2015
Annual Report




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

* For identification purposes only

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CHINA MAPLE LEAF EDUCATIONAL SYSTEMS LIMITED
2015 ANNUAL REPORT

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Shu Liang Sherman Jen *(Chairman of the Board)*
Mr. Zhenwan Liu
Ms. Jingxia Zhang
Mr. James William Beeke

Non-executive Director

Mr. Howard Robert Balloch

Independent Non-executive Directors

Mr. Peter Humphrey Owen
Mr. Chak Kei Jack Wong
Mr. Lap Tat Arthur Wong

AUDIT COMMITTEE

Mr. Lap Tat Arthur Wong *(Chairman)*
Mr. Peter Humphrey Owen
Mr. Chak Kei Jack Wong

REMUNERATION COMMITTEE

Mr. Peter Humphrey Owen *(Chairman)*
Mr. Chak Kei Jack Wong
Mr. Howard Robert Balloch

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

Mr. Shu Liang Sherman Jen *(Chairman)*
Mr. Peter Humphrey Owen
Mr. Chak Kei Jack Wong

COMPANY SECRETARY

Mr. Chi Hung Lau, ACIS, ACS
(appointed as joint company secretary on 1 September 2015 and re-designated as company secretary on 27 November 2015)

AUTHORIZED REPRESENTATIVES

Ms. Jingxia Zhang
Mr. Chi Hung Lau
(appointed on 27 November 2015)

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants

COMPLIANCE ADVISOR

Guotai Junan Capital Limited

LEGAL ADVISORS

As to Hong Kong law
MinterEllison

As to PRC law
Tian Yuan Law Firm

As to Cayman Islands law
Maples and Calder

CORPORATE INFORMATION

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

Room 1302,13/F.
Tai Tung Building
8 Fleming Road
Wanchai, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

1317

COMPANY WEBSITE

www.mapleleaf.cn

INVESTOR RELATIONS

Mr. Derek Lau
Head of Investor Relations
Email: ir@mapleleaf.net.cn
Address: Room 1302, 13/F., Tai Tung Building
8 Fleming Road, Wanchai, Hong Kong

CORPORATE PROFILE

China Maple Leaf Educational Systems Limited (the "**Company**"), together with its subsidiaries and consolidated affiliated entities (collectively the "**Group**") is a leading international school operator, from preschool to grade 12 ("**K-12**") education, in the People's Republic of China ("**China**") as measured by student enrolment.

