that would materially affect the information shown in our consolidated financial statements included in the Accountants' Report set forth in Appendix I to this prospectus. During the same periods, our results of operations were largely in line with our expectations.

We have prepared the consolidated financial information for the financial year ended August 31, 2014. The following tables set forth summaries of the key consolidated financial information of our Group for the years ended August 31, 2013 and 2014.

Consolidated Statements of Profit and Loss and Other Comprehensive Income

	Year ended August 31,	
	2014	2013
	(RMB'000)	
Revenue	540,269	471,219
Cost of revenue	(305,148)	(268,751)
Gross profit	235,121	202,468
Operating profit[1]	138,884	125,464
Profit for the year	40,036	33,182
Adjusted net profit[2]	104,879	105,343

Note:

(1) Operating profit is calculated as gross profit minus marketing expenses, and then minus administration expenses.

(2) The following table reconciles our adjusted net profit for the periods presented to net profit, the most directly comparable financial measure calculated and presented in accordance with IFRS:

	Year ended August 31,	
	2014	2013
	(RMB'000)	
Profit for the year	40,036	33,182
Add:		
Share-based payments	8,560	31
Change in fair value on redeemable convertible preferred shares	91,812	63,720
Loss on modification of redeemable convertible preferred shares	3,286	—
Change in fair value on warrants	3,695	8,410
Gain on cancellation of warrants	(42,510)	—
Adjusted net profit	104,879	105,343

Consolidated Statements of Financial Position

	As at August 31,	
	2014	2013
	(RMB'000)	
Current assets	570,699	425,559
Current liabilities	962,382	1,263,199
Total assets	2,007,705	1,827,888
Total liabilities	1,504,471	1,410,246
Share capital	511	511
Reserves	466,723	417,131
Total equity	467,234	417,642

See the sections headed "Appendix III — Consolidated Financial Information of the Company for the Financial Year Ended August 31, 2014" to this prospectus for further discussion.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this prospectus, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

See the section headed "Business — Our Strategies" in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$793.0 million after deducting underwriting commission and other estimated expenses paid and payable by us in the Global Offering without taking into account any additional discretionary incentive fee, assuming no Over-allotment Option is exercised and an Offer Price of HK$2.65 per Share, being the mid-point of the indicative Offer Price range of HK$3.07 to HK$2.23 per Share. We intend to use the net proceeds we will receive from this offering for the following purposes:

- approximately 30% (approximately HK$237.9 million) to apply towards the expansion of our school network, in particular by developing new schools on our own in major cities in China;
- approximately 10% (approximately HK$79.3 million) to apply towards the maintenance, renovation and upgrade of our existing schools, such as the boys' schools on our Dalian campus;
- approximately 26% (approximately HK$206.2 million) to apply towards the acquisition of schools, except for foreign national schools and preschools, in major cities in China to supplement our school network. We will consider various factors in selecting acquisition targets, including, among other things, the general socio-economic condition of the city in which a target school is located, the demand for international education in such city and its neighboring areas and the level of government support in promoting international education. We plan to open new schools using the premises and land acquired from the target schools. We do not intend to jointly operate such new schools with the relevant original school operators. We expect to be the sole sponsor of each of these new schools and have exclusive rights to operate each new school. We expect to consolidate the new schools into our Group using the same Contractual Arrangements. As of the Latest Practicable Date, we had not identified any specific acquisition target or confirmed the number and type of schools to be acquired or the timeframe for incurring the acquisition expenditure;
- approximately 24% (approximately HK$190.3 million) to repay our bank loans as follows:

Bank	Amount (RMB)	Interest rate (per annum)	Maturity date	Usage
Bank of China	20.0 million	6.44%	December 18, 2014	Working capital purposes
Bank of Shanghai	45.0 million	6.00%	December 29, 2014	Working capital purposes
Hankou Bank	30.0 million	6.00%	April 28, 2015	Working capital purposes
Hankou Bank	58.5 million	6.77%	January 28, 2015	Working capital purposes

- approximately 10% (approximately HK$79.3 million) as our working capital.

In the event that the Offer Price is set at the high point of the indicative Offer Price range, the net proceeds of the Global Offering, assuming the Over-allotment Option is not exercised, will increase to approximately HK$926.6 million. Under such circumstances, the additional net proceeds will be used for the expansion of our school network in China. In the event that the Offer Price is set at the low point of the indicative Offer Price range, the net proceeds of the Global Offering will decrease to approximately HK$659.4 million. Under such circumstances, the reduced amount of net proceeds will be deducted from the amount applied towards acquisition of schools and working capital.

If the Over-allotment Option is exercised in full, the net proceeds from the Global Offering will increase by HK$132.8 million, assuming an Offer Price of HK$2.65 per Share, being the mid-point of the proposed Offer Price range. In such event, the additional net proceeds will be used for the expansion of our school network in China.

To the extent that the net proceeds of the Global Offering are not immediately required for the above purposes or if we are unable to put into effect any part of our development plan as intended, we may hold such funds in short-term deposits so long as it is deemed to be in the best interests of the Company. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

Since we are an offshore holding company, we will need to make capital contributions and loans to our PRC subsidiaries or through loans to our consolidated affiliated entities such that the net proceeds of this offering can be used in the manner described above. Such capital contributions and loans are subject to a number of limitations and approval processes under PRC laws and regulations. There are no costs associated with registering loans or capital contributions with relevant PRC authorities, other than nominal processing charges. Under PRC laws and regulations, the PRC governmental authorities are required to process such approvals or registrations or deny our application within a prescribed period, which are usually less than 90 days. The actual time taken, however, may be longer due to administrative delay. We cannot assure you that we can obtain the approvals from the relevant governmental authorities, or complete the registration and filing procedures required to use our net proceeds as described above, in each case on a timely basis, or at all. This is because PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds of this offering to make loans or additional capital contributions to our PRC operating subsidiaries or consolidated affiliated entities, which could materially and adversely affect our liquidity and our ability to fund and expand our business. See the section headed "Risk Factors — Risks Relating to Our Contractual Arrangements" in this prospectus.

BACKGROUND

Introduction

Due to regulatory restrictions on foreign ownership in our schools in the PRC as further described below, we conduct a substantial portion of our business through our consolidated affiliated entities in China. We do not hold any equity interests in our consolidated affiliated entities. Rather, through a series of Contractual Arrangements, we effectively control these consolidated affiliated entities and are able to derive substantially all of their economic benefits, and expect to continue to do so.

The Contractual Arrangements among us, Beipeng Software, our consolidated affiliated entities and shareholders of our consolidated affiliated entities enable us to:

(i) receive substantially all of the economic benefits from our consolidated affiliated entities in consideration for the services provided by Beipeng Software, whose primary businesses are software development, system integration and the provision of other technology-related services;

(ii) exercise effective control over our consolidated affiliated entities; and

(iii) hold an exclusive option to purchase all or part of the equity interests in our consolidated affiliated entities when and to the extent permitted by PRC laws.

As a holding company, our ability to pay dividends and other cash distributions to our Shareholders depends on our ability to receive dividends and other distributions from Beipeng Software. The amount of dividends and other distributions paid to us by Beipeng Software in turn depends on the service fees paid to Beipeng Software from our consolidated affiliated entities and from Dalian Maple Leaf High School. However, there are restrictions under PRC laws for the payment of dividends to us by Beipeng Software. In addition, if Beipeng Software incurs debt on its own behalf, the instruments governing the debt may restrict its ability to make payments or distributions to us. Furthermore, relevant PRC laws and regulations permit payments of dividends by Beipeng Software only out of its retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Under PRC laws and regulations, Beipeng Software is required to set aside at least 10% of its after-tax profits based on PRC accounting standards each year to fund a statutory reserve until the accumulated amount of such reserve has exceeded 50% of its registered capital. This reserve is not distributable as dividends. In addition, although Dalian Maple Leaf High School is our PRC subsidiary, it is not allowed to distribute dividends under PRC law due to its being an entity that does not require a “reasonable return”. Consequently, each of Beipeng Software and Dalian Maple Leaf High School is subject to limits in its ability to transfer a portion of its net assets to us or any of our other subsidiaries in the form of dividends, loans or advances.

Our PRC Legal Counsel has advised that there are no PRC laws or regulations expressly prohibiting the consolidated affiliated entities and Dalian Maple Leaf High School from making service fee payments to service providers, such as Beipeng Software, the amount of which may be as significant as the amount of retained earnings. Thus, we and our PRC Legal Counsel believe that, the payment of service fees by the consolidated affiliated entities and Dalian Maple Leaf High School to Beipeng Software under the Contractual Arrangements would not be regarded as circumvention of the prohibition on dividend distribution under PRC laws and regulations.

The principal regulations governing private education in China are the Law for Promoting Private Education and the Implementation Rules. Under these regulations, a private school may elect to be a school that does not require a reasonable return or a school that requires a reasonable return. A private school that does not require a reasonable return cannot distribute dividends to its sponsors. Each of our schools has elected to be a school that does not a require reasonable return. No current PRC laws or regulations provide a formula or guidelines for determining what constitutes a reasonable return. In addition, no current PRC laws or regulations set forth clear requirements or restrictions on a private school’s ability to operate its education business based on such school’s status as a school that requires a reasonable return or a school that does not require a reasonable return. Further, whether or not a school elects to be a school that requires or does not require a reasonable return has no impact whatsoever on the payment of service fees by the consolidated affiliated entities and Dalian Maple Leaf High School to Beipeng Software. For more details on "reasonable returns", see the section headed "Regulatory Overview — Regulations on Private Education in the PRC" in this prospectus.

Our PRC Legal Counsel has advised that the service fees received by Beipeng Software under the Contractual Arrangements are permissible under PRC laws for the following reasons:

(a) Beipeng Software has a legal right to make profits from providing services to the schools under the Contractual Arrangements. Beipeng Software is a duly established company under the laws of the PRC. The services provided by Beipeng Software to the schools are within Beipeng Software's business scope approved by the applicable PRC governmental authorities. There are no prohibitions or restrictions on Beipeng Software from making profits by providing services to other entities, including the schools under the Contractual Arrangements;

(b) private schools have a legal right to enter into service agreements, accept the provision of services and pay service fees pursuant to the underlying services agreements. Pursuant to the Law for Promoting Private Education, a private school has property rights over the assets accumulated throughout the school's operation and other entities are encouraged to provide services to private schools. Therefore, the consolidated affiliated entities and Dalian Maple Leaf High School may enter into service agreements with Beipeng Software and pay service fees as prescribed under the agreements;

(c) the distinction between schools that require reasonable returns and schools that do not require reasonable returns does not change the conclusion that the services fee arrangements between the our schools and Beipeng Software are permissible under PRC Laws. The restrictions imposed on a private school's ability to distribute reasonable returns to its sponsor does not apply to service fees paid to Beipeng Software; and

(d) the Contractual Arrangements are, collectively and individually, valid, legal and binding and do not contravene the relevant PRC Laws and regulations and the payment of service and license fees by the schools to Beipeng Software under the Contractual Arrangements are not prohibited under the relevant PRC laws and regulations and all possible actions or steps taken to enable it to confirm the foregoing opinions had been taken.

We have sought an opinion from a PRC tax expert, Dalian Zheng An Tax Agency Limited, which has confirmed that the Contractual Arrangements are legal, valid and binding commercial contracts under PRC laws that do not constitute an attempt to conceal illegal intentions and do not fall within the definition of "tax evasion" under Article 63 of the PRC Administrative Law on Tax Collection (中華人民共和國稅收徵收管理法第六十三條規定). Further, upon the expiration of Beipeng Software's tax exemption as a software enterprise, the effective tax rate being paid by the Group as a whole will actually be higher under the Contractual Arrangements than if the schools were schools of which the sponsors had elected to require reasonable returns. Therefore, the service fees and Contractual Arrangements will not be viewed as a form of tax evasion under applicable PRC laws and regulations. Furthermore, notwithstanding the fact that there is no single authority competent to give a view on the totality of the taxation aspects of the Contractual Arrangements, we and our PRC Legal Counsel consulted an officials from the tax bureaus in Dalian, Tianjin and Wuhan, being the locations that generated approximately 97.9%, 95.9%, 92.7% and 87.2% of our revenue for the three years ended August 31, 2011, 2012 and 2013 and the nine months ended May 31, 2014, respectively and where we currently enjoy preferential tax treatment. We and our PRC legal counsel provided an outline of the Contractual Arrangements, including (i) our schools are schools for which the sponsors do not require reasonable returns and have been enjoying preferential tax treatment in the past few years; (ii) our schools pay service fees to Beipeng Software in return for the services provided by Beipeng Software; (iii) our schools and Beipeng Software are related parties; and (iv) Beipeng Software is entitled to enjoy a two-year tax exemption and a three-year income tax reduction of 50%. Each of the officials confirmed that the service fee arrangement will not nullify the preferential tax treatment enjoyed by our schools and will not be deemed as a form of tax evasion under applicable PRC laws and regulations given there are actual services provided and the fees are determined on arms-length basis.

We and our PRC legal Counsel are not aware of any legislative or regulatory actions taken by the PRC government authorities against the Contractual Arrangements nor are they aware of any official plan or proposal to make new regulations or rules governing the Contractual Arrangements in the PRC. We have not, to date, encountered any interference or encumbrance from any governing bodies in operating the business of the Group pursuant to the Contractual Arrangements. In accordance with Article 4 of the Interpretation of the Supreme People's Court of Several Issues Concerning the Application of the Contract Law of the PRC (Part I) promulgated by the PRC Supreme People's Court in 1999, the PRC courts shall only invalidate a contract according to laws enacted by the National People's Congress and its Standing Committee, and administrative regulations promulgated by the State Council ("**Invalidation Laws and Regulations**"). To date, the Company and its PRC Legal Counsel are not aware of any such Invalidation Laws and Regulations that would require a PRC court to invalidate any contracts that consist of contractual arrangements or VIE structure in the private education industry. In preparation for the Listing, we and our PRC Legal Counsel also consulted with a senior officer in the highest level government authority governing the education industry in China, including foreign investment in the industry, during which the officer confirmed that they have no objection to the overseas listing of companies in the education industry that use contractual arrangements and are not concerned by service fee payments made by schools to foreign-invested companies, regardless of whether the schools require "reasonable returns" or not.

Based on the opinion of our PRC Legal Counsel, although we effectively control our consolidated affiliated entities and Dalian Maple Leaf High School and are able to derive substantially all of their economic benefits through the Contractual Arrangements, we do not invest in or hold any equity interests in these consolidated affiliated entities or Dalian Maple Leaf High School or indirectly do so through trust arrangement. In the opinion of our PRC Legal Counsel, save for certain dispute resolution clauses of the Contractual Arrangements in connection with injunctive relief as disclosed on page 223 of this prospectus, the Contractual Arrangements do not violate the applicable PRC laws and regulations, and are, collectively and individually, valid, legal and binding and neither of the underlying agreements of the Contractual Arrangements nor the Contractual Arrangements as a collective whole fall within any of the circumstances (including, without limitation, "concealing an illegitimate purpose under the guise of legitimate acts") under Article 52 of the PRC Contract Law for which the contracts would be determined to be invalid.

Our PRC Legal Counsel has advised that pursuant to Article 52 of the PRC Contract Law, a contract may be determined to be invalid under any of the following five circumstances: (i) the contract is entered into by fraud or coercion by one party which damages the interest of the State; (ii) malicious collusion is involved to damage the interest of the State, a collective unit or a third party; (iii) an illegitimate purpose is concealed under the guise of legitimate acts; (iv) the contract damages the social public interest; or (v) the contract violates the mandatory provisions of the laws and administrative regulations. However, Our PRC Legal Counsel is of the view that the Contractual Arrangements do not fall within any of the circumstances set out above, because, based on the knowledge of the facts: (i) there was no coercion or fraud involved in entering into the Contractual Arrangements by and among Beipeng Software, Dalian Maple Leaf High School, the consolidated affiliated entities and their respectively shareholders; (ii) there was no malicious collusion in entering into the Contractual Arrangements, (iii) there was no "concealing illegitimate purpose under the guise of legitimate acts" as further set forth in the paragraph below; (iv) there is no ground to believe that the entering into of such Contractual Arrangements is detrimental to the social public interest; and (v) none of the Contractual Arrangements violates any mandatory provisions of current PRC laws as promulgated by the National People's Congress of the PRC or its Standing Committee, or of any mandatory provisions of administrative regulations issued by the State Council of the PRC.

Our PRC Legal Counsel has further advised that the Contractual Arrangements do not amount to "concealing an illegitimate purpose under the guise of legitimate acts" under Article 52 of the PRC Contract Law based on its knowledge of the facts that, each contract under the Contractual Arrangements has been agreed upon, signed and executed by each party thereto with the purpose to: (i) use the economic interests generated from the consolidated affiliated entities and Dalian Maple Leaf High School as consideration for obtaining services provided by Beipeng Software, and the services provided by Beipeng Software include providing educational software and course materials, employee training, technology development, transfer and consulting services, public relation services, market survey, software and trademark and know-how licensing as needed by the consolidated affiliated entities and Dalian Maple Leaf High School in their ordinary course of business; (ii) ensure shareholders of the consolidated affiliated entities and Dalian Maple Leaf High School would not carry out any act that is contrary to the interest of Beipeng Software; and (iii) enable the Company to obtain the economic interests generated from the consolidated affiliated entities and Dalian Maple Leaf High School by way of provision of services needed by the consolidated affiliated entities and Dalian Maple Leaf High School, and thereafter to achieve our operational goals. None of these purposes are illegal or illegitimate and the contracts underlying the Contractual Arrangements are legitimate and legal.

Although we believe that Beipeng Software's right to receive service fees from our consolidated affiliated entities and Dalian Maple Leaf High School will not be affected by the fact that the schools do not require reasonable returns. However, if our view turns out to be incorrect and the PRC governmental authorities restrict the ability of private schools that do not require reasonable returns to make service fee payments to third parties, Beipeng Software's ability to receive service fees from the schools may be limited and it may be necessary for us to change its election with respect to our schools to schools which require reasonable returns, which would in turn result in the consolidated affiliated entities and Dalian Maple Leaf High School ceasing to enjoy certain preferential tax treatments. According to our PRC Legal Counsel, to change the status of a school from "not requiring reasonable returns" to "requiring reasonable returns", the school shall modify its articles of association and apply for the approval and registration from the relevant education authority and the department of civil affairs in the relevant city following the procedures below:

(a) The relevant school must modify its articles of association so that it contains a definitive provision that the sponsor of the school requires "reasonable returns". The board of directors of the school shall adopt and approve the modification with the consent of two thirds of its directors;

(b) The relevant school must submit an application to the relevant education authority for approving the alteration and registration of its modified articles of association; and

(c) The relevant school must submit an application to the relevant department of civil affairs for registration of its modified articles of association.

For a description of the risks with respect to the Contractual Arrangements, please see the section headed "Risk Factors — Risks Relating to our Contractual Arrangements" in this prospectus.

According to the Implementation Rules for the Law for Promoting Private Education (the "**Implementation Rules**"), private schools for which the sponsors do not require reasonable returns are eligible to enjoy the same preferential tax treatment as public schools. This preferential tax treatment is not applicable to private schools for which the sponsors require reasonable returns. As a result, private schools providing academic qualification education are eligible to enjoy income tax exemption treatment if the sponsors of such schools do not require reasonable returns. The schools which enjoyed certain tax exemptions have obtained certificate letters and confirmations from relevant local tax authorities regarding the tax exemptions. Based on these letters and confirmations, our PRC legal Counsel has advised that it is unlikely that the relevant tax authorities will nullify the preferential tax treatment previously enjoyed by the schools or subject the schools to further tax payments for the periods during which they enjoy tax exemption.

Beipeng Software could have charged our consolidated affiliated entities for intellectual property licenses as well as comprehensive technical and educational consultancy services in the amounts of RMB20.5 million, RMB20.3 million, RMB22.8 million and RMB11.4 million for the financial years ended August 31, 2011, 2012, 2013 and the nine months ended May 31, 2014, respectively. However, in 2012 our Board determined that in order to finance the continued expansion of our business it would be preferable for the license and services fees payable to Beipeng Software under the Exclusive Management Consultancy and Business Cooperation Agreements (as defined below) for those three years to be retained by our consolidated affiliated entities. As of the Latest Practicable Date, Beipeng Software had received an aggregate of RMB2.7 million under the Exclusive Management Consultancy and Business Cooperation Agreements. Beipeng Software has not paid any dividends to us since it has an accumulated loss. The decision by Beipeng Software to enable our schools to retain those funds was in order to provide the schools with additional finances to aid their expansion, failing which the schools would have been required to obtain financing from alternative sources to do so. It is our intention to distribute all of the economic benefits of the consolidated affiliated entities and Dalian Maple Leaf High School to Beipeng Software in the form of service fees after Listing, insofar as it is permitted under PRC tax laws and regulations.

We do not hold equity interests in our consolidated affiliated entities; however, as a result of the Contractual Arrangements further described below, we have consolidated the financial results of our consolidated affiliated entities in our consolidated financial statements in accordance with IFRS. For the financial years ended August 31, 2011, 2012, 2013 and the nine months ended May 31, 2014, RMB145.4 million, RMB187.0 million, RMB239.1 million and RMB263.5 million, respectively, or 42.0%, 45.2%, 50.7% and 72.1%, respectively, of our total net revenue was attributable to our consolidated affiliated entities. The remaining portion of our total net revenue for those years was attributable to revenue generated by Dalian Maple Leaf High School, one of our PRC subsidiaries.

For a detailed discussion of the risks associated with the Contractual Arrangements, see the section headed "Risk Factors — Risks Relating to Our Contractual Arrangements" in this prospectus.

PRC laws and regulations relating to the education industry

PRC laws and regulations currently prohibit foreign ownership of elementary and middle schools in China. Furthermore, although PRC laws and regulations allow foreign investment in foreign national schools, preschools and high schools, government authorities either impose restrictions in this respect or, as a matter of policy, withhold approval for such ventures altogether. The Contractual Arrangements set out below are therefore necessary to achieve our business objectives, although they have been as narrowly tailored as possible so as to minimize potential conflict with current PRC laws and regulations.

Elementary Schools and Middle Schools

Pursuant to the Implementation Opinions on Encouraging and Guiding Private Fund's Entry into the Education Sector and Promoting Healthy Development of Private Education (關於鼓勵和引導民間資金進入教育領域促進民辦教育健康發展的實施意見) promulgated by the MOE on June 18, 2012 (the "**Implementation Opinions**"), foreign-invested companies that engage in educational activities in the PRC should comply with the Foreign Investment Catalog. Elementary and middle schools offer compulsory education for students from grade one to nine, and such education falls within the "prohibited" category set forth in the Foreign Investment Catalog.

As a result, foreign investors (including individuals, companies, partnerships, educational institution and any other entities) are prohibited from owning elementary schools or middle schools in the PRC, whether through direct investments or through wholly-owned subsidiaries in the PRC. For this reason, the elementary schools and middle schools that are operated by us in the PRC are held by Dalian Science and Education and Dalian Educational Group, which are directly or indirectly wholly-owned by the Founder's Sister, and controlled by us pursuant to the Contractual Arrangements.

Moreover, our PRC Legal Counsel, Tian Yuan Law Firm, has opined that all possible actions or steps necessary for it to confirm that the Contractual Arrangements with respect to the operation of elementary and middle school businesses are valid, legal and binding and do not contravene PRC laws and regulations have been taken.

Foreign National Schools

Pursuant to the Administrative Measures, legally established foreign institutions, foreign invested enterprises, PRC branches of international organizations and foreign individuals who are legally residing in the PRC may apply to operate foreign national schools in accordance with the provisions thereof. According to the Administrative Measures, to operate a foreign national school, the investor should submit applications to the relevant educational authorities at the provincial, autonomous region or municipality level where the school is intended to operate and, after receiving a pre-approval from such educational authorities, the application will be forwarded to the relevant education department of the State Council for final approval. Pursuant to the September 2012 State Council Decision, the authority for approving foreign national schools was delegated to the relevant educational authorities at the provincial level.

As at May 31, 2014, we have two foreign national schools in Dalian, Liaoning province and Wuhan, Hubei province, respectively, through the Founder, a Canadian citizen qualified to be the foreign investor of a foreign national school in China under PRC laws, being the owner of the Foreign Schools. With the assistance of our PRC Legal Counsel, we have consulted the Department of Education of Hubei and Liaoning, respectively, with respect to changing the owner of the Foreign Schools from the Founder to us. However, according to the relevant educational authorities, due to the fact that the authority for approving Foreign Schools has only recently been delegated by the MOE to the relevant educational authorities at the provincial level pursuant to the September 2012 State Council Decision, and no detailed policies or regulations with regard to the change of owner of the Foreign Schools have yet been issued at the provincial level, the Department of Education of Hubei and Liaoning have confirmed that they will not accept any application for the change of owner from the Founder to us until the detailed policies and regulations have been issued. Therefore, the Founder will continue to be the owner of the Foreign Schools until the relevant provincial educational authorities approve the change of sponsor.

Our PRC Legal Counsel has opined that all possible actions or steps necessary for it to confirm that the Contractual Arrangements with respect to the operation of the Foreign Schools are valid, legal and binding and do not contravene PRC laws and regulations have been taken. If the detailed policies and procedures with respect to the application for the change of owner are issued and the relevant provincial educational authorities start accepting the applications, we will use our best endeavors to promptly obtain approval for the change of owner and operate the Foreign Schools without having to rely on the Contractual Arrangements.

Preschools and High Schools

The operation of preschools in the PRC is not regulated by the Foreign Investment Catalog. However, pursuant to the Sino-Foreign Regulation, foreign educational institutions and other foreign entities or individuals are prohibited from independently establishing and operating schools or other educational institutions (including preschools, secondary schools and other levels of schools) primarily intended for PRC students. In addition, if foreign educational institutions operate schools in the PRC primarily intended for PRC students through joint ventures with PRC educational institutions, they are required to comply with the Sino-Foreign Regulation.

The operation of high schools in the PRC falls within the "restricted" category of the Foreign Investment Catalog and is explicitly restricted to Sino-foreign cooperation, which means that foreign investors may only operate high schools through joint ventures with PRC incorporated entities that are in compliance with the Sino-Foreign Regulation. Pursuant to the Sino-Foreign Regulation, the foreign investor in a Sino-foreign joint venture school for PRC students at the preschool or high school level (a "**Sino-Foreign Joint Venture Private School**") must be a foreign educational institution with relevant qualification and experience at the same level and in the same category of education (the "**Qualification Requirement**"). Furthermore, pursuant to the Implementation Opinions, the foreign portion of the total investment in a Sino-Foreign Joint Venture Private School should be below 50% (the "**Foreign Ownership Restriction**") and the establishment of these schools is subject to approval of education authorities at the provincial level. Our PRC Legal Counsel has consulted the PRC educational authorities that have jurisdiction over each of the regions where the Company offers preschool and high school education. The authorities confirmed that the Foreign Ownership Restriction applies to Sino-Foreign Joint Venture Private Schools in their regions.

In the middle of 2013 and in April and May 2014, we consulted the relevant educational authorities that have jurisdiction over some regions where we currently offer preschool and high school education to PRC students with the assistance of our PRC Legal Counsel with regard to the current policies on foreign investment for preschools and high schools. These authorities include the International Cooperation and Exchange Division of Hubei Education Department (湖北省教育廳對外合作交流處), the International Cooperation and Exchange Division of Tianjin Education Commission (天津市教育委員會國際合作交流處), the International Cooperation and Exchange Division of Chongqing Education Commission (重慶市教育委員會國際合作交流處), the International Cooperation and Exchange Division of Jiangsu Education Department (江蘇省教育廳國際合作交流處), the International Cooperation and Exchange Division of Liaoning Education Department (遼寧省教育廳國際合作交流處), the Preschool Division of Liaoning Education Department (遼寧省教育廳學前教育處) and the Henan Education Department (河南省教育廳). During the consultation, these authorities expressed the opinion that:

(i) the foreign investor in a Sino-Foreign Joint Venture Private School should be an educational institution that already provides the same level of education in a foreign country, namely education for preschool or high school students; and

(ii) as a matter of policy, no Sino-Foreign Joint Venture Private School has been approved in their respective jurisdictions after the Sino-Foreign Regulation became effective on September 1, 2003.

We conducted an interview with the Shanghai Education Commission (上海市教育委員會), which is, as advised by our PRC Legal Counsel, the highest local-level authority governing the education sector in Shanghai municipality and the competent local authority in charge of international cooperation and exchange in education, in May 2014. As advised by our PRC Legal Counsel, the Shanghai Education Commission has not yet promulgated any implementing measures or specific guidance pursuant to the Sino-Foreign Regulation. However, according to the aforesaid interview, the foreign investor in a Sino-Foreign Joint Venture Private School would be expected to be a reputable provider of education in the foreign country with advanced educational resources. We believe that the Sino-Foreign Joint Venture Private School approved by the Shanghai Commission involves a foreign sponsor that *prima facie* meets any reasonable interpretation of the Qualification Requirement. As at the Latest Practicable Date, we do not yet meet the Qualification Requirement or any reasonable interpretation thereof as we have no experience in operating a school outside of the PRC, and it is therefore not practicable for us to seek to apply to reorganize our Shanghai Maple Leaf International School (High School) as a Sino-Foreign Joint Venture Private School.

With a view to further understanding the feasibility of converting Shanghai Maple Leaf International School (High School) into a Sino-Foreign Joint Venture Private School, we and our PRC Legal Counsel conducted another interview with the Shanghai Education Commission in October 2014. According to the aforesaid interview, notwithstanding the our willingness to take necessary steps in meeting the Qualification Requirements, the Shanghai Education Commission would not accept the Company's application to convert Shanghai Maple Leaf International School (High School) into a Sino-Foreign Joint Venture Private School for the following reasons:

(i) The Sino-Foreign Joint Venture Private School previously approved by the Shanghai Education Commission is a stand-alone case. The foreign sponsor of the approved school was a renowned high school with a long history in offering International Baccalaureate (IB) curriculum in the US and therefore that school satisfies the Qualification Requirement. Most importantly, that school submitted its application to the Shanghai government at the time when the Shanghai government was seeking to introduce a renowned high school from an English speaking country to be the foreign sponsor to a Sino-Foreign Joint Venture Private School;

(ii) As the Shanghai government is currently orientated towards language diversification in the education industry, the Shanghai Education Commission generally would not consider another high school from English speaking countries to establish another Sino-Foreign Joint Venture Private School in

Shanghai. Instead, the Shanghai Education Commission is more willing to consider applicants offering curriculum in languages other than English, especially French or German; and

(iii) In any event, for the time being, the Shanghai Education Commission would only consider foreign sponsors with a long history and excellent reputation due to limited resources of land and potential school campus sites in Shanghai, and that the Shanghai Education Commission would not consider the Group as meeting such requirements.

Notwithstanding the aforesaid, we are committed to working towards meeting the Qualification Requirement, have adopted a specific plan to do so and will continue to expend genuine efforts and financial resources to do so. We have undertaken to make periodic inquiries of relevant PRC educational authorities following the Listing to understand any regulatory developments and assess whether our level of overseas experience is sufficient to meet the Qualification Requirement, with a view to unwinding the Contractual Arrangements wholly or partially as and when practicable and permissible under the prevailing PRC laws and regulations, including the policy preference of the Shanghai Education Commission and Shanghai government in terms of approving schools offering non-English curriculum. See the paragraph headed "Impact of Qualification Requirement and Contingency Plan to Meet It" in this section for details.

Due to the regulatory restrictions stated above, our preschools and high schools are either in the form of a "Sino-Foreign Joint Venture Private School", as in the case of Dalian Maple Leaf High School, or in the form of a domestic Chinese preschool or high school, as in the case of our other preschools and high schools.

Dalian Maple Leaf High School was established as a "Sino-Foreign Joint Venture Private School" in 1996 with the approval of the Department of Education of Liaoning Province. According to our PRC Legal Counsel, at that time, there was no law in China that imposed any restrictions on foreign investments in high schools. Dalian Maple Leaf High School, which is owned as to 95% by Maple Leaf Educational Systems Limited and 5% by Dalian Science and Education, by applying for an operating permit after the implementation of the Sino-Foreign Regulation, is exempted from the application of the Qualification Requirement under the Sino-Foreign Regulation, according to our PRC Legal Counsel. However, due to the Sino-Foreign Regulation, we are unable to convert Dalian Maple Leaf High School from a Sino-Foreign Joint Venture Private School into our wholly-owned school. Furthermore, none of our other preschools or high schools can be structured as "Sino-Foreign Joint Venture Private Schools" as neither we nor any of our subsidiaries outside of the PRC operate any preschool or high school or offer preschool or high school education. We therefore do not yet meet the Qualification Requirement that foreign investors in a Sino-Foreign Joint Venture Private School must be educational institutions that already provide education for preschool or high school students under the Sino-Foreign Regulation. As such, our schools that offer preschool or high school education other than Dalian Maple Leaf High School to PRC students are wholly-owned by the Founder's Sister and controlled by us pursuant to the Contractual Arrangements. Dalian Maple Leaf High School does not need to meet the percentage requirement set forth in the Foreign Ownership Restriction as defined above.

Our PRC Legal Counsel advised that it is currently uncertain as to what specific criteria must be met by a foreign investor (such as length of experience and form and extent of ownership in the foreign jurisdiction) in order to demonstrate to the relevant educational authority that it meets the Qualification Requirement. Furthermore, as noted above, the relevant PRC educational authorities that have jurisdiction over some regions where we offer preschool and high school education informed us that, other than the above-mentioned school in Shanghai, no Sino-Foreign Joint Venture Private School has been approved in their respective jurisdictions since the Sino-Foreign Regulation became effective on September 1, 2003.

Our PRC Legal Counsel has opined that, despite the Company not meeting the Qualification Requirement, the Contractual Arrangements in relation to the operation of preschools and high schools are valid, legal and binding and do not contravene PRC laws and regulations. According to our PRC Legal Counsel, under PRC laws and regulations, the preschools and high schools have been legally established and the failure to meet the Qualification Requirement does not render our preschool and high school businesses as illegal operations in the PRC. Even though no positive regulatory assurance has been obtained from relevant PRC regulatory authorities with respect to the use of the Contractual Arrangements in the education industry, and it is impracticable to obtain such assurance, no relevant PRC regulatory authorities have ever issued any regulations, rules or notices to prohibit the use of such Contractual Arrangements in the education industry.

Impact of Qualification Requirement and Contingency Plan to Meet It

Under the Sino-Foreign Regulation, foreign investment in high schools in the PRC is required to be in the form of cooperation between Chinese educational institutions and foreign educational institutions and subject to the Foreign Ownership Restriction, foreign investors can only hold less than 50% interest in a Sino-Foreign Joint Venture Private School. If the Qualification Requirement is removed but the Foreign Ownership Restriction Requirement remains, the Company or any of its subsidiaries, as a foreign investor, can only hold a portion of the total investment in a Sino-Foreign Joint Venture Private School and that portion of investment must be below 50%. The Company will, therefore, partially unwind the Contractual Arrangements and, in particular, directly hold an interest of less than 50% (for example 49%). However, the Company will not be able to control such school without the Contractual Arrangements in place with respect to the domestic interests. Accordingly, if the Foreign Ownership Restriction remains, regardless of whether the Qualification Requirement is removed, the Company will still rely on contractual arrangements to establish control over the schools.

The Company has signed a written undertaking that, if the PRC regulatory environment changes and both the Qualification Requirement and the Foreign Ownership Restriction are removed (and assuming there are no other changes in the relevant PRC laws and regulations), it will unwind the contractual arrangements so that we are able to directly operate our schools without using the Contractual Arrangements or include only the domestic interests under the contractual arrangements. Under the Sino-Foreign Regulation, foreign investment in high schools in the PRC is required to be in the form of cooperation between Chinese educational institutions and foreign educational institutions, which means that foreign investors may only operate high schools through joint ventures with PRC incorporated educational institutions. Therefore the Company and its subsidiaries, as foreign investors, are ineligible to operate high schools by themselves. If the Foreign Ownership Restriction is removed and the Company meets the Qualification Requirement, the Company or its subsidiaries will be able to hold majority interests in Sino-Foreign Joint Venture Private Schools, but the Sino-Foreign Regulation still dictates that there be a domestic interest in the school. Under such circumstances, the Company plans to hold the maximum percentage of equity interests permissible by the relevant laws and regulations in the relevant schools directly, subject to the approval of relevant government authorities. As for the remaining minority domestic interests which the Company intends to consolidate, the Company will have to control them pursuant to the Contractual Arrangements. For the avoidance of doubt, if the Foreign Ownership Restriction is removed, the Company is able to meet the Qualification Requirement, and the Sino-Foreign Regulation is amended such that a foreign investor is able to hold 100% of the equity interest of a school in the PRC, the Company would be allowed to directly hold 100% of the interests in the schools. Our PRC Legal Counsel has advised that in the event that the Group needs to unwind the contractual arrangements for a particular school, a simple termination agreement executed among the Company and other parties under the relevant contractual arrangements terminating the contractual arrangements with respect to that school shall be sufficient from a PRC legal perspective. However, our PRC Legal Counsel noted that if the Foreign Ownership Restriction is removed but the Qualification Requirement remains (and assuming there are no other changes in the relevant PRC laws and regulations), it may be necessary for us to continue to operate our preschools and high schools using the Contractual Arrangements while at the same time working towards meeting the Qualification Requirement. To unwind the Contractual Arrangements when the Company cannot satisfy the Qualification Requirement may contravene the relevant PRC laws and regulations.

In order to prepare for the potential contingency noted above where the Foreign Ownership Restriction is removed but the Qualification Requirement remains, we have adopted a specific plan and begun to take concrete steps which we, in conjunction with our PRC Legal Counsel, reasonably believe are meaningful endeavors to demonstrate compliance with the Qualification Requirement.

As of the Latest Practicable Date, we had taken the following concrete steps to implement our plan. We negotiated with the local government in South Korea to explore an school expansion opportunity in Suncheon City, namely, the Maple Leaf International Academy (the "**Korean School**"). In relation to the Korean School, we had invested approximately US$1.3 million up until May 31, 2014. If we can establish the Korean School, we plan to operate it as our international school in South Korea so that it would help us satisfy the Qualification Requirement.

In the opinion of our PRC Legal Counsel, if the Foreign Ownership Restriction is removed but the Qualification Requirement remains and assuming the Korean School or another entity established by us gains a level of foreign experience sufficient to demonstrate compliance with the Qualification Requirement and obtains the approval of the relevant education authorities for the establishment of a Sino-Foreign Joint Venture Private School in the future, we will be able to operate our schools in the PRC directly through the Korean School or such other entity.

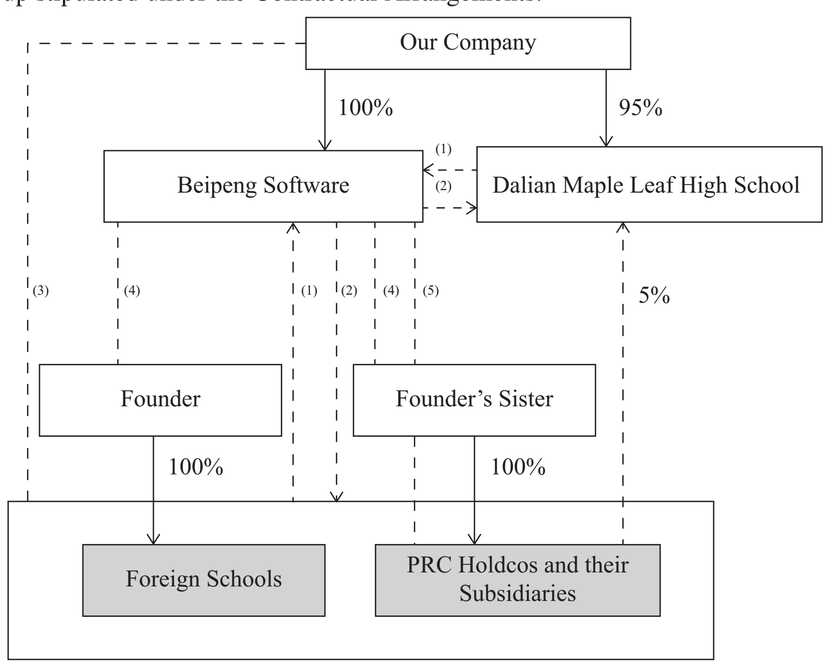
Furthermore, we have undertaken to the Stock Exchange that we will:

(i) under the guidance of our PRC Legal Counsel, continue to keep ourselves updated with regard to all relevant regulatory developments and guidance relating to the Qualification Requirement; and

(ii) provide periodic updates in our annual and interim reports after Listing to inform our Shareholders of our efforts and actions undertaken to comply with the Qualification Requirement.

CONTRACTUAL ARRANGEMENTS

The following simplified diagram illustrates the flow of economic benefits from our consolidated affiliated entities to our Group stipulated under the Contractual Arrangements:



Notes:

1. Payment of service fees, see the section headed "Contractual Arrangements — Exclusive Management Consultancy and Business Cooperation Agreements" in this prospectus.
2. Provision of services, see the section headed "Contractual Arrangements — Exclusive Management Consultancy and Business Cooperation Agreements" in this prospectus.
3. Exclusive call option to acquire all or part of the equity interest in the Consolidated Affiliated Entities, see the section headed "Contractual Arrangements — Call Option Agreements" in this prospectus.
4. Power of attorney to exercise all shareholders' rights in the Consolidated Affiliated Entities, see the section headed "Contractual Arrangements — Powers of Attorney" in this prospectus.
5. Pledge of all the equity interest in the PRC Holdcos, see the section headed "Contractual Arrangements — Equity Pledge Agreement" in this prospectus.
6. "__________" denotes direct legal and beneficial ownership in the equity interest.
   "_ _ _ _ _ _" denotes Contractual Arrangements.
7. ☐ denotes our consolidated affiliated entities.

A description of each of the specific agreements that comprise the Contractual Arrangements, which superseded an earlier set of agreements signed in 2007 and 2010, is set out below. Each of the Contractual Arrangements described below involving Dalian Maple Leaf High School is limited to the 5% domestic shareholding interest that Dalian Science and Education holds in Dalian Maple Leaf High School only.

Exclusive Management Consultancy and Business Cooperation Agreements

Pursuant to the exclusive management consultancy and business cooperation agreements (i) among Beipeng Software, Dalian Educational Group and any of its subsidiaries and schools and the Founder's Sister entered into on May 11, 2014, (ii) among Beipeng Software and Dalian Maple Leaf High School entered into on May 11, 2014 and (iii) among Beipeng Software, Wuhan Foreign School, Dalian Foreign School and the Founder entered into on August 22, 2014 (the "**Exclusive Management Consultancy and Business Cooperation Agreements**"), each of which superseded all previous agreements among the parties with respect to subject matters thereof, Beipeng Software has the exclusive right to provide, or designate any third party to provide each of our consolidated affiliated entities and Dalian Maple Leaf High School with intellectual property development and licensing services as well as comprehensive technical and educational consultancy services. Such services include educational software and course materials, research and development, employee training, technology development, transfer and consulting services, public relation services, market survey, research and consulting services, market development and planning services, human resource and internal information management, network development, upgrade and ordinary maintenance services, sales of proprietary products, and software and trademark and know-how licensing and other additional services as the parties may mutually agree from time to time. Without Beipeng Software's prior written consent, none of the consolidated affiliated entities or Dalian Maple Leaf High School may accept services covered by the Exclusive Management Consultancy and Business Cooperation Agreements from any third party.

Beipeng Software owns all intellectual property rights arising out of the performance of this agreement. Our consolidated affiliated entities and Dalian Maple Leaf High School agree to pay service fees equal to 100% of their net income after deducting the relevant reserved funds as required by relevant PRC laws and regulations to Beipeng Software and adjust the service fees after good faith negotiations. For the financial years ended August 31, 2011, 2012, 2013 and the nine months ended May 31, 2014, the amount of fees Beipeng Software could have charged under all of the Exclusive Management Consultancy and Business Cooperation Agreements was RMB20.5 million, RMB20.3 million, RMB22.8 million and RMB11.4 million, respectively. The Exclusive Management Consultancy and Business Cooperation Agreements will not expire unless the parties mutually agree to terminate.

Furthermore, in order to prevent the leakage of assets and values of the consolidated affiliated entities to their respective shareholders, under the Exclusive Management Consultancy and Business Cooperation Agreements, without the prior written approval from Beipeng Software, the consolidated affiliated entities and Dalian Maple Leaf High School shall not enter into any transaction (save as those transactions entered into in the ordinary course of business) that may affect its assets, obligations, rights or operation, including but not limited to (i) the provision of any guarantee to any third party or the creation of any encumbrances in relation to its assets; (ii) the entering into of any loan or debt obligations owing to any third party; (iii) the disposal or acquisition of any assets (including but not limited to intellectual properties) with a value higher than RMB500,000.

In addition, under the Exclusive Management Consultancy and Business Cooperation Agreements, without the prior written consent of Beipeng Software, none of the consolidated affiliated entities or Dalian Maple Leaf High School shall change or remove the members of its board of directors who are appointed by Beipeng Software in accordance with the memorandum and articles of association of each of the consolidated affiliated entities and Dalian Maple Leaf High School. Beipeng Software also has the right to appoint the school principals, financial controllers and other senior managers of the consolidated affiliated entities and Dalian Maple Leaf High School. Beipeng Software has absolute control over the distribution of dividends or any other amounts to the shareholders of the consolidated affiliated entities and Dalian Maple Leaf High School as the consolidated affiliated entities, Dalian Maple Leaf High School and their shareholders have undertaken not to make any distribution without Beipeng Software's prior written consent. Beipeng software also has the right to periodically receive or inspect the accounts of the consolidated affiliated entities and Dalian Maple Leaf High School and the financial results of the consolidated affiliated entities and Dalian Maple Leaf High School can be consolidated into our Group's financial information as if they were our Group's subsidiaries.

Call Option Agreements

Under the two call option agreements (i) by and among our Company, Dalian Educational Group and the Founder's Sister dated May 11, 2014 and (ii) by among our Company, Dalian Science and Education and the Founder's Sister dated May 11, 2014 (the "**PRC Holdco Call Option Agreements**"), the Founder's Sister, unconditionally and irrevocably agreed to grant us or our designated third party an exclusive option to purchase part or all of the equity interests in the PRC Holdcos, as the case may be, for nil consideration or the minimum amount of consideration permitted by applicable PRC laws and regulations, under circumstances in which our company or its designated third party is permitted under PRC laws and regulations to own all or part of the equity interests of the PRC Holdcos. Where the purchase price is required by the relevant PRC laws and regulations to be an amount other than nil consideration, the Founder's Sister shall return the amount of purchase price she has received to each of the PRC Holdcos, our Company or our designated third party. Our Company has the sole discretion to decide when to exercise the option, and whether to exercise the option in part or in full. The key factor for us to decide whether to exercise the option is whether the current regulatory restrictions on foreign investment in the educational business will be removed in the future, the likelihood of which we are not in a position to know or comment on at the Latest Practicable Date.

Under the two call option agreements (i) by and among our Company, the Founder and Dalian Foreign School dated May 11, 2014 and (ii) by and among our Company, the Founder and Wuhan Foreign School dated August 22, 2014 (the "**Foreign School Call Option Agreements**", and together with the "**PRC Holdco Call Option Agreements**", the "**Call Option Agreements**"), the Founder unconditionally and irrevocably agreed to grant us or our designated third party an exclusive option to purchase from the Founder part or all of his interests in our Foreign Schools, as the case may be, for nil consideration or the minimum amount of consideration permitted by the applicable PRC laws and regulations under circumstances in which our Company or our designated third party requires to own all or part of such interests held by the Founder to the extent permitted under PRC laws and regulations. Where the purchase price is required by the relevant PRC laws and regulations to be an amount other than nil consideration, the Founder shall return the amount of purchase price he has received to each of the Foreign Schools, our Company or our designated third party. Our Company has the sole discretion to decide when to exercise the option and whether to exercise the option in part or in full. The key factor for us to decide whether to exercise the option is whether the current government approval policy and practice on the change of sponsor of foreign national schools will become clear, the likelihood of which we are not in a position to know or comment on at the Latest Practicable Date.

