

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 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 [REDACTED] of Securities on The [REDACTED] 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.

APPENDIX IV

PROPERTY VALUATION REPORT

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.

APPENDIX IV

PROPERTY VALUATION REPORT

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.

APPENDIX IV

PROPERTY VALUATION REPORT

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

APPENDIX IV

PROPERTY VALUATION REPORT

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	<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 and 2004.</p> <p>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.</p> <p>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.</p>	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.

APPENDIX IV

PROPERTY VALUATION REPORT

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.

APPENDIX IV

PROPERTY VALUATION REPORT

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	<p>The property comprises a parcel of land with a site area of approximately 170,043 sq m with 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 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.</p>	<p>As at the date of valuation, the property was occupied by the Group as an educational institute and its ancillary facilities.</p>	<p>No commercial value</p> <p>(See note (4) below)</p>

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;

APPENDIX IV

PROPERTY VALUATION REPORT

- (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.

APPENDIX IV

PROPERTY VALUATION REPORT

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	<p>The property comprises an 8-storey building with a total gross floor area of 8,836.48 sq m for educational use.</p> <p>The property is located in 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 8, 2033 for educational use.</p>	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.