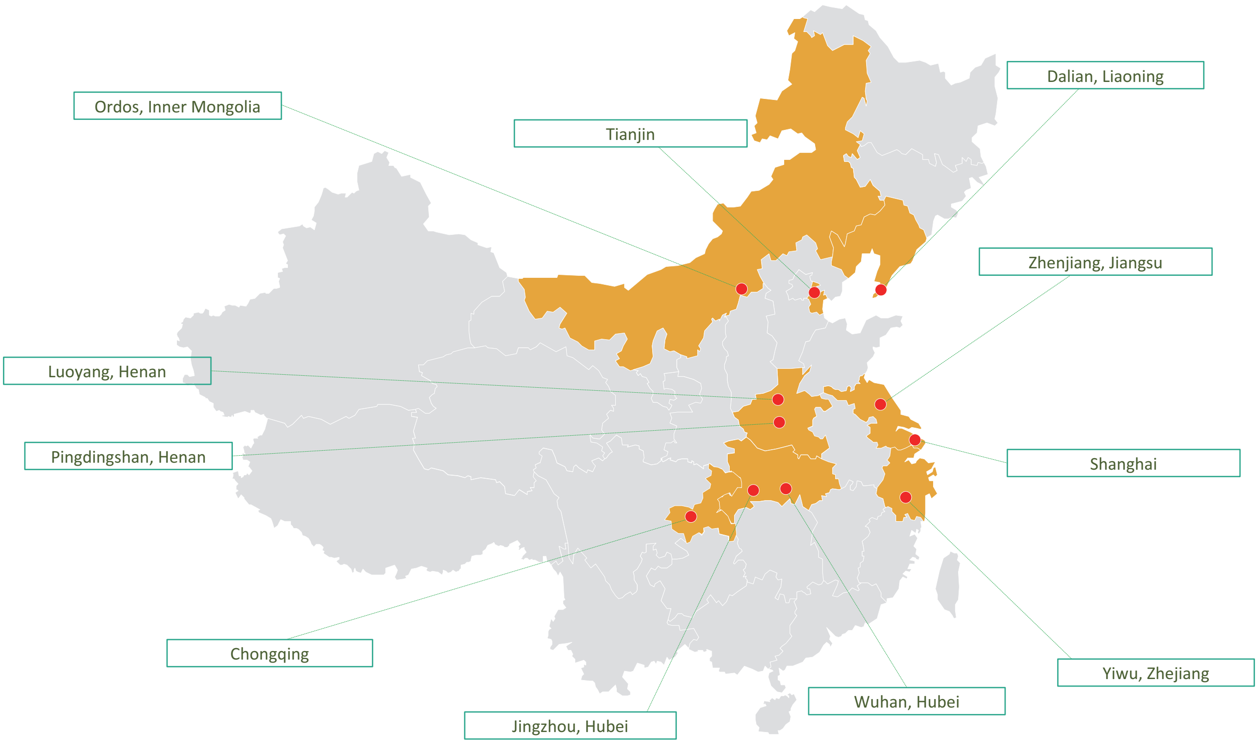
Founded in 1995, the Group's headquarters is located at Dalian, Liaoning Province, China. With over twenty years of educational experience in China, the Group is now providing a high quality K-12 education by combining the merits of both Western and Chinese philosophies in eleven cities in China, namely Dalian, Wuhan, Tianjin, Chongqing, Zhenjiang, Luoyang, Ordos, Shanghai, Pingdingshan, Yiwu and Jingzhou.

As at 30 September 2015, the Group had 17,864 students, 1,753 teachers and 46 schools comprising 8 high schools (for students in grade 10 to 12), 12 middle schools (for students in grade 7 to 9), 11 elementary schools (for students in grade 1 to 6), 13 preschools and 2 foreign national schools in China. About 90% of our students are local Chinese mainly from middle class families and the rest are foreigners.

Our high schools are certified by both the Ministry of Education of British Columbia ("**BC**"), Canada and the local governments in China, where we offer a bilingual and dual-curriculum to our students. Our high school graduates receive both a fully accredited BC diploma and a China diploma. Currently, the Group employs approximately 350 BC-certified teachers. According to our statistics, over 90% of our high school graduates of the 2014/2015 school year were admitted to overseas universities and colleges and over 51% were admitted to top 100 universities in the world based on QS World University Rankings.

CORPORATE PROFILE

OUR SCHOOL NETWORK IN CHINA



FIVE-YEAR FINANCIAL SUMMARY

RESULTS

	Year ended 31 August				
	2011 RMB'000	2012 RMB'000	2013 RMB'000	2014 RMB'000	**2015 RMB'000**
Revenue	346,091	413,459	471,219	540,269	**652,984**
Cost of revenue	(189,687)	(222,342)	(268,751)	(305,148)	**(354,277)**
Gross profit	156,404	191,117	202,468	235,121	**298,707**
Profit/(loss) before taxation	(30,655)	103,121	41,225	48,436	**216,897**
Profit/(loss) for the year	(38,230)	93,968	33,182	40,036	**205,546**
Adjusted net profit (Note 1)	88,123	106,265	105,343	127,390	**185,792**

	Year ended 31 August				
Profitability Margins	2011	2012	2013	2014	**2015**
Gross profit margin	45.2%	46.2%	43.0%	43.5%	**45.7%**
Adjusted net profit margin	25.5%	25.7%	22.4%	23.6%	**28.5%**

Note 1

*Adjusted net profit was derived from the profit for the year after adjusting for those non-recurring items which are not indicative of the Group's operating performances, including (i) a change in fair value on redeemable convertible preferred shares ("**Preferred Shares**") issued to pre-IPO investors which were all converted to ordinary shares of the Company upon listing of the Company's shares on The Stock Exchange of Hong Kong Limited ("**Listing**"), (ii) a loss on modification of Preferred Shares, (iii) a change in fair value of warrants issued to the holder of Preferred Shares ("**Warrants**"), (iv) a gain on cancellation of Warrants, (v) expenses relating to the Listing, (vi) share-based payments and (vii) a gain on disposal of assets classified as held for sale as disclosed in the Company's 2015 interim report. In the Company's 2014 annual report, the amount of expenses relating to the Listing was not adjusted for calculating the adjusted net profit for the year ended 31 August 2014.*