Each of the Call Option Agreements supersedes all previous agreements among the parties with respect to the subject matters thereof, and each of which is for an indefinite term commencing on May 11, 2014 and August 22, 2014, respectively and being the date of the Call Option Agreements, until it is terminated (i) upon the exercise of the exclusive option by the Company or its designated third party to purchase from the Founder's Sister or the Founder all of their respective interests in the PRC Holdcos and the Foreign Schools, or (ii) upon any agreement reached among the parties thereto in relation to the termination of the Call Option Agreement.

In order to prevent the flow of the assets and value of our consolidated affiliated entities to their respective shareholders, pursuant to the Call Option Agreements, none of the assets of the consolidated affiliated entities are to be sold, transferred or otherwise disposed of without the written consent of the Company. In addition, under the Call Option Agreements, none the shareholders of the consolidated affiliated entities may transfer or permit the encumbrance of or allow any guarantee or security to be created on any of his or her equity interests in the consolidated affiliated entities without the Company's prior written consent.

In the event that the registered shareholders of the consolidated affiliated entities receive any profit distribution or dividend from the consolidated affiliated entities, the registered shareholders must immediately pay or transfer such amount (subject to the relevant tax payment being made under the relevant laws and regulations) to the Company. If the Company exercises this option, all or any part of the equity interests of the consolidated affiliated entities acquired would be transferred to the Company and the benefits of equity ownership would flow to the Company and its shareholders.

Equity Pledge Agreements

Pursuant to the equity pledge agreements entered into by and among Beipeng Software, Dalian Educational Group and the Founder's Sister dated May 26, 2014, and by and among Beipeng Software, Dalian Science and Education and the Founder's Sister dated May 26, 2014 (the "**Equity Pledge Agreements**"), the Founder's Sister, unconditionally and irrevocably pledged all of the equity interests in the PRC Holdcos, respectively, to Beipeng Software to guarantee performance of the obligations of the PRC Holdcos and their respective subsidiaries and schools under the Exclusive Management Consultancy and Business Cooperation Agreements and performance of her obligations under the Call Option Agreements and Powers of Attorney with Beipeng Software. Under the Equity Pledge Agreements, the Founder's Sister has agreed that, without the prior written consent of Beipeng Software, she will not transfer or dispose the pledged equity interests or create or allow any encumbrance on the pledged equity interests that would prejudice Beipeng Software's interest. The equity pledge is required to be registered under the relevant laws and regulations. We filed the Equity Pledge Agreements, the identification card of the shareholder, the business licenses of the consolidated affiliated entities and other relevant documents with the corresponding local administration bureau for industry and commerce and completed the registrations for the two equity pledges. The equity pledge registration of Dalian Educational Group was completed on May 30, 2014 with the Dalian Administration Bureau for Industry and Commerce. The equity pledge registration of Dalian Science and Education was completed on May 28, 2014, with the Dalian Administration Bureau for Industry and Commerce of Dalian Economic and Technical Development Zone. Our PRC Legal Counsel has confirmed that the Equity Pledge Agreements have been duly registered with the relevant PRC legal authority pursuant to PRC laws and regulations. The Equity Pledge Agreements shall remain valid until (i) all the contractual obligations of the PRC Holdcos, their respective subsidiaries and schools and the Founder's Sister are satisfied in full under the Exclusive Management Consultancy and Business Cooperation Agreements, the Call Option Agreements and Powers of Attorney; or (ii) the nullification or termination of the Exclusive Management Consultancy and Business Cooperation Agreements, the Call Option Agreements and Powers of Attorney, whichever is later.

There is no equity pledge arrangement between the Founder and the Company. Even if we were to make an equity pledge arrangement with the Founder, such arrangement would be unenforceable under PRC laws and regulations, as interests in schools are not pledgeable under PRC laws and any equity pledge arrangements with respect to interests in schools cannot be registered with the relevant PRC regulatory authorities. Only legally established foreign institutions, foreign invested enterprises, PRC branches of international organizations and foreign individuals who are legally residing in the PRC are permitted to operate and be sponsors of a foreign national school under the relevant PRC laws and regulations. An entity held by a PRC citizen or a domestic enterprise cannot be a sponsor of a foreign national school. Therefore, the Founder cannot hold his interest in the Foreign Schools through a PRC holding company. To further enhance the Company's security over the Foreign Schools, the Company has taken measures to ensure that the company seals of the Foreign Schools are properly secured, are within the full control of the Company and cannot be used by the Founder without its permission. Such measures include arranging for the company seals of the Foreign Schools to be kept in the safe custody of the Finance Department and setting up lines of authority for using the company seals, financial chops and business registration certificates such that the company seals, financial chops and business registration certificates can only be used under direct authorization of the Company.

Powers of Attorney

The Founder's Sister has executed an irrevocable power of attorney dated May 11, 2014 (the "**PRC Holdco Power of Attorney**") appointing Beipeng Software, or any person designated by Beipeng Software, as her attorney-in-fact to appoint directors and vote on her behalf on all matters of the PRC Holdcos requiring shareholder approval under the articles of associations of each entity and under the relevant PRC laws and regulations. The power of attorney remains effective as long as the Founder's Sister remains a shareholder of Dalian Educational Group and Dalian Science and Education, unless Beipeng Software requests to replace the appointed designee under the PRC Holdco Power of Attorney.

The Founder, with respect to our Foreign Schools, has executed an irrevocable power of attorney dated May 11, 2014 (the "**Foreign School Power of Attorney**", and together with the "**PRC Holdco Power of Attorney**", the "**Powers of Attorney**") appointing Beipeng software, or any person designated by Beipeng Software, as his attorney-in-fact to appoint directors and vote on his behalf or on behalf of such directors to vote on all matters of our Foreign Schools requiring director approval under the articles of associations of each entity and under the relevant PRC laws and regulations. The power of attorney remains effective as long as the Founder retains interests in, and remains a director of, our Foreign Schools, unless Beipeng Software requests to replace the appointed designee under the Foreign School Power of Attorney.

The articles of association of the PRC Holdcos each state that the shareholders, in a shareholders' meeting, have the power to approve the operating strategy and investment plan, elect the members of the board of directors and approve their compensation, and review and approve the annual budget and earning distribution plan for each entity. Therefore, through the irrevocable power of attorney arrangement, we and our wholly-owned PRC subsidiary, Beipeng Software, have the ability to exercise effective control over the PRC Holdcos through shareholder votes and, through such votes, to also control the composition of the board of directors for each entity.

The articles of association of our Foreign Schools each state that the directors whom are appointed by the investors of the schools, in a board of directors' meeting, have the power to approve the operating strategy and investment plan, elect principals and other senior management and approve their compensation, and review and approve the annual budget and earning distribution plan for each entity. Therefore, through the irrevocable power of attorney arrangement, we and our wholly-owned PRC subsidiary, Beipeng Software, have the ability to exercise effective control over our Foreign Schools through our appointing directors and director votes.

In addition, the Powers of Attorney specifically provide that (i) the attorney-in-fact is entitled to sign minutes, file documents with the relevant companies registries, and (ii) in the event of a winding-up of any of the consolidated affiliated entities, the attorney-in-fact has the right to appoint a liquidator to deal or manage the assets obtained after such winding-up for the benefit of our Company and its shareholders.

Those of our powers to direct the activities of our consolidated affiliated entities that most significantly impact these entities' economic performance include:

(i) as the attorney-in-fact of shareholders, we elect all members of the board of directors for each of our consolidated affiliated entities, approve the director compensation, review and approve annual budget and vote on all matters that requiring approval from shareholders;

(ii) through the control over the consolidated affiliated entities' boards, we appoint all senior management, approve executive compensation and review and approve operating, investing, and financing plans; and

(iii) Through control over the management team, we effectively control the daily operations of our consolidated affiliated entities.

Dispute Resolution

In the event of any dispute with respect to the construction and performance of the provisions, each of the Exclusive Management Consultancy and Business Cooperation Agreements, Call Option Agreements and Equity Pledge Agreements stipulates that the parties shall negotiate in good faith to resolve the dispute. In the event the parties fail to reach an agreement on the resolution of such a dispute, any party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with the then effective arbitration rules. The arbitration shall be conducted in Beijing, and the language used during arbitration shall be Chinese. The arbitration ruling shall be final and binding on all parties.

The dispute resolution clause of each of the Contractual Arrangements also provide that the arbitral tribunal may award remedies over the shares or land assets of the consolidated affiliated entities and Dalian Maple Leaf High School, injunctive relief (e.g. for the conduct of business or to compel the transfer of assets) or order the winding up of the consolidated affiliated entities; and the courts of Hong Kong, the Cayman Islands (being the place of incorporation of the Company) and the PRC (being the place of incorporation of the consolidated affiliated entities and Dalian Maple Leaf High School) also have jurisdiction for the grant and/or enforcement of the arbitral award and the interim remedies against the shares or properties of the consolidated affiliated entities and Dalian Maple Leaf High School.

However, our PRC Legal Counsel has advised that the tribunal has no power to grant such injunctive relief, nor will it be able to order the winding up of the consolidated affiliated entities or Dalian Maple Leaf High School pursuant to current PRC laws. In addition, interim remedies or enforcement orders granted by overseas courts such as those of Hong Kong and the Cayman Islands may not be recognizable or enforceable under the current PRC laws.

Our PRC Legal Counsel has advised us that the practical consequences for the Group arising from the possible non-enforceability of provisions in the agreements underlying the Contractual Arrangements are as follows:

(i) Should Beipeng Software intend to seek interim remedies in support of the arbitration when formation of the arbitral tribunal is pending or under appropriate circumstances, Beipeng Software may either seek (a) the interim remedies available from a PRC arbitral tribunal described below or (b) the interim remedies before a PRC court pursuant to Articles 100 and 101 of the PRC Civil Procedure Law and Article 28 of the PRC Arbitration Law, rather than before any courts in Hong Kong or the Cayman Islands.

(ii) Under current PRC law, the remedies that arbitral tribunals, including the China International Economic and Trade Arbitration Commission, are empowered to award are limited to the following:

- cessation of infringements;
- removal of obstacles;
- elimination of dangers;
- return of property;
- restoration of original condition;
- repair, reworking or replacement;
- compensation for losses;
- payment of breach of contract damages;
- elimination of ill effects and rehabilitation of reputation; and
- extension of apology.

Because the remedies that the China International Economic and Trade Arbitration Commission is empowered to award do not include injunctive relief or winding up orders, under PRC law, Beipeng Software can only seek similar but not identical remedies, such as cessation of infringements or return of property, from the China International Economic and Trade Arbitration Commission. Alternatively, Beipeng Software may seek similar remedies from a competent court, such as interim measures (e.g., asset preservation) over the assets or shares of the consolidated affiliated entities and Dalian Maple Leaf High School and winding up orders against the consolidated affiliated entities under appropriate circumstances.

(iii) Even if the abovementioned provisions may not be enforceable under current PRC laws, our PRC Legal Counsel has confirmed that the remaining provisions of the dispute resolution clauses are legal, valid and binding on the parties to the agreements under the Contractual Arrangements.

Succession

The provisions set out in the Contractual Arrangements are also binding on the successors of the shareholders of the consolidated affiliated entities, as if the successor was a signing party to the Contractual Arrangements. Although the Contractual Arrangements do not specify the identity of successors to such shareholders, under the succession law of the PRC, the statutory successors include the spouse, children, parents, brothers, sisters, paternal grandparents and the maternal grandparents and any breach by the successors would be deemed to be a breach of the Contractual Arrangements. In case of a breach, Beipeng Software or the Company can enforce its right against the successors. Further, pursuant to the Powers of Attorney, in the event of death or any other event which causes the inability of the Founder or Founder's Sister to perform their day-to-day obligations, the successor of the Founder or Founder's Sister is to inherit any of the rights and obligations of the Founder or the Founder's Sister subject to him or her being bound by the provisions of the Powers of Attorney.

Therefore, our PRC Legal Counsel is of the view that (i) the Contractual Arrangements provide protection to the Group even in the event of death of the shareholders of the consolidated affiliated entities; and (ii) the death of the such shareholders would not affect the validity of the Contractual Arrangements, and Beipeng Software or the Company can enforce its right under the Contractual Arrangements against the successors of such shareholders.

Conflicts of Interests

To ensure our effective control over our consolidated affiliated entities, we have implemented measures to protect against the potential conflicts of interest between the Company and the Founder's Sister, the sole shareholder of the PRC Holdcos. Pursuant to the PRC Holdco Call Option Agreements, the Founder's Sister, agreed to grant us or our designated third party an exclusive option to purchase part or all of the equity interests in the PRC Holdcos, under circumstances in which our company or its designated third party is permitted under PRC laws and regulations to own all or part of the equity interests of the PRC Holdcos. Under the irrevocable Power of Attorney executed by the Founder's Sister, she appointed Beipeng Software, or any person designated by Beipeng Software, as her attorney-in-fact to appoint directors and vote on her behalf on all matters of the PRC Holdcos requiring shareholder approval under the articles of associations of each of the PRC Holdcos and under the relevant PRC laws and regulations. Furthermore, we have internal procedures to minimize the Founder's Sister's influence on the business operations of the PRC Holdcos. She is not a member of its senior management team and is not authorized to approve any business or governance issues of the PRC Holdcos. She also does not have physical possession of or control over the corporate stamps of the PRC Holdcos. The Founder's Sister does not have any equity interest in the Company. She is not a Director and has no executive role with the Company or its subsidiaries (including Beipeng Software) and thus does not have any right to participate in the decision-making process at any level within the Company and the Group (save for the PRC Holdcos, with respect to which she has entered into the Power of Attorney appointing Beipeng Software, or any person designated by Beipeng Software, as her attorney-in-fact to exercise any and all rights that she has).

Similarly, there are mechanisms in place to protect against the spouses of each of the Founder and the Founder's Sister from exercising any control or influence over the consolidated affiliated entities. The spouses of each of the Founder and the Founder's Sister executed an irrevocable undertaking on May 11, 2014 (the "**Spouse's Undertakings**") whereby the spouses expressly and irrevocably (i) acknowledge the entry into of the Contractual Arrangements by the Founder and the Founder's Sister, respectively; (ii) undertake that they shall not take any actions that are in conflict with purpose and intention of the Contractual Arrangements, including but not limited to acknowledging that any equity interests held by the shareholders do not fall within the scope of their community properties; and (iii) confirm that their consent and approval is not required for the implementation of the Contractual Arrangements, any amendments thereto or the termination thereof.

The Founder and the Founder's Sister have undertaken that during the period that the Contractual Arrangements remain effective, (i) unless otherwise agreed to by Beipeng Software in writing, they would not, directly or indirectly (either on their own account or through any natural person or legal entity) participate, or be interested, or engage in, acquire or hold (in each case whether as a shareholder, partner, agent, employee or otherwise) any business which is or may potentially be in competition with the businesses of the consolidated affiliated entities or any of its affiliates; and (ii) any of their actions or omissions would not lead to any conflict of interest between them and Beipeng Software (including but not limited to its shareholders). Furthermore, in the event of the occurrence of a conflict of interests (where Beipeng Software has the sole absolute discretion to determine whether such conflict arises), they agree to take any appropriate actions as instructed by Beipeng Software or its designee.

Based on the above, the Directors are of the view that the measures we have adopted are sufficient to mitigate the risks associated with the potential conflicts of interest between the Group and the Founder's Sister and such measures are sufficient to protect the Group's interest in the PRC Holdcos.

Loss Sharing

None of the agreements constituting the Contractual Arrangements provide that the Company or Beipeng Software, is obligated to share the losses of the consolidated affiliated entities or provide financial support to the consolidated affiliated entities. Further, each of the PRC Holdcos is a limited liability company and shall be solely liable for its own debts and losses with assets and properties owned by it. Under PRC laws and regulations, our Company or Beipeng Software, as the primary beneficiary of the consolidated affiliated entities, is not expressly required to share the losses of the consolidated affiliated entities or provide financial support to the consolidated affiliated entities. Despite the foregoing, given that our Group conducts its businesses in the PRC through the consolidated affiliated entities which hold the requisite PRC licenses and approvals, and that the consolidated affiliated entities' financial condition and results of operations are consolidated into our Company's financial statements and results of operations under the applicable accounting principles, our Company's business, financial condition and results of operations would be adversely affected if the consolidated affiliated entities suffer losses. Therefore, the provisions in the contractual arrangements are tailored so as to limit, to the greatest extent possible, the potential adverse effect on Beipeng Software and the Company resulting from any loss suffered by the consolidated affiliated entities.

For instance, as provided in the Call Option Agreements, none of the assets of the consolidated affiliated entities are to be sold, transferred or otherwise disposed of without the written consent of our Company. In addition, under the Call Option Agreements, none of the shareholders of the consolidated affiliated entities may transfer or permit the encumbrance of or allow any guarantee or security to be created on any of his or her equity interests in the consolidated affiliated entities without the Company's prior written consent.

In addition, under the Exclusive Management Consultancy and Business Cooperation Agreements, without the prior written consent of Beipeng Software, the consolidated affiliated entities and Dalian Maple Leaf High School shall not change or remove the members of the boards of directors who are appointed by Beipeng Software in accordance with the memorandum and articles of association of each of the consolidated affiliated entities and Dalian Maple Leaf High School. Beipeng Software also has the right to appoint the school principals, financial controllers and other senior managers of the consolidated affiliated entities and Dalian Maple Leaf High School. Beipeng Software has absolute control over the distribution of dividends or any other amounts to the shareholders of the consolidated affiliated entities and Dalian Maple Leaf High School as the consolidated affiliated entities, Dalian Maple Leaf High School and their shareholders have undertaken not to make any distribution without the prior written consent of Beipeng Software. Beipeng software also has the right to periodically receive or inspect the accounts of the consolidated affiliated entities and Dalian Maple Leaf High School and the financial results of the consolidated affiliated entities and Dalian Maple Leaf High School can be consolidated into our Group's financial information as if they were our Group's subsidiaries.

Liquidation

According to the Exclusive Management Consultancy and Business Cooperation Agreements and the Call Option Agreements, the shareholders of the consolidated affiliated entities and Dalian Maple Leaf High School undertake to appoint a committee designated by Beipeng Software as the liquidation committee upon the winding up of the consolidated affiliated entities and Dalian Maple Leaf High School to manage their assets. However, in the event of a mandatory liquidation required by PRC laws or bankruptcy liquidation, all of the remaining assets and residual interests of consolidated affiliated entities and Dalian Maple Leaf High School shall be transferred to Beipeng Software after such liquidation pursuant to PRC laws.

Insurance

The Company does not maintain an insurance policy to cover the risks relating to the Contractual Arrangements.

Our Confirmation

As of the Latest Practicable Date, we had not encountered any interference or encumbrance from any PRC governing bodies in operating its businesses through the consolidated affiliated entities under the Contractual Arrangements.

LEGALITY OF THE CONTRACTUAL ARRANGEMENTS

Based on the above, our PRC Legal Counsel, is of the opinion that the Contractual Arrangements are narrowly tailored to minimize the potential conflict with relevant PRC laws and regulations and that:

(i) each of Beipeng Software, the consolidated affiliated entities and Dalian Maple Leaf High School is a duly incorporated and validly existing company or school, and their respective establishment is valid, effective and complies with the relevant PRC laws; each of the Founder and the Founder's Sister, is a natural person with full civil and legal capacity. Each of Beipeng Software, the consolidated affiliated entities, Dalian Maple Leaf High School, the Founder and the Founder's Sister has obtained all necessary approvals and authorizations to execute and perform the Contractual Arrangements.

(ii) as at the date of issuing their PRC opinion, no PRC laws explicitly prohibit contractual arrangements in the private education industry in China and none of the content or the execution of the Contractual Arrangements violates any provisions of PRC laws. Parties to each of the agreements are entitled to execute the agreements and perform their respective obligations thereunder. Each of the agreements is binding on the parties thereto and none of them constitutes "concealment of illegal intentions with a lawful form;

(iii) none of the Contractual Arrangements violates any provisions of the articles of association of the consolidated affiliated entities, Dalian Maple Leaf High School and Beipeng Software;

(iv) each of the Contractual Arrangements is binding on the assignees or successors of the parties thereto. In the event of bankruptcy of any of the consolidated affiliated entities or Dalian Maple Leaf High School, Beipeng Software or the Company is entitled to enforce its rights against the assignees or successors of any of the shareholder of the consolidated affiliated entities;

(v) the parties to each of the Contractual Arrangements are not required to obtain any approvals or authorizations from the PRC governmental authorities, except that the Call Option Agreements are subject to approval by MOFCOM or its branch, and registration with the local administration bureau for industry and commerce upon the exercise by the Company of its rights under the Call Option Agreements to acquire all or part of the equity interests in the consolidated affiliated entities. On August 8, 2006, six PRC governmental and regulatory agencies, including MOFCOM and the CSRC, promulgated the Rules on Acquisition of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定, the "**M&A Rules**"), a regulation with respect to the mergers and acquisitions of domestic enterprises by foreign investors that became effective on September 8, 2006 and revised on June 22, 2009. Pursuant to the M&A Rules, the acquisition of a PRC domestic enterprise by a Foreign Investor (as defined in the M&A Rules) is subject to approval by, and registration with the relevant PRC regulatory authorities. In the event that our Company exercises of its rights under the Call Option Agreements to acquire all or part of the equity interests in the consolidated affiliated entities, it will need to obtain the approval of relevant PRC regulatory authorities pursuant to the M&A Rules.

(vi) neither Beipeng Software nor our Company is obligated to share the losses of the consolidated affiliated entities, Dalian Maple Leaf High School, the Founder or the Founder's Sister or provide financial support to the consolidated affiliated entities and Dalian Maple Leaf High School. Each of the consolidated affiliated entities is a limited liability company or school and shall be solely liable for its own debts and losses with assets and properties owned by it;

(vii) each of the Contractual Arrangements is enforceable under PRC laws, except for the following provisions regarding dispute resolution and the liquidating committee:

a. the Contractual Arrangements provide that any dispute shall be submitted to the China International Economic and Trade Arbitration Centre for arbitration, in accordance with the then effective arbitration rules. The arbitration shall be conducted in Beijing. They also provide that the arbitrator may award interim remedies over the shares or land assets of the consolidated affiliated entities and Dalian Maple Leaf High School or injunctive relief (e.g. for the conduct of business or to compel the transfer of assets) or order the winding up of the consolidated affiliated entities and Dalian Maple Leaf High School; and the courts of Hong Kong, the Cayman Islands (being the place of incorporation of the Company) and the PRC (being the place of incorporation of the consolidated affiliated entities) also have jurisdiction for the grant and/or enforcement of the arbitral award and the interim remedies against the shares or properties of the consolidated affiliated entities and Dalian Maple Leaf High School. However, our PRC Legal Counsel has advised that the tribunal has no power to grant such injunctive relief, nor will it be able to order the winding up of the consolidated affiliated entities or Dalian Maple Leaf High School pursuant to the current PRC laws. In addition, interim remedies or enforcement order granted by overseas courts such as those of Hong Kong and the Cayman Islands may not be recognizable or enforceable in China; and

b. the Contractual Arrangements provide that the shareholders of the consolidated affiliated entities and Dalian Maple Leaf High School undertake to appoint a committee designated by Beipeng Software as the liquidation committee upon the winding up of the consolidated affiliated entities and Dalian Maple Leaf High School to manage their assets. However, in the event of a mandatory liquidation required by PRC laws or bankruptcy liquidation, these provisions may not be enforceable under PRC Laws.

We have been advised by our PRC Legal Counsel, however, that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws and regulations. Accordingly, there can be no assurance that the PRC regulatory authorities will not in the future take a view that is contrary to the above opinion of our PRC Legal Counsel. We have been further advised by our PRC Legal Counsel that if the PRC government finds that the Contractual Arrangements do not comply with PRC government restrictions on foreign investment in the education business, we could be subject to severe penalties, which could include:

(i) revoking the business and operating licenses of Beipeng Software and the consolidated affiliated entities;

(ii) restricting or prohibiting related party transactions between Beipeng Software and the consolidated affiliated entities;

(iii) imposing fines or other requirements with which we, Beipeng Software or the consolidated affiliated entities may find difficult or impossible to comply;

(iv) requiring us, Beipeng Software or the consolidated affiliated entities to restructure the relevant ownership structure or operations; and

(v) restricting or prohibiting the use of any proceeds from the Global Offering to finance our business and operations in China.

The imposition of any of these penalties could have a material adverse effect on our ability to conduct our business. See the sections headed "Risk Factors — Risks Relating to Our Contractual Arrangements — If the PRC government finds that the agreements that establish the structure for operating our business in China do not comply with applicable PRC laws and regulations, we could be subject to severe penalties and our business may be materially and adversely affected" and "Risk Factors — Risks Relating to Doing Business in China — Uncertainties with respect to the PRC legal system could materially and adversely affect us" in this prospectus.

Accounting Aspects of the Contractual Arrangements

Consolidation of Financial Results of the Consolidated Affiliated Entities

According to IFRS 10 — Consolidated Financial Statements, a subsidiary is an entity that is controlled by another entity (known as the parent). An investor controls an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Although our Company does not directly or indirectly own the consolidated affiliated entities, the Contractual Arrangements as mentioned above enable our Company to exercise control over the consolidated affiliated entities.

Under the Exclusive Management Consultancy and Business Cooperation Agreements, it was agreed that, in consideration of the services provided by Beipeng Software, each of the consolidated affiliated entities and Dalian Maple Leaf High School will pay service fees to Beipeng Software. The service fees, subject to Beipeng Software's adjustment, are equal to 100% of the net income after deducting the relevant reserved funds as required by relevant laws and regulations of the consolidated affiliated entities and Dalian Maple Leaf High School. Beipeng Software may adjust the service fees at its discretion and allow the consolidated affiliated entities and Dalian Maple Leaf High School to retain sufficient working capital to carry out any growth plans. Beipeng software also has the right to periodically receive or inspect the accounts of the consolidated affiliated entities and Dalian Maple Leaf High School. Accordingly, Beipeng Software has the ability, at its sole discretion, to extract substantially all of the economic benefit of the consolidated affiliated entities and Dalian Maple Leaf High School through the Exclusive Management Consultancy and Business Cooperation Agreements.

In addition, under the Exclusive Management Consultancy and Business Cooperation Agreements, Beipeng Software has absolute contractual control over the distribution of dividends or any other amounts to the shareholders of the consolidated affiliated entities as Beipeng Software's prior written consent is required before any distribution can be made. In the event that the registered shareholders of the consolidated affiliated entities receive any profit distribution or dividend from the consolidated affiliated entities, the registered shareholders must immediately pay or transfer such amount (subject to the relevant tax payment being made under the relevant laws and regulations) to the Company.

As a result of these Contractual Arrangements, our Company has obtained control of the consolidated affiliated entities through Beipeng Software and, at our Company's sole discretion, can receive substantially all of the economic interest returns generated by the consolidated affiliated entities. Accordingly, the consolidated affiliated entities' results of operations, assets and liabilities, and cash flows are consolidated into the Company's financial statements.

In this regard, our Directors consider that the Company can consolidate the financial results of the consolidated affiliated entities into our Group's financial information as if they were our Group's subsidiaries. The basis of consolidating the results of the consolidated affiliated entities is disclosed in note 3 to the Accountant's Report set out in Appendix I to this prospectus.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment is not exercised and no Shares are issued under the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme or the RSU Scheme), the Founder and Sherman Investment collectively will be our Controlling Shareholders directly and beneficially interested in approximately 53.81% of our issued share capital. Sherman Investment is a holding company incorporated in the BVI that is wholly-owned by our Founder, Mr. Jen.

INDEPENDENCE FROM THE CONTROLLING SHAREHOLDERS

Our Board is satisfied, on the basis of the following, that our Group is capable of carrying on its business independently of the Controlling Shareholders and its associates after the Listing.

Operational Independence

Our Group is not operationally dependent on the Controlling Shareholders. We do not rely on the Controlling Shareholders for our business development, staffing or marketing and sales activities. Our Directors and senior management are responsible for the conduct of our business. We have independent access to our customers and an independent management team to handle our day-to-day operations. We are also in possession of all relevant licenses necessary to carry on and operate our business and we have sufficient operational capacity in terms of capital and employees to operate independently. Our Directors are of the view that there is no operational dependence by us on our Controlling Shareholders.

Management Independence

Our Board consists of eight Directors, comprising four executive Directors, two non-executive Directors (one of whom will cease to be a Director after the Listing Date) and three independent non-executive Directors. Mr. Jen is our Executive Director, Chairman of the Board and Co-Chief Executive Officer.

Our daily management and operations are carried out by a senior management team. None of the members of our senior management team hold any board or other executive position in, or are employed by, any entity controlled by the Controlling Shareholders outside the Group.

Financial Independence

Our Group has an independent financial system and makes financial decisions according to our Group's own business needs. We also have our own treasury function which is operated independently from the Controlling Shareholders. We are capable of obtaining financing from third parties, if necessary, without reliance on the Controlling Shareholders. Our Directors are of the view that there is no financial dependence by us on our Controlling Shareholders.

NON-COMPETITION UNDERTAKING

In March 2008, each of our Founder, Ms. Amy Yan, Shu Ling Jen and Sherman Investment undertook to the Company and Sequoia Capital China Growth Fund I, L.P. not to establish new entities or schools that are in competition with the entities or schools directly or indirectly controlled by us without our consent.

CORPORATE GOVERNANCE

Our Company has adopted the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "**Code**") and will comply with the code provisions in the Code. The Code sets out principles of good corporate governance in relation to, among other matters, directors, the chairman and chief executive officer, board composition, the appointment, re-election and removal of directors, their responsibilities and remuneration and communications with shareholders.

Our Company is also required to comply with the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules, which provides, among other matters, prohibitions on directors' dealings in securities and protection of minority shareholders' rights.

Our Directors are therefore satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and our Controlling Shareholders, and to protect minority shareholders' rights after the Listing.

Our Company is committed to the view that our Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on our Board which can effectively exercise independent judgment. Our independent non-executive Directors, details of whom are set out in the section headed "Directors and Senior Management" in this prospectus, individually and together possess the requisite knowledge and experience to be a member of our Board. All of our independent non-executive Directors are experienced and will provide impartial and professional advice to protect the interest of our minority Shareholders.

CONFIRMATION

As of the Latest Practicable Date, neither our Controlling Shareholders nor any of our Directors were interested in the business of operating international schools or educational institutions, other than our Group, which, competes or is likely to compete, either directly or indirectly, with our Group's business and which requires disclosure pursuant to Rule 8.10 of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

We have entered into a number of continuing agreements and arrangements with our connected persons in our ordinary and usual course of business. Upon the listing of the Shares on the Stock Exchange, the transactions disclosed in this section will constitute continuing connected transactions under the Listing Rules.

Non-Exempt Continuing Connected Transactions

We set out below details of the continuing connected transactions for our Group, which are subject to the annual reporting, annual review, announcement, circular and shareholders' approval requirements under Rules 14A.49, 14A.55, 14A.35, 14A.46, 14A.47, 14A.36 and 14A.37 of the Listing Rules.

Contractual Arrangements

As disclosed in the section headed "Contractual Arrangements" in this prospectus, due to regulatory restrictions on foreign ownership in our schools in the PRC, we conduct a substantial portion of our business through our consolidated affiliated entities in China. We do not hold any equity interests in our consolidated affiliated entities which are held by the Founder's Sister and the Founder. Rather, through a series of contractual arrangements (the "**Contractual Arrangements**"), we effectively control these consolidated affiliated entities and are able to derive substantially all of their economic benefits, and expect to continue to do so. The Contractual Arrangements among us, Beipeng Software, our consolidated affiliated entities and shareholders of our consolidated affiliated entities enable us to (i) receive substantially all of the economic benefits from our consolidated affiliated entities in consideration for the services provided by Beipeng Software; (ii) exercise effective control over our consolidated affiliated entities; and (iii) hold an exclusive option to purchase all or part of the equity interests in our consolidated affiliated entities when and to the extent permitted by PRC laws.

The Contractual Arrangements consist of five types of agreements: (a) the Exclusive Management Consultancy and Business Cooperation Agreements, (b) the Call Option Agreements, (c) the Equity Pledge Agreements, (d) the Powers of Attorney and (e) the Spouse's Undertakings (terms are defined in the section headed "Contractual Arrangements" in this prospectus). See the section headed "Contractual Arrangements" in this prospectus for detailed terms of these agreements.

Listing Rules Implications

The table below sets forth the connected persons of our Company involved in the Contractual Arrangements and the nature of their connection with our Group. The transactions contemplated under the Contractual Arrangements constitute continuing connected transactions of our Company under the Listing Rules upon Listing.

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

Our PRC Legal Counsel is of the opinion that, except that the provisions in the agreements underlying the Contractual Arrangements setting forth that courts in Hong Kong and the Cayman Islands may grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal and that the arbitral body may award injunctive relief over the shares or land assets of the consolidated affiliated entities and order the winding up of the consolidated affiliated entities may not be enforceable under PRC laws (see the section headed "Risk Factors — Risks Relating to Our Contractual Arrangements — Certain terms of our contractual arrangements may not be enforceable under PRC laws" in this prospectus), each of the agreements underlying the Contractual Arrangements are legal and valid and do not violate PRC laws, rules and regulations, including those applicable to the business of our Company, Beipeng Software and our consolidated affiliated entities, and the articles of association of each of Beipeng Software and our consolidated affiliated entities, and are legally binding on and enforceable against each party of each of the agreements in accordance with their terms and provisions under PRC laws and regulations.

Our Directors (including the independent non-executive Directors) are of the view that the Contractual Arrangements and the transactions contemplated thereunder are fundamental to our Group's legal structure and business operations, that such transactions have been and shall be entered into in the ordinary and usual course of business of our Group, are on normal commercial terms and are fair and reasonable and in the interests of our Company and the Shareholders as a whole.

Our Directors also believe that our Group's structure whereby the financial results of the consolidated affiliated entities are consolidated into our Group's financial statements as if they were our Group's subsidiaries, and the flow of economic benefits of their business to our Group places our Group in a special position in relation to relevant rules concerning connected transactions under the Listing Rules. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements and any new transactions, contracts and agreements or renewal of existing agreements to be entered into between the consolidated affiliated entities and any member of our Group ("**New Intergroup Agreements**") technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, our Directors consider that it would be unduly burdensome and impracticable, and would add unnecessary administration costs to our Company if such transactions are subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among others, the announcement and independent shareholders' approval requirements.

Application for waiver

In view of the above, we have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver pursuant to Rule 14A.105 of the Listing Rules from strict compliance with (i) the announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Contractual Arrangements, (ii) the requirement of setting an annual cap for the fees payable to Beipeng Software under the Contractual Arrangements, and (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less, for so long as Shares are listed on the Stock Exchange subject however to the following conditions:

(a) No change without independent non-executive Directors' approval

No change to the Contractual Arrangements (including with respect to any fees payable to Beipeng Software thereunder) will be made without the approval of the independent non-executive Directors;

(b) No change without independent Shareholders' approval

Save as described in paragraph (d) below, no change to the agreements governing the Contractual Arrangements will be made without the approval of our Company's independent shareholders. Once independent shareholders' approval of any change has been obtained, no further announcement or approval of the independent shareholders will be required under Chapter 14A of the Listing Rules unless and until further changes are proposed. The periodic reporting requirement regarding the Contractual Arrangements in the annual reports of our Company (as set out in paragraph (e) below) will however continue to be applicable.

(c) Economic benefits flexibility

The Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by the consolidated affiliated entities through (i) our Group's option (if and when so allowed under the applicable PRC laws) to acquire, all or part of the entire equity interests in the consolidated affiliated entities for nil consideration or the minimum amount of consideration permitted by applicable PRC laws and regulations, (ii) the business structure under which the profit generated by the consolidated affiliated entities is substantially retained by our Group, such that no annual cap shall be set on the amount of service fees payable to the Beipeng software by the consolidated affiliated entities under the Exclusive Management Consultancy and Business Cooperation Agreements, and (iii) our Group's right to control the management and operation of, as well as, in substance, all of the voting rights of the consolidated affiliated entities.

(d) ***Renewal and reproduction***

On the basis that the Contractual Arrangements provide an acceptable framework for the relationship between our Company and its subsidiaries in which our Company has direct shareholding, on the one hand, and the consolidated affiliated entities, on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the existing Contractual Arrangements. The directors, chief executive or substantial shareholders of any existing or new wholly foreign owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group may establish will, upon renewal and, or reproduction of the Contractual Arrangements, however be treated as connected persons of our Company and transactions between these connected persons and our Company other than those under similar contractual arrangements shall comply with Chapter 14A of the Listing Rules. This condition is subject to relevant PRC laws, regulations and approvals.

(e) ***Ongoing reporting and approvals***

Our Group will disclose details relating to the Contractual Arrangements on an on-going basis as follows:

- The Contractual Arrangements in place during each financial period will be disclosed in our Company's annual report and accounts in accordance with relevant provisions of the Listing Rules.

- Our independent non-executive Directors will review the Contractual Arrangements annually and confirm in our Company's annual report and accounts for the relevant year that (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Contractual Arrangements and that the profit generated by the consolidated affiliated entities has been substantially retained by the Beipeng Software, (ii) no dividends or other distributions have been made by the consolidated affiliated entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group, and (iii) any new contracts entered into, renewed or reproduced between our Group and the consolidated affiliated entities during the relevant financial period under paragraph (d) above are fair and reasonable, or advantageous, so far as our Group is concerned and in the interests of the Shareholders as a whole.

- Our Company's auditor will carry out review procedures annually on the transactions carried out pursuant to the Contractual Arrangements and will provide a letter to our Directors with a copy to the Stock Exchange confirming that the transactions have received the approval of our Directors, have been entered into in accordance with the relevant Contractual Arrangements and that no dividends or other distributions have been made by the consolidated affiliated entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group.

- For the purpose of Chapter 14A of the Listing Rules, and in particular the definition of "connected person", the consolidated affiliated entities will be treated as our Company's subsidiaries, but at the same time, the directors, chief executives or substantial shareholders of the consolidated affiliated entities and its associates will be treated as connected persons of our Company (excluding for this purpose, the consolidated affiliated entities), and transactions between these connected persons and our Group (including for this purpose, the consolidated affiliated entities), other than those under the Contractual Arrangements, will be subject to requirements under Chapter 14A of the Listing Rules.

- The consolidated affiliated entities will undertake that, for so long as the Shares are listed on the Stock Exchange, the consolidated affiliated entities will provide our Group's management and our Company's auditor full access to its relevant records for the purpose of our Company's auditor's review of the connected transactions.

In addition, we have also applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver pursuant to Rule 14A.105 of the Listing Rules from strict compliance with (i) the announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under any New Intergroup Agreements, (ii) the requirement of setting an annual cap for the fees payable by/to any member of our Group to/from the consolidated affiliated entities under any New Intergroup Agreements, and (iii) the requirement of limiting the term of any New Intergroup Agreement to three years or less, for so long as Shares are listed on the Stock Exchange subject however to the condition that the Contractual Arrangements subsist and that the consolidated affiliated entities will continue to be treated as our Company's subsidiaries, but at the same time, the directors, chief executives or substantial shareholders of the and its associates will be treated as connected persons of our Company (excluding for this purpose, the consolidated affiliated entities), and transactions between these connected persons and our Group (including for this purpose, the consolidated affiliated entities), other than those under the Contractual Arrangements, will be subject to requirements under Chapter 14A of the Listing Rules. We will comply with the applicable requirements under the Listing Rules, and will immediately inform the Stock Exchange if there are any changes to these continuing connected transactions.

CONFIRMATION FROM THE JOINT SPONSORS

The Joint Sponsors have reviewed the relevant documents and information provided by our Group, has obtained necessary representations and confirmations from our Company and our Directors and has participated in the due diligence and discussions with our management and our PRC Legal Counsel. Based on the above, the Joint Sponsors are of the view that the Contractual Arrangements are fundamental to our Group's legal structure and business operations and that the Contractual Arrangements have been entered into in our ordinary and usual course of business, on normal commercial terms and are fair and reasonable and are in the interests of the Shareholders as a whole.

The Joint Sponsors are of the view that with respect to the term of the relevant agreements underlying the Contractual Arrangements which is of a duration longer than three years, it is a justifiable and normal business practice to ensure that (i) the financial and operational policies of the consolidate affiliated entities can be effectively controlled by the Beipeng Software, (ii) the Beipeng Software can obtain the economic benefits derived from the consolidated affiliated entities, and (iii) any possible leakages of assets and values of the consolidated affiliated entities can be prevented, on an uninterrupted basis.

In preparation for the Global Offering, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and exemptions from the Companies (Winding Up and Miscellaneous Provisions) Ordinance:

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Our headquarters is located in Dalian. Substantially all of the business operations of our Group are located in the PRC and most of our executive Directors ordinarily reside in the PRC. We do not and, for the foreseeable future, will not have sufficient management presence in Hong Kong.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements of Rule 8.12 of the Listing Rules, subject to us putting in place certain measures in order to ensure that effective communication is maintained between the Stock Exchange and us. For further details of such waiver, see the section headed "Directors and Senior Management — Management Presence" in this prospectus.

CONNECTED TRANSACTIONS

We have entered into certain transactions which would constitute continuing connected transactions of our Company under the Listing Rules following the completion of the Global Offering. We have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with (i) the announcement and independent shareholders' approval requirements, (ii) the annual cap requirement, and (iii) the requirement of limiting the term of the continuing connected transactions set out in Chapter 14A of the Listing Rules for such continuing connected transactions. For further details in this respect, see the section headed "Connected Transactions" in this prospectus.

ACCOUNTS IN THIS PROSPECTUS

The Accountants' Report set out in Appendix I to this prospectus contains the consolidated results of our Group for the three financial years ended August 31, 2013 and the nine months ended May 31, 2014. Rule 4.04(1) of the Listing Rules requires that the consolidated results of our Group in respect of each of the three financial years immediately preceding the issue of the prospectus be included in the Accountants' Report to this prospectus. Section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires all prospectuses to include, among other things, matters specified in the Third Schedule of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. Paragraph 27 of Part I of the Third Schedule of the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires the listing applicant to set out in the prospectus a statement as to the gross trading income or sales turnover during each of the three years immediately preceding the issue of the prospectus, including an explanation of the method used for the computation of such income or turnover and a reasonable breakdown of the more important trading activities. Paragraph 31 of Part II of the Third Schedule of the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires that the listing applicant to include in the prospectus a report by the auditors with respect to the profits and losses and assets and liabilities of the listing applicant in respect of each of the three financial years immediately preceding the issue of the prospectus.

We have applied for (i) a waiver from the Stock Exchange from strict compliance with Rule 4.04(1) of the Listing Rules; and (ii) a certificate of exemption under section 342A of the Companies (Winding Up and

Miscellaneous Provisions) Ordinance from the SFC from strict compliance with paragraphs 27 and 31 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, in relation to the inclusion of the Accountants' Report for the full financial year ended August 31, 2014 in this prospectus, on the following grounds:

- if the accountants are required to complete the auditing work for the three months ended August 31, 2014, the additional time required would result in our Company being unable to issue the prospectus according to the timetable contemplated. Therefore it will be unduly burdensome to include in the prospectus the audited financial statements of our Company for the full financial year ended August 31, 2014;
- the preliminary unaudited financial information for the financial year ended August 31, 2014 and a relevant commentary on the results for the year will be appended to the prospectus to ensure that sufficient information is provided to potential investors to make an informed assessment of the financial position of the Group;
- notwithstanding that the prospectus will not include the audited financial statements for the three months ended August 31, 2014, our Directors confirm that they have performed sufficient due diligence to ensure that, up to the date of this prospectus, there is no material adverse change in our financial or trading position or prospects since May 31, 2014, and there is no event since May 31, 2014 which would materially affect the information shown in the Accountants' Report set forth in Appendix I to this prospectus; and
- in view of the reasons above, our Directors are of the view that all information that is reasonably necessary for the potential investors to make an informed assessment of the activities or financial position of our Group has been included in this prospectus, therefore the granting of a waiver and an exemption from compliance with such requirements would not prejudice the interests of the investing public.

The waiver from strict compliance with Rule 4.04(1) of the Listing Rules was granted by the Stock Exchange on the following conditions:

(i) We list on the Stock Exchange by November 30, 2014.

(ii) We obtain a certificate of exemption from the SFC on compliance with the requirements set out in paragraphs 27 of Part I and 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

(iii) The financial information for the year ending August 31, 2014 and a commentary on the results for the year will be included in the prospectus. The financial information to be included in the prospectus will (a) follow the same content requirements as for a preliminary results announcements under Rule 13.49 of the Listing Rules; and (b) be agreed with the reporting accountants following their review under Practice Note 730 "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants.

The certificate of exemption has been granted by the SFC under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the conditions that (i) the particulars of the exemption be set forth in this prospectus and (ii) this prospectus be issued on or before November 18, 2014.

PUBLICATION OF PRELIMINARY RESULTS

Pursuant to Rule 13.49(1) of the Listing Rules, an issuer is required to publish its preliminary results in respect of each financial year as soon as possible, but in any event no later than three months after the end of the financial year.

The Company has included in this prospectus the unaudited financial information for the year ending August 31, 2014 and a commentary on the results for the year and Maples and Calder, our legal adviser as to the Cayman

Islands law has confirmed that we are not in breach of the Articles of Association, Cayman Islands laws and regulations or other regulatory requirements regarding our obligation to publish annual results announcements if we do not publish the preliminary results announcements for the year ended August 31, 2014 in accordance with Rule 13.49(1) of the Listing Rules. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 13.49(1) of the Listing Rules in respect of the publication of the preliminary results announcement for the year ended August 31, 2014.

HONG KONG UNDERWRITERS

BNP Paribas Securities (Asia) Limited
CLSA Limited

INTERNATIONAL UNDERWRITERS

BNP Paribas Securities (Asia) Limited
CLSA Limited

THE HONG KONG PUBLIC OFFERING

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is initially offering 33,400,000 Hong Kong Offer Shares for subscription under the Hong Kong Public Offering on the terms and subject to the conditions set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (i) the Listing Committee granting listing of, and permission to deal in, our Shares in issue and to be issued as described in this prospectus on the Main Board of the Stock Exchange (including any additional Shares to be issued pursuant to any exercise of the Over-allotment Option), and such listing and permission not having been subsequently revoked prior to the commencement of trading of our Shares on the Main Board of the Stock Exchange and (ii) certain other conditions set out in the Hong Kong Underwriting Agreement (including, among others, the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company agreeing on the Offer Price), the Hong Kong Underwriters have severally but not jointly, or jointly and severally agreed to subscribe or procure subscribers for their respective applicable proportions (set out in the Hong Kong Underwriting Agreement) of the Hong Kong Offer Shares now being offered that are not taken up under the Hong Kong Public Offering, on the terms and subject to the conditions set out in this prospectus, the related Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Underwriting Agreement having been signed, becoming unconditional and not having been terminated.

Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or to procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination by notice (orally or in writing) to us from the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) if, prior to 8:00 a.m. on the Listing Date:

(a) there shall develop, occur, exist or come into effect:

   (i) any local, national, regional or international event or circumstance in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of disease, economic sanctions, strikes, lock-outs, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism) in or affecting Hong Kong, the British Virgin Islands, the Cayman Islands, Canada, the PRC, the United States, the United Kingdom, the European Union (or any member thereof), Japan, Singapore or any jurisdiction relevant to any member of the Group or the Global Offering (collectively, the "**Relevant Jurisdictions**"); or

   (ii) any change, or any development involving a prospective change, or any event or circumstance likely to result in any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets) in or affecting any of the Relevant Jurisdictions; or

(iii) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Tokyo Stock Exchange or the Shanghai Stock Exchange; or

(iv) the imposition of any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or by other competent authority), New York (imposed at Federal or New York State level or by other competent authority), London, Canada, the PRC, the British Virgin Islands, the Cayman Islands, Singapore, the European Union (or any member thereof), Japan or any other jurisdiction relevant to any member of the Group or the Global Offering, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any of the Relevant Jurisdictions; or

(v) any new laws, statutes, ordinances, legal codes, regulations or rules, or any change or any development involving a prospective change or any event or circumstance likely to result in a change or a development involving a prospective change in (or in the interpretation or application by any court or other competent authority of) existing laws, statutes, ordinances, legal codes, regulations or rules, in each case, in or affecting any of the Relevant Jurisdictions; or

(vi) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions; or

(vii) a change or development involving a prospective change in or affecting taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies), or the implementation of any exchange control, in or affecting any of the Relevant Jurisdictions; or

(viii) any litigation or claim of any third party being threatened or instigated against any member of our Group or any of the Controlling Shareholders and the Founder's Sister not specifically disclosed in this prospectus; or

(ix) a Director being charged with an indictable offense or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or

(x) the chairman or any co-chief executive officer of our Company vacating his or her office; or

(xi) an authority or a political body or organization in any relevant jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any Director; or

(xii) a contravention by any member of our Group of the Listing Rules or applicable laws, statutes, ordinances, legal codes, regulations or rules; or

(xiii) a prohibition on our Company for whatever reason from offering, allotting, issuing or selling any of the Shares (including any Shares to be allotted and issued under the Over-allotment Option) pursuant to the terms of the Global Offering; or

(xiv) non-compliance of this prospectus (or any other documents used in connection with the contemplated offer and sale of the Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws, statutes, ordinances, legal codes, regulations or rules; or

(xv) the issue or requirement to issue by our Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated offer and sale of the Shares) pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC without the prior consent of the Joint Global Coordinators; or

(xvi) an order or petition for the winding up of any member of our Group or any composition or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding-up of any member of our Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group,

which, individually or in the aggregate, in the sole and absolute opinion of the Joint Global Coordinators (1) has or will have or is likely to have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Group as a whole; or (2) has or will have or is likely to have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Placing; or (3) makes or will make or is likely to make it inadvisable or inexpedient or impracticable for any part of the Hong Kong Public Offering or the Global Offering to be performed or implemented as envisaged or to deliver the Offer Shares on the terms and in the manner contemplated by this prospectus or to market the Global Offering; or (4) has or will have or is likely to have the effect of making any part of the Hong Kong Underwriting (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(b) there has come to the notice of the Joint Global Coordinators:

(i) that any statement contained in any of this prospectus, the Application Forms and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue or incorrect in any material respect or misleading, or that any forecast, estimate, expression of opinion, intention or expectation contained in any of this prospectus, the Application Forms and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) is not fair and honest and based on reasonable assumptions; or

(ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute an omission of a material fact from any of this prospectus, the Application Forms and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto); or

(iii) any breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon any of the Hong Kong Underwriters or the International Underwriters); or

(iv) any event, act or omission which gives or is likely to give rise to any liability of any of the indemnifying parties pursuant to the indemnification provisions under the Hong Kong Underwriting Agreement; or

(v) any material adverse change or any development involving a prospective material adverse change in the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of any member of our Group; or

(vi) any breach of, or any event or circumstance rendering untrue or incorrect in any respect, any of the warranties in the Hong Kong Underwriting Agreement; or

(vii) approval by the Listing Committee the listing of, and permission to deal in, the Shares in issue and to be issued (including any additional Shares that may be issued pursuant to the exercise of the Over-allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(viii) we withdraw this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering.

UNDERTAKINGS

Undertakings Given to the Stock Exchange Pursuant to the Listing Rules

(A) Undertaking by Our Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that no further Shares or securities convertible into our equity securities (whether or not of a class already listed) will be issued or form the subject of any agreement to such an issue by us within six months from the Listing Date (whether or not such issue of Shares or our securities will be completed within six months from the Listing Date), except pursuant to the Global Offering or for the circumstances provided under Rule 10.08 of the Listing Rules.

(B) Undertaking by the Controlling Shareholders

In accordance with Rule 10.07(l)(a) of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and our Company that except pursuant to the Stock Borrowing Agreement:

(a) it/he will not and will procure that the relevant registered holders will not, at any time during the period commencing on the date by reference to which disclosure of the respective shareholding of the Controlling Shareholder is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interest or encumbrances in respect of, any of the Shares in respect of which it/he is shown by this prospectus to be the beneficial owners; and

(b) it/he will not and will procure that the relevant registered holders will not, at any time during the period of six months from the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interest or encumbrances in respect of, any of the Shares referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interest or encumbrances, it will then cease to be a Controlling Shareholder of our Company.

Note (2) of Rule 10.07(2) of the Listing Rules provides that the rule does not prevent a Controlling Shareholder from using the Shares beneficially owned by it as security (including a charge or a pledge) in favor of an authorized institution (as defined in the Banking Ordinance) for a bona fide commercial loan.

It is further noted that nothing in the above shall prevent the share lending arrangement to be entered into by the Controlling Shareholders pursuant to Rule 10.07(3) of the Listing Rules.

Pursuant to note (3) of Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has further undertaken to the Stock Exchange and our Company that it/he will, within the period commencing on the date by reference to which disclosure of the shareholding of the Controlling Shareholders is made in this prospectus and ending on the date which is 12 months from the Listing Date, immediately inform us of:

(a) any pledges or charges of any Shares or other securities of our Company beneficially owned by it in favor of any authorized institution (as defined in the Banking Ordinance) pursuant to Note (2) to Rule 10.07(2) the Listing Rules, and the number of such Shares or securities of our Company so pledged or charged; and

(b) any indication received by it/him, whether verbal or written, from any pledgee or chargee of any Shares or other securities of our Company pledged or charged that any of such Shares or other securities will be disposed of.

Undertakings Pursuant to the Hong Kong Underwriting Agreement

(A) Undertaking by our Company

Pursuant to the Hong Kong Underwriting Agreement, our Company has undertaken to each of the Joint Global Coordinators, the Hong Kong Underwriters and the Joint Sponsors, and our Controlling Shareholders has agreed to procure that, except for the offer and sale of the Offer Shares pursuant to the Global Offering (including the Over-allotment Option), the Capitalization Issue and the issue of any Shares pursuant to exercise of any of the options granted or to be granted under the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme, or the RSU Scheme, during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the "First Six-Month Period"), our Company will not and will procure each other member of our Group not to, without the prior written consent of the Joint Sponsors and the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any shares or other securities of such other member of our Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any shares of such other member of the Group, as applicable), or deposit any Shares or other securities of our Company or any shares or other securities of such other member of our Group, as applicable, with a depositary in connection with the issue of depositary receipts; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of our Company or any shares or other securities of such other member of our Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any shares of such other member of the Group, as applicable); or

(c) enter into any transaction with the same economic effect as any transaction specified in paragraphs (a) or (b) above; or

(d) offer to or agree to or announce any intention to effect any transaction specified in paragraphs (a), (b) or (c) above,

in each case, whether any of the transactions specified in paragraphs (a), (b) or (c) above is to be settled by delivery of Shares or other securities of our Company or shares or other securities of such other member of our

Group, as applicable, or in cash or otherwise (whether or not the issue of such Shares or other shares or securities will be completed within the First Six-Month Period).

In the event that, during the period of six months commencing on the date on which the First Six-Month Period expires (the "Second Six-Month Period"), our Company enters into any of the transactions specified in paragraphs (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that we will not create a disorderly or false market in the securities of our Company. Our Controlling Shareholders undertake to each of the Joint Global Coordinators, the Hong Kong Underwriters and the Joint Sponsors to procure our Company to comply with the above undertakings.

(B) Undertaking by the Controlling Shareholders

Pursuant to the Hong Kong Underwriting Agreement, each of the Controlling Shareholders has undertaken to each of our Company, the Joint Global Coordinators, the Hong Kong Underwriters and the Joint Sponsors that, except pursuant to the Stock Borrowing Agreement, without the prior written consent of the Joint Sponsors and the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) it/he will not, at any time during the First Six-Month Period,

(i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares), or deposit any Shares or other securities of our Company with a depositary in connection with the issue of depositary receipts; or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares); or

(iii) enter into any transaction with the same economic effect as any transaction specified in sub-paragraph (i) or (ii) above; or

(iv) offer to or agree to or announce any intention to effect any transaction specified in sub-paragraph (i), (ii) or (iii) above,

in each case, whether any of the transactions specified in sub-paragraph (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of our Company or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-Month Period);

(b) it/he will not, during the Second Six-Month Period, enter into any of the transactions specified in paragraph (a)(i), (ii) or (iii) above or offer to or agree to or announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, it/he will cease to be a "controlling shareholder" (as the term is defined in the Listing Rules) of our Company; and

(c) until the expiry of the Second Six-Month Period, in the event that it/he enters into any of the transactions specified in paragraph (a)(i), (ii) or (iii) above or offers to or agrees to or announces any intention to effect any such transaction, it/he will take all reasonable steps to ensure that it/he will not create a disorderly or false market in the securities of our Company,

provided that the aforesaid undertaking shall not prevent the Controlling Shareholders from using the Shares or other securities of the Company or any interest therein beneficially owned by them as security (including a charge or a pledge) in favor of an authorized institution as defined in the Banking Ordinance for a bona fide commercial loan.

Each of our Company and the Controlling Shareholders has agreed to jointly and severally indemnify, and the Founder's Sister has agreed to indemnify, the Joint Sponsors, the Joint Global Coordinators and the Hong Kong Underwriters for certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by our Company, the Controlling Shareholders and the Founder's Sister (as the case may be) of the Hong Kong Underwriting Agreement.

(C) Undertaking by the Pre-IPO Investors

Each of the Pre-IPO Investors has also undertaken to each of our Company, the Joint Sponsors, the Joint Global Coordinators and the Underwriters not to, during the First Six Month Period, among other things, sell or otherwise transfer or dispose of any Shares or other securities of the Company or any interest therein beneficially owned by it upon commencement of dealing in the Shares on the Listing Date.

COMMISSION

The underwriting commissions in respect of the Shares initially offered pursuant to the Global Offering are payable by the Company.

The Underwriters will receive a commission of 3.75% of the aggregate Offer Price of all the Offer Shares offered under the Global Offering.

For any unsubscribed Hong Kong Offer Shares reallocated to the International Placing, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid to the International Underwriters in accordance with the International Underwriting Agreement.

The Company may also in its sole discretion pay the Joint Global Coordinators an additional discretionary incentive fee of up to 1% of the aggregate Offer Price for the Offer Shares initially offered under the Global Offering.

THE INTERNATIONAL PLACING

In connection with the International Placing, it is expected that our Company, the Controlling Shareholders and the Founder's Sister will enter into the International Underwriting Agreement with the International Underwriters. Under the International Underwriting Agreement, it is expected that the International Underwriters would, subject to certain conditions, severally, and not jointly or jointly and severally, agree to purchase themselves or through their respective affiliates, or to procure purchasers on the Company's behalf to purchase, their respective applicable proportions (set out in the International Underwriting Agreement) of the International Placing Shares being offered pursuant to the International Placing.

Under the International Underwriting Agreement, the Company intend to grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Global Coordinators on behalf of the International Underwriters for up to 30 days from the last day for the lodging of applications under the Hong Kong Public Offering, to require the Company to allot and issue up to 50,100,000 additional Shares, representing 15% of the number of Offer Shares initially available under the Global Offering. These Shares will be sold at the Offer Price per Share (plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% of the Offer Price) and will be for the purpose of, among other things, covering over-allotments, if any, in the International Placing.

TOTAL COMMISSIONS AND EXPENSES FOR THE GLOBAL OFFERING

Assuming an Offer Price of HK$2.65 per Share (being the mid-point of the indicative Offer Price range stated in this prospectus), the aggregate commissions and fees, together with the Stock Exchange listing fee, SFC transaction levy and Stock Exchange trading fee, legal and other professional fees, printing and other expenses relating to the Global Offering without taking into account any additional discretionary incentive fee, are estimated to amount in aggregate to be approximately HK$92.1 million or RMB73.3 million which are payable by us. RMB14.2 million of such expenses were charged to our profit and loss during the Track Record Period. For the remaining expenses, we expect to charge RMB16.9 million to our profit and loss and the balance of RMB42.2 million to be capitalized.

UNDERWRITERS' INTERESTS IN OUR COMPANY

Except for their respective obligations under the Hong Kong Underwriting Agreement and the International Underwriting Agreement, none of the Underwriters has any shareholding interests in our Company or any of our subsidiaries or any right or options (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

SPONSORS' INDEPENDENCE

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

ACTIVITIES BY SYNDICATE MEMBERS

We describe below a variety of activities that underwriters of the Hong Kong Public Offering and the International Placing, together referred to as "Syndicate Members", may each individually undertake, and which do not form part of the underwriting or the stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to the Shares, those activities could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the Shares and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have the Shares as their or part of their underlying assets. Those activities may require hedging activity by those entities involving, directly or indirectly, buying and selling the Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their or part of their underlying assets, whether on the Stock Exchange or on any other stock exchange, the rules of the relevant exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases. All of these activities may occur both during and after the end of the stabilizing period described under the section headed "Structure of the Global Offering — Stabilization" in this prospectus. These activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of their share price, and the extent to which this occurs from day to day cannot be estimated.

When engaging in any of these activities, it should be noted that the Syndicate Members are subject to restrictions, including the following:

(a) under the agreement among the Syndicate Members, all of them (except for the BNP Paribas Securities (Asia) Limited and its affiliates as the stabilization manager) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(b) all of them must comply with all applicable laws, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. BNP Paribas Securities (Asia) Limited and CLSA Limited are the Joint Global Coordinators of the Global Offering. The Global Offering comprises:

- the Hong Kong Public Offering of initially 33,400,000 Shares (subject to reallocation) in Hong Kong as described in the paragraph headed "The Hong Kong Public Offering" in this section; and
- the International Placing of initially 300,600,000 Shares (subject to reallocation and exclusive of the Over-allotment Option) outside the United States in offshore transactions in reliance on Regulation S, and in the United States to QIBs, as described in the paragraph headed "The International Placing" in this section.

Investors may either apply for Hong Kong Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for International Placing Shares under the International Placing, but may not do both.

The Offer Shares will represent approximately 25% of the issued share capital of the Company immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme or the RSU Scheme. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 28.75% of the issued share capital of the Company immediately following the completion of the Global Offering, assuming no Shares are issued under the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme or the RSU Scheme.

THE HONG KONG PUBLIC OFFERING

The Hong Kong Public Offering is a fully underwritten public offering (subject to agreement as to pricing and satisfaction or waiver of the other conditions provided in the Hong Kong Underwriting Agreement and described in the paragraph headed "Conditions of the Global Offering" in this section) for the subscription in Hong Kong of, initially, 33,400,000 Offer Shares at the Offer Price (representing approximately 10% of the total number of the Offer Shares initially available under the Global Offering). Subject to the reallocation of Offer Shares between the International Placing and the Hong Kong Public Offering described below, the Hong Kong Offer Shares will represent approximately 2.5% of our enlarged issued share capital immediately after completion of the Global Offering. The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors.

Allocation

Allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary depending on the number of Hong Kong Offer Shares validly applied for by applicants. The allocation of Hong Kong Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares and that those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of the Offer Shares available under the Hong Kong Public Offering is to be divided equally into two pools for allocation purposes:

- Pool A: The Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of HK$5,000,000 (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy payable) or less; and
- Pool B: The Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of more than HK$5,000,000 (excluding

the brokerage, the Stock Exchange trading fee and the SFC transaction levy payable) and up to the value of pool B.

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in that pool and be allocated accordingly. For the purpose of this subsection only, the "subscription price" for the Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined).

Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools. We will reject multiple applications between the two pools and reject multiple applications within pool A or pool B. In addition, any application for more than 50% of 33,400,000 Offer Shares initially included in the Hong Kong Public Offering (that is, 16,700,000 Offer Shares) will be rejected. Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the Application Form submitted by him or her that he or she and any person(s) for whose benefit he or she is making the application have not indicated an interest for or taken up and will not indicate an interest for or take up any Offer Shares under the International Placing, and such applicant's application will be rejected if the said undertaking and/or confirmation is breached and/or untrue, as the case may be. We and the Hong Kong Underwriters will take reasonable steps to identify and reject applications under the Hong Kong Public Offering from investors who have indicated interest in or have received Offer Shares in the International Placing, and to identify and reject indications of interest in the International Placing from investors who have applied for or have received Offer Shares in the Hong Kong Public Offering.

Reallocation and clawback

The allocation of our Shares between the Hong Kong Public Offering and the International Placing is subject to adjustment. Currently, we have allocated 33,400,000 Shares to the Hong Kong Public Offering, representing approximately 10% of our Shares initially available in the Global Offering.

If the number of Shares validly applied for under the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more, of the number of Offer Shares available for subscription under the Hong Kong Public Offering, then our Offer Shares will be reallocated to the Hong Kong Public Offering from the International Placing so that the total number of our Offer Shares available under the Hong Kong Public Offering will be increased to 100,200,000 Shares (in the case of (i)), 133,600,000 Shares (in the case of (ii)) and 167,000,000 Shares (in the case of (iii)), respectively, representing approximately 30%, 40% and 50%, respectively, of the total number of Offer Shares available under the Global Offering (before any exercise of the Over-allotment Option). In addition, the Joint Global Coordinators have the discretion to reallocate our Shares offered in the International Placing to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

If the Hong Kong Public Offering is not fully subscribed, the Joint Global Coordinators may, in their discretion, reallocate to the International Placing all or any unsubscribed Shares offered in the Hong Kong Public Offering in such amount as they deem appropriate.

THE INTERNATIONAL PLACING

The number of the Offer Shares to be initially offered for subscription and sale under the International Placing will be 300,600,000 Offer Shares, representing approximately 90% of the Offer Shares initially available under the Global Offering and approximately 22.5% of our enlarged issued share capital immediately after completion of the Global Offering.

Allocation

Pursuant to the International Placing, the International Placing Shares will be conditionally placed on our behalf by the International Underwriters or through selling agents appointed by them. International Placing Shares will be placed with certain professional and institutional investors and other investors anticipated to have a sizeable demand for the International Placing Shares in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S, and with QIBs in the United States pursuant to Rule l44A or another exemption from the registration requirements under the U.S. Securities Act. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Allocation of the International Placing Shares to investors under the International Placing will be determined by the Joint Global Coordinators and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not the relevant investor is likely to buy further, and/or hold or sell its International Placing Shares after the listing of our Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the International Placing Shares on a basis which would lead to the establishment of an appropriate shareholder base to our benefit and the benefit of our Shareholders as a whole.

The Joint Global Coordinators (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Placing and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that such investor is excluded from any application of Hong Kong Offer Shares under the Hong Kong Public Offering. The International Placing is subject to the Hong Kong Public Offering becoming unconditional.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, the Company intends to grant the Over-allotment Option to the Joint Global Coordinators on behalf of the International Underwriters. The Over-allotment Option gives the Joint Global Coordinators the right, exercisable at any time from the day on which trading of our Shares commences on the Stock Exchange within 30 days from the last day for the lodging applications under the Hong Kong Public Offering, to require the Company to allot and issue up to an aggregate of 50,100,000 additional Shares, representing 15% of the initial size of the Global Offering at the Offer Price to cover, among other things, over-allocations in the International Placing, if any. In the event that the Over-allotment Option is exercised, we will make an announcement.

The Joint Global Coordinators may cover any over-allocations by using Shares purchased by the Stabilization Manager, its affiliates or any person acting for it in the secondary market, exercising the Over-allotment Option in full or in part, or through the stock borrowing arrangements mentioned below or by a combination of these means. Any such secondary market purchase will be made in compliance with all applicable laws, rules and regulations in place in Hong Kong, including in relation to stabilization, the Securities and Futures (Price Stabilizing) Rules, as amended, made under the SFO. The number of Shares which can be over-allocated will not exceed the number of Shares which may be sold under the Over-allotment Option, namely 50,100,000 Shares, representing 15% of the Shares available under the Global Offering.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public offer price of the securities. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws, rules and regulations in place, including those of Hong Kong. In Hong Kong and certain other jurisdictions, the stabilization price is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilization Manager, its affiliates or any person acting for it, on behalf of the Underwriters, may over-allocate or effect any other transactions with a view to stabilizing or maintaining the market price of the Shares at a level higher than that which might otherwise prevail in the open market for a limited period which begins on the commencement of trading of the Shares on the Stock Exchange and ends on the 30th day after the last day for lodging applications under the Hong Kong Public Offering. The stabilizing period is expected to expire on Sunday, December 21, 2014. However, there is no obligation on the Stabilization Manager, or its affiliates or any person acting for it to do this. Such stabilizing action, if taken, may be discontinued at any time, and must be brought to an end after a limited period. The number of Shares which can be over-allocated will not exceed the number of Shares which may be sold under the Over-allotment Option, namely 50,100,000 Shares, which is 15% of the Shares available under the Global Offering. For purposes of covering such over-allocations, the Stabilization Manager may borrow from Sherman Investment up to 50,100,000 Shares, which is equivalent to the maximum number of Shares to be sold upon exercise of the Over-allotment Option in full, pursuant to the Stock Borrowing Agreement.

Stabilizing action is permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules includes (a) primary stabilization, including purchasing, or agreeing to purchase, any of the Shares or offering or attempting to do so for the purpose of preventing or minimizing any reduction in the market price of the Shares, and (b) ancillary stabilization in connection with any primary stabilizing action, including: (i) over-allocation for the purpose of preventing or minimizing any reduction in the market price; (ii) selling or agreeing to sell Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price; (iii) purchasing or agreeing to purchase Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above; (iv) selling or agreeing to sell Shares to liquidate a long position held as a result of those purchases or subscriptions; and (v) offering or attempting to do anything described in (ii), (iii) or (iv). The Stabilization Manager may take any one or more of the stabilizing actions described above.

Prospective applicants for and investors in the Offer Shares should note that:

- the Stabilization Manager, its affiliates or any person acting for it may, in connection with the stabilizing action, maintain a long position in our Shares;
- there is no certainty as to the extent to which and the time or period for which the Stabilization Manager or any person acting for it will maintain such a long position;
- liquidation of any such long position by the Stabilization Manager, its affiliates or any person acting for it and selling in the open market, may have an adverse impact on the market price of our Shares;
- no stabilizing action can be taken to support the price of our Shares for longer than the stabilization period, which will begin on the Listing Date, and is expected to expire on the 30th day after the last date for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for our Shares, and therefore the price of our Shares, could fall;
- the price of our Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and
- stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

We will ensure to procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilization period.

STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Stabilization Manager may choose to borrow up to 50,100,000 Shares from Sherman Investment pursuant to the Stock Borrowing Agreement. The stock borrowing arrangements under the Stock Borrowing Agreement will comply with the requirements set out in Rule 10.07(3) of the Listing Rules.

The stock borrowing arrangement will only be effected by the Stabilization Manager, its affiliates or any person acting for it for settlement of over-allocations in the International Placing and such arrangement is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules provided that the requirements set out in Rule 10.07(3) of the Listing Rules are complied with. The same number of Shares so borrowed must be returned to Sherman Investment on or before the third Business Day following the earlier of (i) the last day on which the Over-allotment Option may be exercised; and (ii) the day on which the Over-allotment Option is exercised in full and (iii) such earlier time as may be agreed in writing between Sherman Investment and the Stabilization Manager. The stock borrowing arrangement will be effected in compliance with all applicable laws, rules and regulatory requirements. No payment will be made to Sherman Investment by the Stabilization Manager, its affiliates or any person acting for it in relation to such stock borrowing arrangement.

PRICING

Determination of Offer Price

We expect the Offer Price to be fixed by agreement among us and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on the Price Determination Date when market demand for the Offer Shares will be determined. We expect the Price Determination Date to be on or around Friday, November 21, 2014 and in any event, no later than Wednesday, November 26, 2014. The Offer Price will not be more than HK$3.07 per Offer Share and is expected to be not less than HK$2.23 per Offer Share. You should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

Prospective professional, institutional and other investors will be required to specify the number of the Offer Shares under the International Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to the Price Determination Date.

The Joint Global Coordinators, on behalf of the Underwriters, may, where considered appropriate based on the level of interest expressed by prospective professional, institutional and other investors during the book-building process reduce the number of Offer Shares and/or the indicative Offer Price range below that described in this prospectus prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will as soon as practicable following the decision to make such reduction and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering publish a notice in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) of the reduction in the number of Offer Shares and/or the indicative Offer Price range. Such notice will also be available at the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.mapleleaf.cn.

Upon issue of such a notice, the revised number of Offer Shares and/or offer price range will be final and conclusive and the Offer Price, if agreed upon among the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and us will be fixed within such revised offer price range. In this notice, we will also confirm or revise, as appropriate, the working capital statement as currently disclosed in the section headed "Financial Information — Working capital" in this prospectus, the offering statistics as currently disclosed in the sections headed "Summary" and "Information about this Prospectus and the Global Offering" in this prospectus, the use of proceeds in the section headed "Future Plans and Use of Proceeds" in this prospectus and any other financial information which may change as a result of such reduction. If we do not publish a notice in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) of a reduction in the number of Offer Shares and/or the indicative Offer Price range stated in this prospectus on or before the morning of the last day for lodging applications under the Hong Kong Public Offering, the Offer Price, if agreed upon by us, will be within the indicative Offer Price range as stated in this prospectus.

If we are unable to reach an agreement with the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on the Offer Price by Wednesday, November 26, 2014, the Global Offering will not proceed and will lapse.

We expect to publish an announcement of the Offer Price, together with the level of interest in the International Placing and the level of applications and the basis of allocation of the Hong Kong Offer Shares, on Thursday, November 27, 2014.

Price Payable on Application

The Offer Price will not be more than HK$3.07 and is expected to be not less than HK$2.23, unless otherwise announced by no later than the morning of the last day for lodging applications under the Hong Kong Public Offering as further explained below. If you apply for the Offer Shares under the Hong Kong Public Offering, you must pay the maximum Offer Price of HK$2.65 per Offer Share plus a 1.0% brokerage fee, 0.005% Stock Exchange trading fee and 0.0027% SFC transaction levy. This means that, for every board lot of 2,000 Offer Shares, you should pay HK$6,201.88 at the time of your application.

If the Offer Price is lower than HK$3.07, we will refund the respective difference, including the brokerage fee, Stock Exchange trading fee and SFC transaction levy attributable to the surplus application monies. We will not pay interest on any refunded amounts. You may find further details in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters and the International Placing is expected to be fully underwritten by the International Underwriters. The Hong Kong Public Offering and the International Placing are subject to the conditions described in the section headed "Underwriting" in this prospectus. In particular, we and the Joint Global Coordinators (for themselves and on behalf of the Underwriters), must agree on the Offer Price for the Global Offering. The Hong Kong Underwriting Agreement was entered into on Monday, November 17, 2014 and, is subject to an agreement on the Offer Price between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and us for purposes of the Hong Kong Public Offering. The International Underwriting Agreement including the agreement on the Offer Price among us and the Joint Global Coordinators (for themselves and on behalf of the International Underwriters for purposes of the International Placing) is expected to be entered into on Friday, November 21, 2014, being the Price Determination Date. The Hong Kong Underwriting Agreement and the International Underwriting Agreement are inter- conditional upon each other.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for the Offer Shares will be conditional on, among other things:

- the Listing Committee granting the listing of, and permission to deal in, our Shares in issue and to be issued as described in this prospectus (including any additional Shares to be issued pursuant to any exercise of the Over-allotment Option), and such listing and permission not having been subsequently revoked prior to the commencement of trading in our Shares on the Stock Exchange;

- the Offer Price having been duly determined and the execution and delivery of the International Underwriting Agreement and the Stock Borrowing Agreement on or about the Price Determination Date; and
- the obligations of the Underwriters under the Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of the waiver of any conditions by the Joint Global Coordinators on behalf of the Underwriters) and such obligations not being terminated in accordance with the terms of the respective agreements,

in each case, on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date that is 30 days after the date of this prospectus.

The consummation of each of the International Placing and the Hong Kong Public Offering is conditional upon, among other things, the other becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will not proceed and will lapse and the Stock Exchange will be notified immediately. We will publish a notice of the lapse of the Global Offering in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the day after such lapse. In such situation, we will return all application monies to the applicants, without interest and on the terms described in the section headed "How to Apply for Hong Kong Offer Shares — Refund of application monies" in this prospectus. In the meantime, we will hold all application monies in a separate bank account or separate bank accounts with the receiving bankers or other banks licenced under the Banking Ordinance.

We expect to despatch share certificates for the Offer Shares on Thursday, November 27, 2014. However, these share certificates will only become valid certificates of title at 8:00 a.m. on Friday, November 28, 2014 provided that:

- the Global Offering has become unconditional in all respects; and
- the right of termination as described in the section headed "Underwriting" in this prospectus has not been exercised.

DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, November 28, 2014, it is expected that dealings in our Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, November 28, 2014. The Shares will be traded in board lots of 2,000 Shares each.

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Placing Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **white** or **yellow** Application Form;
- apply online via the **HK eIPO White Form** service at **www.hkeipo.hk**; or
- electronically cause HKSCC Nominees to apply on your behalf.

The Company, the Joint Global Coordinators, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **white** or **yellow** Application Form if you or the person(s) for whose benefit you are applying, are an individual, and:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorized officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Global Coordinators may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **HK eIPO White Form** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you:

- are an existing beneficial owner of shares in the Company and/or any of its subsidiaries;
- are a Director or chief executive officer of the Company and/or any of its subsidiaries;
- are an associate (as defined in the Listing Rules) of any of the above;
- are a connected person (as defined in the Listing Rules) of the Company or will become a connected person of the Company immediately upon completion of the Global Offering; and
- have been allocated or have applied for any International Placing Shares or otherwise participate in the International Placing.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **white** Application Form or apply online through **www.hkeipo.hk**.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **yellow** Application Form or **electronically instruct** HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **white** Application Form and a prospectus during normal business hours between 9:00 a.m. to 5:00 p.m. from Tuesday, November 18, 2014 to Thursday, November 20, 2014 and between 9:00 a.m. to 12:00 noon on Friday, November 21, 2014 from:

1. any of the following offices of the Joint Bookrunners:

   - **BNP Paribas Securities (Asia) Limited**
     62/F, Two International Finance Centre
     8 Finance Street
     Central, Hong Kong

   - **CLSA Limited**
     18/F, One Pacific Place
     88 Queensway
     Hong Kong

2. Any of the branches of the following receiving banks:

   Standard Chartered Bank (Hong Kong) Limited

	Branch	Address
Hong Kong Island	88 Des Voeux Road Branch	88 Des Voeux Road Central, Central
	North Point Centre Branch	Shop G, G/F, North Point Centre, 284 King's Road, North Point
	Aberdeen Branch	Shop 4A, G/F and Shop 1, 1/F, Aberdeen Centre Site 5, No.6-12 Nam Ning Street, Aberdeen
Kowloon	68 Nathan Road Branch	Basement, Shop B1, G/F Golden Crown Court, 66-70 Nathan Road, Tsimshatsui
	Cheung Sha Wan Branch	828 Cheung Sha Wan Road, Cheung Sha Wan
	Telford Gardens Branch	Shop P9-12, Telford Centre, Telford Gardens, Tai Yip Street, Kwun Tong
	San Po Kong Branch	Shop A, G/F, Perfect Industrial Building, 31 Tai Yau Street, San Po Kong

	Branch	Address
New Territories	Shatin Plaza Branch	Shop No. 8, Shatin Plaza, 21-27 Shatin Centre Street, Shatin
	Tsuen Wan Branch	Shop C, G/F & 1/F, Jade Plaza, 298 Sha Tsui Road, Tsuen Wan
	Tuen Mun Town Plaza Branch	Shop No. G047 - G052, Tuen Mun Town Plaza Phase I, Tuen Mun

You can collect a **yellow** Application Form and a copy of this prospectus during normal business hours from 9:00 a.m. on Tuesday, November 18 until 12:00 noon on Friday, November 21 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong, or from your stockbroker.

Time for Lodging Application Forms

Your completed **white** or **yellow** Application Form, together with a cheque or a banker's cashier order attached and marked payable to Horsford Nominees Limited — China Maple Leaf Public Offer for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above, at the following times:

- Tuesday, November 18, 2014 – 9:00 a.m. to 5:00 p.m.
- Wednesday. November 19, 2014 – 9:00 a.m. to 5:00 p.m.
- Thursday, November 20, 2014 – 9:00 a.m. to 5:00 p.m.
- Friday, November 21, 2014 – 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, November 21, 2014, the last application day or such later time as described in paragraph headed "Effect of Bad Weather on the Opening of the Application Lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form** service, among other things, you:

(a) undertake to execute all relevant documents and instruct and authorize the Company and/or the Joint Global Coordinators (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles;

(b) agree to comply with the Cayman Companies Law, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and the Memorandum and Articles;

(c) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(d) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(e) confirm that you are aware of the restrictions on the Global Offering in this prospectus;

(f) agree that none of the Company, the Joint Global Coordinators, the Underwriters, their respective directors, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(g) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing nor participate in the International Placing;

(h) agree to disclose to the Company, our Hong Kong Share Registrar, receiving banks, the Joint Global Coordinators, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(i) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, the Joint Global Coordinators and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(j) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(k) agree that your application will be governed by the laws of Hong Kong;

(l) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(m) warrant that the information you have provided is true and accurate;

(n) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

(o) authorize the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Company and/or its agents to send any share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund cheque(s) in person;

(p) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(q) understand that the Company and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(r) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **white** or **yellow** Application Form or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and

(s) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **white** or **yellow** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** in behalf of that other person as his agent.

Additional Instructions for Yellow Application Form

You may refer to the **yellow** Application Form for details.

5. APPLYING THROUGH HK eIPO WHITE FORM SERVICE

General

Individuals who meet the criteria in the paragraph headed "Who can apply" in this section, may apply through the **HK eIPO White Form** Service for the Offer Shares to be allotted and registered in their own names through the designated website at www.hkeipo.hk.

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorize the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form**.

Time for Submitting Applications under the HK eIPO White Form

You may submit your application to the **HK eIPO White Form** service at www.hkeipo.hk (24 hours daily, except on the last application day) from 9:00 a.m. on Tuesday, November 18, 2014 until 11:30 a.m. on Friday, November 21, 2014 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, November 21, 2014, or such later time under the paragraph headed "Effect of Bad Weather on the Opening of the Application Lists" in this section.

No Multiple Applications

If you apply by means of **HK eIPO White Form** service, once you complete payment in respect of any **electronic application instructions** given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **HK eIPO White Form** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (https://ip.ccass.com) (using the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer service centre
1/F, One & Two Exchange Square,
8 Connaught Place
Central, Hong Kong

and complete an input request form.

You can also collect a copy of this prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You are deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Joint Global Coordinators and our Hong Kong Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **white** Application Form is signed by HKSCC Nominees on your behalf:

(a) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **white** Application Form or this prospectus;

(b) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
- agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing;
- (if the electronic application instructions are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as his agent;
- confirm that you understand that the Company, the Directors and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration.
- authorize the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of the Company, the Joint Global Coordinators, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to the Company, our Hong Kong Share Registrar, receiving banks, the Joint Global Coordinators, the Underwriters and/or their respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public Offering results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;
- agree with the Company for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of our Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Cayman Companies Law, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and the Memorandum and Articles; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither

HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the white Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 2,000 Hong Kong Offer Shares. Instructions for more than 2,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

- Tuesday, November 18, 2014 – 9:00 a.m. to 8:30 p.m.(1)
- Wednesday, November 19, 2014 – 8:00 a.m. to 8:30 p.m.(1)
- Thursday, November 20, 2014 – 8:00 a.m. to 8:30 p.m.(1)
- Friday, November 21, 2014 – 8:00 a.m.(1) to 12:00 noon

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Tuesday, November 18, 2014 until 12:00 noon on Friday, November 21, 2014 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Friday, November 21, 2014, the last application day or such later time as described in the paragraph headed "Effect of Bad Weather on the Opening of the Application Lists" in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by the Company, the Hong Kong Share Registrar, the receiving bankers, the Joint Global Coordinators, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. The Company, the Directors, the Joint Sponsors, the Joint Bookrunners, the Joint Global Coordinators and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **white** or **yellow** Application Form; or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Friday, November 21, 2014.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **white** or **yellow** Application Form or by giving **electronic application instructions** to HKSCC or through **HK eIPO White Form** Service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **white** and **yellow** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **white** or **yellow** Application Form or through the **HK eIPO White Form** Service Provider in respect of a minimum of 2,000 Hong Kong Public Offering Shares. Each application or **electronic application instruction** in respect of more than 2,000 Hong Kong Public Offering Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at www.hkeipo.hk.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed "Structure of the Global Offering — Pricing" in this prospectus.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, November 21, 2014. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, November 21, 2014 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed "Expected Timetable" in this prospectus, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the International Placing, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Thursday, November 27, 2014 in South China Morning Post (in English) and Hong Kong

Economic Times (in Chinese) on the Company's website at www.mapleleaf.cn and the website of the Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company's website at www.mapleleaf.cn and the Stock Exchange's website at www.hkexnews.hk by no later than Thursday, November 27, 2014;
- from the designated results of allocations website at www.tricor.com.hk/ipo/result with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Thursday, November 27, 2014 to 12:00 midnight on Wednesday, December 3, 2014;
- by telephone enquiry line by calling 3691 8488 between 9:00 a.m. and 6:00 p.m. from Thursday, November 27, 2014 to Tuesday, December 2, 2014 on a Business Day (excluding Saturday, Sunday and public holiday);
- in the special allocation results booklets which will be available for inspection during opening hours from Thursday, November 27, 2014 to Monday, December 1, 2014 at all the receiving bank branches and sub-branches.

If the company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure of the Global Offering" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to **HK eIPO White Form** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company, and to become binding when you lodge your Application Form or give **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider and an application has been made by HKSCC Nominees or **HK eIPO White Form** Service Provider on your behalf accordingly. This collateral contract will be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the

Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If the Company or its agents exercise their discretion to reject your application:

The Company, the Joint Global Coordinators, our Hong Kong Share Registrar the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonored upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- the Company or the Joint Global Coordinators believe that by accepting your application, it would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK$3.07 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with the section headed "Structure of the Global Offering — Conditions of the Global Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Thursday, November 27, 2014.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND CHEQUES

You will receive one share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **yellow** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **white** or **yellow** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **yellow** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed "Account Payee Only" in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest).

Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or around Thursday, November 27, 2014. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Friday, November 28, 2014 provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" in this prospectus has not been exercised. Investors who trade shares prior to the receipt of share certificates or the share certificates becoming valid do so at their own risk.

Personal Collection

(a) If You Apply Using a White Application Form:

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from the Hong Kong Share Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from

9:00 a.m. to 1:00 p.m. on Thursday, November 27, 2014 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on Thursday, November 27, 2014 by ordinary post and at your own risk.

(b) If You Apply Using a Yellow Application Form:

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Thursday, November 27, 2014 by ordinary post and at your own risk.

If you apply by using a **yellow** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Thursday, November 27, 2014 or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- **If you Apply through a Designated CCASS Participant (other than a CCASS Investor Participant)**

For Hong Kong Public Offering Shares credited to your designated CCASS Participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Public Offering Shares allotted to you with that CCASS participant.

- **If you are Applying as a CCASS Investor Participant**

The Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, November 27, 2014 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(c) If You Apply through the HK eIPO White Form Service

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from our Hong Kong Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, November 27, 2014, or such other date as notified by the Company in the newspapers as the date of despatch/collection of Share certificate/e-Auto Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on **HK eIPO White Form** Service Provider by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(d) If you apply via Electronic Application Instructions to HKSCC:

Allocation for Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Thursday, November 27, 2014, or, on any other date determined by HKSCC or HKSCC Nominees.
- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "Publication of Results" above on Thursday, November 27, 2014. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 pm, Thursday, November 27, 2014 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Thursday, November 27, 2014. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/ or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on

application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, November 27, 2014.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report, prepared for the purpose of inclusion in this prospectus, received from the reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong.

Deloitte.
德勤

德勤·關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

November 18, 2014

The Directors
China Maple Leaf Educational Systems Limited
BNP Paribas Securities (Asia) Limited
CLSA Capital Markets Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") relating to China Maple Leaf Educational Systems Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for each of the three years ended August 31, 2013 and the nine months ended May 31, 2014 (the "Relevant Periods") for inclusion in the prospectus of the Company dated November 18, 2014 (the "Prospectus") in connection with the initial public offering and listing (the "Listing") of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company was incorporated in the Cayman Islands and registered as an exempted company with limited liability under the Companies Law Chapter 22 of the Cayman Islands on June 5, 2007.

At the end of each reporting period and at the date of this report, the Company has the following subsidiaries:

Name of subsidiary	Date and place of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Equity interests attributable to the Group					Principal activities
			As at August 31,			As at May 31,	Date of this report	
			2011	2012	2013	2014		
Maple Leaf Educational Systems Limited ("Maple BVI")	April 28, 1992 British Virgin Islands ("BVI")	United States Dollars ("USD") 500,000	100%	100%	100%	100%	100%	Investment holding
Dalian Maple Leaf International School ("Dalian Maple Leaf High School") 大連楓葉國際學校 (Note iii)	April 15, 1996 The People's Republic of China (the "PRC")	USD5,000,000	100%	100%	100%	100%	100%	High school education
Tech Global Investment Limited ("HK Tech")	June 7, 2007 Hong Kong	Hong Kong Dollars ("HK$") 5,000,000	100%	100%	100%	100%	100%	Investment holding
Dalian Beipeng Educational Software Development Inc. ("Beipeng Software") 大連北鵬教育軟件開發有限公司	March 10, 2008 The PRC	USD20,000,000	100%	100%	100%	100%	100%	Technical support
Hong Kong Maple Leaf Educational Systems Limited ("Maple HK")	February 10, 2009 Hong Kong	HK$10,000,000	100%	100%	100%	100%	100%	Investment holding
Dalian Maple Leaf International School (Dalian Middle School and Elementary School) ("Dalian Junior")(Note iii) 大連楓葉國際學校（民辦初中、小學）	September 3, 1996 The PRC	RMB8,500,000	100%	100%	100%	100%	100%	Middle and elementary school education

Name of subsidiary	Date and place of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Equity interests attributable to the Group: As at August 31, 2011	2012	2013	As at May 31, 2014	Date of this report	Principal activities
Dalian Maple Leaf Educational Group Co., Ltd. ("Dalian Educational Group") 大連楓葉教育集團有限公司	May 23, 2003 The PRC	RMB140,000,000	100%	100%	100%	100%	100%	Investment holding
Dalian Maple Leaf Foreign Nationals School ("Dalian Foreign School") (Note ii) 大連楓葉外籍人員子女學校	August 31, 2005 The PRC	nil	100%	100%	100%	100%	100%	Education-related services
Wuhan Maple Leaf Foreign Nationals School ("Wuhan Foreign School") (Note ii) 武漢楓葉外籍人員子女學校	December 9, 2006 The PRC	nil	100%	100%	100%	100%	100%	Education-related services
Dalian Maple Leaf Science and Education Co., Ltd ("Dalian Science and Education") 大連楓葉科教有限公司	January 9, 2003 The PRC	RMB8,500,000	100%	100%	100%	100%	100%	Investment holding
Shenyang Maple Leaf International School ("Shenyang Maple") (Note i) 瀋陽楓葉國際學校	December 14, 2005 The PRC	N/A	100%	N/A	N/A	N/A	N/A	Inactive and deregistered
Dalian Maple Leaf Fengqiao Preschool ("Fengqiao") (Note ix) 大連楓葉楓橋園幼兒園	August 31, 2006 The PRC	RMB200,000	100%	100%	100%	100%	100%	Preschool education
Dalian Maple Leaf Lanxi Wenyuan Preschool ("Lanxi") (Note ix) 大連楓葉蘭溪文苑幼兒園	June 1, 2007 The PRC	RMB200,000	100%	100%	100%	100%	100%	Preschool education
Dalian Maple Leaf Qianshan Xincheng Preschool ("Qianshan") 大連楓葉千山心城幼兒園	September 22, 2005 The PRC	RMB200,000	100%	100%	100%	100%	100%	Preschool education
Wuhan Maple Leaf International School ("Wuhan Maple") 武漢楓葉國際學校	June 26, 2007 The PRC	RMB 21,303,454	100%	100%	100%	100%	100%	High school education
Dalian Maple Leaf Sunshine Preschool ("Yuexiu") 大連楓葉陽光月秀幼兒園	March 24, 2008 The PRC	RMB500,000	100%	100%	100%	100%	100%	Preschool education
Dalian Maple Leaf Jiabao Preschool ("Jiabao") (Note ix) 大連市中山區楓葉佳寶幼兒園	April 24, 2008 The PRC	RMB200,000	100%	100%	100%	100%	100%	Preschool education
Dalian Maple Leaf Jinhai Preschool ("Jinhai") (Note ix) 大連西崗楓葉金海幼兒園	April 1, 2009 The PRC	RMB100,000	100%	100%	100%	100%	100%	Preschool education
Dalian Maple Leaf Xiangzhou Preschool ("Xiangzhou") 大連沙河口楓葉香洲心城幼兒園	April 10, 2009 The PRC	RMB200,000	100%	100%	100%	100%	100%	Preschool education
Tianjin Taida Maple Leaf International School ("Tianjin Taida Maple") 天津泰達楓葉國際學校	September 1, 2008 The PRC	RMB 8,000,000	100%	100%	100%	100%	100%	High, middle and elementary school education
Chongqing Maple Leaf International School ("Chongqing Maple") 重慶楓葉國際學校	June 25, 2009 The PRC	RMB 43,500,000	100%	100%	100%	100%	100%	High and middle school education
Dalian Maple Leaf Kaifaqu Preschool ("Kaifaqu") 大連開發區楓葉幼兒園	December 10, 2009 The PRC	RMB200,000	100%	100%	100%	100%	100%	Preschool education
Wuhan Maple Leaf School ("Wuhan Junior") 武漢楓葉學校（原名為"武漢楓葉初級中學"）	June 24, 2010 The PRC	RMB 2,000,000	100%	100%	100%	100%	100%	Middle and elementary school education
Dalian Maple Leaf Xianghe Huayuan Preschool ("Xianghe") 大連市甘井子區楓葉祥和花園幼兒園	December 3, 2010 The PRC	RMB200,000	100%	100%	100%	100%	100%	Preschool education

Name of subsidiary	Date and place of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Equity interests attributable to the Group					Principal activities
			As at August 31,			As at May 31,		
			2011	2012	2013	2014	Date of this report	
Dalian Maple Leaf Zhonghua Mingcheng Preschool ("Mingcheng") 大連西崗楓葉中華名城幼兒園	June 10, 2011 The PRC	RMB500,000	100%	100%	100%	100%	100%	Preschool education
Zhenjiang Maple Leaf International School ("Zhenjiang Maple") 鎮江楓葉國際學校	June 21, 2011 The PRC	RMB 10,000,000	100%	100%	100%	100%	100%	High, middle and elementary school education
Henan Maple Leaf International School ("Henan Maple") 河南楓葉國際學校	April 26, 2012 The PRC	RMB 2,010,000	N/A	100%	100%	100%	100%	High, middle and elementary school education
Inner Mongolia Ordos Maple Leaf International School ("Erdos Maple")內蒙古鄂爾多斯楓葉國際學校	April 26, 2012 The PRC	RMB30,000	N/A	100%	100%	100%	100%	Middle and elementary school education
Maple Leaf International Academy ("Maple Korea") (Note vi)	April 27, 2012 The Republic of Korea (the "Korea")	Korea won ("KWR") 1,500,000,000	N/A	100%	100%	100%	100%	Education related services
Inner Mongolia Ordos Maple Leaf First Preschool ("Erdos Preschool") 楓葉第一幼兒園	May 17, 2012 The PRC	RMB30,000	N/A	100%	100%	100%	100%	Preschool education
Shanghai Maple Leaf International School ("Shanghai Maple") 上海楓葉國際學校	March 20, 2013 The PRC	RMB 5,000,000	N/A	N/A	100%	100%	100%	High and middle school education
Pingdingshan Maple Leaf International School ("Pingdingshan Maple") 平頂山楓葉國際學校	January 20, 2014 The PRC	RMB 1,000,000	N/A	N/A	N/A	100%	100%	Middle and elementary school education

(i) Shenyang Maple has been inactive since establishment. Capital injection has not been completed since establishment. Its license to provide educational service expired on November 23, 2010 and its private non-enterprise registration certificate expired on December 13, 2011.

(ii) The registered capital of Dalian Foreign School and Wuhan Foreign School is nil as there is no capital requirement for foreign schools under the PRC laws and regulations.

