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China Maple Leaf Educational Systems Limited

中國楓葉教育集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1317)

GRANT OF SHARE OPTIONS UNDER THE GENERAL MANDATE

Pursuant to the respective Engagement Agreements entered into between the Company and the Consultants on 8 June 2015, the Company has agreed to grant Options to the Consultants or their nominees to subscribe for an aggregate of 25,000,000 Shares at an Exercise Price of HK\$4.00 per Share.

The Option Shares will be issued under the General Mandate granted to the Directors at the annual general meeting and the issue of the Option Shares will not be subject to the approval by the Shareholders.

Application will be made to the Stock Exchange for the listing of and permission to deal in the Option Shares.

The Board is pleased to announce that on 8 June 2015, the Company entered into an Engagement Agreement with each of the Consultants pursuant to which the Company has agreed to grant Options to the Consultants or their nominees to subscribe for an aggregate of 25,000,000 new Shares at the exercise price of HK\$4.00 per Share as, among other things, the consideration for the services to be provided by the Consultants pursuant to their respective Engagement Agreements.

ENGAGEMENT AGREEMENT WITH DINGXIANHUI

Date

8 June 2015

Parties

- (i) The Company (as the grantor of the Option); and
- (ii) Dingxianghui (as Consultant and the grantee of the Option);

Dingxianghui is incorporated in the PRC with limited liability and principally engaged in providing strategic consultancy services and investment management service.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Dingxianghui is a third party independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

Appointment of the Consultant

Pursuant to the Engagement Agreement, Dingxianghui is appointed as a strategy and investment consultant to the Company for a term of three years to assist optimizing the Company's development strategies and implementing effective investment or restructuring plans, with a view to promote the value of the Company.

ENGAGEMENT AGREEMENT WITH HONG KONG ZHIXIN

Date

8 June 2015

Parties

- (i) The Company (as the grantor of the Option); and
- (ii) Hong Kong Zhixin (as Consultant and the grantee of the Option);

Hong Kong Zhixin is incorporated under the laws of Hong Kong and principally engaged in providing investor relations services.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Hong Kong Zhixin is a third party independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

Appointment of the Consultant

Pursuant to the Engagement Agreement, Hong Kong Zhixin is appointed as an investor relations consultant to the Company for a term of three years to assist promoting and maintaining the communication and relationship between the Company and the investors and financial news media in Mainland China.

THE OPTIONS

The Option Shares

The aggregate of 25,000,000 Option Shares granted (7,500,000 Option Shares are granted to Dingxianghui and 17,500,000 Option Shares are granted to Hong Kong Zhixin) represent approximately 1.84% of the existing issued share capital of the Company as at the date of this announcement and approximately 1.81% of the issued share capital of the Company as enlarged by the Option Shares. The aggregate nominal value of Option Shares is US\$25,000.

The Option Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue.

The Exercise Period and Exercise Conditions

The Options become exercisable by the Consultants or their nominees after the following conditions are met:

- (a) 40% of the Options become exercisable, if at any time during the 18-month period after the date of the Engagement Agreements, the market capitalization of the Company is no less than HK\$8 billion on each day for 15 consecutive trading days;
- (b) the remaining 60% of the Options become exercisable, if at any time during the 36-month period after the date of the Engagement Agreements, the market capitalization of the Company is no less than HK\$10 billion on each day for 15 consecutive trading days.

The Options will remain exercisable for six months after the relevant conditions are met and shall lapse automatically if the conditions are not met within the relevant period provided in (a) and (b) above.

The obligation of the Company to issue the Option Shares is subject to the Listing Committee of the Stock Exchange agreeing to grant the listing of, and permission to deal in, the Option Shares.