DIVIDEND PER SHARE

	Year ended 31 August				
	2011 HK$	2012 HK$	2013 HK$	2014 HK$	**2015 HK$**
Interim dividend paid	–	–	–	–	**0.025**
Final dividend proposed	–	–	–	–	**0.043**
Special dividend proposed	–	–	–	–	**0.027**
Total	–	–	–	–	**0.095**

FIVE-YEAR FINANCIAL SUMMARY

ASSETS AND LIABILITIES

	At 31 August				
	2011 RMB'000	2012 RMB'000	2013 RMB'000	2014 RMB'000	**2015** **RMB'000**
Non-current assets	1,080,098	1,160,871	1,402,329	1,437,006	**1,660,364**
Current assets	248,186	309,519	425,559	570,699	**1,155,639**
Current liabilities	1,000,341	1,014,100	1,263,199	962,382	**982,121**
Net current assets/(liabilities)	(752,155)	(704,581)	(837,640)	(391,683)	**173,518**
Total assets less current liabilities	327,943	456,290	564,689	1,045,323	**1,833,882**
Total equity	290,071	384,233	417,642	467,234	**1,812,294**
Non-current liabilities	37,872	72,057	147,047	578,089	**21,588**
Total equity and non-current liabilities	327,943	456,290	564,689	1,045,323	**1,833,882**

	At 31 August				
Selected Major Items	2011 RMB'000	2012 RMB'000	2013 RMB'000	2014 RMB'000	**2015** **RMB'000**
Property, plant and equipment	882,953	961,387	1,177,025	1,218,897	**1,397,751**
Bank balances and cash	234,903	297,036	409,303	380,332	**1,022,141**
Bank borrowings	233,500	170,000	275,000	223,500	**–**
Deferred revenue	319,847	357,475	408,325	500,231	**660,138**

	At 31 August				
Liquidity	2011	2012	2013	2014	**2015**
Gearing ratio (Note 2)	80.5%	44.2%	65.8%	47.8%	**–**

Note 2
The gearing ratio was calculated as total borrowings divided by total equity as at the end of the relevant financial year.

OPERATING CASH FLOWS

	Year ended 31 August				
	2011 RMB'000	2012 RMB'000	2013 RMB'000	2014 RMB'000	**2015** **RMB'000**
Net cash from operating activities	235,667	216,782	250,274	313,253	**444,039**

CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the board of directors (the "**Board**") of China Maple Leaf Educational Systems Limited (the "**Company**"), I am pleased to present the annual report comprising the consolidated results of the Company, its subsidiaries and affiliated consolidated entities (collectively the "**Group**") for the year ended 31 August 2015. This is the report of the first full-year results after the Company's shares were listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 28 November 2014 (the "**Listing**").

KEY ACHIEVEMENTS

The Board is proud of the Company for being the first international school operator listed on the Stock Exchange. Not only has the Listing marked a key milestone in the Group's history but also paved the way for the Group's expansion in the future. The Company raised net proceeds of approximately HK$881.4 million (equivalent to approximately RMB697.4 million) from the Listing, after deducting the expenses related to the Listing. Details of the intended use of proceeds are set out in the Report of the Directors, the Company's announcement dated 7 September 2015 and the Company's prospectus dated 18 November 2014.

During the financial year ended 31 August 2015, the Group acquired the entire equity interest in Jingzhou Yinghua Foreign Languages School, which originally offered grades 1 to 12 education in Jingzhou City, Hubei Province in the People's Republic of China ("**China**"), for a consideration of RMB46 million.