(iii) Dalian Junior obtained the approval from Dalian Education Committee in September 1996, stating that Dalian Junior provides educational service of middle school and elementary school in the form of combination with Dalian Maple Leaf High School. Dalian Junior obtained its own private non-enterprise registration certificate on July 17, 2013 and it had been accounted for together with Dalian Maple Leaf High School till then.

(iv) Except for HK Tech, Maple HK and Maple BVI which are directly held by the Company, all subsidiaries are indirectly held by the Company.

(v) The English names of the subsidiaries established in the PRC are for identification purpose only. The official names of these companies are in Chinese.

(vi) Maple Korea was formed by Dalian Maple Leaf High School in Korea in April 2012 providing education related services in Korea.

(vii) Except for Dalian Maple Leaf High School and Beipeng Software, all subsidiaries established in the PRC are controlled by the Group through the contractual arrangements, details of which are set out in note 1 of the Section A below.

(viii) The legal forms of Beipeng Software, Dalian Educational Group and Dalian Science and Education were limited liability companies incorporated in the PRC. All other entities established in the PRC are schools not requiring for reasonable returns, including high schools, middle schools, elementary schools and preschools.

(ix) Fengqiao, Lanxi, Jiabao and Jinhai were acquired from independent third parties on August 31, 2006, June 1, 2007, April 24, 2008 and April 1, 2009, respectively.

The Company's financial year end date is August 31, which is consistent with the school year. Except for Maple BVI, HK Tech, Maple HK and Maple Korea that have a financial year end of August 31, all subsidiaries have a financial year end of December 31.

The statutory financial statements of the following subsidiaries established in the PRC were prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprises and were audited by the following certified public accountants registered in the PRC.

Name of subsidiaries	Financial year/ period ended	Name of auditors
Dalian Maple Leaf High School	December 31, 2010	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)
	December 31, 2011	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)
	December 31, 2012	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)
	December 31, 2013	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)
Beipeng Software	December 31, 2010	Dalian Ding Xin CPA Ltd.* (大連鼎鑫會計師事務所有限公司)
	December 31, 2011	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)
	December 31, 2012	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)
	December 31, 2013	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)
Dalian Educational Group	December 31, 2010	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)
	December 31, 2011	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)
	December 31, 2012	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)
	December 31, 2013	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)
Dalian Foreign School	December 31, 2010	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)
	December 31, 2011	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)
	December 31, 2012	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)
	December 31, 2013	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)
Dalian Science and Education	December 31, 2010	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)
	December 31, 2011	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)
	December 31, 2012	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)
	December 31, 2013	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)
Fengqiao	December 31, 2010	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)
	December 31, 2011	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)
	December 31, 2012	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)
	December 31, 2013	Dalian Yong Jia CPA Ltd.* (大連永佳會計師事務所有限公司)
Lanxi	December 31, 2010	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)
	December 31, 2011	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)
	December 31, 2012	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)
	December 31, 2013	Dalian Yong Jia CPA Ltd.* (大連永佳會計師事務所有限公司)
Qianshan	December 31, 2010	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)
	December 31, 2011	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)
	December 31, 2012	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)
	December 31, 2013	Dalian Yong Jia CPA Ltd.* (大連永佳會計師事務所有限公司)

Name of subsidiaries	Financial year/ period ended	Name of auditors
Yuexiu	December 31, 2010	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)
	December 31, 2011	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)
	December 31, 2012	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)
	December 31, 2013	Dalian Yong Jia CPA Ltd.* (大連永佳會計師事務所有限公司)
Jiabao	December 31, 2010	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)
	December 31, 2011	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)
	December 31, 2012	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)
	December 31, 2013	Dalian Yong Jia CPA Ltd.* (大連永佳會計師事務所有限公司)
Jinhai	December 31, 2010	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)
	December 31, 2011	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)
	December 31, 2012	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)
	December 31, 2013	Dalian Yong Jia CPA Ltd.* (大連永佳會計師事務所有限公司)
Xiangzhou	December 31, 2010	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)
	December 31, 2011	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)
	December 31, 2012	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)
	December 31, 2013	Dalian Yong Jia CPA Ltd.* (大連永佳會計師事務所有限公司)
Tianjin Taida Maple	December 31, 2010	Tianjin Jun Tian CPA Ltd.* (天津市君天會計師事務所有限公司)
	December 31, 2011	Tianjin Jun Tian CPA Ltd.* (天津市君天會計師事務所有限公司)
	December 31, 2012	Tianjin Jun Tian CPA Ltd.* (天津市君天會計師事務所有限公司)
	December 31, 2013	Tianjin Jun Tian CPA Ltd.* (天津市君天會計師事務所有限公司)
Kaifaqu	December 31, 2010	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)
	December 31, 2011	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)
	December 31, 2012	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)
	December 31, 2013	Dalian Yong Jia CPA Ltd.* (大連永佳會計師事務所有限公司)
Wuhan Junior	From June 24, 2010 to December 31, 2010	Wuhan Hong Xin CPA Ltd.* (武漢宏信會計師事務所有限公司)
	December 31, 2011	Wuhan Hong Xin CPA Ltd.* (武漢宏信會計師事務所有限公司)
	December 31, 2012	Wuhan Hong Xin CPA Ltd.* (武漢宏信會計師事務所有限公司)
	December 31, 2013	Wuhan Hong Xin CPA Ltd.* (武漢宏信會計師事務所有限公司)
Xianghe	December 31, 2011	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)
	December 31, 2012	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)
	December 31, 2013	Dalian Yong Jia CPA Ltd.* (大連永佳會計師事務所有限公司)
Mingcheng	From June 10, 2011 to December 31, 2011	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)
	December 31, 2012	Dalian Yong Jia CPA Ltd.* (大連永佳會計師事務所有限公司)
	December 31, 2013	Dalian Yong Jia CPA Ltd.* (大連永佳會計師事務所有限公司)
Zhenjiang Maple	December 31, 2013	Jiangsu GongZheng Tianye CPA LLP.Zhenjiang* (江蘇公證天業會計師事務所(特殊普通合夥)鎮江分所)
Henan Maple	From April 26, 2012 to December 31, 2012	Luo Yang Xin De CPA Ltd.* (洛陽市信德會計師事務所)

Name of subsidiaries	Financial year/ period ended	Name of auditors
Erdos Maple	From April 26, 2012 to December 31, 2012	Erdos Jin Tian Ping United CPA Ltd.* (鄂爾多斯金天平聯合會計師事務所)
	December 31, 2013	Erdos Jin Tian Ping United CPA Ltd.* (鄂爾多斯金天平聯合會計師事務所)
Erdos Preschool	From May 17, 2012 to December 31, 2012	Erdos Jin Tian Ping United CPA Ltd.* (鄂爾多斯金天平聯合會計師事務所)
	December 31, 2013	Erdos Jin Tian Ping United CPA Ltd.* (鄂爾多斯金天平聯合會計師事務所)
Shanghai Maple	From March 20, 2013 to December 31, 2013	Shanghai Yin Hu CPA Ltd.* (上海銀滬會計師事務所)
Dalian Junior (Note x)	From July 17, 2013 to December 31, 2013	Dalian Hua Sheng CPA Ltd.* (大連華晟會計師事務所有限公司)

* The English name is for identification purpose only.

(x) No audited financial statements have been prepared for the years ended December 31, 2011 and 2012 due to reasons set out in note (iii) above.

According to the Law for Promoting Private Education, the private schools should engage external auditors to issue audit report for each fiscal year. Wuhan Foreign School, Wuhan Maple and Chongqing Maple have not engaged an auditor to issue statutory financial statements for the years ended December 31, 2010, 2011, 2012 and 2013, Zhenjiang Maple has not engaged an auditor to issue statutory financial statements for the period from June 21, 2011 to December 31, 2011 and for the year ended December 31, 2012 and Henan Maple has not engaged an auditor to issue statutory financial statements for the year ended December 31, 2013 since local authorities did not ask for audited financial statements of these entities during the annual inspection of the school licenses of these entities.

No statutory financial statements were prepared for Shenyang Maple and Maple Korea as they were inactive during the Relevant Periods since their respective date of establishment.

No statutory financial statements for the period from December 3, 2010 to December 31, 2010 were prepared for Xianghe as it was newly established in December 2010.

No statutory financial statements have been prepared for Pingdingshan Maple since its date of establishment as it was newly established in January 2014.

No statutory audited financial statements have been prepared for the Company and Maple BVI as they were incorporated in jurisdictions where there are no statutory audit requirements.

HK Tech and Maple HK have not engaged an auditor to audit the statutory financial statements for the years ended August 31, 2011, 2012 and 2013.

For the purpose of this report, the directors of the Company have prepared the consolidated financial statements of the Group for the Relevant Periods in accordance with the International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") (the "Underlying Financial Statements").

Deloitte Touche Tohmatsu Certified Public Accountants LLP has audited the Underlying Financial Statements in accordance with International Standards on Auditing and we have examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") .

The Financial Information of the Group for the Relevant Periods set out in this report has been prepared from the Underlying Financial Statements. No adjustments are considered necessary to the Underlying Financial Statements for the preparation of this report for inclusion in the Prospectus.

The directors of the Company are responsible for preparing the Underlying Financial Statements and the contents of the Prospectus in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information, and to report our opinion to you.

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Group and of the Company as at August 31, 2011, 2012 and 2013 and May 31, 2014 and of the consolidated results and cash flows of the Group for the Relevant Periods.

The comparative consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the nine months ended May 31, 2013 together with the notes thereon have been extracted from the Group's unaudited consolidated financial statements for the same period (the "May 31, 2013 Financial Information") which were prepared by the directors of the Company solely for the purpose of this report. We have reviewed the May 31, 2013 Financial Information in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. Our review of the May 31, 2013 Financial Information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion on the May 31, 2013 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the May 31, 2013 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conforms with IFRSs.

A. FINANCIAL INFORMATION

Consolidated Statements of Profit or Loss and Other Comprehensive Income

		Year ended August 31,			Nine months ended May 31,	
	NOTES	2011	2012	2013	2013	2014
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue	5	346,091	413,459	471,219	325,470	365,549
Cost of revenue		(189,687)	(222,342)	(268,751)	(186,134)	(215,083)
Gross profit		156,404	191,117	202,468	139,336	150,466
Investment and other income	6	1,588	4,872	4,859	3,623	4,501
Other income, gains and losses	7	6,701	(1,633)	101	478	(95)
Marketing expenses		(13,861)	(14,409)	(20,886)	(14,227)	(15,064)
Administrative expenses		(34,256)	(47,934)	(56,118)	(42,998)	(49,039)
Finance costs	8	(14,952)	(15,234)	(15,554)	(11,072)	(11,849)
Other expenses		(6,279)	(1,433)	(1,515)	(1,135)	(15,347)
Change in fair value on redeemable convertible preferred shares	30	(104,040)	(10,440)	(63,720)	(40,860)	(59,642)
Change in fair value on warrants	30	(21,960)	(1,785)	(8,410)	(5,225)	(3,695)
Gain on cancellation of warrants	30	—	—	—	—	42,510
(Loss) profit before taxation		(30,655)	103,121	41,225	27,920	42,746
Taxation	9	(7,575)	(9,153)	(8,043)	(5,702)	(5,018)
(Loss) profit for the year/period	10	(38,230)	93,968	33,182	22,218	37,728
Other comprehensive income (expense):						
Items that may be subsequently reclassified to profit or loss:						
Change in fair value of available-for-sale investments		—	63	316	411	(126)
Exchange difference arising on the translation of foreign operation		—	59	(120)	(217)	844
Other comprehensive income for the year/period		—	122	196	194	718
Total comprehensive (expense) income for the year/period		(38,230)	94,090	33,378	22,412	38,446
(Loss) earnings per share						
Basic (RMB)	13	(0.05)	0.12	0.04	0.03	0.05
Diluted (RMB)	13	(0.05)	0.10	0.04	0.03	(0.00)

A. FINANCIAL INFORMATION – continued

Consolidated Statements of Financial Position

		The Group			
		At August 31,			At May 31,
	NOTES	2011	2012	2013	2014
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	14	882,953	961,387	1,177,025	1,200,824
Prepaid lease payments	15	162,733	167,546	196,589	192,877
Investment properties	16	20,412	19,558	18,704	18,063
Goodwill	17	3,980	1,982	1,982	1,982
Available-for-sale investments	19	4,418	3,177	3,493	3,367
Books for lease		2,565	4,028	3,309	4,121
Deposits for construction of property and land use right		3,037	3,193	1,227	1,037
		1,080,098	1,160,871	1,402,329	1,422,271
CURRENT ASSETS					
Deposit, prepayments and other receivables	20	13,283	12,483	16,256	19,386
Bank balances and cash	22	234,903	297,036	409,303	179,088
		248,186	309,519	425,559	198,474
CURRENT LIABILITIES					
Deferred revenue	23	319,847	357,475	408,325	214,520
Other payables and accrued expenses	24	87,087	109,842	188,607	166,087
Amounts due to related parties	37	13,822	13,805	13,491	3,545
Income tax payable		10,205	14,873	17,541	16,183
Bank borrowings	26	233,500	170,000	215,000	224,000
Redeemable convertible preferred shares	30	307,260	317,700	381,420	441,062
Warrants	30	28,620	30,405	38,815	—
		1,000,341	1,014,100	1,263,199	1,065,397
NET CURRENT LIABILITIES		(752,155)	(704,581)	(837,640)	(866,923)
TOTAL ASSETS LESS CURRENT LIABILITIES		327,943	456,290	564,689	555,348
CAPITAL AND RESERVES					
Share capital	28	511	511	511	511
Reserves		289,560	383,722	417,131	455,577
		290,071	384,233	417,642	456,088
NON-CURRENT LIABILITIES					
Deferred tax liabilities	25	4,572	9,057	14,347	16,860
Bank borrowings	26	—	—	60,000	—
Deposit received in respect of disposal of properties	27	30,000	60,000	70,000	80,000
Other non-current liabilities		3,300	3,000	2,700	2,400
		37,872	72,057	147,047	99,260
		327,943	456,290	564,689	555,348

A. FINANCIAL INFORMATION – continued

The Company's Statements of Financial Position

		The Company			
		At August 31,			At May 31,
	NOTES	2011	2012	2013	2014
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Investments in subsidiaries	18	192,696	192,696	192,696	192,696
Available-for-sale investments	19	4,418	3,177	3,493	3,367
		197,114	195,873	196,189	196,063
CURRENT ASSETS					
Other receivables		—	—	—	1,812
Bank balances and cash	22	321	455	1,968	3,536
		321	455	1,968	5,348
CURRENT LIABILITIES					
Other payables		—	—	126	5,487
Amounts due to subsidiaries	21	8,714	8,714	10,151	12,390
Redeemable convertible preferred shares	30	307,260	317,700	381,420	441,062
Warrants	30	28,620	30,405	38,815	—
		344,594	356,819	430,512	458,939
NET CURRENT LIABILITIES		(344,273)	(356,364)	(428,544)	(453,591)
TOTAL ASSETS LESS CURRENT LIABILITIES		(147,159)	(160,491)	(232,355)	(257,528)
CAPITAL AND RESERVES					
Share capital	28	511	511	511	511
Reserves	29	(147,670)	(161,002)	(232,866)	(258,039)
		(147,159)	(160,491)	(232,355)	(257,528)

A. FINANCIAL INFORMATION – continued

Consolidated Statements of Changes in Equity

	Share capital	Share premium	Investment valuation reserve	Translation reserve	Statutory surplus reserve	Share option reserve	Accumulated profits	Attributable to owners of the Company
	RMB'000	RMB'000 Note 29(a)	RMB'000	RMB'000	RMB'000 Note 29(b)	RMB'000	RMB'000	RMB'000
At September 1, 2010	511	24,940	—	—	88,630	3,569	210,298	327,948
Loss and total comprehensive expense for the year	—	—	—	—	—	—	(38,230)	(38,230)
Transfer	—	—	—	—	20,258	—	(20,258)	—
Share-based payments	—	—	—	—	—	353	—	353
At August 31, 2011	511	24,940	—	—	108,888	3,922	151,810	290,071
Other comprehensive income for the year	—	—	63	59	—	—	—	122
Profit for the year	—	—	—	—	—	—	93,968	93,968
Total comprehensive income for the year	—	—	63	59	—	—	93,968	94,090
Transfer	—	—	—	—	26,748	—	(26,748)	—
Share-based payments	—	—	—	—	—	72	—	72
At August 31, 2012	511	24,940	63	59	135,636	3,994	219,030	384,233
Other comprehensive income (expense) for the year	—	—	316	(120)	—	—	—	196
Profit for the year	—	—	—	—	—	—	33,182	33,182
Total comprehensive income (expense) for the year	—	—	316	(120)	—	—	33,182	33,378
Transfer	—	—	—	—	27,847	—	(27,847)	—
Share-based payments	—	—	—	—	—	31	—	31
At August 31, 2013	511	24,940	379	(61)	163,483	4,025	224,365	417,642
Other comprehensive (expense) income for the period	—	—	(126)	844	—	—	—	718
Profit for the period	—	—	—	—	—	—	37,728	37,728
Total comprehensive (expense) income for the period	—	—	(126)	844	—	—	37,728	38,446
At May 31, 2014	511	24,940	253	783	163,483	4,025	262,093	456,088
Unaudited								
For the nine months ended May 31, 2013								
At September 1, 2012	511	24,940	63	59	135,636	3,994	219,030	384,233
Other comprehensive income (expense) for the period	—	—	411	(217)	—	—	—	194
Loss for the period	—	—	—	—	—	—	22,218	22,218
Total comprehensive income (expense) for the period	—	—	411	(217)	—	—	22,218	22,412
Share-based payments	—	—	—	—	—	16	—	16
At May 31, 2013	511	24,940	474	(158)	135,636	4,010	241,248	406,661

A. FINANCIAL INFORMATION – continued

Consolidated Statements of Cash Flows

	Year ended August 31,			Nine months ended May 31,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
OPERATING ACTIVITIES					
(Loss) profit before taxation	(30,655)	103,121	41,225	27,920	42,746
Adjustments for:					
Finance costs	14,952	15,234	15,554	11,072	11,849
Interest Income	(379)	(1,059)	(960)	(714)	(1,219)
Exchange (gain) loss	(730)	3	(185)	(223)	55
Depreciation of property, plant and equipment	25,241	25,966	29,873	22,240	26,415
Depreciation of investment properties	854	854	854	641	641
Amortization of books for lease	1,934	2,276	3,132	2,446	2,155
Release of prepaid lease payment	4,033	4,041	4,473	3,254	3,712
Gain on disposal of available-for-sale investments	(689)	(186)	—	—	—
Impairment loss on available-for-sale investments	555	—	—	—	—
Dividends from available-for-sale investments	(184)	(183)	(144)	(98)	(103)
Loss (gain) on disposal of property, plant and equipment	345	(53)	(286)	(293)	22
Share-based payments	353	72	31	16	—
Change in fair value on redeemable convertible preferred shares	104,040	10,440	63,720	40,860	59,642
Change in fair value on warrants	21,960	1,785	8,410	5,225	3,695
Gain on cancellation of warrants	—	—	—	—	(42,510)
Impairment loss on goodwill	—	1,998	—	—	—
Operating cash flows before movements in working capital	141,630	164,309	165,697	112,346	107,100
Decrease (increase) in deposits, prepayment and other receivables	3,138	980	(3,089)	(4,962)	(3,130)
Increase (decrease) in deferred revenue	74,656	37,628	50,850	(197,952)	(193,805)
Increase (decrease) in other payables and accrued expenses	15,864	12,806	35,941	(8,593)	10,479
Cash generated from (used in) operations	235,288	215,723	249,399	(99,161)	(79,356)
Interest received	379	1,059	960	714	1,219
Income tax paid	—	—	(85)	(77)	(3,863)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	235,667	216,782	250,274	(98,524)	(82,000)
INVESTING ACTIVITIES					
Payments for property, plant and equipment	(130,066)	(93,306)	(200,135)	(92,252)	(83,023)
Prepaid lease payments paid	(4,498)	(9,034)	(37,200)	(31,200)	—
Purchase of books for lease	(2,182)	(3,739)	(2,413)	(2,413)	(2,967)
Dividends received from available-for-sale investments	184	183	144	98	103
Proceeds from disposal of property, plant and equipment	239	150	437	437	77
Proceeds from disposal of available-for-sale investments	2,200	1,490	—	—	—
Deposit received in respect of disposal of properties	10,000	30,000	10,000	10,000	10,000
Refund of deposits for construction of property and land use right	—	—	1,966	1,966	190
Payment for acquisition of Tianjin Taida Maple in 2008	(30,375)	—	—	—	—
NET CASH USED IN INVESTING ACTIVITIES	(154,498)	(74,256)	(227,201)	(113,364)	(75,620)

A. FINANCIAL INFORMATION – continued

Consolidated Statements of Cash Flows – continued

	Year ended August 31,			Nine months ended May 31,	
	2011	**2012**	**2013**	**2013**	**2014**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000 (Unaudited)**	**RMB'000**
FINANCING ACTIVITIES					
Proceeds from bank borrowings	218,500	170,000	275,000	255,000	145,000
Repayment of bank borrowings	(180,000)	(233,500)	(170,000)	(150,000)	(196,000)
Interest paid	(14,177)	(16,879)	(15,654)	(11,184)	(11,722)
Repayment to related parties	(537)	—	—	—	(10,000)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	23,786	(80,379)	89,346	93,816	(72,722)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	104,955	62,147	112,419	(118,072)	(230,342)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	130,038	234,903	297,036	297,036	409,303
Effect of foreign exchange rate changes	(90)	(14)	(152)	(87)	127
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD, REPRESENTING BANK BALANCES AND CASH	234,903	297,036	409,303	178,877	179,088

Notes to the Financial Information

1. BASIS OF PRESENTATION OF FINANCIAL INFORMATION

The Company was incorporated in the Cayman Islands on June 5, 2007 as an exempted company under the Cayman Companies Law. Its parent is Sherman Investment Holdings Company (incorporated in the British Virgin Islands) and its ultimate controlling party is Mr. Sherman Jen, who is also the Chairman and managing director of the Company. The addresses of the registered office of the Company is Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and the address of principal place of business of the Company is Maple Leaf Education Campus, 9 Central Street, Jinshitan National Tourist Area, Dalian, Liaoning Province 116650, the PRC.

The Group operates a network of bilingual private schools and preschools in the PRC under the "Maple Leaf" brand, focusing on high schools that offer dual-diploma curriculum (British Columbia curriculum and Chinese curriculum) and bilingual education within the PRC.

Due to regulatory restrictions on foreign ownership in the schools in the PRC, the Group conducts a substantial portion of the business through Dalian Educational Group, Dalian Science and Education, Dalian Foreign School and Wuhan Foreign School ("Consolidated Affiliated Entities") in the PRC. The wholly-owned subsidiary, Beipeng Software, has entered into the contractual arrangements (the "Contractual Arrangements") with the Consolidated Affiliated Entities and their respective equity holders, which enable Beipeng Software and the Group to:

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

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

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

1. BASIS OF PRESENTATION OF FINANCIAL INFORMATION – continued

Foreign School, Wuhan Foreign School, Dalian Science and Education, Dalian Educational Group and Dalian Educational Group's subsidiaries in the Financial Information of the Group during the Relevant Periods.

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

	Year ended August 31,			Nine months ended May 31,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue	145,442	186,975	239,079	169,521	263,543
Profit before taxation	31,474	38,833	54,581	37,754	62,725

	At August 31,			At May 31,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	539,296	620,913	875,209	902,221
Current assets	141,422	159,836	279,821	124,472
Current liabilities	(333,174)	(346,724)	(489,383)	(424,638)
Non-current liabilities	—	—	(60,000)	—

The Financial Information is presented in RMB, which is same as the functional currency of the Company.

The Group had net current liabilities of approximately RMB866,923,000 as at May 31, 2014 of which current liabilities of approximately RMB224,000,000 and RMB441,062,000 were attributable to bank borrowings due within one year and redeemable convertible preferred shares, respectively. The Company had net current liabilities of approximately RMB453,591,000 as at May 31, 2014 of which current liabilities of approximately RMB12,390,000 and RMB441,062,000 were attributable to amounts due to subsidiaries and redeemable convertible preferred shares, respectively.

Taking into account the financial resources of the Group, including the Group's unutilized banking facilities, the binding agreements signed with banks from February 2014 to May 2014 to renew or refinance the banking facilities upon maturity, and the supplement agreement signed in June 2014 by the Company and holders of the redeemable convertible preferred shares that the Series A Preferred Shares would not be redeemed until December 31, 2015, the Directors of the Company are of the opinion that the Group and the Company has sufficient working capital to meet in full its financial obligations as they fall due for at least the next twelve months from the end of the reporting period and accordingly, the Financial Information have been prepared on a going concern basis.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

For the purposes of preparing and presenting the Financial Information for the Relevant Periods, the Group has consistently applied the International Accounting Standards ("IASs"), IFRSs, amendments and the related Interpretations ("IFRICs"), which are effective for the accounting period beginning on September 1, 2013 throughout the Relevant Periods.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS – continued

At the date of this report, the following new and revised standards, amendments or interpretations have been issued which are not yet effective. The Group has not early adopted these standards, amendments or interpretations in the preparation of the Financial Information for the Relevant Periods.

Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[6]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[6]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortization[6]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[6]
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to IAS 27	Equity Method in Separate Financial Statements[6]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle[2]
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle[6]
IFRS 9	Financial Instruments[3]
IFRS 14	Regulatory Deferral Accounts[5]
IFRS 15	Revenue from Contracts with Customers[7]
IFRIC 21	Levies[1]

1 Effective for annual periods beginning on or after January 1, 2014

2 Effective for annual periods beginning on or after July 1, 2014

3 Effective for annual periods beginning on or after January 1, 2018

4 Effective for annual periods beginning on or after July 1, 2014, with limited exceptions

5 Effective for first annual IFRS financial statements beginning on or after January 1, 2016

6 Effective for annual periods beginning on or after January 1, 2016

7 Effective for annual periods beginning on or after January 1, 2017

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of IFRS 9 are described as follows:

- All recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other debt

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS – continued

investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

Based on the Group's financial assets and financial liabilities as at May 31, 2014, the directors of the Company anticipate that the adoption of IFRS 9 in the future may have impact on the Group's redeemable convertible preferred shares and have no significant impact on the amounts of the Group's other financial assets and financial liabilities. Regarding the Group's redeemable convertible preferred shares, it is not applicable to provide a reasonable estimate of that effect until a detail review has been completed.

The directors of the Company anticipate that the application of other new and revised IFRSs will have no material impact on the Financial Information.

3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with IFRSs. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of presentation

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Basis of presentation – continued

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The Financial Information incorporates the financial statements of the Company and entities (including the consolidated affiliated entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

(i) has power over the investee;

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

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

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

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

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

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated on consolidation.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statements of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of the each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statements of profit or loss and other comprehensive income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of returns, discounts, and sales related tax.

Service income includes tuition fees and boarding fees from foreign schools, elementary schools, middle schools and high schools of the Group and tuition fees from preschool services.

The tuition fees from preschools of the Group is paid in advance at the beginning of every month. Revenue is recognized after a service contract is signed, the price is fixed or determinable, and services are provided.

Tuition and boarding fees received from foreign schools, elementary schools, middle schools and high schools are generally paid in advance prior to the beginning of each school year, and are initially recorded as deferred revenue. Tuition and boarding fees are recognized proportionately over the relevant period of the applicable program. The portion of tuition and boarding payments received from students but not earned is recorded deferred revenue and is reflected as a current liability as such amounts represent revenue that the Group expects to earn within one year. The academic year of the Group's school is generally from September to June of the following year.

The Group also provides graduation consulting services and organizes winter and summer campus to students. Revenue from such services are recognized when the related services are rendered and when it is probable that the economic benefits from the services rendered will flow to the Group and such benefit could be reliably measured.

The Group also rents educational books to students for high schools education. Book rental fee is generally billed to a student prior to the beginning of an academic year and is recognized on a straight-line basis over the period of renting. Rental fees paid in advance are recorded as deferred revenue.

Revenue from the sale of educational materials is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of the income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Investments in subsidiaries

Investments in subsidiaries are stated in the statements of financial position of the Company at cost less any identified impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

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

The Group as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

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

Borrowing costs

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

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

Retirement benefit costs

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

Taxation

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

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Taxation – continued

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

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

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

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

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

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

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

Property, plant and equipment

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

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

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Property, plant and equipment – continued

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

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

Investment properties

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

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

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

Prepaid lease payments

Prepaid lease payments represent payments for obtaining land use right and is amortized to profit or loss on a straight-line basis over the lease terms as stated in the relevant land use right certificate granted for usage by the Group in the PRC and the remaining terms of the operating license of the PRC entity, whichever is the shorter. Prepaid lease payments which is to be amortized to profit or loss in the next twelve months is classified as current assets.

Books for lease

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

Impairment of tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Impairment of tangible assets – continued

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the assets (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

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

Financial instruments

Financial assets and financial liabilities are recognized in the consolidated statements of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the two categories, including loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Interest income is recognized on an effective interest basis for debt instruments.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments – continued

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables (including other receivables and bank balances and cash) are carried at amortized cost using the effective interest method, less any identified impairment losses (see accounting policy in respect of impairment loss on financial assets below).

Interest income is recognized by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognized in other comprehensive income, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in equity is reclassified to profit or loss (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For financial assets carried at amortized cost, the amount of impairment loss recognized is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of other receivables, where the carrying amount is reduced through the use of an allowance account. When other receivables are considered uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments – continued

Impairment of financial assets – continued

For financial assets measured at amortized cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Impairment losses on available-for-sale equity investments will not be reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investment revaluation reserve.

Financial liabilities and equity instruments

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

Equity instruments

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

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss ("FVTPL") when the financial liability is either held for trading or it is designated as at fair value through profit or loss on initial recognition.

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminated or significant reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Redeemable convertible preferred shares issued by the Company comprise the host debt instrument and the embedded derivatives (including the redemption option and conversion option) and are designated as financial liabilities at fair value through profit or loss on initial recognition. The conversion option allows the holder to convert the preferred shares into ordinary shares and will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments, and therefore it does not meet the equity classification. At the end of each reporting period subsequent to initial recognition, the entire redeemable convertible preferred shares are measured at fair value, with changes in fair value arising on remeasurement recognized directly in profit or loss in the period in which they arise. The net gain or loss recognized in profit or loss includes any interest paid on the financial liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments – continued

Financial liabilities at fair value through profit or loss – continued

Transaction costs that relate to the issue of the redeemable convertible preferred shares designated as financial liabilities at fair value through profit or loss are charged to profit or loss immediately

Other financial liabilities

Other financial liabilities including other payables, bank borrowings, amounts due to related parties and other non-current liabilities are subsequently measured at amortized cost, using the effective interest method.

Effective interest method

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

Interest expense is recognized on an effective interest basis other than those financial liabilities classified as at fair value through profit or loss, of which the interest expense is included in net gains or losses.

Derecognition

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

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

The Group derecognizes financial liability when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Equity-settled share-based payment transactions

Share options granted to employees

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the grant date and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve).

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve.

When the share options are exercised, the amount previously recognized in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in share option reserve will be transferred to accumulated profits.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Equity-settled share-based payment transactions – continued

Share options granted to consultants

Share options issued in exchange for goods or services are measured at the fair values of the goods or services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of the goods or services received are recognized as expenses, with a corresponding increase in equity (share option reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical accounting judgments

The following are the critical judgments, apart from those involving estimations, that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the Financial Information.

(a) Contractual Arrangements

The Group conducts a substantial portion of the business through the Consolidated Affiliated Entities in the PRC due to regulatory restrictions on foreign ownership in the Group's schools in the PRC. The Group does not have any equity interest in the Consolidated Affiliated Entities. The directors of the Company assessed whether or not the Group has control over the Consolidated Affiliated Entities based on whether the Group has the power over the Consolidated Affiliated Entities, has rights to variable returns from its involvement with the Consolidated Affiliated Entities and has the ability to affect those returns through its power over the Consolidated Affiliated Entities. After assessment, the directors of the Company concluded that the Group has control over the Consolidated Affiliated Entities as a result of the Contractual Arrangements and other measures and accordingly, the Group has consolidated the financial information of Dalian Foreign School, Wuhan Foreign School, Dalian Science and Education, Dalian Educational Group and Dalian Educational Group's subsidiaries in the Financial Information during the Relevant Periods.

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

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY– continued

Key sources of estimation uncertainty

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

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

The Group's management determines the estimated useful lives and the depreciation method in determining the related depreciation charges for its property, plant and equipment. This estimate is based on the management's experience of the actual useful lives of property, plant and equipment of similar nature and functions. In addition, management assesses impairment whenever events or changes in circumstances indicate that the carrying amount of an item of property, plant and equipment may not be recoverable. Management will increase the depreciation charge where useful lives are estimated to be shorter than previously estimated, or will write off or write down obsolete assets that have been abandoned or impaired. As at August 31, 2011, 2012 and 2013 and May 31, 2014, the carrying amount of property, plant and equipment are RMB882,953,000, RMB961,387,000, RMB1,177,025,000 and RMB1,200,824,000 respectively. Any change in these estimates may have a material impact on the results of the Group.

(b) Fair value of redeemable convertible preferred shares and warrants

The fair value of the redeemable convertible preferred shares and warrants are calculated using the valuation techniques. These techniques include discounted cash flow analysis and option pricing method. Valuation techniques are certified by independent and recognized international business valuers before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. Valuation models established by valuers make the maximum use of market inputs and rely as little as possible on the Group's specific data. The model involves estimates on time to expiration, risk free rate, other comparable public companies share price volatility and others. As at August 31, 2011, 2012 and 2013 and May 31, 2014, the carrying amount of the redeemable convertible preferred shares is RMB307,260,000, RMB317,700,000, RMB381,420,000 and RMB441,062,000 respectively.

As at August 31, 2011, 2012 and 2013 and May 31, 2014, the carrying amount of the warrants is RMB28,620,000, RMB30,405,000, RMB38,815,000 and RMB nil respectively.

Should any of the estimates be revised, it may lead to a material change to the fair value of the redeemable convertible preferred shares and warrants.

5. REVENUE AND SEGMENT INFORMATION

Revenue represents (i) service income from tuition and boarding fees, (ii) fees from overseas studies consulting services and summer and winter vacation activities provided to students, (iii) fees from renting educational books to students, and (iv) sales of educational materials to students, less returns, discounts and sales related tax.

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

5. REVENUE AND SEGMENT INFORMATION – continued

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

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

	Year ended August 31,			Nine months ended May 31,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Tuition and boarding fees	304,728	367,059	405,962	301,204	340,880
Others	41,363	46,400	65,257	24,266	24,669
	346,091	413,459	471,219	325,470	365,549

Major customers

No single customer contributes 10% or more of total revenue of the Group during the Relevant Periods.

Geographical information

The Group primarily operates in the PRC. Substantially all of the non-current assets of the Group are located in the PRC.

6. INVESTMENT AND OTHER INCOME

	Year ended August 31,			Nine months ended May 31,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Interest income	379	1,059	960	714	1,219
Dividends income from available-for-sale investments	184	183	144	98	103
Rental income from investment properties	1,025	3,630	3,755	2,811	2,799
Others	—	—	—	—	380
	1,588	4,872	4,859	3,623	4,501

7. OTHER INCOME, GAINS AND LOSSES

	Year ended August 31,			Nine months ended May 31,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Gain on disposal of available-for-sale investments	689	186	—	—	—
Impairment loss on available-for-sale investments	(555)	—	—	—	—
(Loss) gain on disposal of property, plant and equipment	(345)	53	286	293	(22)
Net foreign exchange gain (loss)	730	(3)	185	223	(55)
Compensation(Note)	6,093	—	—	—	—
Impairment loss on goodwill (Note 17)	—	(1,998)	—	—	—
Others	89	129	(370)	(38)	(18)
	6,701	(1,633)	101	478	(95)

Note: The amounts include compensation of RMB4,670,000 from Shenyang Xiaopeng Housing Development Limited (the "Shenyang Xiaopeng") for settlement of a lawsuit. Shenyang Xiaopeng was an independent third party with the original intention of establishing Shenyang Maple together with Dalian Educational Group. Shenyang Xiaopeng did not fulfill certain requirements as agreed in the cooperation agreement which was then dissolved by the court in December 2008. Thus Dalian Educational Group became the sole legal owner of Shenyang Maple. In April 2011, Shenyang Xiaopeng reached a mutual agreement to settle the lawsuit and Shenyang Xiaopeng agreed to pay the Group RMB4,670,000 as compensation, which was recorded as other income for the year ended August 31, 2011. RMB3,200,000 has not yet been received as at August 31, 2011 and recorded as compensation receivable (note 20). In addition, the amounts include compensation of RMB1,423,000 received from the relevant PRC government for the requisition of a piece of land in a school campus of the Group for public construction purposes.

8. FINANCE COSTS

	Year ended August 31,			Nine months ended May 31,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Interest expense on bank borrowings-wholly repayable within 5 years	15,560	15,850	15,554	11,072	11,849
Less: amounts capitalized	608	616	—	—	—
	14,952	15,234	15,554	11,072	11,849

The weighted average capitalization rates on funds borrowed generally are 6.90% and 7.19% for the years ended August 31, 2011 and 2012, respectively.

9. TAXATION

	Year ended August 31,			Nine months ended May 31,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
The charge comprises					
Current tax:					
PRC Enterprise Income Tax ("EIT")	3,372	4,668	2,753	2,068	2,505
Deferred tax:					
Current year (Note 25)	4,203	4,485	5,290	3,634	2,513
	7,575	9,153	8,043	5,702	5,018

The income tax expense for the year/period can be reconciled to the (loss) profit before taxation as follows:

	Year ended August 31,			Nine months ended May 31,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
(Loss) profit before taxation	(30,655)	103,121	41,225	27,920	42,746
Tax at PRC EIT rates of 25%	(7,664)	25,780	10,306	6,980	10,687
Tax effect of tax loss not recognized	15,371	17,684	20,485	14,116	19,426
Utilization of tax loss previously not recognized	(1,246)	(903)	(2,452)	(1,123)	(2,143)
Tax effect of income not taxable for tax purposes	(69,632)	(83,804)	(90,822)	(66,169)	(71,447)
Tax effect of expenses not deductible for tax purposes	70,746	50,396	70,526	51,898	48,495
Tax charge for the year/period	7,575	9,153	8,043	5,702	5,018

The Company was incorporated in the Cayman Islands and Maple BVI was incorporated in the BVI that are tax exempted as no business carried out in Cayman Islands and BVI under the tax laws of the Cayman Islands and the BVI.

No provision for Hong Kong Profits Tax has been made as the Group's operation in Hong Kong had no assessable profit during the Relevant Periods.

All subsidiaries of the Company established in the PRC are subject to the PRC EIT of 25% during the Relevant Periods.

According to the Implementation Rules for the Law for Promoting Private Education, private schools for which the sponsors do not require reasonable returns are eligible to enjoy the same preferential tax treatment as public schools. As a result, private schools providing academic qualification education are eligible to enjoy income tax exemption treatment if the sponsors of such schools do not require reasonable returns. DL High School, DL Junior, TJ Maple, WH Maple and WH Junior have been granted enterprise income tax exemption for the tuition income from relevant local tax authorities. During the years ended August 31, 2011, 2012 and 2013 and nine months ended May 31, 2013 and 2014, the tuition income not taxable is RMB278,527,000, RMB335,215,000, RMB363,287,000, RMB264,675,000 (unaudited) and RMB285,787,000, respectively, and the related expense not deductible is RMB112,848,000, RMB128,822,000, RMB142,729,000, RMB119,276,000 (unaudited) and RMB120,575,000, respectively.

9. TAXATION – continued

As at August 31, 2011, 2012 and 2013 and May 31, 2014, the Group has unused tax loss of RMB45,962,000, RMB44,323,000, RMB34,766,000 and RMB26,073,000 respectively available for offset against future profits. No deferred tax assets have been recognized in respect of such tax losses due to the unpredictability of future tax profit streams. Tax losses of RMB26,073,000 as of May 31, 2014 will expire in various years before 2019.

Under the EIT law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from January 1, 2008 onwards. Deferred taxation has not been provided for in the Financial Information in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB186,783,000, RMB264,998,000, RMB342,250,000 and RMB407,387,000 at August 31, 2011, 2012 and 2013 and at May 31, 2014, respectively, as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

10. (LOSS) PROFIT FOR THE YEAR/PERIOD

	Year ended August 31,			Nine months ended May 31,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
(Loss) profit for the year/period has been arrived at after charging (crediting):					
Staff costs, including directors' remuneration					
— salaries and other allowances	131,309	156,978	189,003	142,170	165,683
— retirement benefit scheme contributions	3,841	5,196	6,815	4,449	6,907
— share-base payments	353	72	31	16	—
Total staff costs	135,503	162,246	195,849	146,635	172,590
Gross rental income from investment properties	(1,025)	(3,630)	(3,755)	(2,811)	(2,799)
Less:					
Direct operating expense (including depreciation) incurred for investment properties that generated rental income during the year/period (included in other expenses)	593	1,319	1,406	1,135	1,133
Direct operating expense (including depreciation) incurred for investment properties that did not generate rental income during the year/period (included in other expenses)	537	114	109	—	10
	105	(2,197)	(2,240)	(1,676)	(1,656)
Depreciation of property, plant and equipment	25,241	25,966	29,873	22,240	26,415
Depreciation of investment properties	854	854	854	641	641
Release of prepaid lease payments	4,033	4,041	4,473	3,254	3,712
Amortization of books for lease	1,934	2,276	3,132	2,446	2,155
Auditors' remuneration	5,845	3,774	53	47	64
Listing-related expenses (included in other expenses)	5,149	—	—	—	14,182

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

Directors and chief executives

Details of the emoluments paid to the directors of the Company and the chief executive of the Company for the Relevant Periods are as follows:

For the year ended August 31, 2011:

	Directors' fee	Salaries and other allowances	Share-based payments	Retirement benefit scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
— Penner Susanne Charlotte	—	670	—	—	670
— Sherman Jen	—	500	—	—	500
— Zhang Jingxia	—	244	17	5	266
	—	1,414	17	5	1,436

For the year ended August 31, 2012:

	Directors' fee	Salaries and other allowances	Share-based payments	Retirement benefit scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
— Penner Susanne Charlotte (Note)	—	341	—	—	341
— Sherman Jen	—	2,000	—	—	2,000
— Zhang Jingxia	—	1,000	18	3	1,021
— Sutherland Colleen Dawn (Note)	—	295	—	—	295
	—	3,636	18	3	3,657

For the year ended August 31, 2013:

	Directors' fee	Salaries and other allowances	Share-based payments	Retirement benefit scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
— Sherman Jen	—	2,000	—	—	2,000
— Zhang Jingxia	—	1,000	—	—	1,000
— Sutherland Colleen Dawn	—	694	—	—	694
	—	3,694	—	—	3,694

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

For the nine months ended May 31, 2013 (unaudited):

	Directors' fee	Salaries and other allowances	Share-based payments	Retirement benefit scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
— Sherman Jen	—	1,500	—	—	1,500
— Zhang Jingxia	—	750	—	—	750
— Sutherland Colleen Dawn	—	527	—	—	527
	—	2,777	—	—	2,777

For the nine months ended May 31, 2014:

	Directors' fee	Salaries and other allowances	Share-based payments	Retirement benefit scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
— Sherman Jen	—	1,500	—	—	1,500
— Zhang Jingxia	—	750	—	—	750
— Sutherland Colleen Dawn	—	428	—	—	428
	—	2,678	—	—	2,678

Note: Ms. Penner Susanne Charlotte resigned as an executive director of the Company on March 15, 2012. Ms. Sutherland Colleen Dawn was appointed as an executive director of the Company with effect from March 15, 2012 and resigned on April 24, 2014. Mr. James William Beeke was appointed as an executive director of the Company with effect from April 24, 2014.

No emoluments were paid or payable to Mr. Yue Ji and Mr. Howard Robert Balloch, the non-executive directors of the Company during the years ended August 31, 2011, 2012 and 2013 and the nine months ended May 31, 2013 and 2014.

Mr. Sherman Jen is also the chief executive of the Company for relevant periods, and his emoluments disclosed above include those for services rendered by him as the chief executive.

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

Employees

The five highest paid individuals of the Group included one, three, three, three (unaudited) and three directors for the years ended August 31, 2011, 2012 and 2013 and the nine months ended May 31, 2013 and 2014 respectively whose emoluments are included in the disclosures above. The emoluments of the remaining four, two, two, two (unaudited) and two individuals for the years ended August 31, 2011, 2012 and 2013 and the nine months ended May 31, 2013 and 2014, respectively, are as follows:

	Year ended August 31,			Nine months ended May 31,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Salaries and other benefits	2,439	1,427	1,883	1,402	1,260
Share-based payments	—	—	—	—	—
Retirement benefit scheme contributions	—	—	—	—	—
	2,439	1,427	1,883	1,402	1,260

The emoluments of the five highest paid individuals, other than directors, were within the following bands:

	Year ended August 31,			Nine months ended May 31,	
	2011	2012	2013	2013	2014
				(Unaudited)	
HK$ nil to HK$1,000,000	4	2	1	1	1
HK$1,000,001 to HK$1,500,000	—	—	—	1	1
HK$1,500,001 to HK$2,000,000	—	—	1	—	—

During the Relevant Periods, no remuneration was paid by the Group to the directors of the Company or the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived any remuneration during the Relevant Periods.

12. DIVIDENDS

No dividend has been paid or proposed by the Company during the Relevant Periods, nor has any dividend been proposed since the end of the reporting period.

13. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share is based on the following data:

	Year ended August 31,			Nine months ended May 31,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
(Loss) earnings:					
(Loss) earnings for the purpose of calculating basic earnings per share	(38,230)	93,968	33,182	22,218	37,728
Change in fair value on redeemable convertible preferred shares	—	10,440	—	—	—
Change in fair value on warrant and gain on cancellation of warrants	—	—	—	—	(38,815)
(Loss) earnings for the purpose of calculating diluted earnings per share	(38,230)	104,408	33,182	22,218	(1,087)

	Number of shares				
	Year ended August 31,			Nine months ended May 31,	
	2011	2012	2013	2013	2014
				(unaudited)	
Numbers of shares:					
Number of ordinary shares for the purpose of calculating basic earnings per share	770,883,458	770,883,458	770,883,458	770,883,458	770,883,458
Effect of dilutive potential ordinary shares:					
Redeemable convertible preferred shares	—	229,116,553	—	—	—
Warrants	—	—	—	—	9,441,684
Share options	—	3,138,980	4,974,461	4,550,250	6,360,330
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	770,883,458	1,003,138,991	775,857,919	775,433,708	786,685,472

The weighted average number of shares for the purpose of calculating basic earnings per share and diluted earnings per share has been adjusted for the effect of the capitalization issue as described more fully in Appendix VI to the Prospectus.

For the years ended August 31, 2011 and 2013, and for the nine months ended May 31, 2013 and 2014, the computation of diluted (loss) earnings per share does not assume the conversion of the Company's outstanding redeemable convertible preferred shares since their conversion would result in an increase in the earnings per share or decrease in loss per share.

For the year ended August 31, 2011, 2012 and 2013 and for the nine months ended May 31, 2013, the computation of diluted (loss) earnings per share does not assume the exercise of the Company's outstanding

13. (LOSS) EARNINGS PER SHARE – continued

warrants to purchase redeemable convertible preferred shares and the concurrent conversion of such redeemable convertible preferred shares to the ordinary shares since their exercise and conversion would result in an increase in earnings per share or decrease in loss per share.

For the year ended August 31, 2011, the computation of loss per share does not assume the exercise of the outstanding share options as it would result in a decrease in loss per share.

