

APPENDIX IV

PROPERTY VALUATION REPORT

The following is the text of a letter, summary of valuations and valuation certificate prepared for the purpose of incorporation in this [REDACTED] 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 March 31, 2014.

16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

May [*], 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 March 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 valuation excludes 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 valuation 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 [REDACTED] 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.

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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 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 potential profitability of the business.

In valuing of the property in Group II which are held by the Group for investment in the PRC, we have valued each of them by investment approach by capitalizing the rental income derived from the existing tenancies with due provision for the reversionary income potential of the property interests, or where appropriate, by the 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, development proposal, construction costs, estimated completion date, site and floor areas and all other relevant matters. Dimensions, measurements and areas included in this valuation report 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 valuation. 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. We have also accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of land and buildings, completion date of buildings, particulars of occupancy, development schemes, construction costs, site and floor areas, interest attributable to the Group and all other relevant matters.

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 December 2013 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 property is free of rot, infestation and any other structural defects, nor were any test carried out to any of the services. Our valuation is 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.

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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.R.I.C.S., M.H.K.I.S.

Senior Director

Note: Mr. Andrew K.F. Chan is a Registered Professional Surveyor (General Practice) who has over 26 years' experience in the valuation of properties in the PRC and Hong Kong.

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SUMMARY OF VALUATIONS

Property	Market value in existing state as at March 31, 2014	Interest attributable to the Group	Market value in existing state attributable to the Group as at March 31, 2014
Group I — Properties held by the Group for owner occupation in the PRC			
1. Lands and buildings, No. 6 of Zhongxin Avenue, Jinshitan, Dalian Development Area, Dalian, Liaoning Province, the PRC	RMB113,000,000	100%	RMB113,000,000
2. A parcel of land and buildings, No. 9 of 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. A building, 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

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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 March 31, 2014
1. Lands and buildings, No. 6 of Zhongxin Avenue, Jinshitan, Dalian Development Area, Dalian, Liaoning Province, the PRC	<p>The property comprises 3 parcels of land with a total site area of approximately 62,511 sq m and various buildings erected thereon.</p> <p>The buildings of the property have a total gross floor area of 63,590.06 sq m.</p> <p>The property was completed in the period between 1996 to 2004.</p> <p>The property is located at 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 education use.</p> <p>The land use rights of the portion of the property with 30,833 sq m have been granted for a term due to expire on May 27, 2046 for education use. The land use rights of the remaining portion are obtained through administrative allocation and the land use rights term is unspecified.</p>	As at the date of valuation, the property was occupied by the Group as educational institute and its ancillary facilities.	RMB113,000,000 (See note (6) below)

Notes:-

- (1) According to State-owned Land Use Rights Certificates No. (2002) 00012 dated May 28, 2002 issued by 大連金石灘國家旅遊度假區土地管理局 (Dalian Jinshitan National Tourist Resort Land Management Bureau), the land use rights of portion of the property with a total site area of 30,833 sq m have been vested in Dalian Maple Leaf International School (大連楓葉國際學校) with term due to expire on May 27, 2046 for education use. The land use rights of this portion of the property is granted by the government to Dalian Maple Leaf International School (大連楓葉國際學校).
- (2) According to State-owned Land Use Rights Certificates No. (2003) 00007 dated March 2, 2003 issued by 大連金石灘國家旅遊度假區土地管理局 (Dalian Jinshitan National Tourist Resort Land Management Bureau), the land use rights of portion of the property with a total site area of 17,157 sq m have been vested in Dalian Maple Leaf International School (大連楓葉國際學校) for gymnasium and apartment use. The land use rights of this portion of the property is allocated by the government to Dalian Maple Leaf International School (大連楓葉國際學校).
- (3) According to State-owned Land Use Rights Certificates No. (1998) 005 dated March 2, 1998 issued by 大連金石灘國家旅遊度假區土地管理局 (Dalian Jinshitan National Tourist Resort Land Management Bureau), the land use rights of portion of the property with a total site area of 14,521 sq m have been vested in Dalian Maple Leaf International School (大連楓葉國際學校) for education use. The land use rights of this portion of the property is allocated by the government to Dalian Maple Leaf International School (大連楓葉國際學校).
- (4) 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 ownerships of the property with a total gross floor area of 40,622.43 sq m are vested in Dalian Maple Leaf International School (大連楓葉國際學校). This portion of the property is erected on the site with land use rights granted by the government.