RESULTS AND DIVIDENDS

Our result performance for the year ended 31 August 2015 was encouraging. Total revenue reached RMB653.0 million, an increase of 20.9%. Profit for the year increased by 413.4% to RMB205.5 million whereas adjusted net profit for the year was RMB185.8 million, up 45.8%. The Board has resolved to recommend the payment of a final dividend of HK$0.043 per share and a special dividend of HK$0.027 per share. Together with the interim dividend of HK$0.025 per share, this will bring a total dividend of HK$0.095 per share for the year ended 31 August 2015.

BUSINESS HIGHLIGHTS

The Group operates all of its schools under the "Maple Leaf" brand. Each school year generally starts from 1 September in each calendar year and ends on 30 June in the next calendar year. As at the end of the 2014/2015 school year, a total of 16,078 students were enrolled in 40 schools located at nine cities in China, representing a growth of 19.0% compared with the student enrollment as at the end of the 2013/2014 school year. Revenue from tuition fees rose 18.8% to RMB554.5 million for the year ended 31 August 2015. According to our internal statistics, over 51% of our high school graduates in the 2014/2015 school year were admitted to the top 100 universities in the world (based on the QS World University Rankings), indicating the result of our quality education to a large extent.

As at 30 September 2015 (being the end of first month of the 2015/2016 school year), the total number of students enrolled was 17,864, an increase of 23% compared with the student enrollment as at the same month in 2014, and 6 additional schools and two new cities, namely Jingzhou and Yiwu, were added to the Group's school network making a total of 46 schools located at eleven cities in China.

CHAIRMAN'S STATEMENT

OUTLOOK

With over twenty years of educational experience in China, the Group continues to provide a high quality K-12 education by combining the merits of both Western and Chinese educational philosophies.

The Group has made a blueprint for its fifth five-year plan from the 2015/2016 to the 2019/2020 school years (the "**Fifth Five-Year Plan**"), in which the Group set two core strategic goals. The first strategic goal relates to the development of the Group's fundamental education, which focuses on two transformations, namely i) a shift of emphasis from promoting international talent to fostering elite talent, and ii) a strategic expansion from stand-alone schools to educational parks and from educational parks to school districts. The second strategic goal relates to the development of certain industries which are relevant to the basic necessities of our students, such as running canteens, supermarkets and cultural shops inside our schools, and the sale of uniform and bottled mineral water. Under the Fifth Five-Year Plan, the Group's overall growth target is to increase its student enrollment to more than 40,000 by the end of the 2019/2020 school year.

In order to achieve this growth target, the Group needs a clear road map for its expansion. Our students mainly come from middle class families in China and accordingly, the Group will continue to expand its school network in potential second and third tier cities where the number of middle class families is growing. However, the Group will also consider potential development in first tier cities if there exists any good opportunity.

Since the 2011/2012 school year, the Group's school network has been expanding at a fast pace because the Group has adopted an asset light model by partnering with public or private entities to develop its new schools. Under an asset light development, the Group is able to open up to 6 to 9 new schools in three cities in each school year. In this regard, the Board considers that an asset light model will continue to be a core strategy for the Group's expansion.

The Group will also continue to identify potential acquisition or strategic investment opportunities that will create a synergy with the Group and fit the educational philosophy of Maple Leaf. Apart from the expansion plan in China, the Board is of the view that, being an international school operator, the Group shall also explore opportunities to extend its school network in overseas countries or regions.

The Board is confident to maintain the Group's leading position as an international school operator in China while providing quality educational services in the society.

SHARE AWARD SCHEME

The Board realizes the importance of retention of and motivation for talent who plays important roles in the implementation of Fifth Five-Year Plan. The Company has adopted, among other incentives, a restricted share award scheme ("**Share Award Scheme**") under which share awards will be granted to the directors, executive officers, senior management, employees and consultants of the Group aiming to attract and retain talent, recognize their contributions and align their interests with those of the shareholders as well. In July, the trustee of the Share Award Scheme purchased a total of 31,080,000 shares of the Company on the Stock Exchange at a total consideration of approximately HK$74.7 million (equivalent to approximating RMB59.0 million).

APPRECIATION

On behalf of the Board, I would like to express my heartfelt gratitude to our students' parents, the local governments, and our shareholders for their continuing support. I also wish to thank our fellow Board members and senior management for their contributions to the Listing process and extend my appreciation to our management, teachers and staff for their endeavors and commitments to provide high quality education.