14. PROPERTY, PLANT AND EQUIPMENT

The Group	Buildings	Leasehold improvements	Motor vehicles	Furniture and fixtures	Computer equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST							
At September 1, 2010	745,346	5,279	6,077	11,432	33,544	88,722	890,400
Additions	551	—	806	576	2,927	94,212	99,072
Transfer	108,637	—	—	—	—	(108,637)	—
Disposals	—	(1,509)	(495)	(745)	(2,547)	—	(5,296)
At August 31, 2011	854,534	3,770	6,388	11,263	33,924	74,297	984,176
Additions	943	—	1,468	1,231	6,032	94,770	104,444
Transfer	91,119	—	—	—	—	(91,119)	—
Disposals	—	—	(1,174)	(38)	(143)	—	(1,355)
Exchange adjustment	—	—	—	—	—	53	53
At August 31, 2012	946,596	3,770	6,682	12,456	39,813	78,001	1,087,318
Additions	18,887	21	1,085	1,404	8,540	215,822	245,759
Transfer	93,374	—	—	—	—	(93,374)	—
Disposals	—	—	(955)	(74)	(628)	—	(1,657)
Exchange adjustment	—	—	—	—	—	(97)	(97)
At August 31, 2013	1,058,857	3,791	6,812	13,786	47,725	200,352	1,331,323
Additions	1,366	2	407	5,365	9,865	32,592	49,597
Transfer	211,209	—	—	—	—	(211,209)	—
Disposals	—	—	—	(365)	(731)	—	(1,096)
Exchange adjustment	—	—	—	—	—	716	716
At May 31, 2014	1,271,432	3,793	7,219	18,786	56,859	22,451	1,380,540
DEPRECIATION							
At September 1, 2010	54,496	2,730	3,852	4,236	15,380	—	80,694
Provided for the year	16,656	882	686	1,037	5,980	—	25,241
Eliminated on disposals	—	(1,509)	(405)	(480)	(2,318)	—	(4,712)
At August 31, 2011	71,152	2,103	4,133	4,793	19,042	—	101,223
Provided for the year	17,982	500	834	1,523	5,127	—	25,966
Eliminated on disposals	—	—	(1,115)	(27)	(116)	—	(1,258)
At August 31, 2012	89,134	2,603	3,852	6,289	24,053	—	125,931
Provided for the year	20,832	539	945	1,421	6,136	—	29,873
Eliminated on disposals	—	—	(907)	(6)	(593)	—	(1,506)
At August 31, 2013	109,966	3,142	3,890	7,704	29,596	—	154,298
Provided for the period	18,565	341	737	1,410	5,362	—	26,415
Eliminated on disposals	—	—	—	(328)	(669)	—	(997)
At May 31, 2014	128,531	3,483	4,627	8,786	34,289	—	179,716
NET BOOK VALUES							
At August 31, 2011	783,382	1,667	2,255	6,470	14,882	74,297	882,953
At August 31, 2012	857,462	1,167	2,830	6,167	15,760	78,001	961,387
At August 31, 2013	948,891	649	2,922	6,082	18,129	200,352	1,177,025
At May 31, 2014	1,142,901	310	2,592	10,000	22,570	22,451	1,200,824

14. PROPERTY, PLANT AND EQUIPMENT – continued

The above items of property, plant and equipment, other than construction in progress, after taking into account their estimated residual value of 5% of the cost, are depreciated on a straight-line basis at the following rates per annum:

Buildings	1.9% to 3.2%
Leasehold improvements	19%
Motor vehicles	19%
Furniture and fixtures	11.9% to 19%
Computer equipment	19%

At August 31, 2011, 2012 and 2013 and May 31, 2014, the Group had pledged its buildings with an aggregate carrying value of RMB358,393,000, RMB270,704,000, RMB276,450,000 and RMB123,867,000 respectively, to secure for general banking facilities granted to the subsidiaries of the Company.

The Group's buildings are situated on land in the PRC held by the Group under medium-term lease.

At August 31, 2011, 2012 and 2013 and May 31, 2014, the accumulated borrowing costs capitalized to construction in progress were RMB608,000, RMB Nil, RMB Nil and RMB Nil, respectively.

At May 31, 2014, the Group is in the process of obtaining the property certificate for the buildings with carrying value of RMB268,323,000 which are located in the PRC.

15. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments comprise leasehold land in the PRC under medium-term lease and are analyzed for reporting purposes as:

	At August 31,			At May 31,
The Group	**2011**	**2012**	**2013**	**2014**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Current assets (included in deposits, prepayment and other receivables)	3,991	4,171	4,855	4,855
Non-current assets	162,733	167,546	196,589	192,877
	166,724	171,717	201,444	197,732

The prepaid lease payments represent the land use rights and are amortized on a straight-line basis over lease terms of 41 to 50 years as stated in the relevant land use right certificates granted for usage by the Group in the PRC.

At August 31, 2011, 2012 and 2013 and May 31, 2014, the Group had pledged of its land use rights with an aggregate carrying value of RMB75,111,000, RMB50,842,000, RMB57,481,000 and RMB24,453,000 respectively, to banks to secure the credit facilities granted to the Group.

At August 31, 2011, 2012 and 2013 and May 31, 2014, the carrying value of the land use right of RMB46,304,000, RMB45,252,000, RMB44,200,000 and RMB43,411,000 respectively is allocated by the government. The Group is legally entitled to use it for 50 years which is stated in the corresponding state-owned land use certificate. However, without the relevant administrative authorities' permission, the Group cannot transfer, lease or mortgage such land use right allocated by the government.

16. INVESTMENT PROPERTIES

The Group	RMB'000
COST	
At September 1, 2010, August 31, 2011, 2012 and 2013 and May 31, 2014	26,057
DEPRECIATION	
At September 1, 2010	4,791
Provided for the year	854
At August 31, 2011	5,645
Provided for the year	854
At August 31, 2012	6,499
Provided for the year	854
At August 31, 2013	7,353
Provided for the period	641
At May 31, 2014	7,994
CARRYING VALUES	
At August 31, 2011	20,412
At August 31, 2012	19,558
At August 31, 2013	18,704
At May 31, 2014	18,063

The fair value of the Group's investment properties at August 31, 2011, 2012 and 2013 and May 31, 2014 was RMB54,000,000, RMB54,000,000, RMB55,000,000 and RMB55,000,000 respectively. The fair value has been arrived at based on a valuation carried out by DTZ Debenham Tie Leung Limited ("DTZ"), an independent valuer not connected with the Group. DTZ, located in 16th Floor Jardine House 1 Connaught Place Central Hong Kong, is a member of the Hong Kong Institute of Surveyors. The valuation was determined by capitalizing the rental income derived from the existing tenancies with due provision for the reversionary income potential of the property interests. The key inputs are term capitalization rate and market unit rent of individual unit.

There has been no change from the valuation technique used in the prior year. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Details of the Group's investment properties and information about the fair value hierarchy as at August 31, 2011, 2012 and 2013 and May 31, 2014 are as follows:

	Carrying value	Level 3 Fair value
	RMB'000	RMB'000
Commercial property units located in Dalian		
At August 31, 2011	20,412	54,000
At August 31, 2012	19,558	54,000
At August 31, 2013	18,704	55,000
At May 31, 2014	18,063	55,000

The above investment properties are depreciated on a straight-line basis at 3.2% per annum.

The Group's investment properties are situated on land in the PRC held by the Group under medium-term lease.

17. GOODWILL

The Group	RMB'000
COST	
At September 1, 2010, August 31, 2011, 2012 and 2013 and May 31, 2014	6,588
IMPAIRMENT	
At September 1, 2010 and August 31, 2011	2,608
Provided for the year	1,998
At August 31, 2012 and 2013 and May 31, 2014	4,606
CARRYING VALUES	
At August 31, 2011	3,980
At August 31, 2012 and 2013 and May 31, 2014	1,982

The goodwill arose from acquisitions of Jiabao, Fengqiao, Lanxi and Jinhai preschools in April 2008, August 2006, June 2007 and April 2009 respectively. Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated (net of accumulated impairment losses) as follows:

	At August 31, 2011	At August 31, 2012 and 2013 and May 31, 2014
		RMB'000
Cash-generating units:		
Jiabao	1,998	—
Fengqiao	—	—
Lanxi	1,026	1,026
Jinhai	956	956
	3,980	1,982

The Group tests goodwill annually for impairment or more frequently if there are indicates that goodwill might be impaired. During the years ended August 31, 2011 and 2013 and nine months ended May 31, 2014, management of the Group determines that there are no impairments of any of its cash-generating units containing goodwill. During the year ended August 31, 2012, the Group recognized an impairment loss of RMB1,998,000 in relation to goodwill arising on acquisition of Jiabao preschool. Jiabao did not meet the budget since several new preschools established nearby and competition is more intensive than expected. The management adjusted the cash flow projections accordingly and recognized goodwill impairment in the year ended August 31, 2012.

The basis of the recoverable amounts of the above cash-generating units and their major underlying assumptions are summarized below:

Jiabao

The recoverable amount of this unit has been determined based on value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period and discount rate of 14.20% and 14.55% for the years ended August 31, 2011 and 2012 respectively. Jiabao's cash flows beyond the five-year period are extrapolated using 2% growth rate for the years ended August 31, 2011 and 2012 respectively which is based on the preschool's historical growth rate. Other key assumptions for the value in use calculations relate to the estimation of cash flows which include budgeted revenue and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development.

17. GOODWILL – continued

Jinhai

The recoverable amount of this unit has been determined based on value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period and discount rate of 14.20%, 14.55%, 15.22% and 14.66% for the years ended August 31, 2011, 2012 and 2013 and nine months ended May 31, 2014 respectively. Jinhai's cash flows beyond the five-year period are extrapolated using 5% growth rate for the years ended August 31, 2011, 2012 and 2013 and nine months ended May 31, 2014 respectively which is assumed based on the preschool's historical growth rate. Other key assumptions for the value in use calculations relate to the estimation of cash flows which include budgeted revenue and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the long-lived assets of this unit to exceed their aggregate recoverable amount.

Lanxi

The recoverable amount of this unit has been determined based on value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period and discount rate of 14.20%, 14.55%, 15.22% and 14.66% for the years ended August 31, 2011, 2012 and 2013 and nine months ended May 31, 2014 respectively. Lanxi's cash flows beyond the five-year period are extrapolated using 4% growth rate for the years ended August 31, 2011, 2012 and 2013 and nine months ended May 31, 2014 respectively which is based on the preschool's historical growth rate. Other key assumptions for the value in use calculations relate to the estimation of cash flows which include budgeted revenue and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the long-lived assets of this unit to exceed their aggregate recoverable amount.

18. INVESTMENTS IN SUBSIDIARIES

The Company	At August 31, 2011	2012	2013	At May 31, 2014
	RMB'000	RMB'000	RMB'000	RMB'000
Investments in unlisted shares, at cost				
Maple BVI	45,351	45,351	45,351	45,351
HK Tech	137,895	137,895	137,895	137,895
Maple HK	9,450	9,450	9,450	9,450
	192,696	192,696	192,696	192,696

19. AVAILABLE-FOR-SALE INVESTMENTS

The Group and the Company	At August 31, 2011	2012	2013	At May 31, 2014
	RMB'000	RMB'000	RMB'000	RMB'000
Equity securities listed in Hong Kong at fair value (note 34 (c))	4,418	3,177	3,493	3,367

The fair value of the available-for-sale investments were determined based on the quoted bid market price available on the Stock Exchange at the end of each reporting period.

20. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

The Group	Year ended August 31, 2011	2012	2013	At May 31, 2014
	RMB'000	RMB'000	RMB'000	RMB'000
Prepaid rent and other prepaid expenses	4,494	5,210	6,315	9,193
Other deposits	986	1,440	1,380	1,363
Compensation receivable (Note 7)	3,200	—	—	—
Prepaid lease payments	3,991	4,171	4,855	4,855
Staff advances	330	955	1,129	674
Other receivables	282	707	2,577	3,301
	13,283	12,483	16,256	19,386

21. AMOUNTS DUE TO SUBSIDIARIES

The Company	At August 31, 2011	2012	2013	At May 31, 2014
	RMB'000	RMB'000	RMB'000	RMB'000
Maple HK	8,714	8,714	8,714	8,714
Dalian Maple Leaf High School	—	—	923	2,147
Dalian Foreign School	—	—	514	1,342
Dalian Junior	—	—	—	187
	8,714	8,714	10,151	12,390

The amounts due to the subsidiaries are unsecured, interest-free and repayable on demand.

22. BANK BALANCES AND CASH

The Group and the Company

Bank balance and cash comprise cash and short-term deposits held by the Company and the Group with an original maturity of three months or less.

As at August 31, 2011, 2012, and 2013 and May 31, 2014, the Company's bank deposits carried a weighted-average interest rate of 0.001%, 0.001%, 0.001% and 0.001% per annum, respectively.

As at August 31, 2011, 2012 and 2013 and May 31, 2014, the Group's bank deposits carried a weighted-average interest rate of 0.53%, 0.35%, 0.47% and 0.35% per annum, respectively.

22. BANK BALANCES AND CASH – continued

At the end of the reporting period, included in bank balances are the following amounts denominated in currencies other than the functional currency of the relevant group entity to which they relate.

	The Group				The Company			
	At August 31,			At May 31,	At August 31,			At May 31,
	2011	2012	2013	2014	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Currency:								
USD	2,138	3,587	4,549	8,191	—	—	1,581	3,184
HK$	360	616	528	516	321	455	387	352
	2,498	4,203	5,077	8,707	321	455	1,968	3,536

23. DEFERRED REVENUE

	At August 31,			At May 31,
The Group	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Tuition and boarding fees	303,208	335,313	381,130	176,053
Others	16,639	22,162	27,195	38,467
	319,847	357,475	408,325	214,520

24. OTHER PAYABLES AND ACCRUED EXPENSES

	At August 31,			At May 31,
The Group	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Other tax payables	3,858	9,015	13,229	14,377
Payables for purchase of property, plant and equipment	32,286	42,964	88,588	55,162
Miscellaneous expenses received from students (Note)	23,617	29,427	50,216	37,707
Deposits received from students	14,079	15,120	16,083	16,237
Accrued payroll	6,813	4,498	6,143	11,577
Prepayment from lessee	2,170	1,629	663	1,068
Accrued operating expenses	67	262	779	185
Accrued listing-related expenses	—	—	—	14,068
Accrued interest expenses	1,542	513	413	540
Payable for land use right	—	—	3,000	3,000
Other payables	2,655	6,414	9,493	12,166
	87,087	109,842	188,607	166,087

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

25. DEFERRED TAXATION

The following are the major deferred tax liabilities recognized and movements thereon during the Relevant Periods:

The Group	Others (note)
	RMB'000
At September 1, 2010	369
Charge to profit or loss	4,203
At August 31, 2011	4,572
Charge to profit or loss	4,485
At August 31, 2012	9,057
Charge to profit or loss	5,290
At August 31, 2013	14,347
Charge to profit or loss	2,513
At May 31, 2014	16,860

Note: The amount represents the deferred tax liabilities on the temporary differences arising from the services income from the Consolidated Affiliated Entities under the Contractual Arrangements.

26. BANK BORROWINGS

	At August 31,			At May 31,
The Group	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Bank borrowings:				
— Secured	198,500	90,000	145,000	89,000
— Unsecured	35,000	80,000	130,000	135,000
	233,500	170,000	275,000	224,000
Carrying amounts repayable:				
— Within one year	233,500	170,000	215,000	224,000
— More than one year, but not exceeding two years	—	—	60,000	—
	233,500	170,000	275,000	224,000
Less: Amounts due within one year shown under current liabilities	233,500	170,000	215,000	224,000
	—	—	60,000	—
The exposure of bank borrowings:				
— Fixed rate borrowings	113,500	60,000	235,000	224,000
—Variable rate borrowings	120,000	110,000	40,000	—
	233,500	170,000	275,000	224,000

The Group has variable-rate borrowings which carry interest with reference to the Benchmark Borrowing Rate of The People's Bank of China. The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowing are as follows:

	August 31,			May 31,
	2011	2012	2013	2014
Effective interest rate:				
Variable-rate borrowings	5.88% - 7.32%	6.14% - 7.54%	6.30% - 6.90%	N/A
Fixed rates borrowings	5.31% – 7.27%	5.56% –7.87%	6.00% –7.87%	6.00% – 6.90%

26. BANK BORROWINGS – continued

The secured bank borrowings are secured by the Group's property, plant and equipment and prepaid lease payments as set out in notes 14 and 15 respectively.

All of the borrowings are denominated in RMB which is the same as the functional currency of the corresponding group entities.

27. DEPOSIT RECEIVED IN RESPECT OF DISPOSAL OF PROPERTIES

On September 22, 2009, the Group signed a transfer agreement with an independent third party to transfer all the buildings and land use right in a campus of Dalian Maple Leaf High School, with a total consideration of RMB110 million. The Group has received total deposit of RMB30 million, RMB60 million, RMB70 million and RMB80 million as at August 31, 2011, 2012 and 2013 and May 31, 2014 respectively.

However, due to certain authority approval from local government has not been obtained yet, the disposal has not been completed as at May 31, 2014. According to the supplementary agreement signed on November 1, 2013, if the authority approval could not be obtained and the disposal could not be completed by December 31, 2016, the transferee has the right to send termination notice to the Group to terminate the disposal transaction.

28. SHARE CAPITAL

The Group and The Company	Number of shares	Amount	Shown in the Financial Information as
		US$'000	RMB'000
Ordinary shares of US$0.001 each Authorized			
At September 1, 2010, August 31, 2011, 2012 and 2013 and May 31, 2014	179,000,000	179	1,271
Issued and fully paid			
At September 1, 2010, August 31, 2011, 2012 and 2013 and May 31, 2014	72,000,000	72	511

29. RESERVES

The Group

(a) Share premium

Share premium represents the excess of capital contribution by the shareholder over the share capital.

(b) Statutory surplus reserve

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

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

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

29. RESERVES – continued

The Company

	Share premium	Investment valuation reserve	Share option reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At September 1, 2010	24,940	—	3,569	(48,370)	(19,861)
Loss and total comprehensive expense for the year	—	—	—	(128,162)	(128,162)
Share-base payments	—	—	353	—	353
At August 31, 2011	24,940	—	3,922	(176,532)	(147,670)
Other comprehensive income for the year	—	63	—	—	63
Loss for the year	—	—	—	(13,467)	(13,467)
Total comprehensive income (expense) for the year	—	63	—	(13,467)	(13,404)
Share-base payments	—	—	72	—	72
At August 31, 2012	24,940	63	3,994	(189,999)	(161,002)
Other comprehensive income for the year	—	316	—	—	316
Loss for the year	—	—	—	(72,211)	(72,211)
Total comprehensive income (expense) for the year	—	316	—	(72,211)	(71,895)
Share-base payments	—	—	31	—	31
At August 31, 2013	24,940	379	4,025	(262,210)	(232,866)
Other comprehensive expenses for the period	—	(126)	—	—	(126)
Loss for the period	—	—	—	(25,047)	(25,047)
Total comprehensive expense for the period	—	(126)	—	(25,047)	(25,173)
At May 31, 2014	24,940	253	4,025	(287,257)	(258,039)

30. REDEEMABLE CONVERTIBLE PREFERRED SHARES AND WARRANTS

The Group and the Company	Number of shares	Nominal amount
		US$'000
Redeemable convertible preferred shares of US$0.001 each:		
Authorized		
Balance at September 1, 2010, August 31, 2011, 2012 and 2013 and May 31, 2014	21,000,000	21
Issued and fully paid		
Balance at September 1, 2010, August 31, 2011, 2012 and 2013 and May 31, 2014	18,000,000	18

On March 12, 2008, the Company issued 18,000,000 series A redeemable convertible preferred shares ("Series A Preferred Shares") at RMB10 (equivalent to US$1.41) per share for a total gross cash proceeds of RMB180,000,000 (equivalent to US$25,342,000) to Sequoia Capital China Growth Fund I, L.P., which subsequently transferred 1,926,000 and 370,800 Preferred Shares to Sequoia Capital China GF Principals Fund I, L.P. and Sequoia Capital China Growth Partners Fund I, L.P. (collectively referred to "Sequoia Capital China"), respectively on May 9, 2008.

30. REDEEMABLE CONVERTIBLE PREFERRED SHARES AND WARRANTS – continued

On March 12, 2008, in conjunction with the issuance of Series A Preferred Shares, the Company issued 3,000,000 warrants to the holder of Series A Preferred Shares ("Warrants") to purchase 3,000,000 Series A Preferred Shares. The exercise price per share for the Warrants is RMB10, and the exercisable period is the period commencing on the grant date of the Warrants and ending on the date of consummation of a qualified initial public offering as agreed.

The significant terms of Series A Preferred Shares are as follows:

Redemption

The holder of the Series A Preferred Shares shall have the right, at any time and from time to time commencing from the fourth anniversary date of the Series A Preferred Shares issuance date, to require and demand the Company to redeem 100% of its Series A Preferred Shares. At the election of the holders thereof, the redemption price payable on each Series A Preferred Shares shall equal to the actual Series A Preferred Shares purchase price plus 8% per annum return for each year the Series A Preferred Shares was outstanding measured from the Series A Preferred Shares issuance date.

As agreed by the Company and the holders of the Series A Preferred Shares in June 2014, the Series A Preferred Shares would not be redeemed until December 31, 2015.

Valuation adjustment

In the event that the net income as stated in the Company's 2008 consolidated financial statements is less than RMB68,600,000, the post money valuation of the Company will be adjusted from RMB900,000,000 to the New Valuation (as defined below). Then the Company shall issue additional Series A Preferred Shares to Sequoia Capital China to reflect Sequoia Capital China's increased percentage of ownership in the Company as a result of the downward adjustment of the post money valuation of the Company from RMB900,000,000 to the New Valuation using the following formula:

The New Valuation = Net profit after tax x 12.857.

Then the percentage of ownership of preferred shares will be adjusted as RMB180,000,000/the New Valuation. In the event the net income as stated in the Company's 2008 consolidated financial statements is greater than RMB68,600,000, there will have no valuation adjustment.

In February 2011, the Company signed a share adjustment agreement with Sequoia Capital China to adjust the conversion price from RMB10 to RMB8.411477 as a resolution to such contingent valuation adjustment. On the same day, the conversion price for the Warrants was revised from RMB10 to RMB8.411477 and the number of conversion share for the preferred shares was revised from 18,000,000 to 21,399,333.

Conversion

Each Series A Preferred Share shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share, into such number of ordinary shares as is determined by dividing the original issue price by the conversion price RMB8.411477 (after the valuation adjustment) in effect on the date the certificate is surrendered for conversion. Each Series A Preferred Share shall automatically convert into ordinary shares upon (i) the election of a majority of the outstanding Series A Preferred Shares shareholders or (ii) the consummation of an underwritten public offering with a price per share of at least three times the purchase price and aggregate proceeds in excess of US$50,000,000.

30. REDEEMABLE CONVERTIBLE PREFERRED SHARES AND WARRANTS – continued

Voting rights

Each holder of Series A Preferred Shares shall have the right to one vote for each ordinary share into which such Series A Preferred Shares could then be converted, and with respect to such vote, such holder shall have full voting rights and powers equal to the voting rights and powers of the holders of ordinary shares.

Dividend

The holders of Series A Preferred Shares shall be entitled to receive dividends upon any declaration or payment of any dividend on the ordinary shares of the Company. Such dividends shall not be cumulative. Any dividends or distributions shall be distributed among all holders of ordinary shares and Series A Preferred Shares in proportion to the number of ordinary shares that would be held by each such holder if all Series A Preferred Shares were converted to ordinary shares at the then effective conversion rate.

Liquidation preference

In the event of any liquidation, either voluntary or involuntary, the holders of Series A Preferred Shares shall be entitled to receive, prior and in preference to any distribution of the proceeds of such liquidation event to the holders of ordinary shares by reason of their ownership thereof, an amount per share equal to the sum of the original issue price (RMB10 per share) for the Series A Preferred Shares, plus declared but unpaid dividends on such share. All of the remaining proceeds available for distribution to shareholders shall be distributed pro rata among the holders of ordinary shares and Series A Preferred Shares on an as-converted basis.

On January 15, 2014, the Company entered into a termination agreement with Sequoia Capital China. Pursuant to the termination agreement, Sequoia Capital China agreed to terminate the Warrants with immediate effect and irrevocably release and discharge each other from all duties, obligations and liabilities conferred upon each of the parties under the Warrants. Each of the parties acknowledges and confirms that it has no claim or demand whatsoever against the other parties for any fees, expenses, costs or otherwise arising out of or in connection with the Warrants.

The Series A Preferred Shares are designated as a financial liability at FVTPL on initial recognition. The Series A Preferred Shares and the Warrants are measured at fair value with changes in fair value recognized in the profit and loss.

The Series A Preferred Shares and Warrants were valued at fair value by the Company with reference to an independent valuation provided by American Appraisal China Limited ("American Appraisal"), an independent firm professional valuers not connected with the Group, who has appropriate qualification and recent experience of valuation of similar financial instrument. Its address is 13/F, On Hing Building, 1 On Hing Terrace, Central, Hong Kong.

The fair value of equity value at August 31, 2011, 2012 and 2013 and May 31, 2014 was determined by using valuation technique of discounted cash flow analysis. The fair value of equity value is then considered for the lack of marketability. The fair value of the Series A Preferred Shares and warrants was determined by option pricing method. The present value of the estimated future cash flow is discounted at the weighted average cost of capital ("WACC") of 14%, 15%, 15% and 15% at August 31, 2011, 2012 and 2013 and May 31, 2014 respectively.

No dividend was paid to the Series A Preferred Shares shareholders during the Relevant Periods.

30. REDEEMABLE CONVERTIBLE PREFERRED SHARES AND WARRANTS – continued

The assumptions and key parameters adopted for the valuation of the Series A Preferred Shares are as follows:

	August 31, 2011	August 31, 2012	August 31, 2013	May 31, 2014
Methodology	Option-pricing method	Option-pricing method	Option-pricing method	Option-pricing method
Estimated probability of the Series A Preferred Shares				
— for liquidation	20%	15%	10%	10%
— for redemption	20%	15%	10%	10%
— for conversion	60%	70%	80%	80%
Risk-free rate				
— for liquidation	1.01%	1.18%	1.12%	0.76%
— for redemption	1.01%	1.18%	1.12%	0.76%
Time to expiration (number of years)	2.08	2.08	1.08	0.33
Preferred shares dividend yield	0%	0%	0%	0%
Volatility				
— for redemption	50.8%	51.8%	45.6%	54.2%
— for liquidation	50.8%	51.8%	45.6%	54.2%

The assumptions adopted for the valuation of Series A Preferred Shares were as follows:

(a) The estimation of risk free rate is based on the yield to maturity of the PRC Government International Bond (or US Bond plus country risk spread, if PRC Government International Bond is not applicable) matured at time close to the IPO timing as of valuation date.

(b) Volatility is estimated based on annualized standard deviation of daily stock price return of comparable companies.

The fair value of the warrant was determined using Black-Scholes option pricing model. The assumptions and key parameters adopted for the valuation of the Warrants are as follows:

	August 31,			January 15,
	2011	2012	2013	2014
Fair value per Series A Preferred Share as of valuation date (RMB)	17.07	17.65	21.19	22.51
Exercise price (RMB)	8.41	8.41	8.41	8.41
Risk free rate of interest	1.01%	1.18%	1.12%	1.24%
Dividend yield	0.0%	0.0%	0.0%	0.0%
Expected time to exercise (years)	2.08	2.10	1.10	0.50
Volatility	50.8%	51.8%	45.6%	52.0%

The assumptions adopted for the valuation of Warrants were as follows:

(a) The estimation of risk free rate is based on the yield to maturity of the PRC Government International Bond matured at time close to the IPO timing as of valuation date.

(b) Volatility is estimated based on annualized standard deviation of daily stock price return of comparable companies.

30. REDEEMABLE CONVERTIBLE PREFERRED SHARES AND WARRANTS – continued

The movements of the Series A Preferred Shares and Warrants are set out below:

The Group and the Company	Redeemable convertible preferred shares	Warrants
	RMB'000	RMB'000
At September 1, 2010	203,220	6,660
Changes in fair value recognized in profit or loss	104,040	21,960
At August 31, 2011	307,260	28,620
Changes in fair value recognized in profit or loss	10,440	1,785
At August 31, 2012	317,700	30,405
Changes in fair value recognized in profit or loss	63,720	8,410
At August 31, 2013	381,420	38,815
Changes in fair value recognized in profit or loss	59,642	3,695
Gain on cancellation of warrants	—	(42,510)
At May 31, 2014	441,062	—

31. RETIREMENT BENEFIT PLANS

The employees of the Group in the PRC are members of a state-managed retirement benefits scheme operated by the PRC Government. The Group is required to contribute a specified percentage of payroll costs as determined by respective local government authority to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions under the scheme.

The amounts of contributions made by the Group in respect of the retirement benefit scheme for the Relevant Periods are disclosed in note 10.

32. SHARE-BASED PAYMENTS

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on April 1, 2008 for the primary purpose of providing incentives to directors and eligible employees. Under the Scheme, the Board of Directors of the Company may grant options to eligible directors, employees and consultant to subscribe for shares in the Company, up to a total of 3,000,000 shares.

Details of specific category of options are as follows:

Options type	Date of grant	Date of expiration	Shares granted	Vesting period	Exercisable period	Exercise price	Fair value at grant date
						RMB	RMB
1st	9.1.2008	8.31.2018	1,520,000	9.1.2008—8.31.2012	9.1.2009—8.31.2018	10	2.43
2nd	9.1.2009	8.31.2018	320,000	9.1.2009—8.31.2013	9.1.2010—8.31.2019	10	2.79
3rd	9.1.2011	8.31.2018	100,000	9.1.2011—8.31.2015	9.1.2012—8.31.2021	14.19	12.62

32. SHARE-BASED PAYMENTS – continued

The following table discloses movements of the Company's share options held by directors of the Company, employees and the consultants during the years ended August 31, 2011, 2012 and 2013 and the nine months ended May 31, 2014 respectively:

For the year ended August 31, 2011

	Date of grant	Option type	Outstanding at 9.1.2010	Cancelled during the year	Forfeited during the year	Outstanding at 8.31.2011
Executive director						
Zhang Jingxia	9.1.2008	1st	70,000	—	—	70,000
Employees and consultants						
In aggregate	9.1.2008	1st	1,420,000	(35,000)	(100,000)	1,285,000
	9.1.2009	2nd	260,000	(20,000)	(50,000)	190,000
Total			1,750,000	(55,000)	(150,000)	1,545,000
Exercisable at the end of the year						889,000

For the year ended August 31, 2012

	Date of grant	Option type	Outstanding at 8.31.2011	Granted during the year	Forfeited during the year	Outstanding at 8.31.2012
Executive director						
Zhang Jingxia	9.1.2008	1st	70,000	—	—	70,000
Employees and consultants						
In aggregate	9.1.2008	1st	1,285,000	—	(100,000)	1,185,000
	9.1.2009	2nd	190,000	—	(30,000)	160,000
	9.1.2011	3rd	—	100,000	(100,000)	—
Total			1,545,000	100,000	(230,000)	1,415,000
Exercisable at the end of the year						1,100,000

For the year ended August 31, 2013

	Date of grant	Option type	Outstanding at 8.31.2012	Granted during the year	Forfeited during the year	Outstanding at 8.31.2013
Executive director						
Zhang Jingxia	9.1.2008	1st	70,000	—	—	70,000
Employees and consultants						
In aggregate	9.1.2008	1st	1,185,000	—	(30,000)	1,155,000
	9.1.2009	2nd	160,000	—	—	160,000
Total			1,415,000	—	(30,000)	1,385,000
Exercisable at the end of the year						1,353,000

32. SHARE-BASED PAYMENTS – continued

For the nine months ended May 31, 2014

	Date of grant	Option type	Outstanding at 8.31.2013	Granted during the period	Forfeited during the period	Outstanding at 5.31.2014
Executive director						
Zhang Jingxia	9.1.2008	1st	70,000	—	—	70,000
Employees and consultants						
In aggregate	9.1.2008	1st	1,155,000	—	(100,000)	1,055,000
	9.1.2009	2nd	160,000	—	—	160,000
Total			1,385,000	—	(100,000)	1,285,000
Exercisable at the end of the period						1,285,000

Pursuant to the Scheme, the option type granted shall be exercisable during the period from the vesting commencement date, which is same as the grant date (the "vesting commencement date") and ending on the expiry of the option period in the following manner:

(i) up to 20% of the option will be exercisable during the period from the vesting commencement date and ending on the date of expiration;

(ii) up to 40% of the option will be exercisable during the period from the first anniversary of the vesting commencement date and ending on the date of expiration;

(iii) up to 60% of the option will be exercisable during the period from the second anniversary of the vesting commencement date and ending on the date of expiration;

(iv) up to 80% of the option will be exercisable during the period from the third anniversary of the vesting commencement date and ending on the date of expiration; and

(v) up to 100% of the option will be exercisable during the period from the fourth anniversary of the vesting commencement date and ending on the date of expiration.

The Binomial model has been used to estimate the fair value of the options. The following assumptions were used to calculate the fair value of share options granted at respective date of grant:

	Option types		
	1st	**2nd**	**3rd**
Fair value of ordinary share (RMB)	6.41	7.34	11.91
Exercise price (RMB)	10	10	14.19
Expected volatility	50%	51%	53%
Contractual option life	10	10	10
Dividend yield	0.00%	0.00%	0.00%
Risk-free interest rate	5.36%	4.43%	4.23%
Exercise multiple	2.0	2.0	2.0
Total estimated fair value of the options granted (RMB'000)	3,694	893	1,262

32. SHARE-BASED PAYMENTS – continued

In calculating the fair value of the options, the following major assumptions were used:

(1) Risk-free interest rate

The risk-free interest rate for periods within the contractual life of the option is based on the yield to maturity of the PRC Government International Bond as of the grant date with maturity closest to the relevant option expiry date.

(2) Dividend yield

According to management, the Company planned to retain profit for corporate expansion and hence had no plan to distribute dividend in near future. As such, it is assumed that the dividend yield to ordinary shares during the expected life of the option should be zero.

(3) Expected volatility

Expected volatility is calculated with reference to the historical price volatility data of comparable companies.

(4) Contractual option life

The option life was the original contractual term.

(5) Exercise multiple

A ratio of the stock price to the contractual strike price at which point it is assumed that the option will be exercised prior to maturity.

(6) Exercise price

The exercise price of the option was determined by the board of directors.

(7) Fair value of ordinary share

The estimated fair value of ordinary shares as of the grant date was estimated by an independent valuation firm. It used the income approach/discounted cash flow method as the primary approach to derive the fair value of the Company's ordinary shares.

The Group recognized the total expense of RMB353,000, RMB72,000, RMB31,000, RMB16,000 (unaudited) and RMB Nil for the year ended August 31, 2011, 2012 and 2013 and for the nine months ended May 31, 2013 and 2014, respectively, in relation to share options granted by the Company.

33. CAPITAL RISK MANAGEMENT

The Group's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of business. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of net debt, which includes borrowings disclosed in note 26, redeemable convertible preferred shares disclosed in note 30, bank balance and cash, and equity attributable to equity holders of the Company, comprising capital, reserves and accumulated profits.

33. CAPITAL RISK MANAGEMENT – continued

The directors of the Company review the capital structure on a continuous basis taking into account the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the issue of redeemable convertible preferred shares to strategic investors, raising of new debts as well as the redemption of the existing debt.

34. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	The Group				The Company			
	At August 31,			At May 31,	At August 31,			At May 31,
	2011	2012	2013	2014	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets								
Loans and receivables (including cash and cash equivalents)	238,385	297,743	411,880	182,389	321	455	1,968	5,348
Available-for-sale investments	4,418	3,177	3,493	3,367	4,418	3,177	3,493	3,367
	242,803	300,920	415,373	185,756	4,739	3,632	5,461	8,715
Financial liabilities								
Liabilities measured at amortized cost	323,259	280,730	458,571	354,217	8,714	8,714	10,277	17,877
Redeemable convertible preferred shares (see below)	307,260	317,700	381,420	441,062	307,260	317,700	381,420	441,062
Warrants	28,620	30,405	38,815	—	28,620	30,405	38,815	—
	659,139	628,835	878,806	795,279	344,594	356,819	430,512	458,939

Financial liabilities designated as FVTPL — Redeemable convertible preferred shares

	At August 31,			At May 31,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Changes in fair value attributable to changes in credit risk recognized during the year/period(Note)	—	—	—	—
Difference between carrying amount and maturity amount				
At fair value	307,260	317,700	381,420	441,062
Amount payable at maturity	229,800	244,200	258,600	269,400
	77,460	73,500	122,820	171,662

Note: The redeemable convertible preferred shares of the Company are financial liabilities designated at FVTPL. The change in fair value was mainly due to the change in market risk factors. The fair value attributable to change in its credit risk is considered immaterial.

(b) Financial risk management objectives and policies

The Group's major financial instruments include other receivables, available-for-sale investments, bank balances and cash, other payables, amounts due to related parties, redeemable convertible preferred shares, warrants, bank

34. FINANCIAL INSTRUMENTS – continued

(b) Financial risk management objectives and policies – continued

borrowings and other non-current liabilities. Details of these financial instruments are disclosed in the respective notes.

The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The directors of the Company manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. These risks include market risk (currency risk, interest rate risk and equity price risk), credit risk and liquidity risk.

Market risk

(i) Currency risk

Several subsidiaries of the Company and the Company have bank balances, available-for-sale investments and amounts due to related parties which are denominated in foreign currencies. The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets and liabilities at the end of reporting period are as follows:

	The Group				The Company			
	At August 31,			At May 31,	At August 31,			At May 31,
	2011	2012	2013	2014	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
USD								
Assets	2,138	3,587	4,549	8,191	—	—	1,581	3,184
HK$								
Assets	4,778	3,793	4,021	3,883	4,739	3,632	3,880	3,719
Liabilities	11,523	11,506	11,192	1,246	—	—	—	—

34. FINANCIAL INSTRUMENTS – continued

(b) Financial risk management objectives and policies – continued

Market risk – continued

(i) Currency risk – continued

Sensitivity analysis

The Group is mainly exposed to the USD and HK$. The following table details the Group's and the Company's sensitivity to a 5% increase and decrease in Renminbi against USD and HK$. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. A positive number below indicates a decrease in profit before tax or increase in loss before tax and decrease in other equity where Renminbi strengthens 5% against USD and HK$ and a negative number below indicates an increase in profit before tax or decrease in loss before tax where Renminbi strengthens 5% against USD and HK$. For a 5% weakening of Renminbi against USD and HK$, there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.

	The Group				The Company			
	At August 31,			At May 31,	At August 31,			At May 31,
	2011	2012	2013	2014	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Profit or loss related to USD	107	179	227	410	—	—	79	159
Profit or loss related to HK$	(558)	(544)	(534)	(37)	16	23	19	18
Other equity related to HK$	221	159	175	168	221	159	175	168
	(337)	(385)	(359)	131	237	182	194	186

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign currency risk as the year/period end exposure at the end of the reporting period does not reflect the exposure during the respective years/periods.

(ii) Interest rate risk

The Group's fair value interest rate risk relates primarily to its fixed-rate bank borrowings and redeemable convertible preferred shares. The Group is also exposed to cash flow interest rate risk through the impact of rate changes on interest bearing financial assets and liabilities, mainly bank balances and cash and bank borrowings (note 26 for details of bank borrowings) which carried at prevailing market interest rates. It is the Group's policy to keep certain borrowings at floating rate of interests so as to minimize the fair value interest rate risk. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, the directors of the Company will consider hedging significant interest rate risk should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable rate bank borrowings at the end of each reporting period and assumed that the amount of liabilities outstanding at the end of each reporting period was outstanding for the whole year/period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

34. FINANCIAL INSTRUMENTS – continued

(b) Financial risk management objectives and policies – continued

Market risk – continued

(ii) Interest rate risk – continued

Sensitivity analysis – continued

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the years ended August 31, 2012 and 2013 and for the nine months ended May 31, 2014 would decrease/increase by RMB413,000, RMB150,000 and RMB nil, respectively, and the Group's post-tax loss for the year ended August 31, 2011 would increase/decrease by RMB450,000. This is mainly attributable to the Group's exposure to interest rates on its bank borrowings.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent interest rate risk as the year/period end exposure at the end of the reporting period does not reflect the exposure during the respective years/periods.

(iii) Equity price risk

The Group is exposed to equity price risk through its investments in listed equity securities, redeemed convertible preferred shares and warrants. The management manages the exposure to equity price risk of investments in listed equity securities by maintaining a portfolio of investments with different risks. The Group's equity price risk relating to available-for-sale investments is mainly concentrated on investment in companies operating in telecommunication and finance industry sector quoted in the Stock Exchange.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks relating to available-for-sale investments at the end of each reporting date.

If the price of the respective equity instruments had been 5% higher, the potential effect on investment valuation reserve for the years ended August 31, 2011, 2012 and 2013 and for the nine months ended May 31, 2014 would increase by RMB221,000, RMB159,000, RMB175,000 and RMB168,000, respectively. If the price of the respective equity instruments had been 5% lower, assuming it is not a significant or prolonged decline in the fair value of that investment below its cost, the potential effect on the Group's investment valuation reserve for the years ended August 31, 2012 and 2013 and for the nine months ended May 31, 2014 would decrease by RMB159,000, RMB175,000 and RMB168,000, respectively, and the Group's post-tax loss for the year ended August 31, 2011 would increase by RMB221,000.

The Group's sensitivity analysis to redeemed convertible preferred shares and warrants is set out in note 34(c).

In management's opinion, the sensitivity analysis is unrepresentative of the inherent equity price risk as the year/period end exposure at the end of the reporting period does not reflect the exposure during the respective years/periods.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform its obligations is arising from the carrying amounts of the respective recognized financial assets as stated in the consolidated statements of financial position.

In order to minimize the credit risk on other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and

34. FINANCIAL INSTRUMENTS – continued

(b) Financial risk management objectives and policies – continued

Credit risk – continued

past experience. The directors of the Company believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

The credit risk on bank balances is limited because the counterparties are reputable financial institutions.

Liquidity risk

In management of the liquidity risk, the Group and the Company monitors and maintains levels of cash and cash equivalents deemed adequate by the management to finance the Group's and the Company's operations and mitigate the effects of fluctuations in cash flows. The Group relies on bank loans as a significant source of liquidity. In preparing the Financial Information, the management of the Group has given careful consideration to the liquidity of the Group in light of the fact that the current liabilities exceed its current assets as at August 31, 2011, 2012 and 2013 and as at May 31, 2014 and have been taking steps to improve the liquidity of the Group. As set out in note 1, taking into account the financial resources of the Group, including the Group's unutilized banking facilities, the binding agreements signed with banks from February 2014 to May 2014 to renew or refinance the banking facilities upon maturity, and the supplement agreement signed in June 2014 by the Company and the shareholders of the Series A Preferred Shares that the Series A Preferred Shares would not be redeemed until December 31, 2015, the directors of the Company consider the Group's and the Company's liquidity risk is minimal.

34. FINANCIAL INSTRUMENTS – continued

(b) Financial risk management objectives and policies – continued

Liquidity risk – continued

The following tables detail the Group's and the Company's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows. The interest rates for the years ended August 31, 2011, 2012 and 2013 and for the nine months ended May 31, 2014 are used for the cash flow calculation in relation to variable rate interest bearing financial liabilities.

	Weighted average effective interest rate	On demand or less than 1 month	1-3 months	3 months to 1 year	1-5 years	>5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
The Group								
Non derivative financial liabilities								
Other payables	—	72,637	—	—	—	—	72,637	72,637
Amounts due to related parties	—	13,822	—	—	—	—	13,822	13,822
Other non-current liabilities	—	—	—	—	1,500	1,800	3,300	3,300
Bank borrowings								
— fixed rate	6.35	581	64,354	51,091	—	—	116,026	113,500
— variable rate	6.69	668	1,337	124,130	—	—	126,135	120,000
At August 31, 2011		87,708	65,691	175,221	1,500	1,800	331,920	323,259
FVTPL								
Redeemable convertible preferred shares	9.79	—	—	229,800	—	—	229,800	307,260
Warrants	—	—	—	—	—	—	—	28,620
At August 31, 2011		—	—	229,800	—	—	229,800	335,880
Non derivative financial liabilities								
Other payables	—	93,925	—	—	—	—	93,925	93,925
Amounts due to related parties	—	13,805	—	—	—	—	13,805	13,805
Other non-current liabilities	—	—	—	—	1,500	1,500	3,000	3,000
Bank borrowings								
— fixed rate	7.43	372	743	61,487	—	—	62,602	60,000
— variable rate	7.02	40,658	20,700	51,362	—	—	112,720	110,000
At August 31, 2012		148,760	21,443	112,849	1,500	1,500	286,052	280,730
FVTPL								
Redeemable convertible preferred shares	8.00	244,200	—	—	—	—	244,200	317,700
Warrants	—	—	—	—	—	—	—	30,405
At August 31, 2012		244,200	—	—	—	—	244,200	348,105
Non derivative financial liabilities								
Other payables	—	167,380	—	—	—	—	167,380	167,380
Amounts due to related parties	—	13,491	—	—	—	—	13,491	13,491
Other non-current liabilities	—	—	—	—	1,500	1,200	2,700	2,700
Bank borrowings								
— fixed rate	6.68	41,271	2,142	140,587	61,691	—	245,691	235,000
— variable rate	6.30	210	40,210	—	—	—	40,420	40,000
At August 31, 2013		222,352	42,352	140,587	63,191	1,200	469,682	458,571
FVTPL								
Redeemable convertible preferred shares	8.00	258,600	—	—	—	—	258,600	381,420
Warrants	—	—	—	—	—	—	—	38,815
At August 31, 2013		258,600	—	—	—	—	258,600	420,235
Non derivative financial liabilities								
Other payables	—	124,272	—	—	—	—	124,272	124,272
Amounts due to related parties	—	3,545	—	—	—	—	3,545	3,545
Other non-current liabilities	—	—	—	—	1,500	900	2,400	2,400
Bank borrowings								
— fixed rate	6.37	21,161	2,177	208,048	—	—	231,386	224,000
At May 31, 2014		148,978	2,177	208,048	1,500	900	361,603	354,217

34. FINANCIAL INSTRUMENTS – continued

(b) Financial risk management objectives and policies – continued

Liquidity risk – continued

	Weighted average effective interest rate	On demand or less than 1 month	1-3 months	3 months to 1 year	1-5 years	>5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
FVTPL								
Redeemable convertible preferred shares at May 31, 2014	8.00	269,400	—	—	—	—	269,400	441,062
The Company								
Non derivative financial liabilities								
Amounts due to subsidiaries								
— at August 31, 2011	—	8,714	—	—	—	—	8,714	8,714
FVTPL								
Redeemable convertible preferred shares	9.79	—	—	229,800	—	—	229,800	307,260
Warrants	—	—	—	—	—	—	—	28,620
At August 31, 2011		—	—	229,800	—	—	229,800	335,880
Non derivative financial liabilities								
Amounts due to subsidiaries								
— at August 31, 2012	—	8,714	—	—	—	—	8,714	8,714
FVTPL								
Redeemable convertible preferred shares	8.00	244,200	—	—	—	—	244,200	317,700
Warrants	—	—	—	—	—	—	—	30,405
At August 31, 2012		244,200	—	—	—	—	244,200	348,105
Non derivative financial liabilities								
Other payables	—	126	—	—	—	—	126	126
Amounts due to subsidiaries	—	10,151	—	—	—	—	10,151	10,151
At August 31, 2013		10,277	—	—	—	—	10,277	10,277
FVTPL								
Redeemable convertible preferred shares	8.00	258,600	—	—	—	—	258,600	381,420
Warrants	—	—	—	—	—	—	—	38,815
At August 31, 2013		258,600	—	—	—	—	258,600	420,235
Non derivative financial liabilities								
Other payables	—	5,487	—	—	—	—	5,487	5,487
Amounts due to subsidiaries	—	12,390	—	—	—	—	12,390	12,390
At May 31, 2014		17,877	—	—	—	—	17,877	17,877
FVTPL								
Redeemable convertible preferred shares at May 31, 2014	8.00	269,400	—	—	—	—	269,400	441,062

34. FINANCIAL INSTRUMENTS – continued

(c) Fair value measurements of financial instruments

Fair value of the Group's and the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's and the Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair value of these financial assets and financial liabilities are determined (in particular, the valuation technique and inputs used).

