

SUMMARY

This summary aims to give you an overview of the information contained in this [REDACTED]. As it is a summary, it does not contain all the information that may be important to you. [REDACTED]

OVERVIEW

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 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 certified by the BCMOE. As of the Latest Practicable Date, we operated seven high schools, seven middle schools, six elementary schools, 11 preschools and two foreign national schools across eight cities in China. We had an approximately 7.5% market share in the highly fragmented international school market in China, as measured by student enrollment at the end of the 2012/2013 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 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 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. Our overall student enrollment was approximately 11,697 as of the end of the 2012/2013 school year and approximately 12,906 as of February 28, 2014. For the financial year ended August 31, 2013 and the six months ended February 28, 2014, our revenue amounted to RMB471.2 million and RMB242.9 million, respectively, and our gross profit was RMB202.5 million and RMB98.9 million, respectively.

We believe that our schools also 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 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

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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

We operated seven high schools in Dalian, Wuhan, Tianjin, Chongqing, Zhenjiang, Luoyang and Shanghai, respectively, that had a total of approximately 5,871 students as of February 28, 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 [REDACTED]. 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

We operated seven middle schools, six elementary schools, 11 preschools and two Foreign Schools in eight cities throughout China that had approximately 2,886 students, 2,650 students, 1,299 students and 200 students, respectively, as of February 28, 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 are certified by the BCMOE 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 117 to 128 of the [REDACTED].

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

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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, over 90% of our high school graduates were admitted to universities and colleges around the world, primarily in Canada and the United States. Our middle and elementary schools endeavor to enroll students who seek an interactive and rigorous 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 [REDACTED].

Our Teachers

As of February 28, 2014, we had a team of approximately 1,270 teachers, including approximately 300 BC-certified teachers, approximately 910 PRC-certified teachers and approximately 60 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 114 to 116 of this [REDACTED] 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;

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- Optimize pricing at our schools; and
- Continue to provide premium quality education and promote our brand name.

Please refer to pages 116 to 117 of this [REDACTED] for details of our strategies.

Major Development Milestones

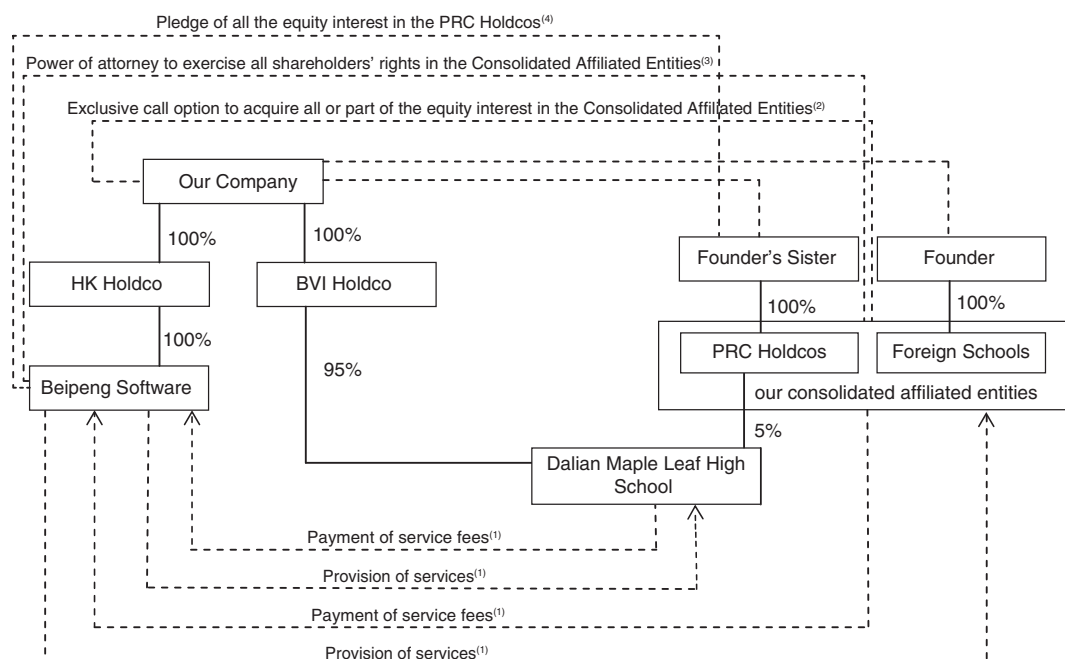
September 1996	Dalian Maple Leaf International School (Middle School and Elementary School) opened in Jinshitan, Dalian
April 1998	Dalian Maple Leaf High School was certified by the BCMOE
June 1999	The first graduating class from Dalian Maple Leaf High School received their high school diplomas
September 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. See the section headed “Contractual Arrangements” in this [REDACTED].