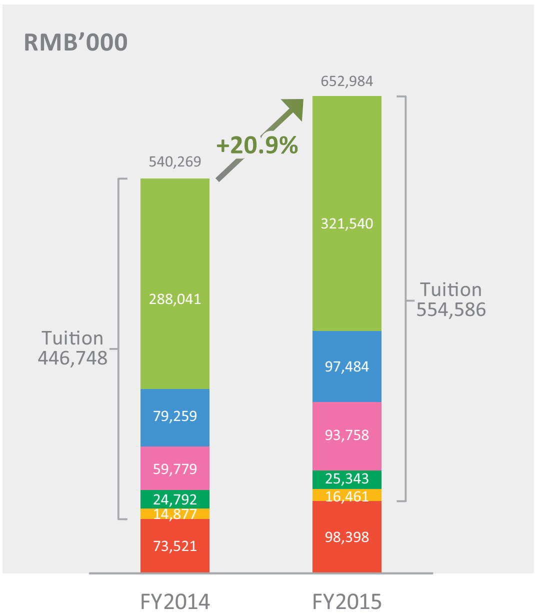
Shu Liang Sherman Jen
China Maple Leaf Educational Systems Limited
Chairman and Executive Director

Hong Kong, 27 November 2015

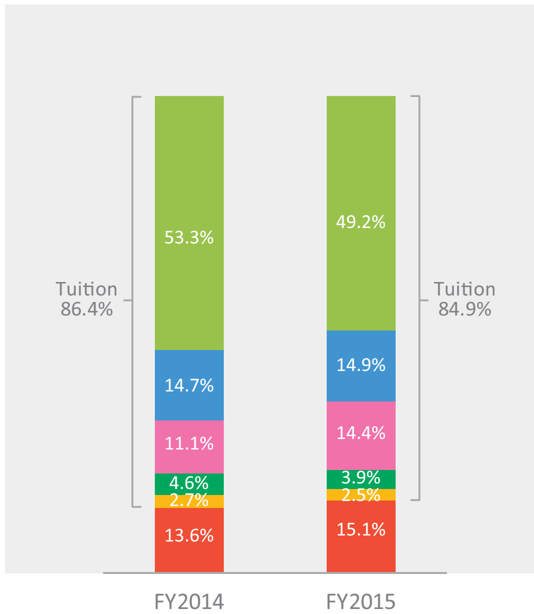
FINANCIAL AND OPERATIONAL HIGHLIGHTS

For the year ended 31 August 2015

REVENUE BY SEGMENT



PERCENTAGE OF TOTAL REVENUE



High school
Middle school
Elementary school
Preschool
Foreign national school
Others