Finance assets/ Financial liabilities	Fair value as at				Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input(s)
	August 31, 2011	August 31, 2012	August 31, 2013	May 31, 2014			
1) Listed available-for-sale investments (see note 19)	Listed equity securities: — Telecom industry RMB2,589,000 — Finance industry RMB1,829,000	Listed equity securities: — Telecom industry RMB1,355,000 — Finance industry RMB1,822,000	Listed equity securities: — Telecom industry RMB1,327,000 — Finance industry RMB2,166,000	Listed equity securities: — Telecom industry RMB1,207,000 — Finance industry RMB2,160,000	Level 1	Quoted bid prices in an active market	—
2) Redeemable convertible preferred shares (see note 30)	Liabilities-RMB307,260,000	Liabilities-RMB317,700,000	Liabilities-RMB381,420,000	Liabilities-RMB441,062,000	Level 3	Discounted cash flow analysis and option pricing method Key inputs: compound annual growth rate (the "CAGR") and WACC to determine the enterprise fair value, probability of automatic conversion, risk-free rate, time to expiration, dividend yield and volatility	— Compound annual growth rate (21%, 15%, 15% and 15% as at 31 August 2011, 2012, and 2013 and at May 31, 2014) — Probability of automatic conversion (60%, 70%, 80% and 80% as at August 31, 2011, 2012 and 2013 and at May 31, 2014, respectively) — WACC (14%,15%, 15% and 15% as at August 31, 2011, 2012 and 2013 and at May 31, 2014, respectively)
3) Warrants (see note 30)	Liabilities-RMB28,620,000	Liabilities-RMB30,405,000	Liabilities-RMB38,815,000	N/A	Level 3	Black Scholes option pricing model Key inputs: risk-free rate, expected time to exercise, fair value per Series A Preferred Share as of the valuation date, exercise price, dividend yield and volatility	— Fair value per Series A Preferred Shares as of the valuation date

Details of reconciliation from the beginning balance to the ending balance of Level 3 fair value measurements of financial liability regarding the redeemable convertible preferred shares and warrants are set out in note 30.

The Group recognized change in fair value on redeemable convertible preferred shares included in the profit or loss of RMB104,040,000, RMB10,440,000, RMB63,720,000, RMB40,860,000 (unaudited), RMB59,642,000 relates to redeemable convertible preferred shares held for the years ended August 31, 2011, 2012 and 2013 and for the nine months ended May 31, 2013 and 2014, respectively. The Group recognized change in fair value on warrants included in the profit or loss of RMB21,960,000, RMB1,785,000, RMB8,410,000, RMB5,225,000 (unaudited), RMB3,695,000 relates to warrants for the years ended August 31, 2011, 2012 and 2013 and for the nine months ended May 31, 2013 and 2014, respectively.

34. FINANCIAL INSTRUMENTS – continued

(c) Fair value measurements of financial instruments – continued

Fair value measurements and valuation processes

In estimating the fair value of the redeemable convertible preferred shares and warrants, to determine the appropriate valuation techniques and inputs for fair value measurements, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The directors of the Company work closely with qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

In determining the fair value of redeemable convertible preferred shares, CAGR of 21%, 15%, 15%, and 15%, probability of automatic conversion of 60%, 70%, 80% and 80% and a WACC of 14%, 15%, 15% and 15% are used as of August 31, 2011, 2012 and 2013 and May 31, 2014, respectively. If CAGR was 0.5% higher/lower while all the other variables were held constant, the carrying amount of the Series A Preferred Shares would increase/decrease by approximately RMB3,600,000, RMB10,260,000, RMB13,680,000, RMB17,100,000 as at August 31, 2011, 2012 and 2013 and May 31, 2014, respectively. If probability of automatic conversion was 5% higher/lower while all the other variables were held constant, the carrying amount of the Series A Preferred Shares would decrease/increase by approximately RMB4,894,000, RMB4,945,000, RMB3,908,000 and RMB3,600,000 as at August 31, 2011, 2012 and 2013 and May 31, 2014, respectively. If WACC was 1% higher while all the other variables were held constant, the carrying amount of the Series A Preferred Shares would decrease by approximately RMB19,661,000, RMB18,452,000, RMB21,832,000 and RMB25,020,000 as at August 31, 2011, 2012 and 2013 and May 31, 2014, respectively. If WACC was 1% lower while all the other variables were held constant, the carrying amount of the Series A Preferred Shares would increase by approximately RMB24,084,000, RMB21,393,000, RMB26,128,000 and RMB29,520,000 as at August 31, 2011, 2012 and 2013 and May 31, 2014, respectively.

In determining the fair value of warrants, the fair value per Series A Preferred Share of RMB17.07, RMB17.65 and RMB21.19 are used as at August 31, 2011, 2012 and 2013, respectively. If fair value per Series A Preferred Share was 5% higher/lower while all the other variables were held constant, the carrying amount of the warrants would increase/decrease by approximately RMB2,340,000, RMB2,430,000 and RMB3,120,000 as at August 31, 2011, 2012 and 2013, respectively.

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

There were no transfers between Level 1 and Level 2 in the Relevant Periods.

35. OPERATING LEASES

The Group as lessee

Minimum lease payments paid under operating leases during the Relevant Periods:

	Year ended August 31,			Nine months ended May 31,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Premises	3,332	3,204	3,625	2,724	2,874

35. OPERATING LEASES – continued

The Group as lessee – continued

At the end of each reporting period, the Group's commitments for future minimum lease payments under non-cancellable operating leases fall due as follows:

	At August 31,			At May 31,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	3,204	3,625	3,843	3,412
In the second to fifth year inclusive	11,802	10,423	9,001	6,382
Over five years	3,173	1,233	321	183
	18,179	15,281	13,165	9,977

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated and rentals are fixed for lease terms of one to ten years.

The Group as lessor

Property rental income earned during the year ended August 31, 2011, 2012 and 2013 and the nine months ended May 31, 2013 and 2014 was RMB1,025,000, RMB3,630,000, RMB3,755,000 and RMB2,811,000 (unaudited) and RMB2,799,000 respectively. The properties are expected to generate rental yields of 14% on an ongoing basis. Certain of the properties held have committed tenants for the next 2 years.

At the end of each reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	At August 31,			At May 31,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	2,065	3,196	3,484	2,194
In the second to fifth year inclusive	5,881	8,297	3,625	1,705
	7,946	11,493	7,109	3,899

36. CAPITAL COMMITMENTS

	At August 31,			At May 31,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Capital expenditure contracted for but not provided in the Financial Information in respect of the acquisition of — property, plant and equipment	6,022	11,370	23,684	6,083

There was no capital commitments for which were authorized but not contracted for as at August 31, 2011, 2012 and 2013 and May 31, 2014.

37. RELATED PARTY TRANSACTIONS AND BALANCES

The following balances were the amounts due to related parties:

Name of related parties	At August 31, 2011	At August 31, 2012	At August 31, 2013	At May 31, 2014
	RMB'000	RMB'000	RMB'000	RMB'000
Sherman Jen	13,622	13,605	13,291	3,345
Mrs. Ren Shu'e[(i)]	200	200	200	200
	13,822	13,805	13,491	3,545

(i) Mrs. Ren Shu'e, the sister of Mr. Sherman Jen, has equity interest in Dalian Educational Group.

The amounts due to related parties are unsecured, interest free and repayable on demand.

Compensation of key management personnel

The remuneration of directors and other members of key management of the Group during the Relevant Periods are as follow:

	Year ended August 31, 2011	Year ended August 31, 2012	Year ended August 31, 2013	Nine months ended May 31, 2013	Nine months ended May 31, 2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Short-term benefits	1,662	3,941	4,604	3,485	3,956
Post-employment benefits	11	9	11	11	22
Share-based payments	34	37	—	—	—
	1,707	3,987	4,615	3,496	3,978

B. SUBSEQUENT EVENTS

The following events took place subsequent to the reporting date:

On November 10, 2014, the Company has approved the issuance of 906,600,668 shares standing to the credit of the share premium of the Company conditional on the share premium account of the Company being credited as a result of the global offering of the shares of the Company under the capitalization issue on or around the listing date, details of which are set out in Appendix VI to the Prospectus.

On June 2, 2014, the Company granted 1,275,000 share options to subscribe for an aggregate of 1,275,000 shares (equivalent to 13,651,061 shares, as adjusted for the effect of the capitalization issue). The exercise price for the share options granted is RMB10, or RMB0.93 as adjusted for the effect of the capitalization issue.

In June 2014, the Company and holders of the redeemable convertible preferred shares signed a supplement agreement that the Series A Preferred Shares would not be redeemed until December 31, 2015.

C. SUBSEQUENT FINANCIAL STATEMENTS

Except for the consolidated financial statements of the Group for the year ended August 31, 2014 which were approved and authorized for issue by the board of directors of the Company on November 18, 2014, no audited financial statements of the Company or any of its subsidiaries have been prepared in respect of any period subsequent to May 31, 2014.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
November 18, 2014

The information set out in this Appendix was prepared in accordance with Rule 4.29 of the Hong Kong Listing Rules and is for information purposes only and does not form part of the accountants' report on the historical financial information of the Group prepared by the reporting accountants of our Company, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, as set out in Appendix I.

For illustrative purpose only, the unaudited pro forma financial information prepared in accordance with Rule 4.29 of the Hong Kong Listing Rules is set out here to provide the prospective investors with further information on how the proposed listing might have affected the net tangible assets of the Group after the completion of the Global Offering as if the Global Offering had taken place on May 31, 2014.

A. UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following is an unaudited pro forma statement of adjusted consolidated net tangible assets of the Group which is based on the audited consolidated net tangible assets of the Group attributable to the owners of the Company as of May 31, 2014 as shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus, adjusted as described below. It has been prepared for illustrative purposes only and, because of its hypothetical nature, may not give a true picture of the consolidated net tangible assets of the Group attributable to the owners of the Company as at May 31, 2014 or any future date following the Global Offering.

	Audited Consolidated net tangible assets of the Group attributable to owners of the Company as of May 31, 2014	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share	
	RMB'000[1]	RMB'000[2]	RMB'000	RMB[3]	HK$[4]
Based on Offering price of HK$2.23 per Share	454,106	538,922	993,028	0.90	1.13
Based on Offering price of HK$3.07 per Share	454,106	751,564	1,205,670	1.09	1.37

Notes:

(1) The audited consolidated net tangible assets of the Group attributable to the owners of the Company as of May 31, 2014 are based on audited consolidated net assets of the Group attributable to the owners of the Company as of May 31, 2014 of approximately RMB456,088,000 as set out in Appendix I to this prospectus after deducting goodwill of approximately RMB1,982,000.

(2) The estimated net proceeds from the Global Offering are based on 334,000,000 shares at the offer price of lower limit and upper limit of HK$2.23 and HK$3.07 per Share, respectively, after deduction of estimated related fees and expenses (excluding approximately RMB14.2 million listing expenses which have already been accounted for prior to May 31, 2014 and any additional discretionary incentive fee) and do not take into account any Share that may be issued pursuant to the exercise of the Over-allotment Option. The proceeds from the Global Offering are converted from Hong Kong Dollars to Renminbi at an exchange rate of RMB0.79578 to HK$1.000, the rate of The People's Bank of China prevailing on May 31, 2014. No representation is made that the Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

(3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share has been arrived on the basis of a total of 1,104,883,458 Shares in issue immediately following completion of the Global Offering and Capitalization Issue, which does not reflect the number of shares resulting from the conversion of the Series A Preferred Shares. It does not take into account any Share which may be issued upon exercise of the Over-allotment Option or the options which may be granted under the Share Option Scheme.

Pursuant to the terms and conditions of the Series A Preferred Shares issued in 2008, as disclosed in note 30 to Section A of the Accountants' Report set out in Appendix I to this prospectus, the Series A Preferred Shares will automatically be converted into such number of fully paid ordinary shares upon (i) the election of a majority of the outstanding Series A Preferred Shares shareholder or (ii) the consummation of an underwritten public offering with a price per Share of at least three times the purchase price and aggregate proceeds in excess of US$50,000,000. The above unaudited pro forma adjusted consolidated net tangible assets information has not been adjusted for the carrying amount of Series A Preferred Shares and the number of shares that will be issued resulting from the conversion.

Had the conversion of Series A Preferred Shares into ordinary shares been assumed to take place as at May 31, 2014, the net consolidated tangible assets of the Group would have been increased by RMB441,062,000, which represents the fair value and the carrying amount of the Series A Preferred Shares as of May 31, 2014. Assuming the conversion of Series A Preferred Shares and with the estimated net proceeds from the Global Offering as assumed in note 2 above, based on the minimum and maximum Offer Price of HK$2.23 and HK$3.07 per Share, respectively, the unaudited pro forma adjusted consolidated net tangible assets would be RMB1,434,090,000 and RMB1,646,732,000, respectively, and the unaudited pro forma adjusted consolidated net tangible assets per Share would be RMB1.08 (approximately HK$1.35) per Share and RMB1.23 (approximately HK$1.55) per Share, respectively. The computation of such unaudited pro forma adjusted consolidated net tangible assets per share is arrived on the basis of a total of 1,334,000,000 Shares in issue immediately following completion of Global Offering and Capitalization Issue, which include 229,116,542 Shares resulting from the conversion of Series A Preferred Shares.

(4) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of our Company per Share are converted into Hong Kong Dollars at an exchange rate of RMB0.79578 to HK$1, the rate of The People's Bank of China prevailing on May 31, 2014. No representation is made that the Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

B. REPORTING ACCOUNTANTS' ASSURANCE REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of an assurance report received from our reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, prepared for the purposes of incorporation in this prospectus, in respect of the pro forma financial information of the Group.

Deloitte.
德勤

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Hong Kong

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF CHINA MAPLE LEAF EDUCATIONAL SYSTEMS LIMITED

We have completed our assurance engagement to report on the compilation of pro forma financial information of China Maple Leaf Educational Systems Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma statement of adjusted net tangible assets as at May 31, 2014 and related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated November 18, 2014 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed global offering on the Group's financial position as at May 31, 2014 as if the event had taken place at May 31, 2014. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial information for the three years ended August 31, 2013 and the nine months ended May 31, 2014, on which an accountant's report set out in Appendix I to the Prospectus has been published.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at May 31, 2014 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
November 18, 2014

The following is the consolidated financial information of China Maple Leaf Educational Systems Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended August 31, 2014 ("2014 Financial Information") together with the discussion and analysis of the Group's financial condition and results of operations.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED AUGUST 31, 2014

		Year ended August 31,	
	NOTES	2014	2013
		RMB'000	RMB'000
Revenue	3	540,269	471,219
Cost of revenue		(305,148)	(268,751)
Gross profit		235,121	202,468
Investment and other income	4	5,702	4,859
Other income, gains and losses	5	(246)	101
Marketing expenses		(21,709)	(20,886)
Administrative expenses		(74,528)	(56,118)
Finance costs	6	(15,493)	(15,554)
Other expenses		(24,128)	(1,515)
Change in fair value on redeemable convertible preferred shares		(91,812)	(63,720)
Loss on modification of redeemable convertible preferred shares		(3,286)	—
Change in fair value on warrants		(3,695)	(8,410)
Gain on cancellation of warrants		42,510	—
Profit before taxation		48,436	41,225
Taxation	7	(8,400)	(8,043)
Profit for the year	8	40,036	33,182
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Change in fair value of available-for-sale investments		249	316
Exchange difference arising on the translation of foreign operation		747	(120)
Other comprehensive income for the year		996	196
Total comprehensive income for the year		41,032	33,378
EARNINGS PER SHARE	10		
Basic (RMB)		0.56	0.46
Diluted (RMB)		0.02	0.46

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT AUGUST 31, 2014

	NOTES	At August 31, 2014	At August 31, 2013
		RMB'000	RMB'000
Non-current Assets			
Property, plant and equipment		1,218,897	1,177,025
Prepaid lease payments		191,715	196,589
Investment properties		17,850	18,704
Goodwill		1,982	1,982
Available-for-sale investments		—	3,493
Books for lease		3,407	3,309
Deposits for construction of property and land use right		1,037	1,227
Prepayment for purchase of property plant and equipment		2,118	—
		1,437,006	1,402,329
Current Assets			
Available-for-sale investments		161,741	—
Deposit, prepayments and other receivables		24,626	16,256
Restricted bank deposits		4,000	—
Bank balances and cash		380,332	409,303
		570,699	425,559
Current Liabilities			
Deferred revenue	11	500,231	408,325
Other payables and accrued expenses	12	218,148	188,607
Amounts due to related parties		3,544	13,491
Income tax payable		16,959	17,541
Bank borrowings	13	223,500	215,000
Redeemable convertible preferred shares		—	381,420
Warrants		—	38,815
		962,382	1,263,199
Net Current Liabilities		(391,683)	(837,640)
Total Assets Less Current Liabilities		1,045,323	564,689
Capital And Reserves			
Share capital		511	511
Reserves		466,723	417,131
		467,234	417,642
Non-Current Liabilities			
Deferred tax liabilities		19,171	14,347
Bank borrowings	13	—	60,000
Redeemable convertible preferred shares		476,518	—
Deposit received in respect of disposal of properties		80,000	70,000
Other non-current liabilities		2,400	2,700
		578,089	147,047
		1,045,323	564,689

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2014

1. BASIS OF PREPARATION

The 2014 Financial Information does not constitute the Group's consolidated financial statements for the year ended August 31, 2014 but is extracted from those consolidated financial statements.

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which collective term includes International Accounting Standards ("IASs"), amendments and the related interpretations ("IFRICs"), promulgated by the International Accounting Standards Board ("IASB"). The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those set out in the Group's consolidated financial information for the years ended August 31, 2011, 2012, and 2013 and for the nine months ended May 31, 2014.

The 2014 Financial Information is presented in Renminbi ("RMB"), rounded to the nearest thousand. It is prepared on the historical cost basis except for certain financial assets and liabilities which are stated at their fair value.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has consistently applied IASs, IFRSs, amendments and IFRICs, which are effective for the accounting period beginning on September 1, 2013 for the both years.

New or revised standards and interpretations that have been issued but not yet effective

The Group has not early applied the following new and revised standards, amendments and interpretation ("new and revised IFRSs") that have been issued but are not yet effective.

IFRS 9	Financial Instruments[1]
IFRS 14	Regulatory Deferral Accounts[2]
IFRS 15	Revenue from Contracts with Customers[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[5]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[5]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[5]
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions[4]
Amendments to IAS 27	Equity Method in Separate Financial Statements[5]
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle[6]
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle[5]

1 Effective for annual periods beginning on or after January 1, 2018

2 Effective for first annual IFRS financial statements beginning on or after January 1, 2016

3 Effective for annual periods beginning on or after January 1, 2017

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS – continued

[4] Effective for annual periods beginning on or after July 1, 2014

[5] Effective for annual periods beginning on or after January 1, 2016

[6] Effective for annual periods beginning on or after July 1, 2014, with limited exceptions

The directors of the Company anticipate that the application of other new and revised IFRSs will have no material impact on the consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents (i) service income from tuition and boarding fees, (ii) fees from overseas studies consulting services and summer and winter vacation activities provided to students, (iii) fees from renting educational books to students, and (iv) sales of educational materials to students, less returns, discounts and sales related tax.

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

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

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

	Year ended August 31,	
	2014	**2013**
	RMB'000	**RMB'000**
Tuition and boarding fees	466,748	405,962
Others	73,521	65,257
	540,269	471,219

Major customers

No single customer contributes over 10% or more of total revenue of the Group for the years ended August 31, 2014 and 2013.

Geographical information

The Group primarily operates in the PRC. Substantially all of the non-current assets of the Group are located in the PRC.

4. INVESTMENT AND OTHER INCOME

	Year ended August 31,	
	2014	**2013**
	RMB'000	**RMB'000**
Interest income	1,354	960
Dividends income from available-for-sale investments	146	144
Rental income from investment properties	3,644	3,755
Others	558	—
	5,702	4,859

5. OTHER INCOME, GAINS AND LOSSES

	Year ended August 31,	
	2014	**2013**
	RMB'000	**RMB'000**
(Loss) gain on disposal of property, plant and equipment	(22)	286
Net foreign exchange (loss) gain	(202)	185
Others	(22)	(370)
	(246)	101

6. FINANCE COSTS

	Year ended August 31,	
	2014	**2013**
	RMB'000	**RMB'000**
Interest expense on bank borrowings wholly repayable within 5 years	15,493	15,554

7. TAXATION

	Year ended August 31,	
	2014	**2013**
	RMB'000	**RMB'000**
The charge comprises		
Current tax:		
PRC Enterprise Income Tax ("EIT")	3,576	2,753
Deferred tax:		
Current year	4,824	5,290
	8,400	8,043

7. TAXATION – continued

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

	Year ended August 31,	
	2014	**2013**
	RMB'000	**RMB'000**
Profit before taxation	48,436	41,225
Tax at PRC EIT rates of 25%	12,109	10,306
Tax effect of tax loss not recognized	14,048	20,485
Utilization of tax loss previously not recognized	(1,655)	(2,452)
Tax effect of income not taxable for tax purposes	(100,824)	(90,822)
Tax effect of expenses not deductible for tax purposes	84,722	70,526
Tax charge for the year	8,400	8,043

The Company was incorporated in the Cayman Islands and Maple Leaf Educational Systems Limited ("Maple BVI") was incorporated in British Virgin Island ("BVI") that are tax exempted as no business carried out in Cayman Islands and BVI under the tax laws of the Cayman Islands and the BVI.

No provision for Hong Kong Profits Tax has been made as the Group's operation in Hong Kong had no assessable profit for either year.

All subsidiaries of the Company established in the PRC are subject to the PRC EIT of 25% during the years ended August 31, 2014 and 2013.

According to the Implementation Rules for the Law for Promoting Private Education, private schools for which the sponsors do not require reasonable returns are eligible to enjoy the same treatment as public schools. Dalian Maple Leaf International School, Dalian Maple Leaf International School (Middle School and Elementary School), Tianjin Taida Maple Leaf International School, Wuhan Maple Leaf International School and Wuhan Maple Leaf School have been granted enterprise income tax exemption for the tuition income from relevant local tax authorities. During the year ended August 31, 2014, the tuition income not taxable is RMB403,294,000 (2013: RMB363,287,000), and the related expense not deductible is RMB164,280,000 (2013: RMB142,729,000).

As at August 31, 2014, the Group has unused tax loss of RMB27,411,000 (2013: RMB34,766,000) available for offset against future profits. No deferred tax assets have been recognized in respect of such tax losses due to the unpredictability of future tax profit streams. Tax losses of RMB27,411,000 (2013: RMB34,766,000) as of August 31, 2014 will expire in various years before 2019 (2013: 2018).

Under the EIT law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from January 1, 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB446,169,000 at August 31, 2014 (2013: RMB342,250,000), as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

8. PROFIT FOR THE YEAR

	Year ended August 31,	
	2014	**2013**
	RMB'000	**RMB'000**
Profit for the year has been arrived at after charging (crediting):		
Staff costs, including directors' remuneration		
— salaries and other allowances	216,085	189,003
— retirement benefit scheme contributions	8,387	6,815
— share-base payments	8,560	31
Total staff costs	233,032	195,849
Gross rental income from investment properties	(3,644)	(3,755)
Less:		
Direct operating expense (including depreciation) incurred for investment properties that generated rental income during the year (included in other expenses)	1,366	1,406
Direct operating expense (including depreciation) incurred for investment properties that did not generate rental income during the year (included in other expenses)	147	109
	(2,131)	(2,240)
Depreciation of property, plant and equipment	35,424	29,873
Depreciation of investment properties	854	854
Release of prepaid lease payments	4,874	4,473
Amortization of books for lease	2,875	3,132
Auditors' remuneration	66	53
Listing-related expenses (included in other expenses)	22,511	—

9. DIVIDENDS

No dividend has been paid or proposed during the years ended August 31, 2014 and 2013.

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	Year ended August 31,	
	2014	**2013**
	RMB'000	**RMB'000**
Earnings:		
Earnings for the purpose of basic earnings per share	40,036	33,182
Change in fair value on redeemable convertible preferred shares	—	—
Change in fair value on warrant and gain on cancellation of warrants	(38,815)	—
Earnings for the purpose of diluted earnings per share	1,221	33,182

10. EARNINGS PER SHARE – continued

	Year ended August 31,	
	2014	2013
	'000	'000
Numbers of shares:		
Number of ordinary shares for the purpose of basic earnings per share	72,000	72,000
Effect of dilutive potential ordinary shares:		
Warrants	691	—
Share options	706	465
Weighted average number of ordinary shares for the purpose of diluted earnings per share	73,397	72,465

The weighted average number of shares for the purpose of calculating basic earnings per share and diluted earnings per share has not been adjusted for the effect of the capitalization issue as described more fully in Appendix VI to the Prospectus.

For the years ended August 31, 2014 and 2013, the computation of diluted earnings per share does not assume the conversion of the Company's outstanding redeemable convertible preferred shares since their conversion would result in an increase in the earnings per share.

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding warrants to purchase redeemable convertible preferred shares and the concurrent conversion of such redeemable convertible preferred shares to the ordinary shares since their exercise and conversion would result in an increase in earnings per share for the year ended August 31, 2013.

11. DEFERRED REVENUE

	At August 31,	
	2014	2013
	RMB'000	RMB'000
Tuition and boarding fees	469,517	381,130
Others	30,714	27,195
	500,231	408,325

12. OTHER PAYABLES AND ACCRUED EXPENSES

	At August 31,	
	2014	**2013**
	RMB'000	**RMB'000**
Other tax payables	16,577	13,229
Payables for purchase of property, plant and equipment	56,779	88,588
Miscellaneous expenses received from students (Note)	86,452	50,216
Deposits received from students	16,846	16,083
Accrued payroll	8,087	6,143
Prepayment from lessee	637	663
Accrued operating expenses	211	779
Accrued listing-related expenses	15,383	—
Accrued interest expenses	465	413
Payable for land use right	3,000	3,000
Other payables	13,711	9,493
	218,148	188,607

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

13. BANK BORROWINGS

	At August 31,	
	2014	**2013**
	RMB'000	**RMB'000**
Bank borrowings:		
— Secured	88,500	145,000
— Unsecured	135,000	130,000
	223,500	275,000
Carrying amounts repayable:		
— Within one year	223,500	215,000
— More than one year, but not exceeding two years	—	60,000
	223,500	275,000
Less: Amounts due within one year shown under current liabilities	223,500	215,000
	—	60,000
The exposure of bank borrowings:		
— Fixed rate borrowings	223,500	235,000
— Variable rate borrowings	—	40,000
	223,500	275,000

13. BANK BORROWINGS – continued

The Group has variable-rate borrowings which carry interest with reference to the Benchmark Borrowing Rate of The People's Bank of China. The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowing are as follows:

	Year ended August 31,	
	2014	**2013**
Effective interest rate:		
Variable-rate borrowings	—	6.30% – 6.90%
Fixed rates borrowings	6.00% – 6.90%	6.00% – 7.87%

All of the borrowings are denominated in RMB which is the same as the functional currency of the corresponding group entities.

BUSINESS REVIEW

We are the largest international high school operator and the largest international school operator in China, as measured by student enrollment at the end of the 2010/2011, 2011/2012 and 2012/2013 school years, according to the Frost & Sullivan Report. We operate all of our schools under our "Maple Leaf" brand and offer a bilingual K-12 education with competitive tuition fees.

Educational Philosophy

Our fundamental educational philosophy is to combine the strengths of Chinese and Western education systems to provide our students with a bilingual and bi-cultural education. We embrace both the rigorous preparation and thorough practice that are the focus of the Chinese education system and the creative thinking and innovative teaching methods promoted by the Western education system. We emphasize the importance of solid academic performance in core subject areas such as mathematics, science, languages and history, while at the same time encouraging our students to explore individual interests and nurturing student creativity, communication skills, independent thinking and social responsibility, to enable students to thrive in the future.

The core component of our business is a dual-curriculum and dual-diploma high school education that is unique among the top 10 international school operators in China as measured by student enrollment at the end of the 2012/2013 school year. It enables graduates of our PRC and BC certified high schools to receive both a fully accredited BC high school diploma and a PRC high school diploma. We aspire to develop our students into well-rounded and academically excellent individuals that can function effectively in both Chinese and foreign environments.

Our Schools

We operate all of our schools under our "Maple Leaf" brand. An important element of our educational services is a bilingual learning environment. We design our classes according to the specific linguistic needs of the students at each grade level and build their English language skills as they progress from elementary school to middle school, with the aim of achieving English fluency by high school. In addition, as private schools, we have more flexibility in offering courses which are unavailable in public schools in response to popular student or parent demand. These courses, such as calligraphy, dance, debate and music, emphasize creativity, critical thinking and a deeper appreciation of traditional Chinese and Western cultures. We also offer students the opportunity to participate in a variety of after-school programs and club events, including sports and life skills building projects that supplement classroom teaching.

Other Services

We have put in place the following services to encourage and support the success of our students:

- *Summer and winter camps and tours.* We organize English immersion camps in Canada, Australia and the United States for students in grades nine and below. We also offer high school students university tours overseas during the summer and winter breaks.
- *Graduation consulting center.* We assist our high school students with their university and college applications and guide them through the admissions process for overseas post-secondary institutions. We also help our students with the immigration process for overseas studies, and provide services such as obtaining visas, scholarships and off-campus housing.
- *Orca Center.* We offer top students who aim to enroll in leading universities personalized college counseling services and help them obtain offers and financial aid from top universities. We also provide on-campus SAT training and test taker escorting services to our students who are interested in applying universities/colleges in the United States.

PROSPECTS FOR THE FINANCIAL YEAR ENDING AUGUST 31, 2015

We are the largest international school operator in China, as measured by student enrollment at the end of the 2010/2011, 2011/2012 and 2012/2013 school years, according to the Frost & Sullivan Report. We have established a strong presence in Dalian, Tianjin and Wuhan and we believe that our high-quality education and strong reputation have helped us receive local government support while obtaining the requisite licenses and suitable land sites for our campuses. We intend to continue to expand our school network with a particular emphasis on high schools. In cities where we already enjoy a strong market position through established high schools, we plan to leverage our brand and experience by building more schools. In addition, we plan to continue to carry out part of our future expansion plan under an asset-light approach by partnering with third parties to develop new schools, which we believe will enable us to generate high returns on capital. Moreover, we intend to increase the utilization rate of our schools by increasing student enrollment and providing additional programs outside regular school hours. We opened three middle schools, three elementary schools and one preschool in September 2014. We also expect to incur relatively large amount of capital expenditures for the construction of our new campus in Yiwu, Zhejiang in the financial year ending August 31, 2015.

FINANCIAL REVIEW

Adjusted Net Profit

The following table reconciles our adjusted net profit for the years presented to net profit, the most directly comparable financial measure calculated and presented in accordance with IFRS.

	Year ended August 31,	
	2014	**2013**
	RMB'000	**RMB'000**
Profit for the year	40,036	33,182
Add:		
Share-based payments	8,560	31
Change in fair value on redeemable convertible preferred shares	91,812	63,720
Loss on modification of redeemable convertible preferred shares	3,286	—
Change in fair value on warrants	3,695	8,410
Gain on cancellation of warrants	(42,510)	—
Adjusted net profit	104,879	105,343

Adjusted EBITDA

The following table reconciles our income before income taxes and minority interests under IFRS to our definition of EBITDA for the years indicated.

	Year ended August 31,	
	2014	**2013**
	RMB'000	**RMB'000**
Profit before taxation	48,436	41,225
Interest expense on bank borrowings and banking facilities	15,493	15,554
Depreciation and amortization	44,027	38,332
EBITDA	107,956	95,111
Add:		
Share-based payments	8,560	31
Change in fair value on redeemable convertible preferred shares	91,812	63,720
Loss on modification of redeemable convertible preferred shares	3,286	—
Change in fair value on warrants	3,695	8,410
Gain on cancellation of warrants	(42,510)	—
Adjusted EBITDA	172,799	167,272

Note: We use Adjusted EBITDA to provide additional information about our operating performance. We define Adjusted EBITDA as the sum of profit before taxation, interest expense on bank borrowings and banking facilities and depreciation and amortization (include depreciation of property, plant and equipment, depreciation of investment properties, amortization of books for lease and release of prepaid lease payments), and add share-based payment, change in fair value on redeemable convertible preferred shares and change in fair value on warrants and gain on cancellation of warrants. Adjusted EBITDA is not a measurement of financial performance or liquidity under IFRS and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with IFRS or as an alternative to cash flow from operating activities as measures of liquidity. Adjusted EBITDA is provided in addition to net income because net income includes accounting items associated with interest expenses and depreciation and amortization (include depreciation of property, plant and equipment, depreciation of investment properties, amortization of books for lease and release of prepaid lease payments). These accounting items may vary between companies depending on the method of accounting adopted by each company. In addition, Adjusted EBITDA is not a standardized term, hence, a direct comparison between companies using such terms may not be possible. We have included Adjusted EBITDA because we believe that it is a useful supplement to the cash flow data as a measure of our performance and our ability to generate cash flow from operations.

Revenue

We derive revenue from tuition fees for our high schools, middle schools, elementary schools, preschools and foreign national schools and from other educational services. The table below summarizes, for the years indicated, the amount of revenue generated from tuition, other educational services and other sources.

	Year ended August 31,	
	2014	**2013**
	RMB'000	**RMB'000**
Tuition fees		
— High school	288,041	259,205
— Middle school	79,259	68,150
— Elementary school	59,779	37,851
— Foreign national school	14,877	14,376
— Preschool	24,792	26,380
Text books	23,344	17,954
Summer and winter camp	24,832	26,234
Other educational services	25,345	21,069
Total	**540,269**	**471,219**

Our revenue increased by 14.7% from RMB471.2 million for the financial year ended August 31, 2013 to RMB540.3 million for the financial year ended August 31, 2014. This increase was primarily the result of revenue from tuition fees increasing by 15.0% from RMB406.0 million for the financial year ended August 31, 2013 to RMB466.7 million for the financial year ended August 31, 2014, primarily due to an increase in student enrollment. Our student enrollment increased by 15.5% from approximately 11,697 as of the end of the 2012/2013 school year to approximately 13,513 as of the end of the 2013/2014 school year, primarily due to an increase in the number of students enrolled at our existing schools, and the opening of a new high school in Shanghai, which began operations for the 2013/2014 school year. Revenue from the sale and lease of textbooks increased by 29.4% from RMB18.0 million for the financial year ended August 31, 2013 to RMB23.3 million for the financial year ended August 31, 2014, which was primarily attributable to an increase in the number of students enrolled at our high school in Tianjin. Revenue from our summer and winter camps decreased by 5.3% from RMB26.2 million for the financial year ended August 31, 2013 to RMB24.8 million for the financial year ended August 31, 2014, primarily due to a decrease in the number of students participating in our winter camps.

Cost of Revenue

Our cost of revenue consists primarily of staff costs, depreciation and amortization, other training expenses and other costs. Staff costs consist of salaries and benefits paid to our teachers and other teaching staff. Depreciation and amortization relate to the depreciation of property, plant and equipment and the amortization of books for lease. Other training expenses relate to travel expenses and other expenses incurred in connection with our summer and winter camps. Other costs include our daily expenses of operating our schools and facilities, including the cost of furniture at our schools and the cost of maintaining our facilities. The following table sets forth the components of our cost of revenue:

	Year ended August 31,	
	2014	2013
	RMB'000	RMB'000
Teaching staff costs	185,436	157,207
Depreciation and amortization	34,509	29,577
Other training expenses	25,120	25,757
Other costs	60,083	56,210
Total cost of sales	**305,148**	**268,751**

Cost of revenue increased by 13.5% from RMB268.8 million for the financial year ended August 31, 2013 to RMB305.1 million for the financial year ended August 31, 2014. This increase was primarily the result of an increase in staff costs by 17.9% from RMB157.2 million for the financial year ended August 31, 2013 to RMB185.4 million for the financial year ended August 31, 2014. In particular, the number of teachers increased by 23.6% from approximately 1,036 as of August 31, 2013 to approximately 1,272 as of August 31, 2014. Depreciation and amortization increased by 16.6% from RMB29.6 million for the financial year ended August 31, 2013 to RMB34.5 million for the financial year ended August 31, 2014 as a result of an increase in fixed assets as we completed the construction of certain schools and facilities during the year. Other training expenses remained stable from RMB25.8 million for the financial year ended August 31, 2013 to RMB25.1 million for the financial year ended August 31, 2014. Other costs increased by 6.9% from RMB56.2 million for the financial year ended August 31, 2013 to RMB60.1 million for the financial year ended August 31, 2014 as we made upgrades to various premises and facilities at our existing schools.

Gross Profit

As a result of the foregoing, gross profit increased by 16.1% from RMB202.5 million for the financial year ended August 31, 2013 to RMB235.1 million for the financial year ended August 31, 2014. Our gross margin remained stable from 43.0% for the financial year ended August 31, 2013 to 43.5% for the financial year ended August 31, 2014.

Investment and Other Income

Investment and other income consists of interest income from our bank deposits, dividend income from available-for-sale investments and rental income and expenses in connection with certain office space that we lease to third parties. Investment and other income increased by 16.3% from RMB4.9 million for the financial year ended August 31, 2013 to RMB5.7 million for the financial year ended August 31, 2014. The increase was primarily attributable to interest income generated from certain financial products we purchased during the year.

Other Income, Gains and Losses

Other income, gains and losses consist primarily of gains and losses recognized upon the disposal of available-for-sale investments, gains and losses recognized upon the disposal of property, plant and equipment, including computers, and foreign exchange gains. Other income, gains and losses decreased from a gain of RMB101,000 for the financial year ended August 31, 2013 to a loss of RMB246,000 for the financial year ended August 31, 2014. The decrease was primarily due to the fact that we recognized one-off gains attributable to the disposition of property, plant and equipment and to foreign exchange transactions for the financial year ended August 31, 2013 and we incurred losses from foreign exchange transactions for the financial year ended August 31, 2014.

Marketing Expenses

The majority of marketing expenses is comprised of commercials, and expenses for producing, printing and distributing advertising and promotional materials. Marketing expenses also include salaries and benefits for personnel engaged in selling and marketing activities. Our marketing expenses increased slightly by 3.8% from RMB20.9 million for the financial year ended August 31, 2013 to RMB21.7 million for the financial year ended August 31, 2014.

Administrative Expenses

Administrative expenses primarily consist of the salaries and other benefits for general and administrative staff, depreciation of office buildings and equipment, travel expenses, taxes, employee share options and certain professional expenses. We expect our general and administrative expenses to increase as we intend to hire additional general and administrative personnel to support the growth of our business. Our administrative expenses increased by 32.8% from RMB56.1 million for the financial year ended August 31, 2013 to RMB74.5 million for the financial year ended August 31, 2014, primarily because we incurred additional costs for issuing new share options to our employees.

Finance Costs

Finance costs consist primarily of the interest expenses for our bank borrowings and banking facilities. Finance costs remained stable from RMB15.6 million for the financial year ended August 31, 2013 to RMB15.5 million for the financial year ended August 31, 2014, reflecting the interest expense on our bank borrowings and banking facilities.

Other Expenses

Other expenses consist primarily of operating expenses and depreciation incurred in connection with certain properties that we lease to third parties. Other expenses increased from RMB1.5 million for the financial year ended August 31, 2013 to RMB24.1 million for the financial year ended August 31, 2014. The increase was primarily attributable to expenses related to the Global Offering incurred during the financial year ended August 31, 2014.

Change in Fair Value on Redeemable Convertible Preferred Shares

Change in fair value on redeemable convertible preferred shares relates to the changes in fair value of the Preferred Shares calculated using the option-pricing method. The key parameters adopted for the valuation of the Preferred Shares include the estimated probability of the Preferred Shares, the risk-free rate, time to expiration, the dividend yield and volatility. Losses recognized in our consolidated statements of comprehensive income from change in fair value on redeemable convertible preferred shares increased by 44.1% from RMB63.7 million for the financial year ended August 31, 2013 to RMB91.8 million for the financial year ended August 31, 2014 due to the increase in fair value of the Preferred Shares, which was primarily attributable to the increase in the fair value of the Company.

Loss on Modification of Redeemable Convertible Preferred Shares

In June 2014, we entered into a supplement agreement with the holders of the redeemable convertible preferred shares, under which the Series A Preferred Shares would not be redeemed until December 31, 2015, which affected the fair value of the Preferred Shares. We recognized a RMB3.3 million loss on the modification of redeemable convertible preferred shares.

Change in Fair Value on Warrants/Gain on Cancellation of Warrants

Change in fair value on warrants relates to the change in fair value of the Series A Warrant, the fair value of the Series A Warrant was determined at the relevant dates using the Black-Scholes option pricing model. The key parameters adopted for the valuation of the Series A Warrant include estimates on risk free rate, other comparable public companies share price volatility and others. We recognized a loss of RMB3.7 million in our consolidated statements of comprehensive income from change in fair value on warrants for the financial year ended August 31, 2014, compared to a loss of RMB8.4 million for the financial year ended August 31, 2013, which was primarily attributable to the increase in the fair value of the Company. We recognized a one-time gain on cancellation of warrants in the amount of RMB42.5 million in our consolidated statements of comprehensive income from the termination of the Series A warrant on January 15, 2014.

Profit before Taxation

As a result of the foregoing, we recognized a profit of RMB41.2 million before taxation for the financial year ended August 31, 2013, compared to a profit of RMB48.4 million before taxation for the financial year ended August 31, 2014. Our profit before taxation as a percentage of revenue was 9.0% for the financial year ended August 31, 2014.

Taxation

Our effective tax rate for the financial years ended August 31, 2013 and 2014 was 19.5% and 17.3%, respectively. The fluctuations of our effective tax rates during the years were primarily the result of changes in the fair value on Preferred Shares and changes in the fair value on warrants. Our income tax expense remained stable from RMB8.0 million for the financial year ended August 31, 2013 to RMB8.4 million for the financial year ended August 31, 2014.

Profit for the Year

As a result of the above factors, we recorded a profit of RMB33.2 million for the financial year ended August 31, 2013, as compared to a profit of RMB40.0 million for the year financial year ended August 31, 2014.

NET CURRENT ASSETS AND LIABILITIES

Our net current liabilities decreased significantly from RMB837.6 million as of August 31, 2013 to RMB391.7 million as of August 31, 2014, primarily because we entered into a supplement agreement with the holders of the redeemable convertible preferred shares, under which the Series A Preferred Shares would not be redeemed until December 31, 2015. We recognized net current liabilities as of August 31, 2014 primarily due to amounts recognized as deferred revenue, amounts recognized as other payables and bank borrowings and amounts recognized as redeemable convertible preferred shares. We recognize deferred revenue from tuition fees, textbook fees, among other things, received prior to the beginning of the relevant school year. Tuition fees and textbook rental income from all of our schools except our preschools are generally paid in advance prior to the beginning of each school year and are initially recorded as deferred revenue. We record payment of tuition fees initially as a liability under deferred revenue and recognize such amounts received as revenue proportionately over the relevant period in which students attend the applicable program. We recognize textbook rental income as a liability until the end of the relevant school year. Other payables and accrued expenses consist primarily of payables for purchase of property, plant and equipment in connection with our expansion and maintenance of our schools, deposits from students for the textbooks rented and miscellaneous expenses received from students, which primarily include expenses for purchasing laptop computers and school uniforms, registration fees required under the BC Global Education Program and expenses related to other on-campus activities. Our Directors confirm that we did not have any material defaults in other payables for the financial year ended August 31, 2014. Bank borrowings represent primarily short-term loans used in connection with our business expansion. Our current liabilities also include amounts due to related parties, which represent shareholder loans from our Founder and our Founder's Sisters. We will settle all amounts due to our related parties prior to the Listing.

We receive most of our tuition fees in August every year, and we believe we can make better use of such cash by making appropriate short-term investments, which generates income without interfering with the operation of our schools. As a result, in July and August 2014, we invested in two investment products with a term of 33 days and 35 days, respectively, the principal of which was guaranteed under the purchase agreements. The investment products were issued in the principal amounts of RMB78 million and RMB80 million by Hankou Bank and Bank of Shanghai, respectively. The portfolios of instruments underlying the investment products might include government debt, financial bonds, People's Bank of China notes, medium-term notes (AAA), bond futures, corporate bonds with high credit ratings, short-term financing notes, bond funds, money market funds, asset-backed securities and interbank loans (in the case of the product issued by Hankou Bank) and investment grade or above bonds, deposits, cash and interbank loans (in the case of the product issued by Bank of Shanghai). While derivative transactions might also be involved when the banks structured the investment portfolios, the investment products were classified as "low risk" by the issuing banks, respectively, and, although they were not formally rated by any credit rating agency, they were both issued and had their principal amounts guaranteed upon held to maturity by licensed PRC banks. As such, we believed that they carried negligible counter-party risk and our maximum downside exposure was the potential loss of any interest on such investments. In September 2014, we received the principal amounts of RMB78 million and RMB80 million and the agreed interest of such investment products in the amounts of RMB297,468.5 and RMB334,554.2 (representing annual rates of return of 4.22% and 4.36%), respectively, in accordance with the purchase agreements. For more information about our internal control and risk management measures regarding investment in investment products, see the section headed "Business — Internal Control over Business Operations — Risk Management" in this prospectus.

CAPITAL EXPENDITURES

Our capital expenditures consist primarily of maintaining, renovating and upgrading existing school premises, building additional premises for our existing schools, and purchasing educational equipment and facilities for our new schools. Our cash flows of capital expenditures for the financial years ended August 31, 2013 and 2014 were RMB239.7 million and RMB113.7 million, respectively. Our capital expenditures for the financial year ended August 31, 2014 were primarily related to constructing and upgrading the school premises on our Tianjin, Wuhan and Zhenjiang campuses and purchasing electronic equipment.

INDEBTEDNESS

Our total outstanding bank borrowings decreased from RMB275.0 million as of August 31, 2013 to RMB223.5 million as of August 31, 2014. As of August 31, 2014, we had RMB186.5 million unutilized banking facilities.

MARKET RISKS

See the subsection headed "Financial Information – Quantitative and Qualitative Disclosure about Market Risks" in this prospectus for further discussion.

CODE ON CORPORATE GOVERNANCE PRACTICES

As our Company was not yet listed on the Hong Kong Stock Exchange during the financial year ended August 31, 2014, the Corporate Governance Code (the "Corporate Governance Code") as set out in Appendix 14 to the Hong Kong Listing Rules was not applicable to our Company during such period under review. After the Listing, we shall comply with all the code provisions set forth in the Corporate Governance Code, save that Mr. Sherman Jen performs the dual roles of both chairman and Co-CEO. Our Board believes that by vesting the roles of both chairman and Co-CEO in Mr. Sherman Jen, along with the other Co-CEO, Mr. Zhenwan Liu, the Company derives the benefit of ensuring consistent leadership within our Group, which in turn enables more effective and efficient overall strategic planning for our Group. Our Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively.

REVIEW OF OUR CONSOLIDATED FINANCIAL INFORMATION

We will establish an audit committee upon Listing in compliance with the Corporate Governance Code. Members of the audit committee have discussed with the management of our Company and reviewed the consolidated financial information of our Company for the financial year ended August 31, 2014 set out in this appendix. The consolidated financial information of our Company has been agreed with our reporting accountants.

PURCHASE, SALES OR REDEMPTION OF OUR COMPANY'S SHARES

As our Company was not yet listed on the Hong Kong Stock Exchange during the financial year ended August 31, 2014, this disclosure requirement is not applicable to our Company.

The following is the text of a letter, summary of valuations and valuation certificate prepared for the purpose of incorporation in this prospectus received from DTZ Debenham Tie Leung Limited, an independent property valuer, in connection with its opinion of market value of the property interests in the PRC as at August 31, 2014.

16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

November 18, 2014

The Directors
China Maple Leaf Educational Systems Limited
Maple Leaf Educational Park,
Jinshitan, Dalian, Liaoning,
The PRC

Dear Sirs,

Instructions, Purpose and Date of Valuation

In accordance with your instructions for us to value the properties situated in the People's Republic of China (the "PRC") in which China Maple Leaf Educational Systems Limited (the "Company") and its subsidiaries (hereinafter referred to as the "Group") have interests, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing the Group with our opinion of the market value of the properties as at August 31, 2014 (the "date of valuation").

Definition of Market Value

Our valuation of each of the properties represents its Market Value which in accordance with the Valuation Standards (2012 Edition) published by the Hong Kong Institute of Surveyors is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Valuation Basis and Assumption

Our valuations exclude an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoing of an onerous nature which could affect their values.