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



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Note:

1. See the section headed “Contractual Arrangements — Exclusive Management Consultancy and Business Cooperation Agreements” in this [REDACTED].
2. See the section headed “Contractual Arrangements — Call Option Agreements” in this [REDACTED].
3. See the section headed “Contractual Arrangements — Powers of Attorney” in this [REDACTED].
4. See the section headed “Contractual Arrangements — Equity Pledge Agreement” in this [REDACTED].
5. “————” denotes direct legal and beneficial ownership in the equity interest and “————” denotes Contractual Arrangements.

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. See the section headed “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 [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised and no Shares are issued under the [REDACTED] Share Option Scheme, the [REDACTED] 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 Board is satisfied that our Group is capable of carrying on its business independently of the Controlling Shareholders and their associates after the [REDACTED]. See the section headed “Relationship with our Controlling Shareholders” in this [REDACTED].

[REDACTED] 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 [REDACTED] Investors’ knowledge and experience. Upon the completion of the [REDACTED] Investment, Sequoia held approximately 20% of the then-issued share capital of our Company. The net proceeds from the [REDACTED] Investment have been fully utilized for working capital, business expansion and other corporate purposes. Immediately after the completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised and no Shares are issued under the [REDACTED] Share Option Scheme, the [REDACTED] Share Option Scheme or the RSU Scheme), Sequoia will hold approximately 17.18% of the total share capital in issue of the Company. See the section headed “History and Corporate Structure — [REDACTED] Investment” in this [REDACTED].

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 [REDACTED] Share Option Scheme on April 1, 2008 and conditionally adopted the [REDACTED] Share Option Scheme and RSU Scheme on [●]. As of the Latest Practicable Date, 2,515,000 share options to subscribe for an aggregate of 26,927,387 Shares, as adjusted

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pursuant to the [REDACTED], upon the full exercise of which representing approximately 1.98% of the enlarged issued share capital of our Company upon the completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised and no further Shares are issued under the [REDACTED] Share Option Scheme or the RSU Scheme) had been granted to 52 grantees under the [REDACTED] 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 [REDACTED] Share Option Scheme.

See the sections headed “Appendix VI — Statutory and General Information — Further Information about Our Company — [REDACTED] Share Option Scheme”, “Appendix VI — Statutory and General Information — Further Information about Our Company — [REDACTED] Share Option Scheme” and “Appendix VI — Statutory and General Information — Further Information about Our Company — RSU Scheme” to this [REDACTED].

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 six months ended February 28, 2014, and should be read in conjunction with our financial information included in the Accountant’s Report set out in Appendix I to this [REDACTED], including the notes thereto. The summary financial information has been prepared in accordance with the IFRS. Our revenue in the fiscal years ended August 31, 2011, 2012 and 2013 and the six months ended February 28, 2014 amounted to RMB346.1 million, RMB413.5 million, RMB471.2 million and RMB 242.9 million, respectively, primarily due to an increase in the number of student enrolled at our existing schools and the opening of new schools.

Consolidated Statements of Comprehensive Income

	For the Year Ended August 31,			For the Six Months Ended February 28, 2014
	2011	2012	2013	
	(RMB’000)			
Revenue	346,091	413,459	471,219	242,924
Cost of revenue	(189,687)	(222,342)	(268,751)	(144,072)
Gross profit	156,404	191,117	202,468	98,852
Operating profit ⁽¹⁾	108,287	128,774	125,464	58,826
(Loss) profit for the year/period	(38,230)	93,968	33,182	61,769
Adjusted net profit ⁽²⁾	88,123	106,265	105,343	46,646