GROSS PROFIT & MARGIN

gross profit margin

ADJUSTED NET PROFIT & MARGIN

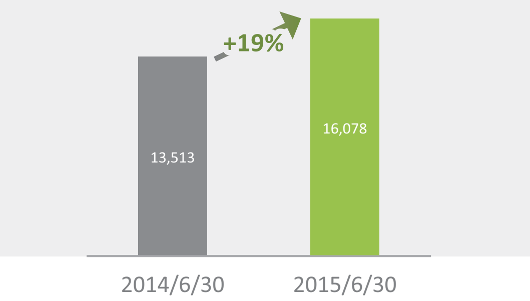
adjusted net profit margin

FINANCIAL AND OPERATIONAL HIGHLIGHTS

For the year ended 31 August 2015

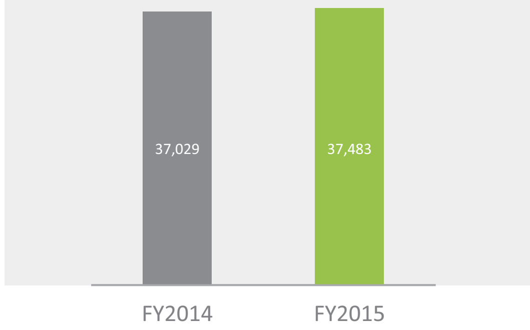
STUDENT ENROLLMENT

Student enrollment in all school locations increased

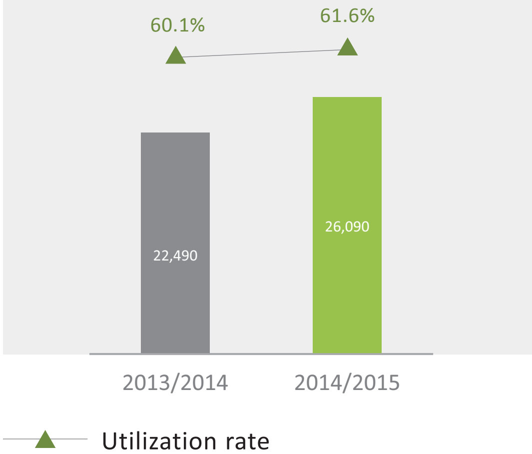


AVERAGE TUITION FEE PER STUDENT

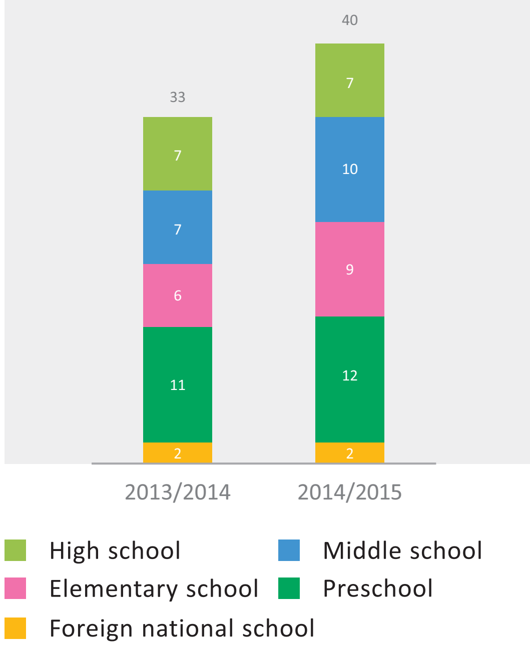
Average tuition fee per student is calculated by dividing tuition fees for the relevant financial year over average student enrollment which is the average of the student enrollment at the end of two consecutive school years



SCHOOL CAPACITY & UTILIZATION



NUMBER OF SCHOOLS BY CATEGORY



MANAGEMENT DISCUSSION AND ANALYSIS

KEY MARKET DRIVERS

According to the report dated 18 November 2014 prepared by Frost & Sullivan (the "**Frost & Sullivan Report**") as commissioned by the Company containing an analysis of the education industry and other relevant economic and statistical data of the People's Republic of China ("**PRC**" or "**China**"), the total student enrollment at international schools in China is anticipated to grow from 177,400 in 2014 to 244,600 in 2017. The increasing demand of international schools in China is primarily driven by a number of factors including, among others, rising income of Chinese families, the desire of parents to send their children to study overseas and favourable government policies.

Per capital disposable income of urban households in China has increased rapidly as a result of continued economic growth and urbanization in China, which is estimated to increase with a compound annual growth rate of 10.3% from 2013 to 2017 according to the Frost & Sullivan Report. The total number of individuals with an annual disposable income above RMB100,000 in China is also expected to grow to approximately 63 million in 2017 with a compound annual growth rate of 14% from 2013 to 2017. Individuals with higher disposable income are generally willing to send their children to study overseas and their children are potential students of international schools.

Though China's economy shows some signs of slowing down, it is expected that this will not affect the desire of middle class parents to send their children to international schools because they generally believe that a quality education is an investment in the future of their children. Chinese parents even consider that the earlier their children receive quality education in international schools, the better chance of getting into top overseas universities their children may have in the future. They also believe that their children may have better job opportunities if their children graduate from well-recognized overseas universities. According to the Frost & Sullivan Report, the penetration of private schools in the overall fundamental education system in China based on student enrollment increased from 11.2% in 2009 to 16.3% in 2013, indicating that more students are shifting from public schools to private schools. It is expected that the penetration rate of private schools will further increase to 21.9% in 2017.