In valuing the properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

In the course of our valuation of the properties, we have assumed that transferable land use rights in respect of the properties for a specific term at nominal annual land use fees have been granted and that any premium has already been fully settled. We have relied on the advice given by the Group regarding the title to the properties. For the purpose of our valuation, we have assumed that the grantee has enforceable title to the properties.

In valuing the properties, we have assumed that the grantees or the users of the properties have free and uninterrupted rights to use or to assign the properties for the whole of the unexpired term as granted.

Method of Valuation

In valuing the properties in Group I, we have adopted the Depreciated Replacement Costs ("DRC") Approach. DRC is based on an estimate of the market value of the land in its existing use, plus the current cost of replacement of the improvements, less allowance for physical deterioration and all relevant forms of obsolescence and optimization. This figure includes fees and finance charges payable during the construction periods and other associated expenses directly related to the construction of the building. The DRC Approach generally furnishes a reliable indication of value for property with specific nature and design of buildings, in the absence of identifiable market sales comparables. The DRC is subject to adequate service potential of the business.

In respect of the property in Group II which is held by the Group for investment in the PRC, we have adopted the Investment Approach by capitalizing the rental income derived from the existing tenancies with due provision for the reversionary income potential of the property, or where appropriate, by Direct Comparison Method by making reference to comparable sales transactions as available in the relevant market.

Source of Information

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of property, site and floor areas and all other relevant matters. Dimensions, measurements and areas are based on information provided to us and are therefore only approximation. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuations. We were also advised that no material facts have been omitted from the information supplied.

Title Investigation

We have been provided with copies of documents in relation to the title to the property. However, we have not been able to conduct searches to verify the ownership of the property or to ascertain any amendment which may not appear on the copies handed to us.

In the course of our valuation, we have relied to a considerable extent on the information given by the Group and its legal advisors, Tian Yuan Law Firm, and in respect of the title to the properties in the PRC.

Site Inspection

We have inspected the exterior of the property and, where possible, the interior of the properties. The site inspections were carried out in November 2014 by Amy Zhang, Lucy Yu and Rita Shi who are Registered China Real Estate Appraisers. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not able to report that the properties are free of rot, infestation and any other structural defects, nor were any test carried out to any of the services. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. Unless otherwise stated, we have not been able to carry out on-site measurements to verify the site and floor area of the properties and we have assumed that the areas shown on the copies of the documents handed to us are correct.

Currency

Unless otherwise stated, all money amounts stated in this valuation report are in Renminbi ("RMB"), the official currency of the PRC.

We enclose herewith a summary of our valuations and our valuation certificates.

Yours faithfully,
For and on behalf of
DTZ Debenham Tie Leung Limited

Andrew K.F. Chan
Registered Professional Surveyor (General Practice)
Registered China Real Estate Appraiser
MSc., M.H.K.I.S.
Senior Director

Note: Mr. Andrew K.F. Chan is a Registered Professional Surveyor (General Practice) who has over 27 years' experience in the valuation of properties in the PRC and Hong Kong.

SUMMARY OF VALUATIONS

Property	Market value in existing state as at August 31, 2014	Interest attributable to the Group	Market value in existing state attributable to the Group as at August 31, 2014
Group I — Properties held by the Group for owner occupation in the PRC			
1. No. 6 Zhongxin Avenue, Jinshitan, Dalian Development Area, Dalian, Liaoning Province, the PRC	RMB113,000,000	100%	RMB113,000,000
2. No. 9 Zhongxin Avenue, Jinshitan, Dalian Development Area, Dalian, Liaoning Province, the PRC	No commercial value	—	No commercial value
Sub-total:	RMB113,000,000		RMB113,000,000
Group II — Property held by the Group for investment in the PRC			
3. Nos. 78 and 78-1 Caiyun Road, Xigang District, Dalian, Liaoning Province, the PRC	RMB55,000,000	100%	RMB55,000,000
Sub-total:	RMB55,000,000		RMB55,000,000
Total:	**RMB168,000,000**		**RMB168,000,000**

VALUATION CERTIFICATE

Group I — Properties held by the Group for owner occupation in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at August 31, 2014
1.	No. 6 Zhongxin Avenue, Jinshitan, Dalian Development Area, Dalian, Liaoning Province, the PRC	The property comprises 3 parcels of land with a total site area of approximately 62,511 sq m and various buildings erected thereon. The buildings of the property have a total gross floor area of 63,590.06 sq m. The property was completed in the period between 1996 and 2004. The property is located in Dalian Development Area. Developments nearby are mainly residential developments interspersed with retail facilities. According to the information provided by the Group, the property is for educational use. The land use rights of a portion of the property with a site area of 30,833 sq m have been granted for a term due to expire on May 27, 2046 for educational use. The land use rights of the remaining portion are obtained through administrative allocation and the land use rights term is unspecified.	As at the date of valuation, the property was occupied by the Group as an educational institute and its ancillary facilities.	RMB113,000,000 (See note (3) below)

Notes:-

(1) According to State-owned Land Use Rights Certificate No. (2002) 00012 issued by Dalian Jinshitan National Tourist Resort Land Management Bureau (大連金石灘國家旅遊度假區土地管理局) on May 28, 2002, the land use rights of a portion of the property with a site area of 30,833 sq m have been vested in Dalian Maple Leaf International School (大連楓葉國際學校) for a term due to expire on May 27, 2046 for educational use. The land use rights of this portion of the property have been granted by the government to Dalian Maple Leaf International School.

According to State-owned Land Use Rights Certificate No. (2003) 00007 issued by Dalian Jinshitan National Tourist Resort Land Management Bureau on March 2, 2003, the land use rights of a portion of the property with a site area of 17,157 sq m have been vested in Dalian Maple Leaf International School for gymnasium and apartment use. The land use rights of this portion of the property have been allocated by the government to Dalian Maple Leaf International School.

According to State-owned Land Use Rights Certificate No. (1998) 005 issued by Dalian Jinshitan National Tourist Resort Land Management Bureau on March 2, 1998, the land use rights of a portion of the property with a site area of 14,521 sq m have been vested in Dalian Maple Leaf International School for educational use. The land use rights of this portion of the property have been allocated by the government to Dalian Maple Leaf International School.

(2) According to 9 Building Ownership Certificates issued by Dalian Economic and Technological Development Area Real Estate Management Centre (大連經濟技術開發區房產管理中心) , the building ownership of the property with a total gross floor area of 40,622.43 sq m has been vested in Dalian Maple Leaf International School. This portion of the property is erected on the site with land use rights granted by the government.

According to 11 Building Ownership Certificates issued by Dalian Economic and Technological Development Area Real Estate Management Centre, the building ownership of the property with a total gross floor area of 22,967.63 sq m has been vested in Dalian Maple Leaf International School. This portion of the property is erected on the sites with land use rights allocated by the government.

(3) The land use rights of a portion of the property with a site area of 31,678 sq m have been obtained through administrative allocation and certain buildings with a gross floor area of 22,967.63 sq m are erected thereon. In the course of valuation, we have assigned no commercial value to the aforesaid portion of the property as this portion could not be freely transferred in the open market. However, on the assumption that all land premium had been fully settled and the property can be freely transferred in the open market, the market value of this portion of the property would be RMB75,000,000.

(4) We have been provided with a legal opinion on the title to which contains, inter-alia, the following information:-

(i) Dalian Maple Leaf International School has obtained the land use rights and building ownership of the property;

(ii) The land use rights of a portion of the property with a site area of 30,833 sq m have been granted by the government and certain buildings with a gross floor area of 40,622.43 sq m are erected thereon. Dalian Maple Leaf International School has the rights to use, transfer, lease, mortgage and dispose of this portion of the property; and

(iii) The land use rights of a portion of the property with a site area of 31,678 sq m have been obtained through administrative allocation and certain buildings with a gross floor area of 22,967.63 sq m are erected thereon. Dalian Maple Leaf International School has the rights to occupy and use this portion of the property. This portion of the property could be transferred, leased and mortgaged if permission has been granted by the relevant government authorities.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at August 31, 2014
2.	No. 9 Zhongxin Avenue, Jinshitan, Dalian Development Area, Dalian, Liaoning Province, the PRC	The property comprises a parcel of land with a site area of approximately 170,043 sq m with various buildings erected thereon. The buildings of the property have a total gross floor area of 96,806.62 sq m. The property was completed in the period between 2009 and 2010. The property is located in Dalian Development Area of Dalian. Developments nearby are mainly residential developments interspersed with retail facilities. According to the information provided by the Group, the property is for educational use.	As at the date of valuation, the property was occupied by the Group as an educational institute and its ancillary facilities.	No commercial value (See note (4) below)

Notes:-

(1) According to State-owned Land Use Rights Certificate No. (2008) 0021 issued by Dalian State-owned Land Resources and Housing Bureau Development Area Branch on November 11, 2008, the land use rights of the property with a total site area of 170,043 sq m have been vested in Dalian Maple Leaf Educational Group Co., Ltd. for educational use. The land use rights of this portion of the property are allocated by the government to Dalian Maple Leaf Educational Group Co., Ltd.

(2) According to 11 Building Ownership Certificates issued by Dalian Economic and Technological Development Area Real Estate Management Centre, the building ownership of portions of the property with a total gross floor area of 61,992.06 sq m have been vested in Dalian Maple Leaf Educational Group Co., Ltd. This portion of the property is erected on the site with land use rights allocated by the government.

(3) According to Construction Works Completion Examination Certificate No. 20102031 issued by Dalian Jinzhou New District Planning and Construction Bureau (大連金州新區規劃建設局) on December 10, 2010, portions of the property (building nos. 1, 2 and 9) with a total gross floor area of 34,814.56 sq m were completed. These portions of the property are erected on the site with land use rights allocated by the government.

(4) The land use rights of the property have been obtained through administrative allocation and various buildings with a total gross floor area of 96,806.62 sq m are erected thereon. In the course of valuation, we have assigned no commercial value to the property as the property could not be freely transferred in the open market. However, on the assumption that all land premium had been fully settled and the property can be freely transferred in the open market, the market value of the property would be RMB386,000,000.

(5) We have been provided with a legal opinion on the title to which contains, inter-alia, the following information:-

(i) Dalian Maple Leaf Educational Group Co., Ltd. has obtained the land use rights and building ownership of the property;

(ii) The land use rights of the property have been obtained through administrative allocation and certain buildings with a total gross floor area of 96,806.62 sq m are erected thereon. Dalian Maple Leaf Educational Group Co., Ltd. has the rights to occupy and use the property. The property could be transferred, leased and mortgaged if permission has been granted by the relevant government authorities;

(iii) Portions of the property (building nos. 1, 2 and 9) with a total gross floor area of 34,814.56 sq m have obtained the relevant approvals for construction works. There is no legal impediment to obtain the building ownership certificate for these portions of the property; and

(iv) The property is subject to a mortgage in favor of Dalian Zhongshan Branch of China Construction Bank.

VALUATION CERTIFICATE

Group II — Property held by the Group for investment in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at August 31, 2014
3.	Nos. 78 and 78-1 Caiyun Road, Xigang District, Dalian, Liaoning Province, the PRC	The property comprises an 8-storey building with a total gross floor area of 8,836.48 sq m for educational use. The property is located in Cai Yun Road of Xi Gang District of Dalian. Developments nearby are mainly residential and educational developments. The land use rights of the property have been granted for a term due to expire on December 8, 2033 for educational use.	As at the date of valuation, the property was subject to various tenancies for terms with the latest expiry in June 2016 at a total monthly rent of approximately RMB278,333.	RMB55,000,000

Notes:-

(1) According to State-owned Land Use Rights Certificate No. (2003)02070 issued by Dalian Municipal Bureau of Land Resources and Housing on December 5, 2003, the land use rights of the property with a total site area of 888.8 sq m have been vested in Dalian Maple Leaf International School for educational use.

(2) According to 2 Building Ownership Certificates Nos. 2003400573 and 2003400574 issued by Dalian Real Estate Register and Certificate Centre, the building ownership of the property with a total gross floor area of 8,836.48 sq m has been vested in Dalian Maple Leaf International School.

(3) We have been provided with a legal opinion on the title to which contains, inter-alia, the following information:-

(i) Dalian Maple Leaf International School has obtained the building ownership of the property and has the rights to occupy, use, transfer, lease, mortgage and dispose of the property; and

(ii) The lease agreements of the property have not been duly registered. Despite the fact that the lease agreements have not been registered, it would not legally affect the validation of the lease agreements.

THE CONSTITUTION OF THE COMPANY

1 Memorandum of Association

The Memorandum of Association of the Company was conditionally adopted on November 10, 2014 and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law or any other law of the Cayman Islands.

The Memorandum of Association is available for inspection at the address specified in Appendix VII in the section headed "Documents available for inspection".

2 Articles of Association

The Articles of Association of the Company were conditionally adopted on November 10, 2014 and include provisions to the following effect:

2.1 Classes of Shares

The share capital of the Company consists of ordinary shares. The capital of the Company at the date of adoption of the Articles is US$4,000,000 divided into 4,000,000,000 shares of US$0.001 each.

2.2 Directors

(a) *Power to allot and issue Shares*

Subject to the provisions of the Companies Law and the Memorandum and Articles of Association, the unissued shares in the Company (whether forming part of its original or any increased capital) shall be at the disposal of the Directors, who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration, and upon such terms, as the Directors shall determine.

Subject to the provisions of the Articles of Association and to any direction that may be given by the Company in general meeting and without prejudice to any special rights conferred on the holders of any existing shares or attaching to any class of shares, any share may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise, and to such persons at such times and for such consideration as the Directors may determine. Subject to the Companies Law and to any special rights conferred on any shareholders or attaching to any class of shares, any share may, with the sanction of a special resolution, be issued on terms that it is, or at the option of the Company or the holder thereof, liable to be redeemed.

(b) *Power to dispose of the assets of the Company or any subsidiary*

The management of the business of the Company shall be vested in the Directors who, in addition to the powers and authorities by the Articles of Association expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done or approved by the Company and are not by the Articles of Association or the Companies Law expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the Companies Law and of the Articles of Association and to any regulation from time to time made by the Company in general meeting not being inconsistent with such provisions or the Articles of Association, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

(c) *Compensation or payment for loss of office*

Payment to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must first be approved by the Company in general meeting.

(d) *Loans to Directors*

There are provisions in the Articles of Association prohibiting the making of loans to Directors or their respective associates which are equivalent to the restrictions imposed by the Companies Ordinance.

(e) *Financial assistance to purchase Shares*

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries or any holding company or any subsidiary of such holding company in order that they may buy shares in the Company or any such subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

(f) *Disclosure of interest in contracts with the Company or any of its subsidiaries*

No Director or proposed Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any person, company or partnership of or in which any Director shall be a member or otherwise interested be capable on that account of being avoided, nor shall any Director so contracting or being any member or so interested be liable to account to the Company for any profit so realized by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established, provided that such Director shall, if his interest in such contract or arrangement is material, declare the nature of his interest at the earliest meeting of the board of Directors at which it is practicable for him to do so, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may be made by the Company.

A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his associates has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

(i) the giving to such Director or any of his associates of any security or indemnity in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:

(A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his associates may benefit; or

(B) the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to Directors, their associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) any contract or arrangement in which the Director or any of his associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

(g) *Remuneration*

The Directors shall be entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by the Directors, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

The Directors shall also be entitled to be paid all expenses, including travel expenses, reasonably incurred by them in or in connection with the performance of their duties as Directors including their expenses of travelling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Company or in the discharge of their duties as Directors.

The Directors may grant special remuneration to any Director who shall perform any special or extra services at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be agreed.

The remuneration of an executive Director or a Director appointed to any other office in the management of the Company shall from time to time be fixed by the Directors and may be by way of salary, commission or participation in profits or otherwise or by all or any of those modes and with such other benefits (including share option and/or pension and/or gratuity and/or other benefits on retirement) and allowances as the Directors may from time to time decide. Such remuneration shall be in addition to such remuneration as the recipient may be entitled to receive as a Director.

(h) *Retirement, appointment and removal*

The Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next general meeting of the Company and shall then be eligible for re-election at that meeting.

The Company may by ordinary resolution remove any Director (including a Managing Director or other executive Director) before the expiration of his period of office notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director (but without prejudice to any claim for compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment of office as a result of the termination of this appointment as Director). The Company may by ordinary resolution appoint another person in his place. Any Director so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed. The Company may also by ordinary resolution elect any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting. No person shall, unless recommended by the Directors, be eligible for election to the office of Director at any general meeting unless, during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Secretary of the Company notice in writing by a member of the Company (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated:

(i) if he resigns his office by notice in writing to the Company at its registered office or its principal office in Hong Kong;

(ii) if an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Directors resolve that his office be vacated;

(iii) if, without leave, he is absent from meetings of the Directors (unless an alternate Director appointed by him attends) for 12 consecutive months, and the Directors resolve that his office be vacated;

(iv) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(v) if he ceases to be or is prohibited from being a Director by law or by virtue of any provision in the Articles of Association;

(vi) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) for the time being then in office; or

(vii) if he shall be removed from office by an ordinary resolution of the members of the Company under the Articles of Association.

At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

(i) *Borrowing powers*

The Directors may from time to time at their discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof.

(j) *Proceedings of the Board*

The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit in any part of the world. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

2.3 Alteration to constitutional documents

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

2.4 Variation of rights of existing shares or classes of shares

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Companies Law, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting all the provisions of the Articles of Association relating to general meetings shall *mutatis mutandis* apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be a person or persons together holding (or representing by proxy or duly authorized representative) at the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class.

The special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

2.5 Alteration of capital

The Company in general meeting may, from time to time, whether or not all the shares for the time being authorized shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe.

The Company may from time to time by ordinary resolution:

(a) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;

(b) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled subject to the provisions of the Companies Law; and

(c) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.

The Company may by special resolution reduce its share capital or any capital redemption reserve in any manner authorized and subject to any conditions prescribed by the Companies Law.

2.6 Special resolution – majority required

A "special resolution" is defined in the Articles of Association to have the meaning ascribed thereto in the Companies Law, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members of the Company entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an "ordinary resolution" is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

2.7 Voting rights

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy shall have one vote for each share registered in his name in the register of members of the Company.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.

A member of the Company in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote by any person authorized in such circumstances to do so and such person may vote by proxy.

Save as expressly provided in the Articles of Association or as otherwise determined by the Directors, no person other than a member of the Company duly registered and who shall have paid all sums for the time being due from him payable to the Company in respect of his shares shall be entitled to be present or to vote (save as proxy for another member of the Company), or to be reckoned in a quorum, either personally or by proxy at any general meeting.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairman of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

If a recognized clearing house (or its nominee(s)) is a member of the Company it may authorize such person or persons as it thinks fit to act as its proxy(ies) or representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognized clearing house (or its nominee(s)) which he represents as that recognized clearing house (or its nominee(s)) could exercise as if it were an individual member of the Company holding the number and class of shares specified in such authorization, including, where a show of hands is allowed, the right to vote individually on a show of hands.

2.8 Annual general meetings

The Company shall in each year hold a general meeting as its annual general meeting in addition to any other general meeting in that year and shall specify the meeting as such in the notice calling it; and not more than 15 months (or such longer period as the Stock Exchange may authorize) shall elapse between the date of one annual general meeting of the Company and that of the next.

2.9 Accounts and audit

The Directors shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions and otherwise in accordance with the Companies Law.

The Directors shall from time to time determine whether, and to what extent, and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection of members of the Company (other than officers of the Company) and no such member shall have any right of inspecting any accounts or books or documents of the Company except as conferred by the Companies Law or any other relevant law or regulation or as authorized by the Directors or by the Company in general meeting.

The Directors shall, commencing with the first annual general meeting, cause to be prepared and to be laid before the members of the Company at every annual general meeting a profit and loss account for the period, in the case of the first account, since the incorporation of the Company and, in any other case, since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up and a Director's report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditor's report on such accounts and such other reports and accounts as may be required by law. Copies of those documents to be laid before the members of the Company at an annual general meeting shall not less than 21 days before the date of the meeting, be sent in the manner in which notices may be served by the Company as provided in the Articles of Association to every member of the Company and every holder of debentures of the Company provided that the Company shall not be required to send copies of those documents to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

The Company shall at any annual general meeting appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed provided that in respect of any particular year the Company in general meeting may delegate the fixing of such remuneration to the Directors.

2.10 Notice of meetings and business to be conducted thereat

An annual general meeting and any extraordinary general meeting called for the passing of a special resolution shall be called by not less than 21 days' notice in writing and any other extraordinary general meeting shall be called by not less than 14 days' notice in writing. The notice shall be inclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place and agenda of the meeting, particulars of the resolutions to be considered at the meeting and, in the case of special business, the general nature of that business. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the auditors and all members of the Company (other than those who, under the provisions of the Articles of Association or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company).

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

(a) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat or their proxies; and

(b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

(a) the declaration and sanctioning of dividends;

(b) the consideration and adoption of the accounts and balance sheets and the reports of the Directors and the auditors and other documents required to be annexed to the balance sheet;

(c) the election of Directors in place of those retiring;

(d) the appointment of auditors;

(e) the fixing of, or the determining of the method of fixing of, the remuneration of the Directors and of the auditors;

(f) the granting of any mandate or authority to the Directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than 20% (or such other percentage as may from time to time be specified in the Listing Rules) in nominal value of its then existing issued share capital and the number of any securities repurchased pursuant to sub-paragraph (g) below; and

(g) the granting of any mandate or authority to the Directors to repurchase securities of the Company.

2.11 Transfer of shares

Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the Directors may approve which is consistent with the standard form of transfer as prescribed by the Stock Exchange.

The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof. All instruments of transfer shall be retained by the Company.

The Directors may refuse to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

(a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be cancelled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;

(b) the instrument of transfer is in respect of only one class of shares;

(c) the instrument of transfer is properly stamped (in circumstances where stamping is required);

(d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;

(e) the shares concerned are free of any lien in favor of the Company; and

(f) a fee of such maximum as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on 14 days' notice being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be suspended and the register of members of the Company closed at such times for such periods as the Directors may from time to time determine, provided that the registration of transfers shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

2.12 Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles of Association to purchase its own shares subject to certain restrictions and the Directors may only exercise this power on behalf of the Company subject to the authority of its members in general meeting as to the manner in which they do so and to any applicable requirements imposed from time to time by the Stock Exchange and the Securities and Futures Commission of Hong Kong. Shares which have been repurchased will be treated as cancelled upon the repurchase.

2.13 Power of any subsidiary of the Company to own shares

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

2.14 Dividends and other methods of distribution

Subject to the Companies Law and Articles of Association, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Directors. No dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For these purposes no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may also pay half-yearly or at other intervals to be selected by them at a fixed rate if they are of the opinion that the profits available for distribution justify the payment.

The Directors may retain any dividends or other moneys payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Directors may also deduct from any dividend or other moneys payable to any member of the Company all sums of money (if any) presently payable by him to the Company on account of calls, installments or otherwise.

No dividend shall carry interest against the Company.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to a holder of shares may be paid by cheque or warrant sent through the post addressed to the registered address of the member of the Company entitled, or in the case of joint holders, to the registered address of the person whose name stands first in the register of members of the Company in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register of members of the Company in respect of such shares, and shall be sent at his or their risk and the payment of any such cheque or warrant by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. The Company may cease sending such cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise its power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Any dividend unclaimed for six years from the date of declaration of such dividend may be forfeited by the Directors and shall revert to the Company.

The Directors may, with the sanction of the members of the Company in general meeting, direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind, and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, and where any difficulty arises in regard to such distribution the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets and may determine that cash payments shall be made to any members of the Company upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

2.15 Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. A proxy need not be a member of the Company.

Instruments of proxy shall be in common form or in such other form as the Directors may from time to time approve provided that it shall enable a member to instruct his proxy to vote in favor of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which the form of proxy relates. The instrument of proxy shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates provided that the meeting was originally held within 12 months from such date.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney authorized in writing or if the appointor is a corporation either under its seal or under the hand of an officer, attorney or other person authorized to sign the same.

The instrument appointing a proxy and (if required by the Directors) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the registered office of the Company (or at such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

2.16 Calls on shares and forfeiture of shares

The Directors may from time to time make calls upon the members of the Company in respect of any moneys unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed times and each member of the Company shall (subject to the Company serving upon him at least 14 days' notice specifying the time and place of payment and to whom such payment shall be made) pay to the person at the time and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call may be made payable either in one sum or by installments and shall be deemed to have been made at the time when the resolution of the Directors authorizing the call was passed.

The joint holders of a share shall be jointly and severally liable to pay all calls and installments due in respect of such share or other moneys due in respect thereof.

If a sum called in respect of a share shall not be paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding 15% per annum, as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

If any call or installment of a call remains unpaid on any share after the day appointed for payment thereof, the Directors may at any time during such time as any part thereof remains unpaid serve a notice on the holder of such shares requiring payment of so much of the call or installment as is unpaid together with any interest which may be accrued and which may still accrue up to the date of actual payment.

The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or installment is unpaid will be liable to be forfeited.

If the requirements of such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or installments and interest due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the forfeiture. A forfeited share shall be deemed to be the property of the Company and may be re-allotted, sold or otherwise disposed of.

A person whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares but shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys which at the date of forfeiture were payable by him to the Company in respect of the shares, together with (if the Directors shall in their discretion so require) interest thereon at such rate not exceeding 15% per annum as the Directors may prescribe from the date of forfeiture until payment, and the Directors may enforce payment thereof without being under any obligation to make any allowance for the value of the shares forfeited, at the date of forfeiture.

2.17 Inspection of register of members

The register of members of the Company shall be kept in such manner as to show at all times the members of the Company for the time being and the shares respectively held by them. The register may, on 14 days' notice being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be closed at such times and for such periods as the Directors may from time to time determine either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

Any register of members kept in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Directors may impose) be open to inspection by any member of the Company without charge and by any other person on payment of such fee not exceeding HK$2.50 (or such higher amount as may from time to time be permitted under the Listing Rules) as the Directors may determine for each inspection.

2.18 Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment, choice or election of a chairman which shall not be treated as part of the business of the meeting.

Two members of the Company present in person or by proxy shall be a quorum provided always that if the Company has only one member of record the quorum shall be that one member present in person or by proxy.

A corporation being a member of the Company shall be deemed for the purpose of the Articles of Association to be present in person if represented by its duly authorized representative being the person appointed by resolution of the directors or other governing body of such corporation or by power of attorney to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in paragraph 2.4 above.

2.19 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

2.20 Procedure on liquidation

If the Company shall be wound up, and the assets available for distribution amongst the members of the Company as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of the Company in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. And if in a winding up the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members of the Company in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

If the Company shall be wound up, the liquidator may with the sanction of a special resolution of the Company and any other sanction required by the Companies Law, divide amongst the members of the Company in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like sanction and subject to the Companies Law, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

2.21 Untraceable members

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) the Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or existence of the member; (c) during the 12 year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12 year period, the Company has caused an advertisement to be published in the newspapers or subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

CAYMAN ISLANDS COMPANY LAW AND TAXATION

1 Introduction

The Companies Law is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Law and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

2 Incorporation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on June 5, 2007 under the Companies Law. As such, its operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of its authorized share capital.

3 Share Capital

The Companies Law permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premia on those shares shall be transferred to an account called the "share premium account". At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

(a) paying distributions or dividends to members;

(b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law);

(d) writing-off the preliminary expenses of the company;

(e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and

(f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorized either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

4 Dividends and Distributions

With the exception of section 34 of the Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 3 above for details).

5 Shareholders' Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

6 Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

7 Disposal of Assets

The Companies Law contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

8 Accounting and Auditing Requirements

The Companies Law requires that a company shall cause to be kept proper books of account with respect to:

(a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;

(b) all sales and purchases of goods by the company; and

(c) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

9 Register of Members

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

10 Inspection of Books and Records

Members of a company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

11 Special Resolutions

The Companies Law provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorized by the articles of association of the company.

12 Subsidiary Owning Shares in Parent

The Companies Law does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

13 Mergers and Consolidations

The Companies Law permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of each constituent company and (b) such other authorization, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

14 Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75% in value of shareholders or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

15 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

16 Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

17 Liquidation

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

18 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

19 Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company may obtain an undertaking from the Governor in Cabinet:

(a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and

(b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:

  (i) on or in respect of the shares, debentures or other obligations of the Company; or

  (ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011 Revision).

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

20 Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

21 General

Maples and Calder, the Company's legal advisers on Cayman Islands law, have sent to the Company a letter of advice summarizing aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the section headed "Documents available for inspection" in Appendix VII. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Cayman Companies Law on June 5, 2007. Our Company's registered office is at Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. A summary of various parts of the Articles of Association is set out in Appendix V to this prospectus.

We were registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 27 May 2014 with the Registrar of Companies in Hong Kong. Our registered place of business in Hong Kong is at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. Ms. Jingxia Zhang and Ms. Wai Ling Chan have been appointed as the authorized representatives of our Company for the acceptance of service of process in Hong Kong. The address for service of process is Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

Our Company's head office is located at Maple Leaf Educational Park, 6 Central Street, Jinshitan National Tourist Area, Dalian, Liaoning Province 116650, China.

2. Changes in share capital of our Company

Our Company was incorporated with an authorized share capital of US$50,000, divided into 50,000 Shares, with a par value of US$1.00 each. The following sets out the changes in our Company's issued share capital since the date of its incorporation.

(i) On June 5, 2007, our Company allotted and issued one Share to Offshore Incorporations (Cayman) Limited which was transferred to Sherman Investment. Our Company allotted and issued an additional 49,999 Shares to Sherman Investment on the same day.

(ii) On November 2, 2007, the authorized share capital of our Company was increased to US$200,000 divided into 200,000 Shares of a nominal or par value of US$1.00, and each Share of par value US$1.00 in the authorized share capital of our Company was then subdivided into 1,000 Shares of par value US$0.001 each such that immediately following the Share Subdivision, the authorized share capital of our Company became US$200,000 divided into 200,000,000 Shares of a nominal or par value of US$0.001 each.

(iii) On November 19, 2007,10,627,100 and 3,190,900 Shares were allotted and issued to Sherman Investment and TBIG, an Independent Third Party, respectively.

(iv) On February 29, 2008, 7,772,900 and 409,100 Shares were allotted and issued to Sherman Investment and TBIG, respectively.

(v) On March 5, 2008, the authorized share capital of our Company of US$200,000 divided into 200,000,000 Shares of a par value of US$0.001 each was designated and classified into 21,000,000 Preferred Shares of par value US$0.001 each and 179,000,000 Ordinary Shares of par value US$0.001 each (including all of the 72,000,000 then existing issued Shares). On March 12, 2008, 18,000,000 Preferred Shares were allotted and issued to Sequoia Capital China Growth Fund I, L.P. For more details on the Pre-IPO Investment, see the sub-section headed "Pre-IPO Investments" in this prospectus.

(vi) On November 10, 2014, our Shareholders approved an increase in the authorized share capital of our Company from US$200,000 to US$4,000,000 by the creation of an additional 3,800,000,000 Shares such that the authorized share capital of our Company is US$4,000,000 divided into 4,000,000,000 Shares of a par value of US$0.001 each.

(vii) Immediately following the Capitalization Issue and completion of the Global Offering but not taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or the options which may be granted under the Pre-IPO Share Option Scheme and the Post-IPO

Share Option Scheme or any shares to be issued pursuant to the RSU Scheme, the issued share capital of our Company will be US$1,334,000 divided into 1,334,000,000 Shares of a par value of US$0.001 each, all of which are fully paid or credited as fully paid.

Save as disclosed above and as mentioned in "— 5. Written resolutions of the Shareholders passed on November 10, 2014" below, there has been no alteration in the share capital of our Company since its incorporation.

3. Changes in share capital of the subsidiaries and the major consolidated affiliated entities

Our Company's subsidiaries and major consolidated affiliated entities are set out in the Accountant's Report which is set out in Appendix I to this prospectus. In addition to those disclosed in the sub-paragraphs headed "Changes in share capital of our Company" in this Appendix, the following alterations in the share or registered capital of our Company's subsidiaries and the consolidated affiliated entities have taken place within the two years immediately preceding the date of this prospectus:

(a) Beipeng Software

On March 10, 2008, Beipeng Software was incorporated as a limited liability company in the PRC. As of the date of incorporation, its registered share capital was US$20 million.

(b) Dalian Maple Leaf High School

On April 15, 1996, Dalian Maple Leaf High School obtained approval for its establishment from the Liaoning Province Education Commission with an initial registered share capital of US$5 million.

(c) Dalian Educational Group

On May 23, 2003, Dalian Educational Group was incorporated as a limited liability company in the PRC. As of the date of incorporation, its registered share capital was RMB20 million.

(d) Dalian Science and Education

On January 9, 2003, Dalian Science and Education was incorporated as a limited liability company in the PRC. As of the date of incorporation, its registered share capital was RMB1.0 million.

(e) Dalian Foreign School

On May 1, 2004, Dalian Foreign School was established in the PRC. It obtained approval for its establishment from the MOE on August 31, 2005.

(f) Wuhan Foreign School

On January 15, 2007, we obtained the approval of change of sponsor from the Education Bureau of Donghu New Technology Development District in Wuhan whereby our Wuhan Foreign School was acquired by the Founder from William Mao, an Independent Third Party for a consideration of RMB3 million. We obtained approval from the Education Department of Hubei Province for our application of the acquisition of Wuhan Foreign School on August 8, 2014.

Save as aforesaid, there have been no other alterations in the share or registered capital of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

4. No corporate reorganization

No reorganization has been carried out in respect of the Group for the purpose of the Listing.

5. Written resolutions of the Shareholders passed on November 10, 2014

By written resolutions of the Shareholders passed on November 10, 2014:

(i) conditional on (i) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued as to be stated in this Prospectus and such listing and permission not subsequently having been revoked prior to the commencement of dealing in the Shares on the Stock Exchange; (ii) the Offer Price having been determined; (iii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements; (iv) the Underwriting Agreements having been duly executed by the Underwriters and the Company; and (v) the Stock Borrowing Agreement having been duly executed:

(A) the conversion of each of the Company's issued and outstanding Preferred Shares into Shares immediately prior to the Capitalization Issue and Listing was approved;

(B) the authorized share capital of the Company was increased to US$4,000,000 divided into 4,000,000,000 Shares of par value of US$0.001 each effective immediately prior to the completion of the Capitalization Issue and Listing;

(C) the Capitalization Issue and the Global Offering (including the Over-allotment Option) were approved, and the proposed allotment and issue of the Offer Shares under the Capitalization Issue and the Global Offering were approved, and the Directors were authorized to determine the Offer Price for, and to allot and issue the Offer Shares;

(D) the rules of the Post-IPO Share Option Scheme and the RSU Scheme were approved and adopted and the Directors were authorized to make such further changes to the Post-IPO Share Option Scheme and the RSU Scheme as may be required by the Stock Exchange and which they deem necessary and/or desirable and to grant options to eligible participants to acquire Shares thereunder and to allot, issue and deal with Shares pursuant thereto and to take all such actions as they consider necessary and/or desirable to implement or give effect to the Post-IPO Share Option Scheme and the RSU Scheme;

(E) a general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with Shares or securities convertible into Shares and to make or grant offers, agreements or options (including any warrants, bonds, notes and debentures conferring any rights to subscribe for or otherwise receive Shares) which might require Shares to be allotted and issued or dealt with subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued, otherwise than by way of the Global Offering, rights issue or pursuant to the exercise of any subscription rights attaching to any warrants which may be allotted and issued by the Company from time to time or, pursuant to the exercise of any options which may be granted under the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme, the RSU Scheme or allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association on a specific authority granted by our Shareholders in general meeting, shall not exceed 20% of the aggregate nominal value of the Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering, excluding any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option or any options granted under the Pre-IPO Share Option Scheme or the Post-IPO Share Option Scheme or pursuant to the RSU Scheme;

(F) a general unconditional mandate (the "**Repurchase Mandate**") was given to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the aggregate nominal value of the Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering, excluding any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option or any options granted under the Pre-IPO Share Option Scheme or the Post-IPO Share Option Scheme or pursuant to the RSU Scheme;

(G) the general unconditional mandate as mentioned in paragraph (ii) above was extended by the addition to the aggregate nominal value of the Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares purchased by our Company pursuant to the mandate to purchase Shares referred to in paragraph (iii) above (up to 10% of the aggregate nominal value of the Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering, excluding any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option or any options granted under the Pre-IPO Share Option Scheme or the Post-IPO Share Option Scheme or pursuant to the RSU Scheme); and

(ii) our Company conditionally approved and adopted the Memorandum and Articles of Association with effect from the Listing.

Each of the general mandates referred to in paragraphs (ii), (iii) and (iv) above will remain in effect until whichever is the earliest of (1) the conclusion of the next annual general meeting of our Company; (2) the expiration of the period within which the next annual general meeting of our Company is required to be held by any applicable law or the Articles of Association; or (3) the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

PRE-IPO SHARE OPTION SCHEME

Summary of Terms

The following is a summary of the principal terms of the Pre-IPO Share Option Scheme which was approved and adopted by our Board on April 1, 2008 (the "**Effective Date**"). The terms of the Pre-IPO Share Option Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as the Pre-IPO Share Option Scheme will not involve the grant of options by us to subscribe for Shares once we have become a listed issuer.

(a) Purpose

The purpose of the Pre-IPO Share Option Scheme is to attract and retain the best available personnel, to provide additional incentives to employees, directors and consultants of the Company and any Parent Corporate or Subsidiary Corporate (as defined in Section 424(e) and Section 424(f) of the US Inland Revenue Code of 1986, respectively) of the Company and any business, corporation, partnership, limited liability company or other entity in which the Company or a Parent Corporate or a Subsidiary Corporate of the Company holds a substantial ownership interest, directly or indirectly ("**Related Entities**") and to promote the success of the Company's business.

(b) Eligible Persons

Awards may be granted by the Administrator (as set out in paragraph (c) below) only to those employees, directors and consultants of the Company or a Related Entity ("**Eligible Person**").

(c) Administration and Authorization

The Pre-IPO Share Option Scheme is administered by and the relevant awards are authorized and granted by the Board or any other committee of directors appointed by the Board to administer the scheme (the "**Administrator**"). Subject to Applicable Laws (as defined in the scheme and the provisions of the scheme), the Administrator has the authority:

(i) to select the employees to whom awards may be granted from time to time;

(ii) to determine whether and to what extent awards are granted;

(iii) to determine the number of Shares or the amount of other consideration to be covered by each award granted;

(iv) to approve forms of award agreements for use under the scheme;

(v) to determine the terms and conditions of any award granted;

(vi) to amend the terms of any outstanding award granted under the scheme, provided that any amendment that would adversely affect the grantee's rights under an outstanding award shall not be made without the grantee's written consent;

(vii) to construe and interpret the terms of the scheme and awards, including without limitation, any notice of award or award agreement, granted pursuant to the scheme;

(viii) to grant awards to employees employed outside the United States on such terms and conditions different from those specified in the scheme as may, in the judgment of the Administrator, be necessary or desirable to further the purpose of the scheme;

(ix) to take such other action, not inconsistent with the terms of the scheme, as the Administrator deems appropriate.

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

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

(e) Share Limits

Our Board has authorized the issuance of up to 3,000,000 Ordinary Shares (adjusted for any share-splits or other dilutive issuances) upon the exercise of awards granted under the scheme.

(f) Option Grants

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

(g) Transferability

Options shall be transferable (i) by will and by the laws of descent and distribution and (ii) during the lifetime of the grantee, to the extent and in the manner authorized by the Administrator. Notwithstanding the foregoing, the grantee may designate one or more beneficiaries of the grantee's award in the event of the grantee's death on a beneficiary designation form provided by the Administrator.

(h) Vesting and Exercising the Option

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

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

(i) Exercise price

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

(j) Corporate Transaction

Except as otherwise provided in an Option Agreement, in the event of a Corporate Transaction (as defined in the Pre-IPO Share Option Scheme) for the Option that is neither assumed nor replaced, such Option shall automatically become fully vested and exercisable and be released from any repurchase or forfeiture rights (other than repurchase rights exercisable at fair market value) for all of the Shares at the time represented by such Option, immediately prior to the specified effective date of such corporate action, provided that the grantee's continuous service has not terminated prior to that date.

(k) Change in Control

Except as otherwise provided in an Option Agreement, in the event of a Change in Control (other than a change in control which is also a corporate transaction (as defined in the Pre-IPO Share Option Scheme)), each Option that is at the time outstanding under the scheme shall become fully vested and exercisable and be released from any repurchase or forfeiture rights (other than repurchase rights exercisable at fair market value), immediately prior to the specified effective date of such change in control, for all of the Shares at the time represented by such Option, provided that the grantee's continuous service has not terminated prior to that date.

(l) Effect of Termination of Employment or Service

An Option may not be exercised after the termination date of such Option set forth in the Option Agreement and may be exercised following the termination of a grantee's continuous service only to the extent provided in the Option Agreement.

Where the Option Agreement permits a grantee to exercise an Option following the termination of the grantee's continuous service for a specified period, the Option shall terminate to the extent not exercised on the last day of the specified period or the last day of the original term of the Option, whichever occurs first.

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

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

(n) Outstanding share options

As of the Latest Practicable Date, 2,515,000 share options to subscribe for an aggregate of 26,927,387 Shares, as adjusted pursuant to the Capitalization Issue, upon the full exercise of which representing approximately 1.98% of the enlarged issued share capital of our Company upon the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued under the Post-IPO Share Option Scheme or the RSU Scheme) had been granted to 52 grantees under the Pre-IPO Share Option Scheme, six of whom are Directors and three of whom are members of the senior management team of our

Company. The remaining grantees are employees and consultants of the Company. No consideration was paid by any of the grantees for any share options granted by us to them. The exercise price for share options granted is RMB10, or approximately RMB0.93, as adjusted pursuant to the Capitalization Issue, which represents a 55.9% discount to an Offer Price of HK$2.65 per Share, being the midpoint of indicative Offer Price range of HK$2.23 and HK$3.07. As of the Latest Practicable Date none of the grantees had exercised any of the options granted to them pursuant to the Pre-IPO Share Option Scheme. If all the granted share options are exercised, there would be a dilution effect on the shareholdings of our Shareholders of approximately 2.0%.