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 Six Months Ended February 28, 2014
	2011	2012	2013	
	(RMB’000)			
(Loss) profit for the year/period	(38,230)	93,968	33,182	61,769
Add				
Share-based payments	353	72	31	—
Change in fair value on redeemable convertible preferred shares	104,040	10,440	63,720	23,692
Change in fair value on warrants	21,960	1,785	8,410	3,695
Gain on cancellation of warrants	—	—	—	(42,510)
Adjusted net profit	88,123	106,265	105,343	46,646

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Selected Consolidated Balance Sheet Items

	As of August 31,			As of
	2011	2012	2013	February 28, 2014
	(RMB'000)			
Current assets	248,186	309,519	425,559	209,576
Current liabilities	1,000,341	1,014,100	1,263,199	1,055,968
Total assets	1,328,284	1,470,390	1,827,888	1,633,970
Total liabilities	1,038,213	1,086,157	1,410,246	1,154,428
Share capital	511	511	511	511
Reserves	289,560	383,722	417,131	479,031
Total equity	290,071	384,233	417,642	479,542

Consolidated Statements of Cash Flows

	For the Year Ended August 31,			For the Six Months Ended
	2011	2012	2013	February 28, 2014
	(RMB'000)			
Net cash from (used in) operating activities	235,667	216,782	250,274	(101,046)
Net cash used in investing activities	(154,498)	(74,256)	(227,201)	(66,002)
Net cash from (used in) financing activities	23,786	(80,379)	89,346	(49,369)
Cash and cash equivalents at end of the year/period, representing bank balances and cash	<u>234,903</u>	<u>297,036</u>	<u>409,303</u>	<u>192,878</u>

Key Financial Ratios

	For the Year Ended August 31,			For the Six Months Ended
	2011	2012	2013	February 28, 2014
Return on equity ⁽¹⁾	-13.2%	24.5%	7.9%	12.9%
Return on total assets ⁽²⁾	-2.9%	6.4%	1.8%	3.8%
Current ratio ⁽³⁾	0.25	0.31	0.34	0.20
Gearing ratio ⁽⁴⁾	80.5%	44.2%	65.8%	48.8%
Interest coverage ratio ⁽⁵⁾	-1.05	7.77	3.65	8.69

Notes:

- (1) Return on equity is calculated as (loss)/profit for the year/period divided by shareholders' equity for the respective year or period.
- (2) Return on total assets is calculated as (loss)/profit for the year/period divided by total assets for the respective year or period.
- (3) Current ratio is calculated as current assets divided by current liabilities as of the end of the respective year or period.
- (4) Gearing ratio is calculated as total borrowings divided by total equity as of the end of the respective year or period.
- (5) 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 February 28, 2014, we had net current liabilities of approximately RMB752.2 million, RMB704.6 million, RMB837.6 million and RMB846.4 million, respectively, primarily due to amounts relating to tuition fees being recognized as deferred revenue, amounts recognized as other payables

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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 [REDACTED]. We will use approximately 30% of the proceeds from the [REDACTED] to repay bank loans. In addition, we recorded negative operating cash flow of approximately RMB101.0 million in the six months ended February 28, 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 [REDACTED]. Our Directors believe that our cash, the anticipated cash flow from operations, bank borrowings and the net proceeds from the [REDACTED] will be sufficient to meet our anticipated cash needs for at least twelve months from the date of this [REDACTED].

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Our Directors confirm that since February 28, 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 [REDACTED]. During the same periods, our results of operations were largely in line with our expectations.

[REDACTED]

[PROFIT FORECAST FOR THE YEAR ENDING AUGUST 31, 2014]

Our Directors believe that, on the bases and assumptions set out in the section headed “Profit Forecast” as set out in Appendix III to this [REDACTED], and in the absence of unforeseen circumstances, our forecast consolidated net profit attributable to the equity holders of the Company for the year ending August 31, 2014 is expected to be not less than RMB40.0 million. The profit forecast is subject to adjustment of change in fair value on Preferred Shares, change in fair value on warrants, gain on cancellation on warrants and may be further updated.]

[REDACTED]

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[REDACTED]

FUTURE PLANS AND [REDACTED]

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.

[REDACTED]

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 [REDACTED].

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;

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- 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 24 to 52 of this [REDACTED] 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 [REDACTED], the value of the properties we owned and occupied in Dalian as at March 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 [REDACTED]. 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 38 of this [REDACTED].

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period, we only partially complied with 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 [REDACTED] for further details.