The Exercise Price

The Exercise Price is HK\$4.00 per Option Share. The Exercise Price represents:

- (i) a premium of approximately 41.34% to the closing price of HK2.83 per Share as quoted on the Stock Exchange on 8 June 2015, being the date of the Engagement Agreements;
- (ii) a premium of approximately 36.99% to the average of the closing prices of approximately HK\$2.92 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to 8 June 2015, being the date of the Engagement Agreements; and
- (iii) a premium of approximately 35.59% to the average of the closing prices of approximately HK\$2.95 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to 8 June 2015, being the date of the Engagement Agreements.

The Exercise Price will be paid to the Company upon exercise of the Option.

The Exercise Price was negotiated on an arm's length basis between the Company and the Consultants and was determined with reference to, among other things, the prevailing market price of the Shares, the recent trading volume of the Shares, the duration of the exercise period and the services to be provided by the Consultants under the Engagement Agreements. The Directors consider that the terms of the Engagement Agreements and the Exercise Price fair and reasonable based on the current market conditions and the entering into of the Engagement Agreements is in the interests of the Company and the Shareholders of the Company as a whole.

GENERAL MANDATE

The issue of the Option Shares is not subject to the Shareholders' approval, as the Option Shares shall be allotted and issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 4 February 2015.

Under the General Mandate, the Directors are allowed to allot and issue at a maximum of 266,800,000 Shares. As at the date of this announcement, no Shares have been allotted and issued pursuant to the General Mandate. Accordingly, the Option Shares to be allotted and issued will utilize approximately 9.37% of the General Mandate.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY SINCE LISTING

The Company issued 25,680,000 Shares at the exercise price of RMB0.93 per Share on 19 May 2015 pursuant to the exercise of share options by certain Directors and employees of the Company granted under the pre-IPO share option scheme of the Company. Approximately RMB23,882,400 was raised, which have been applied towards financing working capital and general corporate purpose of the Company.

As at the date of this announcement, save as disclosed above, the Company has not carried out any fund raising activities since the listing of the Shares on the Stock Exchange on 28 November 2014.

APPLICATION FOR LISTING

Application will be made by the Company to the Stock Exchange for the listing of and permission to deal in the Option Shares.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 1,359,680,000 Shares in issue. For illustration purpose only, the shareholding structures of the Company (i) as at the date of this announcement; and (ii) immediately after the allotment and issue of the Option Shares are as follows:

	As at the date of this announcement		Immediately after allotment and issue of Option Shares	
	<i>No. of Shares</i>	<i>Approximate % of shareholding</i>	<i>No. of Shares</i>	<i>Approximate % of shareholding (Note 4)</i>
Substantial Shareholders and Directors				
Sherman Investment Holdings Limited (<i>Note 1</i>)	735,869,909	54.12%	735,869,909	53.14%
Shu Liang Sherman Jen (<i>Note 1, Note 3</i>)	4,210,000	0.31%	4,210,000	0.30%
Sequoia Capital China Growth Fund I, L.P. (<i>Note 2</i>)	127,471,280	9.38%	127,471,280	9.21%
Sequoia Capital China Growth Partners Fund I, L.P. (<i>Note 2</i>)	3,009,798	0.22%	3,009,798	0.22%
Sequoia Capital China GF Principals Fund I, L.P. (<i>Note 2</i>)	15,635,464	1.15%	15,635,464	1.13%
Zhenwan Liu (<i>Note 3</i>)	11,605,000	0.85%	11,605,000	0.84%
Jingxia Zhang (<i>Note 3</i>)	2,605,000	0.19%	2,605,000	0.19%
James William Beeke (<i>Note 3</i>)	2,140,671	0.16%	2,140,671	0.15%
Peter Humphrey Owen (<i>Note 3</i>)	1,070,000	0.08%	1,070,000	0.08%
Howard Robert Balloch (<i>Note 3</i>)	30,000	0.00%	30,000	0.00%
Public Shareholders				
Dingxianghui	—	—	7,500,000	0.54%
Hong Kong Zhixin	—	—	17,500,000	1.26%
Other Public Shareholders	456,032,878	33.54%	456,032,878	32.93%
Total	1,359,680,000	100.00	1,384,680,000	100.00