The table below shows details of the outstanding share options granted to all grantees under the Pre-IPO Share Option Scheme as of the date of this prospectus:

Grantee	Outstanding share options	Position	Address	Consideration paid for the share options	Number of shares underlying share options granted[(1)]	Exercise Price[(2)]	Date of Grant	Vesting Period	The period during which share options are exercisable	Approximate percentage of issued Shares immediately after the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued under the Post-IPO Share Option Scheme or the RSU Scheme)
Director										
Jingxia Zhang . . . . (張景霞)	70,000	Executive Director, Senior Vice President and Co-Chief Financial Officer	4-3-1 Tian'an Haijing Huayuan Development Zone Dalian, China	Nil	749,470	RMB10	September 1, 2008	Four years from the date of grant	10 years after the date of grant	0.05%
	80,000			Nil	856,537	RMB10	June 2, 2014	None	10 years after the date of grant	0.06%
Shu Liang Sherman Jen . . . . . (任書良)	300,000	Executive Director, Chairman of the Board and Co-Chief Executive Officer	Teachers Apartment, Educational Park, 9 Central Street, Jinshitan State Tourist and Vacational Zone, Dalian 116650, China	Nil	3,212,015	RMB10	June 2, 2014	None	10 years after the date of grant	0.24%
Zhenwan Liu . . . . (柳振萬)	150,000	Executive Director, President, Vice Chairman of the Board and Co-Chief Executive Officer	76 Chengren Street, Shahekou District, Dalian, Liaoning Province 116000, China	Nil	1,606,007	RMB10	June 2, 2014	None	10 years after the date of grant	0.12%

Grantee	Outstanding share options	Position	Address	Consideration paid for the share options	Number of shares underlying share options granted(1)	Exercise Price(2)	Date of Grant	Vesting Period	The period during which share options are exercisable	Approximate percentage of issued Shares immediately after the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued under the Post-IPO Share Option Scheme or the RSU Scheme)
James William Beeke	100,000	Executive Director, Vice President and BC program Superintendent	10337 Woodrose Place Rosedale British Columbia Canada V0X 1X1	Nil	1,070,671	RMB10	June 2, 2014	None	10 years after the date of grant	0.08%
Peter Humphrey Owen	100,000	Independent nonexecutive Director	#406, 1050 Park BLVD. Victoria BC Canada V8V 2T4	Nil	1,070,671	RMB10	June 2, 2014	None	10 years after the date of grant	0.08%
Howard Robert Balloch	100,000	Non-Executive Director	8006 Ming Du Yuan Beijing 101300 China	Nil	1,070,671	RMB10	June 2, 2014	None	10 years after the date of grant	0.08%
Senior Management										
Linsheng Chen (陳林生)	70,000	Vice President and the Chinese Program Superintendent	7 Dongfeng Road, Heshan District, Yiyang, Hunan Province, China	Nil	749,470	RMB10	September 1, 2008	Four years from the date of grant	10 years after the date of grant	0.05%
	30,000			Nil	321,202	RMB10	June 2, 2014	None	10 years after the date of grant	0.02%
Bin Xu (徐斌)	100,000	Vice President and Co-Chief Financial Officer	71 Shou Pa Hutong Xidan, Xicheng District Beijing, China	Nil	1,070,671	RMB10	June 2, 2014	None	10 years after the date of grant	0.08%
Xiaoduo Zhang (張小多)	30,000	Director of the Marketing Department	Teachers Apartment, Educational Park, 9 Central Street, Jinshitan State Tourist and Vacational Zone, Dalian 116650, China	Nil	321,202	RMB10	June 2, 2014	None	10 years after the date of grant	0.02%
Total	1,130,000				12,098,587					0.89%

Grantee	Outstanding share options	Position in the Group	Address	Consideration paid for the share options	Number of shares underlying share options granted[1]	Exercise Price[2]	Date of Grant	Vesting Period	The period during which share options are exercisable	Approximate percentage of issued Shares immediately after the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued under the Post-IPO Share Option Scheme or the RSU Scheme)
Long Yongxiang . . . 龍永祥	50,000	General Headmaster of Tianjin Campus	1 Teachers Apartment, Tianjin Taida Maple Leaf International School, Tianjin, China	Nil	535,335	RMB10	June 2, 2014	None	10 years after the date of grant	0.040%
Fan Guijie . . . . . . 範貴傑	50,000	Director of Law Department	29A Huaxing Shangyuan, Yixin Street, High-Tech Industrial Development Zone, Dalian, Liaoning Province, China	Nil	535,335	RMB10	June 2, 2014	None	10 years after the date of grant	0.040%
Zhou Daxin . . . . . 周大新	50,000	Vice Principal of Dalian Campus	133 Guanxiang Street, Zhongshan District, Dalian, Liaoning Province, China	Nil	535,335	RMB10	June 2, 2014	None	10 years after the date of grant	0.040%
Li Wanqing . . . . . 李萬慶	70,000	Vice President	Building 3, Tian'an Haijing Huayuan, 2 Liaohexi Road, Economic and Technological Development Zone, Dalian, Liaoning Province, China	Nil	749,469	RMB10	September 1, 2008	4 years from the date of grant	10 years after the date of grant	0.056%
	30,000			Nil	321,201	RMB10	June 2, 2014	None	10 years after the date of grant	0.024%
Li Yongtao . . . . . 李永濤	30,000	Financial Controller	26 Zhixinyuan, Wuyi Street, Shahekou District, Dalian, Liaoning Province, China	Nil	321,201	RMB10	June 2, 2014	None	10 years after the date of grant	0.024%

Grantee	Outstanding share options	Position in the Group	Address	Consideration paid for the share options	Number of shares underlying share options granted[(1)]	Exercise Price[(2)]	Date of Grant	Vesting Period	The period during which share options are exercisable	Approximate percentage of issued Shares immediately after the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued under the Post-IPO Share Option Scheme or the RSU Scheme)
Bao Fang 包放	15,000	Director of Business Department #1	Building 2, Wanguo Gongguan, Economic and Technological Development Zone, Dalian, Liaoning Province, China	Nil	160,601	RMB10	June 2, 2014	None	10 years after the date of grant	0.012%
Deng Wanting 鄧婉婷	15,000	Director of HR	5 Yuanyang Jiari Yangsheng Zhuangyuan, Jinshitan, Economic and Technological Development Zone, Dalian, Liaoning Province, China	Nil	160,601	RMB10	June 2, 2014	None	10 years after the date of grant	0.012%
Don Currie 當克瑞	10,000	Former BC Principle	2505-1033 Marinaside Crescent, Vancouver, B.C. Canada V6Z 3A3	Nil	107,067	RMB10	June 2, 2014	None	10 years after the date of grant	0.008%
	10,000			Nil	107,067	RMB10	September 1, 2008	4 years from the date of grant	10 years after the date of grant	0.008%
Yan Meichen 嚴美晨	70,000	Former Director of HR	Flat 7A, One Lasalle, 1E Lasalle Road, Kowloon Tong, Kowloon, Hong Kong	Nil	749,469	RMB10	September 1, 2008	4 years from the date of grant	10 years after the date of grant	0.056%
Zhao Ruimin 趙瑞民	70,000	Special assistant to Chairman	4 Xinhua Street, Shuncheng District, Fushun, Liaoning Province, China	Nil	749,469	RMB10	September 1, 2008	4 years from the date of grant	10 years after the date of grant	0.056%
Xu Shenggui 許盛貴	70,000	Dalian Junior School Headmaster	30-1 Heilongjiang Street, Huanggu District, Shenyang, Liaoning Province, China	Nil	749,469	RMB10	September 1, 2008	4 years from the date of grant	10 years after the date of grant	0.056%

Grantee	Outstanding share options	Position in the Group	Address	Consideration paid for the share options	Number of shares underlying share options granted[1]	Exercise Price[2]	Date of Grant	Vesting Period	The period during which share options are exercisable	Approximate percentage of issued Shares immediately after the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued under the Post-IPO Share Option Scheme or the RSU Scheme)
Zang Wansheng . . . . 臧宛生	50,000	Former Assistant to Chairman	33 Residential Building, Beihang University, Beijing, China	Nil	535,335	RMB10	September 1, 2008	4 years from the date of grant	10 years after the date of grant	0.040%
Wang Jinying . . . 王金英	50,000	Headmaster of Chongqing Campus	Building 32, Cuizhu Residential Area, Economic and Technological Development Zone, Dalian, Liaoning Province, China	Nil	535,335	RMB10	September 1, 2008	4 years from the date of grant	10 years after the date of grant	0.040%
Zhu Lixuan . . . . . 朱理璇	50,000	Former Headmaster of Dalian Campus	81 Xinyueting Residential Area, Waihuan South Street, Jinnan District, Tianjin, China	Nil	535,335	RMB10	September 1, 2008	4 years from the date of grant	10 years after the date of grant	0.040%
Qian Wenbin . . . . 錢文彬	50,000	Director of Graduation Service Centre	4 Male Apartment, Dalian Maple Leaf International School, Liaoning Province, China	Nil	535,335	RMB10	September 1, 2008	4 years from the date of grant	10 years after the date of grant	0.040%
Li Yongjin . . . . . . 李永金	50,000	Consultant	Building 2, Yongqing Street, Zhongshan District, Dalian, Liaoning Province, China	Nil	535,335	RMB10	September 1, 2008	4 years from the date of grant	10 years after the date of grant	0.040%
Wang Xiaodong . . . . 王曉冬	30,000	Director of Development Committee	Building 2, Cuizhu Residential Area, Economic and Technological Development Zone, Dalian, Liaoning Province, China	Nil	321,201	RMB10	September 1, 2008	4 years from the date of grant	10 years after the date of grant	0.024%

Grantee	Outstanding share options	Position in the Group	Address	Consideration paid for the share options	Number of shares underlying share options granted(1)	Exercise Price(2)	Date of Grant	Vesting Period	The period during which share options are exercisable	Approximate percentage of issued Shares immediately after the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued under the Post-IPO Share Option Scheme or the RSU Scheme)
Jia Zhiguo 賈志國	30,000	Former Director of General Affairs - Shanghai	48 Jinyuan North Lane, Economic and Technological Development Zone, Dalian, Liaoning Province, China	Nil	321,201	RMB10	September 1, 2008	4 years from the date of grant	10 years after the date of grant	0.024%
Liu Lihua 劉麗華	30,000	Director of Physical Construction Dept.	6 Female Apartment, Dalian Maple Leaf International School (High School), Liaoning Province, China	Nil	321,201	RMB10	September 1, 2008	4 years from the date of grant	10 years after the date of grant	0.024%
Wang Shuguang 王曙光	30,000	Director of General Affairs- Dalian elementary school	26 Cuizhu Residential Area South, Economic and Technological Development Zone, Dalian, Liaoning Province, China	Nil	321,201	RMB10	September 1, 2008	4 years from the date of grant	10 years after the date of grant	0.024%
Wang Qiang 王強	15,000	Director of General Affairs- Wuhan	1 Teachers Apartment, Wuhan Maple Leaf International School, Wuhan, Hubei Province, China	Nil	160,601	RMB10	September 1, 2008	4 years from the date of grant	10 years after the date of grant	0.012%
Zhang Zhijun 張治軍	30,000	Director of General Affairs- Dalian high school	779 Guangming West Road, Fucheng Town, Hengshui, Hebei Province, China	Nil	321,201	RMB10	September 1, 2008	4 years from the date of grant	10 years after the date of grant	0.024%
Li Dongsheng 李東升	30,000	Headmaster of Zhenjiang Campus	119 Residential Building, Zhenjiang Maple Leaf International School, Jiangsu Province, China	Nil	321,201	RMB10	September 1, 2008	4 years from the date of grant	10 years after the date of grant	0.024%

Grantee	Outstanding share options	Position in the Group	Address	Consideration paid for the share options	Number of shares underlying share options granted(1)	Exercise Price(2)	Date of Grant	Vesting Period	The period during which share options are exercisable	Approximate percentage of issued Shares immediately after the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued under the Post-IPO Share Option Scheme or the RSU Scheme)
Shao Ling 邵玲	30,000	Headmaster of Dalian Elementary School	4 Cuizhu South Lane, Economic and Technological Development Zone, Dalian, Liaoning Province, China	Nil	321,201	RMB10	September 1, 2008	4 years from the date of grant	10 years after the date of grant	0.024%
Li Xiaona 李曉娜	10,000	Director of Building Administration	15 Xianfeng Lane, Jiefang Road, Zhongshan District, Dalian, Liaoning Province, China	Nil	107,067	RMB10	September 1, 2008	4 years from the date of grant	10 years after the date of grant	0.008%
Wang Pu 王普	15,000	Headmaster of Tianjin Junior School	30 Green Town, Economic and Technological Development Zone, Dalian, Liaoning Province, China	Nil	160,601	RMB10	September 1, 2008	4 years from the date of grant	10 years after the date of grant	0.012%
Wang Yanbo 王衍波	15,000	Director of General Affairs - Tianjin	46 Cuizhu Residential Area, Economic and Technological Development Zone, Dalian, Liaoning Province, China	Nil	160,601	RMB10	September 1, 2008	4 years from the date of grant	10 years after the date of grant	0.012%
Liu Changyong 劉長永	15,000	Counselor General - Tianjin	1 Teachers Apartment, Tianjin Taida Maple Leaf International School, Tianjin, China	Nil	160,601	RMB10	September 1, 2008	4 years from the date of grant	10 years after the date of grant	0.012%
Gao Jiyang 高霽陽	30,000	Vice Director - Graduation Service Centre	34 Longpan Jincheng Chundu Park, Xigang District, Dalian, Liaoning Province, China	Nil	321,201	RMB10	September 1, 2008	4 years from the date of grant	10 years after the date of grant	0.024%

Grantee	Outstanding share options	Position in the Group	Address	Consideration paid for the share options	Number of shares underlying share options granted[(1)]	Exercise Price[(2)]	Date of Grant	Vesting Period	The period during which share options are exercisable	Approximate percentage of issued Shares immediately after the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued under the Post-IPO Share Option Scheme or the RSU Scheme)
Li Dehe 李德和	30,000	Consultant	Teachers Apartment, Wuhan Maple Leaf International School, Wuhan, Hubei Province, China	Nil	321,201	RMB10	September 1, 2008	4 years from the date of grant	10 years after the date of grant	0.024%
Zhou Baomin 周保民	30,000	Former Headmaster of Chongqing Campus	Building 15, Xuefu Meishu, 473 Huilong Street, Yongchuan District, Chongqing, China	Nil	321,201	RMB10	September 1, 2008	4 years from the date of grant	10 years after the date of grant	0.024%
Liu Jie 劉傑	30,000	Consultant	A11 Mingxiu Shanzhuang, 365 Xiuyue Street, Zhongshan District, Dalian, Liaoning Province, China	Nil	321,201	RMB10	September 1, 2008	4 years from the date of grant	10 years after the date of grant	0.024%
Yuan Qingchen 袁清晨	35,000	General Headmaster of Wuhan Campus	1 Teachers Apartment, Wuhan Maple Leaf International School, Wuhan, Hubei Province, China	Nil	374,734	RMB10	June 2, 2014	None	10 years after the date of grant	0.028%
	15,000				160,601	RMB10	September 1, 2009	4 years from the date of grant	10 years after the date of grant	0.012%
Liang Jun 梁軍	10,000	Consultant	117 Xiaoping Island, East Street, High-Tech Industrial Development Zone, Dalian, Liaoning Province, China	Nil	107,067	RMB10	September 1, 2009	4 years from the date of grant	10 years after the date of grant	0.008%

Grantee	Outstanding share options	Position in the Group	Address	Consideration paid for the share options	Number of shares underlying share options granted[1]	Exercise Price[2]	Date of Grant	Vesting Period	The period during which share options are exercisable	Approximate percentage of issued Shares immediately after the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued under the Post-IPO Share Option Scheme or the RSU Scheme)
Zhang Xiangyu ..... 張向宇	15,000	Director of Greater English project	14 Chonghua South Lane, the South Building, Hexi District, Tianjin, China	Nil	160,601	RMB10	September 1, 2009	4 years from the date of grant	10 years after the date of grant	0.012%
Liu Jiqin .... 劉吉芹	15,000	Headmaster of Tianjin Elementary School	1 Teachers Apartment, Tianjin Taida Maple Leaf International School, Tianjin, China	Nil	160,601	RMB10	September 1, 2009	4 years from the date of grant	10 years after the date of grant	0.012%
Yang Xuhong ... 楊旭虹	15,000	Director of Administrative Office of Tianjin Campus	7 Sanjie Lane, Yuwei Road, Hebei District, Tianjin, China	Nil	160,601	RMB10	September 1, 2009	4 years from the date of grant	10 years after the date of grant	0.012%
Zhang Xinghong .... 張興洪	15,000	Deputy Director of Marketing	2 Teachers Apartment, Wuhan Maple Leaf International School, Wuhan, Hubei Province, China	Nil	160,601	RMB10	September 1, 2009	4 years from the date of grant	10 years after the date of grant	0.012%
Dong Hongwei .. 董宏偉	15,000	Headmaster of Chongqing Junior School	Building 15, Xuefu Meishu, 473 Huilong Street, Yongchuan District, Chongqing, China	Nil	160,601	RMB10	September 1, 2009	4 years from the date of grant	10 years after the date of grant	0.012%
Zhang Xu ...... 張旭	15,000	Headmaster of Dalian Girl's Campus	1 Liangshui Wan, Miaoshang Village, Jinshitan Street, Economic and Technological Development Zone, Dalian, Liaoning Province, China	Nil	160,601	RMB10	September 1, 2009	4 years from the date of grant	10 years after the date of grant	0.012%

Grantee	Outstanding share options	Position in the Group	Address	Consideration paid for the share options	Number of shares underlying share options granted(1)	Exercise Price(2)	Date of Grant	Vesting Period	The period during which share options are exercisable	Approximate percentage of issued Shares immediately after the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued under the Post-IPO Share Option Scheme or the RSU Scheme)
Ren Hongge 任鴻鴿	15,000	Director of Orca Center	122 Haihui Street, Lvshunkou District, Dalian, Liaoning Province, China	Nil	160,601	RMB10	September 1, 2009	4 years from the date of grant	10 years after the date of grant	0.012%
Wu Guangliang 吳廣亮	15,000	Director of ESL centre	3 Female Apartment, Dalian Maple Leaf International School, Liaoning Province, China	Nil	160,601	RMB10	September 1, 2009	4 years from the date of grant	10 years after the date of grant	0.012%
Ren Li 任麗	15,000	Director of CSL centre	58 Pengcheng Jiayuan, Economic and Technological Development Zone, Dalian, Liaoning Province, China	Nil	160,601	RMB10	September 1, 2009	4 years from the date of grant	10 years after the date of grant	0.012%
Total	1,385,000				14,828,800					1.09%
TOTAL	2,515,000				26,927,387					1.98%

Note:

(1) Assuming the Capitalization Issue has been completed.

(2) The exercise price is subject to adjustment pursuant to the Capitalization Issue. The adjusted price is RMB0.93.

Assuming that all the outstanding share options as of the Latest Practicable Date granted under the Pre-IPO Share Option Scheme had been exercised in full and that the 26,927,387 Shares to be issued upon the exercise of all the share options granted under the Pre-IPO Share Option Scheme were deemed to have been in issue throughout the years ended August 31, 2011, 2012 and 2013 and the nine months period ended May 31, 2014, there will be a anti-dilution effect of approximately 3.38%, for the year ended August 31, 2011, and a dilution effect of approximately 3.38%, 3.38% and 3.38% on the basic earnings per Share for the year ended August 31, 2012 and 2013 and the nine months period ended May 31, 2014, respectively.

Save and except as set out above, no other options have been granted or agreed to be granted by our Company under the Pre-IPO Share Option Scheme.

POST-IPO SHARE OPTION SCHEME

The following is a summary of the principal terms of the Post-IPO Share Option Scheme conditionally adopted by the resolutions in writing of all our Shareholders passed on November 10, 2014.

(a) Purpose

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

(b) Who may join

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

(i) any directors (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of any member of our Group; and

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

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

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

(c) Maximum number of Shares

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

The total number of Shares which may be issued upon exercise of all Options to be granted under the Post-IPO Share Option Scheme and any other share Option scheme of our Group shall not in aggregate exceed 10% of the Shares in issue on the day on which trading of the Shares commence on the Stock Exchange, such 10% limit represents 133,400,000 Shares (the "**General Scheme Limit**") but excluding any Shares which may be issued upon the exercise of the Over-allotment Option.

Subject to paragraph (a) above and without prejudice to paragraph (d) below, our Company may issue a circular to its Shareholders and seek approval of its Shareholders in a general meeting to extend the General Scheme

Limit provided that the total number of Shares which may be issued upon exercise of all Options to be granted under the Post-IPO Share Option Scheme and any other share Options scheme of our Group shall not exceed 10% of the Shares in issue as of the date of approval of the limit and, for the purpose of calculating the limit, Options (including those outstanding, cancelled, lapsed or exercised in accordance with the Post-IPO Share Option Scheme and any other share Option scheme of our Group) previously granted under the Post-IPO Share Option Scheme and any other share Option scheme of our Group will not be counted. The circular sent by our Company to its Shareholders shall contain, among other information, the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

Subject to paragraph (a) above and without prejudice to paragraph (c) herein, our Company may seek separate Shareholders' approval in a general meeting to grant Options beyond the General Scheme Limit or, if applicable, the extended limit referred to in paragraph (c) herein to participants specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to its Shareholders containing a general description of the specified participants, the number and terms of Options to be granted, the purpose of granting Options to the specified participants with an explanation as to how the terms of the Options serve such purpose and such other information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

(d) Maximum entitlement of each participant

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

(e) Grant of Options to Connected Persons

Any grant of Options under the Post-IPO Share Option Scheme to a director, chief executive or substantial shareholder of our Company or any of their respective associates must be approved by our independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of the Options).

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

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

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

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

Any change in the terms of Options granted to a substantial shareholder or an independent non-executive Director or any of their respective associates must be approved by our Shareholders in a general meeting.

(f) Time of acceptance and exercise of Option

An Option may be accepted by a participant within five Business Days from the date of the offer of grant of the Option.

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

(g) Performance targets

Unless our Directors otherwise determine and state in the offer of the grant of Options to a grantee, a grantee is not required to achieve any performance targets before any Options granted under the Post-IPO Share Option Scheme can be exercised.

(h) Subscription price for Shares

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

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

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

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

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

(i) Ranking of Shares

Shares allotted and issued upon the exercise of an Option will be identical to the then existing issued shares of our Company and subject to all the provisions of the Memorandum and Articles and will rank pari passu in all respects with the fully paid Shares in issue on the date the name of the grantee is registered on the register of members of our Company or, if that date falls on a day when the register of members of our Company is closed, the first day of the re-opening of the register of members ("**Exercise Date**") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date.

A Share allotted upon the exercise of an Option shall not carry voting rights or rights to participate in any dividends or distributions (including those arising on a liquidation of our Company) declared or recommended or resolved to be paid to the Shareholders on the register until the completion of the registration of the grantee on the register of members of our Company as the holder thereof.

Unless the context otherwise requires, references to "Shares" in this paragraph include references to shares in the ordinary equity share capital of our Company of such nominal amount as shall result from a subdivision, consolidation, re-classification or re-construction of the share capital of our Company from time to time.

(j) Restriction on the time of grant of Options

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

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

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

The Post-IPO Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Post-IPO Share Option Scheme is adopted.

(l) Rights are personal to the grantee

An Option is personal to the grantee and shall not be transferable or assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest in favor of or enter into any agreement with any other person over or in relation to any Option, except for the transmission of an Option on the death of the grantee to his personal representative(s) on the terms of this Post-IPO Share Option Scheme.

(m) Rights on ceasing employment

If the grantee of an Option is an Eligible Employee and ceases to be an Eligible Employee for any reason other than death, or for serious misconduct or other grounds referred to in sub-paragraph (o) below before exercising his Option in full, the Option (to the extent not already exercised) will lapse on the date of cessation and will not be exercisable unless our Directors otherwise determine in which event the grantee may exercise the Option (to the extent not already exercised) in whole or in part within such period as our Directors may determine following the date of such cessation, which will be taken to be the last day on which the grantee was physically at work with our Group whether salary is paid in lieu of notice or not.

(n) Rights on death

If the grantee of an Option is an Eligible Employee and ceases to be an Eligible Employee by reason of his death, before exercising the Option in full, his personal representative(s), or, as appropriate, the grantee may exercise the Option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of death of the grantee.

(o) Rights on dismissal

If the grantee of an Option is an Eligible Employee and ceases to be an Eligible Employee by reason that he has been guilty of serious misconduct or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offense (other than an offense which in the opinion of our Directors does not bring the grantee or our Group into disrepute) or on any other ground on which an employer would be entitled to terminate his or her employment summarily, his Option will lapse automatically and will not be exercisable on or after the date of ceasing to be an Eligible Employee.

(p) Rights on a general offer, a compromise or arrangement

If a general offer by way of takeover or otherwise (other than by way of scheme of arrangement) is made to our Shareholders (other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant Option, the Company shall forthwith give notice thereof to the grantee and the grantee shall be entitled to exercise the Option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company, at any time within such period as shall be notified by our Company.

If a general offer for Shares by way of scheme of arrangement is made to our Shareholders and has been approved by the necessary number of Shareholders at the requisite meetings, our Company shall forthwith give notice thereof to the grantee and the grantee may at any time thereafter (but before such time as shall be notified by our Company) exercise the Option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company.

(q) Rights on winding up

In the event a notice is given by our Company to our Shareholders to convene a general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall forthwith give notice thereof to the grantee and the grantee (or in the case of the death of the grantee, his personal representatives(s)) may at any time within such period as shall be notified by our Company, subject to the provisions of all applicable laws, exercise the Option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company, and our Company shall as soon as possible and in any event no later than three days prior to the date of the proposed general meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such Option.

(r) Adjustments

In the event of a capitalization issue, rights issue, subdivision or consolidation of Shares or reduction of capital of our Company whilst an Option remains exercisable, such corresponding adjustment (if any) certified by the auditors for the time being of or an independent financial adviser to our Company as fair and reasonable will be made to:

(i) the number or nominal amount of Shares to which the Post-IPO Share Option Scheme or any Option relates, so far as unexercised; and/or

(ii) the subscription price of the Option concerned; and/or

(iii) the method of exercise of the Option,

provided that:

(i) any adjustments shall give a grantee the same proportion of the issued share capital to which he was entitled prior to such alteration;

(ii) the issue of Shares or other securities of our Group as consideration in a transaction may not be regarded as a circumstance requiring adjustment; and

(iii) no adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value.

In addition, in respect of any such adjustments, other than any adjustment made on a capitalization issue, such auditors or independent financial adviser must confirm to our Directors in writing that the adjustments satisfy the requirements of the relevant provision of the Listing Rules and such other applicable guidance and/or interpretation of the Listing Rules from time to time issued by the Stock Exchange (including, but not limited to, the "Supplementary Guidance on Main Board Listing Rule 17.03(13) and the Note immediately after the Rule" attached to the letter from the Stock Exchange dated September 5, 2005 to all issuers relating to the share Option scheme).

(s) Cancellation of Options granted

Any Options granted but not exercised may be cancelled if the grantee so agrees. Issuance of new Options to the same grantee may only be made if there are unissued Options available under the Post-IPO Share Option Scheme (excluding the cancelled Options) and in compliance with the terms of the Post-IPO Share Option Scheme.

(t) Termination

Our Company may by ordinary resolution in a general meeting at any time resolve to terminate the Post-IPO Share Option Scheme prior to the expiry of the Post-IPO Share Option Scheme and in such event no further Options shall be offered or granted but in all other respects the provisions of the Post-IPO Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the Post-IPO Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Post-IPO Share Option Scheme.

(u) Lapse of an Option

An Option shall lapse automatically (to the extent not already exercised) on the earliest of:

(i) the expiry of the period referred to in sub-paragraph (k);

(ii) the expiry of the periods or dates referred to in sub-paragraphs (m), (n), (o), (p) and (q);

(iii) the date on which the grantee commits a breach of the provision which restricts the grantee to transfer or assign an Option granted under the Post-IPO Share Option Scheme or sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest in favor of or enter into any agreement with any other person over or in relation to any Option except for the transmission of an Option on the death of the Grantee to his personal representative(s) on the terms of this Scheme;

(iv) the date on which the grantee (being an employee or a director of any member of our Group) ceases to be a participant of the Post-IPO Share Option Scheme by reason of the termination of his or her employment or engagement on the grounds that he or she has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his or her debts or has become bankrupt or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offense involving his or her integrity or honesty or on any other ground on which an employer would be entitled to terminate his or her employment summarily;

(v) the date on which the grantee joins a company which the board believes in its sole and reasonable opinion to be a competitor of our Company;

(vi) the date on which the grantee (being a corporation) appears either to be unable to pay or to have no reasonable prospect of being able to pay its debts or has become insolvent or has made any arrangement or composition with its creditors generally; and

(vii) unless our Board otherwise determines, and other than in the circumstances referred to in sub-paragraphs (m) or (n), the date the Grantee ceases to be a Participant (as determined by a Board resolution) for any other reason.

(v) Others

The Post-IPO Share Option Scheme is conditional on the Listing Committee granting or agreeing to grant approval of (subject to such condition as the Stock Exchange may impose) the listing of and permission to deal in such number of Shares to be issued pursuant to the exercise of any Options which may be granted under the Post-IPO Share Option Scheme, such number representing the General Scheme Limit. Application has been made to the Listing Committee for the listing of and permission to deal in the Shares to be issued within the General Scheme Limit pursuant to the exercise of any Options which may be granted under the Post-IPO Share Option Scheme.

The terms and conditions of the Post-IPO Share Option Scheme relating to the matters set forth in Rule 17.03 of the Listing Rules shall not be altered to the advantage of grantees of the Options except with the approval of our Shareholders in a general meeting.

Any alterations to the terms and conditions of the Post-IPO Share Option Scheme which are of a material nature or any change to the terms of Options granted must be approved by our Shareholders in a general meeting and the Stock Exchange, except where the alterations take effect automatically under the existing terms of the Post-IPO Share Option Scheme.

The amended terms of the Post-IPO Share Option Scheme or the Options shall comply with the relevant requirements of Chapter 17 of the Listing Rules.

Any change to the authority of our Directors or the scheme administrators in relation to any alteration to the terms of the Post-IPO Share Option Scheme shall be approved by our Shareholders in a general meeting.

(w) Value of Options

Our Directors consider it inappropriate to disclose the value of Options which may be granted under the Post-IPO Share Option Scheme as if they had been granted as of the Latest Practicable Date. Any such valuation will have to be made on the basis of a certain Option pricing model or other method that depends on various assumptions including the exercise price, the exercise period, interest rate, expected volatility and other variables. As no Options have been granted, certain variables are not available for calculating the value of Options. Our Directors believe that any calculation of the value of Options granted as of the Latest Practicable Date would be based on a number of speculative assumptions that are not meaningful and would be misleading to investors.

(x) Grant of Options

As of the date of this prospectus, no Options have been granted or agreed to be granted under the Post-IPO Share Option Scheme.

Application has been made to the Listing Committee for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the Options to be granted under the Post-IPO Share Option Scheme.

RSU SCHEME

(a) Background

The following is a summary of principal terms of the RSU Scheme conditionally approved by a written resolution of our Shareholders passed on November 10, 2014 and adopted by a resolution of the Board on November 10, 2014.

The purpose of the RSU Scheme is to reward the fidelity of the directors, executive officers, senior managers and employees of the Company and of its subsidiaries and consolidated affiliated entities (collectively, "**Scheme Companies**" and each, a "**Scheme Company**") and align their interests with those of the Shareholders.

The RSU Scheme will become effective subject to and upon Listing. The grant of the RSUs will be made after Listing thereby recognizing the contribution of the Scheme Companies' directors, executive officers, senior managers and employees to the historical achievements of the Company.

The Company has the intention to continue exploring ways to incentivize, retain and reward Scheme Companies' directors, executive officers, senior management and employees and may implement other RSU schemes or other share-based remuneration schemes in the future.

(b) RSUs

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

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

(c) Grant of RSUs

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

(d) Shares underlying the RSUs

In order to allow release of Shares to Beneficiaries upon vesting of each RSU under the RSU Scheme, the Company will allot and issue such number of shares representing up to 3% of the Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering, excluding any Shares which may be issued pursuant to the RSU Scheme or the exercise of the Over-allotment Option or any options granted under the Pre-IPO Share Option Scheme or the Post-IPO Share Option Scheme to scheme participants under the RSU Scheme.

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

The grant of RSUs by the Company or transfer upon vesting of the RSUs of any of the Scheme Shares by the Scheme Trustee to a connected person of the Company should not be subject to the requirements of Chapter 14A of the Listing Rules.

(e) Vesting of RSUs

Vesting of RSUs is subject to continued employment of the Beneficiaries with a Scheme Company over the vesting period.

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

Exceptions apply in the case of the Beneficiary's death and disability. In such events, RSUs are not forfeited and Shares are released to the Beneficiaries or his or her heirs upon their request.

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

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

The vesting period of the RSUs is as follows:-

(i) Part 1 – If the grantee remains as an employee of the Group from January 1, 2014 to December 31, 2016, the vesting period of the RSUs is fixed at three years and Shares are issued quarterly in four equal installments, conditional upon Listing.

(ii) Part 2 – If the grantee remains as an employee of the Group from January 1, 2014 to December 31, 2014, the vesting period of the RSUs is fixed at one year and Shares are issued on December 31, 2014, conditional upon Listing.

Upon vesting, the Company instructs the Scheme Trustee to release Scheme Shares to the Beneficiary on its behalf.

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

REPURCHASE BY THE COMPANY OF ITS OWN SECURITIES

This section includes information required by the Stock Exchange to be included in this prospectus concerning such the repurchase by us of our own securities.

1. Provisions of the Listing Rules

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

(a) Shareholders' approval

The Listing Rules provide that all repurchases of securities on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of shareholders, either by way of general mandate or by specific approval in relation to specific transactions.

(b) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Cayman Companies Law, the Memorandum and Articles of Association, the Listing Rules and the applicable laws and regulations of Hong Kong. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. Any repurchases by the Company may be made out of profits or out of an issue of new shares made for the purpose of the repurchase or, if authorized by its Memorandum and Articles of Association and subject to the Cayman Companies Law, out of capital, and, in the case of any premium payable on the repurchase out of profits or from sums standing to the credit of our share premium account or, if authorized by its Memorandum and Articles of Association and subject to the Cayman Companies Law, out of capital.

(c) Trading restrictions

The total number of shares that a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities, which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is higher than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange by 5% or more. The Listing Rules also prohibit a listed company from repurchasing its securities if it would result in the percentage of securities in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(d) Status of repurchased shares

The listing of all repurchased securities (whether on the Stock Exchange or, otherwise) is automatically cancelled and the relevant certificates must be cancelled and destroyed. Under the Cayman Companies Law, a company's repurchased shares shall be treated as cancelled and the amount of the company's issued share capital shall be reduced by the aggregate nominal value of the purchased shares accordingly although the authorized share capital of the company will not be reduced, or alternatively may be kept by the company as treasury shares.

(e) Suspension of repurchase

A listed company may not make any repurchase of securities after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of: (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), a listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(f) Reporting requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such purchase, where relevant, and the aggregate prices paid.

(g) Connected persons

The Listing Rules prohibit a company from knowingly repurchasing securities on the Stock Exchange from a "connected person", that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their respective associates (as defined in the Listing Rules) and a connected person shall not knowingly sell his securities to the company.

2. General

(i) None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) currently intends to sell any Shares to our Company.

(ii) Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws and regulations of Hong Kong.

(iii) If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

(iv) Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares held by the public being reduced to less than 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules or as otherwise required by the Stock Exchange pursuant to any waivers granted).

(v) No connected person (as defined in the Listing Rules) has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

3. Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to have general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share. Our Directors have sought the grant of a general mandate to repurchase Shares to give our Company flexibility to do so if and when appropriate, and such repurchases will only be made where our Directors believe that the repurchases will benefit our Company and Shareholders.

SUMMARY OF THE MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Company, our subsidiaries or our consolidated affiliated companies within the two years preceding the date of this prospectus and are or may be material:

(i) an exclusive management consultancy and business cooperation agreement dated May 11, 2014 and entered into by and among Beipeng Software, Dalian Educational Group and its subsidiary entities including Dalian Maple Leaf International School (Dalian Middle School and Elementary School), Wuhan Maple Leaf International School, Henan Maple Leaf International School, Chongqing Maple Leaf International School, Tianjin Taida Maple Leaf International School, Inner Mongolia Ordos Maple Leaf International School, Shanghai Maple Leaf International School, Zhenjiang Maple Leaf International School, Wuhan Maple Leaf School, Pingdingshan Maple Leaf International School, Dalian Maple Leaf Qianshan Xincheng Preschool, Dalian Maple Leaf Sunshine Preschool, Dalian Maple Leaf Fengqiao Preschool, Dalian Maple Leaf Lanxi Wenyuan Preschool, Dalian Maple Leaf Jiabao Preschool, Dalian Maple Leaf Jinhai Preschool, Dalian Maple Leaf Xiangzhou Preschool, Dalian Maple Leaf Kaifaqu Preschool, Dalian Maple Leaf Xianghe Huayuan Preschool, Dalian Maple Leaf Zhonghua Mingcheng Preschool, Inner Mongolia Ordos Maple Leaf First Preschool and Dalian Science and Education (the "**Subsidiary Entities**"), the list of which is to be updated to include all the entities that Dalian Educational Group invests in and controls from time to time (including via contractual arrangements), including but not limited to companies, schools and other entities which it directly or indirectly holds more than 50% interests of (as of the date of this prospectus, no change to the list of Subsidiary Entities has been made), and the Founder's Sister, pursuant to which Dalian Educational Group and the Founder's Sister agreed to engage Beipeng Software as the exclusive service provider to provide Dalian Educational Group and the Subsidiary Entities with comprehensive business management consultancy and educational consultancy services, intellectual property licenses, technical support and business support services, and in return, Beipeng Software will charge for the services;

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

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

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

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

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

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

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

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

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

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

(xii) an amendment to the share purchase agreement dated March 25, 2014 and entered into by and among the Company and the Pre-IPO Investors, pursuant to which the Preferred Share Purchase Agreement was amended;

(xiii) an amendment to the investors' rights agreement dated March 25, 2014 and entered into by and among the Company, the Pre-IPO Investors, Sherman Investment and Bei Kai, pursuant to which the Investors' Rights Agreement was amended;

(xiv) an amendment to the first refusal and co-sale agreement dated March 25, 2014 and entered into by and among the Company, the Pre-IPO Investors, Sherman Investment and Bei Kai, pursuant to which the first refusal and co-sale agreement by and among the same parties dated March 12, 2008 was amended;

(xv) an amendment to the adjustment agreement dated March 25, 2014 and entered into by and among the Company, the Pre-IPO Investors, Sherman Investment and Bei Kai, pursuant to which the adjustment agreement by and among the same parties dated February 22, 2011 was amended;

(xvi) an amendment to the indemnification agreement dated March 25, 2014 and entered into between the Company and Ji Yue, pursuant to which the indemnification agreement between the same parties dated March 12, 2008 was amended;

(xvii) the Termination Agreement;

(xviii) a cornerstone investment agreement dated November 13, 2014 between Edmond De Rothschild Asset Management (France), BNP Paribas Securities (Asia) Limited, CLSA Limited and CLSA Capital Markets Limited and us, pursuant to which Edmond De Rothschild Asset Management (France) agreed to subscribe for 25,500,000 Shares at the Offer Price;

(xix) a cornerstone investment agreement dated November 14, 2014 between International Finance Corporation, BNP Paribas Securities (Asia) Limited, CLSA Limited and CLSA Capital Markets Limited and us, pursuant to which International Finance Corporation agreed to subscribe for 25,500,000 Shares at the Offer Price;

(xx) a cornerstone investment agreement dated November 14, 2014 between New China Asset Management (Hong Kong) Limited, BNP Paribas Securities (Asia) Limited, CLSA Limited and CLSA Capital Markets Limited and us, pursuant to which New China Asset Management (Hong Kong) Limited agreed to subscribe for 25,500,000 Shares at the Offer Price;

(xxi) a policy agreement dated November 14, 2014 between International Finance Corporation and us, pursuant to which our Company agreed to adhere to certain operational policy requirements adopted by International Finance Corporation; and

(xxii) the Hong Kong Underwriting Agreement.

INTELLECTUAL PROPERTY RIGHTS OF OUR GROUP

1. Trademarks

As of the Latest Practicable Date, we had registered and maintained the following trademarks:

No.	Trademark	Class	Place of Registration	Registered Owner	Registration Number	Expiry Date (dd/mm/yyyy)
1.		41	Hong Kong	Hong Kong Maple Leaf Educational Systems Ltd.	301572804	25/03/2020
2.		41	PRC	Dalian Beipeng Educational Software Development Inc.	1317301	20/09/2019

2. Domain names

As of the Latest Practicable Date, we had registered the following domain names:

No.	Domain Name	Registered Owner	Expiry Date (dd/mm/yyyy)
1.	www.mapleleaf.cn	Beipeng Software	02/04/2021
2.	www.mapleleaf.net.cn	Beipeng Software	23/09/2016

Note: Information contained on the websites above does not form part of this prospectus.

Save as aforesaid, as of the Latest Practicable Date, there were no other trade or service marks, patents, intellectual or industrial property rights which were material in relation to our Group's business.

FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of interests

(a) Interests of the Directors and the Chief Executive of Our Company

Immediately following the completion of the Capitalization Issues and Global Offering (taking no account of any Shares which may be allotted and issued pursuant to the Over-allotment Option and the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme or the RSU Scheme), so far as our Directors are aware, the interests or short positions of the Directors and chief executive of our Company in the Shares, underlying Shares and debentures of our Company and our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Stock Exchange, in each case once our Shares are listed, will be as follows:

Name of Director/Chief Executive	Capacity/Nature of interest	Number of Underlying Shares(1)	Approximate percentage of shareholding immediately following the completion of the Capitalization Issue and the Global Offering(2)
Shu Liang Sherman Jen(3)	Interest of controlled corporation	717,869,909(L)	53.81%
Shu Liang Sherman Jen(4)	Beneficial interest	3,212,015(L)	0.24%
Zhenwan Liu(5)	Beneficial interest	1,606,007(L)	0.12%
Jingxia Zhang(6)	Beneficial interest	1,606,007(L)	0.12%
James William Beeke(7)	Beneficial interest	1,070,671(L)	0.08%
James William Beeke(8)	Beneficial interest	1,070,671(L)	0.08%
Peter Humphrey Owen(9)	Beneficial interest	1,070,671(L)	0.08%
Howard Robert Balloch(10)	Beneficial interest	1,070,671(L)	0.08%

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) The calculation is based on the total number of 1,334,000,000 Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued under the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme or the RSU Scheme).

(3) Sherman Investment is a company incorporated in the BVI that is wholly-owned by Mr. Jen. Mr. Jen is taken to be interested in 717,869,909 Shares held by Sherman Investment.

(4) Mr. Shu Liang Sherman Jen is interested in the options granted pursuant to the Pre-IPO Share Option Scheme to subscribe for 3,212,015 Shares.

(5) Mr. Zhenwan Liu is interested in the options granted pursuant to the Pre-IPO Share Option Scheme to subscribe for 1,606,007 Shares.

(6) Ms. Jingxia Zhang is interested in the options granted pursuant to the Pre-IPO Share Option Scheme to subscribe for 1,606,007 Shares.

(7) Mr. James William Beeke is interested in 1,070,671 Shares of the Company.

(8) Mr. James William Beeke is interested in the options granted pursuant to the Pre-IPO Share Option Scheme to subscribe for 1,070,671 Shares.

(9) Mr. Peter Humphrey Owen is interested in the options granted pursuant to the Pre-IPO Share Option Scheme to subscribe for 1,070,671 Shares.

(10) Mr. Howard Robert Balloch is interested in the options granted pursuant to the Pre-IPO Share Option Scheme to subscribe for 1,070,671 Shares.

(b) Interests of the Substantial Shareholders

Immediately following the completion of the Capitalization Issue and Global Offering (taking no account of any Shares which may be allotted and issued pursuant to the Over-allotment Option and the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme or the RSU Scheme), so far as the Directors are aware, the following persons (not being a Director or a chief executive of us) will have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Name of interested party	Capacity/Nature of interest	Number of Underlying Shares[(1)]	Approximate percentage of shareholding immediately following the completion of the Capitalization Issue and the Global Offering[(2)]
Sherman Investment[(3)]	Registered owner	717,869,909(L)	53.81%
Shu Liang Sherman Jen[(4)]	Interest of a controlled corporation	717,869,909(L)	53.81%
Shu Liang Sherman Jen[(4)]	Beneficial interest	3,212,015(L)	0.24%
Sequoia Capital China Growth Fund I, L.P.[(5)]	Registered owner	199,881,280(L)	14.98%

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) The calculation is based on the total number of 1,334,000,000 Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued under the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme or the RSU Scheme).

(3) Sherman Investment is a company incorporated in the BVI that is wholly-owned by Mr. Jen and holds 717,869,909 Shares.

(4) Mr. Jen (as the 100% owner of Sherman Investment) is taken to be interested in 717,869,909 Shares held by Sherman Investment and the options granted pursuant to the Pre-IPO Share Option Scheme to subscribe for 3,212,015 Shares. Taking into account his interest in the Company held by Sherman Investment, he is deemed to be interested in the Company as to 54.05%.

(5) Sequoia Capital China Growth Fund I, L.P., a limited liability partnership incorporated in the Cayman Islands, is taken to be interested in 199,881,280 Shares because it holds 15,703,200 Preferred Shares. All Preferred Shares will be mandatorily converted into Shares of our Company upon the Global Offering becoming unconditional.

2. Particulars of Directors' service contracts and letters of appointment

(a) Executive Directors

Each of our executive Directors has entered into a service contract with our Company pursuant to which they agreed to act as executive Directors for an initial term of three years with effect from the Listing Date or until the third annual general meeting of our Company since the Listing Date (whichever is earlier) (subject always to re-election as and when required under the Articles). Either party has the right to give written notice to terminate the agreement. Details of the Company's remuneration policy is described in the section headed "Directors and Senior Management — Directors' and Senior Management's Remuneration" in this prospectus.

The annual salaries of the executive Directors payable by the Company are as follows:

Executive Director	HK$
Shu Liang Sherman Jen	3,000,000
Jingxia Zhang	1,500,000
James William Beeke	1,800,000
Zhenwan Liu	2,000,000

(b) Non-executive Director and independent non-executive Directors

Each of our non-executive Director and independent non-executive Directors has signed a letter of appointment with our Company. The term of office of our non-executive Director and independent non-executive Directors is either two or three years.

Non-executive Director	HK$
Howard Robert Balloch	0

Independent non-executive Director	HK$
Peter Humphrey Owen	360,000
Chak Kei Jack Wong	360,000

Save as disclosed in this prospectus, none of our Directors has or is proposed to have a service contract with the Company other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

3. Remuneration of Directors

The aggregate amounts of remuneration (including salaries and other allowances, share-based payments and social benefits) paid by our Group to the Directors for each of the financial years ended August 31, 2011, 2012 and 2013 and the nine months period ended May 31, 2014 were approximately RMB1,436,000, RMB3,657,000, RMB3,694,000, and RMB2,678,000, respectively.

Under our arrangements currently in force, the aggregate remuneration (including salaries and other allowances, share-based payments and social benefits) of our Directors, excluding any discretionary bonuses, for the financial year ended August 31, 2014 is estimated to be no more than approximately RMB3,647,000.

Save as disclosed in this prospectus, no other amounts have been paid or are payable by any member of our Group to our Directors for the financial years ended August 31, 2011, 2012 and 2013 and the nine months period ended May 31, 2014.

4. Disclaimers

Save as disclosed in this prospectus:

(i) there are no existing or proposed service contracts (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)) between the Directors and any member of the Group;

(ii) none of the Directors or the experts named in "Consents of experts" has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;

(iii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any Shares in or debentures of the Company within the two years ended on the date of this prospectus;

(iv) none of the Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of the Group taken as a whole;

(v) taking no account of any Shares which may be taken up under the Global Offering and allotted and issued pursuant to the exercise of the Over-Allotment Option or any Shares which may be issued under the RSU

Scheme, the Post-IPO Share Option Scheme or the Pre-IPO Share Option Scheme, so far as is known to any Director or chief executive of the Company, no other person (other than a Director or chief executive of the Company) will, immediately following the completion of the Capitalization Issue and the Global Offering, have interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or (not being a member of the Group), be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group; and

(vi) none of the Directors or chief executive of the Company has any interests or short positions in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered into the register referred to therein, or will be required, pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange once the Shares are listed thereon.

OTHER INFORMATION

1. Litigation

Save as disclosed in this prospectus, no member of our Group is engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against our Company that would have a material adverse effect on our Company's results of operations or financial condition.

2. Preliminary expenses

The preliminary expenses of our Company are approximately HK$50,000 and have been paid by our Company.

3. Promoter

Our Company has no promoter for the purpose of the Listing Rules. Within the two years preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to any promoter in connection with the Global Offering and the related transactions described in this prospectus.

4. Agency fees or commissions

Save as disclosed in this prospectus, within the two years preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries.

5. Joint Sponsors

The Joint Sponsors have made an application on behalf of our Company to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Shares in issue as mentioned herein and any Shares falling to be issued pursuant to the Global Offering and the exercise of the Over-allotment Option. All necessary arrangements have been made enabling such Shares to be admitted into CCASS.

The Joint Sponsors are independent from our Company pursuant to Rule 3A.07 of the Listing Rules. The Joint Sponsors' fees are estimated to amount to US$1 million subject to the terms of the engagement.

6. No material adverse change

Our Directors believe that there has been no material adverse change in the financial or trading position since May 31, 2014 (being the date on which the latest audited consolidated financial statements of the Group were made up).

7. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

8. Miscellaneous

(i) Save as disclosed in this prospectus:

(A) within the two years preceding the date of this prospectus, no share or loan capital of the Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash; and

(B) no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.

(ii) Our Company has no founder shares, management shares or deferred shares in the capital of the Company.

(iii) All necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement.

(iv) None of the equity and debt securities of our Company is listed or dealt in on any other stock exchange nor is any listing or permission to deal being or proposed to be sought.

(v) There is no arrangement under which future dividends are waived or agreed to be waived.

(vi) We have no outstanding convertible debt securities.

(vii) As at the date of this prospectus, there is no restriction affecting the remittance of profits or repatriation of capital of our Company into Hong Kong from outside of Hong Kong.

9. Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualification
BNP Paribas Securities (Asia) Limited	Licensed to conduct type 1 (dealing in securities), type 2 (dealing in future contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 7 (providing automated trading services), acting as the Joint Sponsor of the Global Offering
CLSA Capital Markets Limited	Licensed to conduct type 4 (advising on securities) and type 6 (advising on corporate finance), acting as the Joint Sponsor of the Global Offering
Dalian Zheng An Tax Agency Limited	Qualified PRC tax advisor
Deloitte Touche Tohmatsu	Certified Public Accountants
Tian Yuan Law Firm	Qualified PRC lawyers
Maples and Calder	Cayman Islands legal advisors
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industrial consultant
DTZ Debenham Tie Leung Limited	Property valuer

10. Consents of experts

Each of the experts listed in the paragraph headed "Qualifications of experts" in this Appendix has given and has not withdrawn their respective consents to the issue of this prospectus with the inclusion of its report and/or letter and/or summary of valuations and/or legal opinion (as the case may be) and references to its name included in the form and context in which it appears.

As of the Latest Practicable Date and save as disclosed in the preceding paragraph, none of the experts named in the paragraph headed "Qualifications of experts" in this Appendix had any shareholding interests in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

GENERAL

1. Taxation of Holder of our Shares

(a) Hong Kong

Dealings in Shares registered on our Hong Kong register of members will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax. Our Directors have been advised that no material liability for estate duty under the laws of China or Hong Kong would be likely to fall upon any member of our Group.

(b) Cayman Islands

Under the present Cayman Islands law, there is no stamp duty payable in the Cayman Islands on transfer of shares.

(c) Consultation with professional advisors

Potential investors in the Global Offering should consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding and disposing of, or dealing in Shares. It is emphasized that none of us, the Joint Global Coordinators, the Joint Bookrunners, the Joint Sponsors and the Underwriters and their respective directors or any other parties involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, persons resulting from the application for, or purchasing, holding and disposal of, or dealing in the Shares.

2. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

(i) copies of the **white**, **yellow** and **green** Application Forms;

(ii) the written consents referred to in the section headed "Appendix VI — Statutory and General Information — Other Information — Consents of experts" to this prospectus; and

(iii) copies of the material contracts referred to in the section headed "Appendix VI — Statutory and General Information — Summary of the material contracts" to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Skadden, Arps, Slate, Meagher & Flom at 42/F Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. up to and including the date which is 14 days from the date of this prospectus:

(iv) our Memorandum and Articles of Association;

(v) the Accountant's Report prepared by Deloitte Touche Tohmatsu, the text of which are set out in Appendix I to this prospectus;

(vi) the letter received from Deloitte Touche Tohmatsu on unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;

(vii) the letter, summary of values and valuation certificates relating to the property interests of our Group prepared by DTZ Debenham Tie Leung Limited, the texts of which are set out in Appendix IV to this prospectus;

(viii) the material contracts referred to in the section headed "Appendix VI — Statutory and General Information — Summary of the material contracts" to this prospectus;

(ix) the service contracts with Directors, referred to in the section headed "Appendix VI — Statutory and General Information — Further Information about our Directors and Substantial Shareholders — Particulars of Directors' service contracts and letters of appointment " to this prospectus;

(x) the written consents referred to in the section headed "Appendix VI — Statutory and General Information — Other Information — Consents of experts" to this prospectus;

(xi) the legal opinions dated this prospectus date prepared by Tian Yuan Law Firm, our Legal Counsel as to PRC law, in respect of certain aspects of our Group;

(xii) the list of all grantees who have been granted share options to subscribe for Shares under the Pre-IPO Share Option Scheme, containing all details as required under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(xiii) our Pre-IPO Share Option Scheme;

(xiv) our RSU Scheme;

(xv) our Post-IPO Share Option Scheme; and

(xvi) the Cayman Companies Law.

MLES