In 2013, China government relaxed its one-child policy as a measure to stimulate birth rates by permitting families to have two children if either parent is an only-child. Recently, China government has decided to abolish the decades-old one-child policy, allowing all couples in China to have two children. In view of these favorable policies, it is expected that the student population will increase in the medium term in China, giving rise to another potential increase in the demand of international schools in the long term.

BUSINESS REVIEW

With over twenty years of education experience, the Group is a leading international school operator in China in terms of student enrollment. According to the Frost & Sullivan Report, the Group is the largest international school operator and the largest international high school operator in China as measured by student enrollment at the end of 2013/2014 school year, which accounted for 7.6% and 9.0% of the market share respectively.

The Group offers a quality bilingual preschool to grade 12 ("**K-12**") education by combining the merits of both Western and Chinese educational philosophies and operates all of its schools under the "Maple Leaf" brand. Our high schools are certified by the Ministry of Education of British Columbia ("**BC**"), Canada and the Chinese government, allowing our graduates to receive both a fully accredited BC diploma and a China diploma. According to our internal statistics, over 90% of our high school graduates in the 2014/2015 school year were admitted to overseas universities and colleges whereas over 51% of our high school graduates were admitted to top 100 universities in the world (based on the QS World University Rankings), indicating the results of our quality education to a large extent.

The Group charges affordable and competitive tuition fees because it mainly targets students from middle class families.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

	Year ended 31 August			
	2015 RMB'000	**% of Total**	2014 RMB'000	% of Total
Tuition fees				
– High school	**321,540**	**49.2**	288,041	53.3
– Middle school	**97,484**	**14.9**	79,259	14.7
– Elementary school	**93,758**	**14.4**	59,779	11.1
– Pre-school	**25,343**	**3.9**	24,792	4.6
– Foreign national school	**16,461**	**2.5**	14,877	2.7
	554,586	**84.9**	466,748	86.4
Textbook	**27,600**	**4.2**	23,344	4.3
Summer and winter camps	**35,118**	**5.4**	24,832	4.6
Other educational services	**31,474**	**4.8**	25,345	4.7
Others	**4,206**	**0.7**	–	–
Total	**652,984**	**100**	540,269	100

For the year ended 31 August 2015, tuition fees remained the major revenue contributor. Compared with 2014, the proportion of high school tuition fees in 2015 decreased but the respective proportion of elementary and middle school tuition fees increased. The main reason was the opening of 3 new elementary schools and 3 new middle schools at the commencement of the 2014/2015 school year, leading to an overall increase in the student enrollment of our elementary and middle schools.

Tuition fees generally include boarding fees, which are mainly 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 school year. For the 2014/2015 school year, our high schools charged tuition fees generally ranging between RMB42,400 and RMB71,500. During the 2014/2015 school year, there was no material change in tuition fee rates. Tuition fees increased by RMB87.8 million or 18.8% due largely to the increase in student enrollment.

MANAGEMENT DISCUSSION AND ANALYSIS

Student Enrollment

	As at the end of school year 2014/2015	2013/2014	Change	Change Percentage
Total number of students enrolled	**16,078**	13,513	+2,565	+19%

The increase in the total number of students enrolled was attributable to the increase in overall student enrollment of our schools in each of the cities in China, namely, Dalian, Wuhan, Tianjin, Chongqing, Zhenjiang, Luoyang, Ordos and Shanghai and the opening of new schools in a new city, namely Pingdingshan. In particular, the schools in Wuhan, Tianjin, Zhenjiang, Luoyang and the high school in Shanghai recorded a remarkable growth in student enrollment driven by a strong demand.