Notes:

- Mr. Shu Liang Sherman Jen is interested in 735,869,909 Shares through his wholly-owned company, Sherman Investment Holdings Limited and is personally interested in 4,210,000 Shares.
- Mr. Shen Nanpeng is the ultimate shareholder through his wholly-owned company, SNP China Enterprises Limited, which owns 100% of the issued shares of SC China Holding Limited, the general partner of Sequoia Capital China Growth Fund Management I, L.P. (“**SCC Management**”). SCC Management is the general partner of Sequoia Capital China Growth Fund I, L.P. (holds 127,471,280 Shares), Sequoia Capital China Growth Partners Fund I, L.P. (holds 3,009,798 Shares) and Sequoia Capital China GF Principals Fund I, L.P. (holds 15,635,464 Shares). Sequoia Capital China Advisors Limited is the investment manager of SCC Management and is therefore also deemed to be interested in the Shares SCC Management is interested in.
- A Director of the Company.
- Assuming that there is no change in the issued share capital of the Company from the date of this announcement up to the date of allotment and issue of Option Shares.

REASONS FOR THE GRANTING OF OPTIONS AND USE OF PROCEEDS

The Directors considers that the granting of the Options, among other things, as consideration for the services to be provided by the Consultants is fair and reasonable and in the interests of the Company and the Shareholders of the Company as a whole.

Further, the Directors consider that the granting of the Options offers a good opportunity to raise additional funds to strengthen the financial position of the Company so as to facilitate its future development. The Directors consider that the granting of the Option are in the interests of the Company and the Shareholders of the Company as a whole.

The gross proceeds of the Option Shares will be HK\$100 million. The net proceeds (after deducting all applicable costs and expenses) of approximately HK\$100 million from the Option Shares are intended for general working capital purposes of the Group. The net price of each Option Share will be approximately HK\$4.0.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings ascribed to them:

“Board”	the board of Directors
“Company”	China Maple Leaf Educational Systems Limited, an exempted company incorporated in the Cayman Islands with limited liability on 5 June 2007
“Consultants”	Dingxianghui and Hong Kong Zhixin
“Dingxianghui”	Dingxianghui (Beijing) Investment Management Co., Ltd. (丁香匯(北京)投資管理有限公司)
“Directors”	the director(s) of our Company from time to time
“Engagement Agreements”	the agreement dated 8 June 2015 made between the Company and Dingxianghui and the agreement dated 8 June 2015 made between the Company and Hong Kong Zhixin and each of them, an Engagement Agreement
“Exercise Price”	HK\$4.00 per Option Share
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the Company’s annual general meeting on 4 February 2015 to allot and issue new Shares
“Group”	the Company, its subsidiaries and the consolidated affiliated entities from time to time

“Hong Kong Zhixin”	Hong Kong Zhixin Financial News Agency Ltd. (香港智信財經通訊社有限公司)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Options”	the two options granted by the Company to the Consultants under the Engagement Agreements, pursuant to which Dingxianghui has the right to require the Company to allot and issue 7,500,000 Option Shares and Hong Kong Zhixin has the right to require the Company to allot and issue 17,500,000 Option Shares
“Option Shares”	an aggregate of up to 25,000,000 Shares to be issued pursuant to the Options
“Share(s)”	ordinary share(s) with a par value of US\$0.001 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 9 June 2015

As at the date of this announcement, the Board comprises Mr. Shu Liang Sherman Jen, Mr. Zhenwan Liu, Ms. Jingxia Zhang and Mr. James William Beeke as executive Directors; Mr. Howard Robert Balloch as non-executive Director; and Mr. Peter Humphrey Owen, Mr. Chak Kei Jack Wong and Mr. Lap Tat Arthur Wong as independent non-executive Directors.

* *For identification purposes only*