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- (5) According to 11 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 ownerships of the property with a total gross floor area of 22,967.63 sq m are vested in Dalian Maple Leaf International School (大連楓葉國際學校). This portion of the property is erected on the sites with land use rights allocated by the government.
- (6) Land use rights of a portion of the property with a site area of 31,678 sq m are 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 have been fully settled and the property can be freely in the open market, the market value of this portion of the property would be RMB75,000,000.
- (7) 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 (大連楓葉國際學校) has obtained the land use rights and building ownership of the property;
 - (ii) Land use rights of a portion of the property with a site area of 30,833 sq m are 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 (大連楓葉國際學校) has the right to use, transfer, lease, mortgage and dispose of this portion of the property.
 - (iii) Land use right of a portion of the property with a site area of 31,678 sq m is 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 (大連楓葉國際學校) has the right 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.

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Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014
2. A parcel of land and buildings, No. 9 of Zhongxin Avenue, Jinshitan, Dalian Development Area, Dalian, Liaoning Province, the PRC	<p>The property comprises a parcel of land with a total site area of approximately 170,043 sq m and various buildings erected thereon</p> <p>The buildings of the property have a total gross floor area of 96,806.62 sq m.</p> <p>The property was completed in the period between 2009 and 2010.</p> <p>The property is located at 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 education use.</p>	As at the date of valuation, the property was occupied by the Group as educational institute and its ancillary facilities.	No commercial value (See note (4) below)

Notes:-

- (1) According to State-owned Land Use Rights Certificates No. (2008) 0021 dated November 11, 2008 issued by 大連市國土資源和房屋局開發區分局 (Dalian State-owned Land Resources and Housing Bureau Development Area Branch), 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 (大連楓葉教育集團有限公司) for education use. The land use rights of this portion of the property are allocated by the government to Dalian Maple Leaf Educational Group Co., Ltd (大連楓葉教育集團有限公司).
- (2) According to 11 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 ownerships of portion of the property with a total gross floor area of 61,992.06 sq m are vested in Dalian Maple Leaf Educational Group Co., Ltd (大連楓葉教育集團有限公司). 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 dated December 10, 2010 issued by 大連金州新區規劃建設局 (Dalian Jinzhou New District Planning and Construction Bureau), portion of the property (building nos. 1, 2 and 9) with a total gross floor area of 34,814.56 sq m was completed. This portion of the property is erected on the site with land use rights allocated by the government.
- (4) Land use rights of the property are obtained through administrative allocation and certain buildings with a 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 have been fully settled and the property can be freely 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 (大連楓葉教育集團有限公司) has obtained the land use rights and building ownership of the property;
 - (ii) Land use rights of the property are obtained through administrative allocation and certain buildings with a gross floor area of 96,806.62 sq m are erected thereon. Dalian Maple Leaf Educational Group Co., Ltd (大連楓葉教育集團有限公司) has the right to occupy and use the property. The property could be transferred, leased and mortgaged if permission has been granted by the relevant government authorities.

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- (iii) Portion of the property (building nos. 1, 2 and 9) with a total gross floor area of 34,814.56 sq m has obtained the relevant approvals for construction work. There is no legal impediment to obtain the building ownership certificate for this portion of the property; and.
- (iv) The property is subject to a mortgage in favor of 中國建設銀行股份有限公司大連中山支行.

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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 March 31, 2014
3. A building, Nos. 78 and 78-1 Caiyun Road, Xigang District, Dalian, Liaoning Province, the PRC	<p>The property comprises a 8-storey building.</p> <p>According to the Building Ownership Certificate, the property has a total gross floor area of 8,836.48 sq m.</p> <p>The property is located at Cai Yun Road of Xi Gang District of Dalian. Developments nearby are mainly residential and educational developments.</p> <p>The land use rights of the property have been granted for a term due to expire on December 18, 2033 for education use.</p>	<p>As at the date of valuation, the property was subject to various tenancies for terms of about 1 to 5 years with the latest expiry in May 2016 at a total monthly rent of approximately RMB311,667</p>	RMB55,000,000

Notes:-

- (1) According to State-owned Land Use Rights Certificates No. (2003)02070 dated December 5, 2003 issued by 大連市規劃和國土資源局 (Dalian Municipal Bureau of Land Resources and Housing), 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 (大連楓葉國際學校) for education use.
- (2) According to 2 Building Ownership Certificates Nos. 2003400573 and 2003400574 issued by 大連市房地產登記發證中心 (Dalian Real Estate Register and Certificate Centre), the building ownerships of the property with a total gross floor area of 8,836.48 are vested in Dalian Maple Leaf International School (大連楓葉國際學校).
- (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 (大連楓葉國際學校) has obtained the building ownership of the property and has the right to occupy, use, transfer, lease, mortgage and dispose of the property;
 - (ii) The lease agreements of the property has not been duly registered. Despite the fact that the lease agreements has not been registered, it would not legally affect the validation of the lease agreements.