Average Tuition Fee per Student

	For the year ended 31 August 2015	2014
Tuition fees (RMB'000)	**554,586**	466,748
Average student enrollment*	**14,796**	12,605
Average tuition fee per student# (RMB'000)	**37.5**	37.0

* *Average student enrollment is calculated as the average of the total number of students enrolled at the end of two consecutive school years.*

\# *Average tuition fee per student is calculated by dividing tuition fees for the year ended 31 August of the relevant year over average student enrollment.*

Average tuition fee per student remained relatively stable for the two years ended 31 August 2015 and 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Our Schools

As at 31 August 2015, the Group had 40 schools located in nine cities in China, namely Dalian, Wuhan, Tianjin, Chongqing, Zhenjiang, Luoyang, Ordos, Shanghai and Pingdingshan. The following table shows a summary of our schools by category as at the end of the two financial years:

	As at 31 August	
	2015	2014
High schools	**7**	7
Middle schools	**10**	7
Elementary schools	**9**	6
Preschools	**12**	11
Foreign national schools	**2**	2
Total	**40**	33

At the commencement of the 2014/2015 school year, 7 new schools were opened, of which 4 new schools were located in the Group's existing school network (a middle school and an elementary school in Tianjin (Huayuan), a middle school in Shanghai and an elementary school in Chongqing) and 3 new schools were located in a new city (a middle school, an elementary school and a preschool in Pingdingshan). The new schools in Tianjin (Huayuan) and Pingdingshan were developed under an asset light model.

Utilization of Our Schools

Utilization rate is calculated as the number of students divided by the capacity for a given school. Except for our preschools and foreign national schools, all of our schools are generally boarding schools. For these boarding schools, the capacity for students is calculated based on the number of beds in their dormitories. For our foreign national 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.

	As at the end of school year	
	2014/2015	2013/2014
Total number of students enrolled	**16,078**	13,513
Total capacity	**26,090**	22,490
Overall utilization	**61.6%**	60.1%

The improvement in the overall utilization rate was due largely to the improvement of utilization rate of certain school locations including Chongqing, Luoyang and Shanghai.

MANAGEMENT DISCUSSION AND ANALYSIS

Our Teachers

	As at the end of school year	
	2014/2015	2013/2014
Total number of teachers	**1,576**	1,272

Our student-teacher ratio remained relatively stable for both the 2014/2015 and 2013/2014 school years, which was below 11:1. The total number of teachers increased mainly because more PRC-certified teachers were recruited, primarily for the opening of 3 new elementary schools and 3 new middle schools in the 2014/2015 school year. As at the end of the 2014/2015 school year, we had approximately 314 BC-certified teachers (2013/2014 school year: 306).

In the 2014/2015 school year, there was no material increase in the salary rates of our teachers and we did not encounter major difficulties in recruiting teachers for our expansion.

RECENT BUSINESS UPDATE

Growth in Student Enrollment

As at 30 September 2015 (being the end of first month of the 2015/2016 school year), the total number of students enrolled was 17,864, an increase of 23% compared with the student enrollment as at 30 September 2014. According to prior experience, the Group expects that the student enrollment will further increase in the second half of the 2015/2016 school year because some new students will generally be admitted in the second term.

Increase in Tuition Fees

With effect from the 2015/2016 school year, the Group raised the tuition fee rates of certain schools located at Dalian, Wuhan, Chongqing and Zhenjiang. The increased tuition fee rates apply only to the new students enrolled after the increment of the relevant schools.

New Schools Opened in the 2015/2016 School Year

New schools in Yiwu (a high school, a middle school and an elementary school) and a preschool in Chongqing opened smoothly at the commencement of the 2015/2016 school year. The student enrollment in the Yiwu schools well exceeded our expectations, experiencing a strong demand. The level of tuition fees charged by our schools in Yiwu is close to that charged by our schools in Shanghai.

Acquisition of Schools

During the financial year of 2015, the Group acquired Jingzhou Yinghua Foreign Languages School, which originally offered grades 1-12 education in Jingzhou City, Hubei Province, for a consideration of RMB46 million. Its school name was subsequently changed to Jingzhou Maple Leaf International School. This campus contains 30,000 square meters of building premises on 100 hectares of land. With effect from the commencement of the 2015/2016 school year, Jingzhou Maple Leaf International School has only been running a middle school and an elementary school and will phase out the original high school. Once the middle school graduates in Jingzhou meet our high school admission requirements, they will be admitted to the high school in Wuhan.

FUTURE DEVELOPMENT

The Fifth Five-Year Plan from 2015/2016 to 2019/2020 School Years

The Group has made a blueprint for its fifth five-year plan ("**Fifth Five-Year Plan**"), in which the Group set two core strategic goals.

The first strategic goal relates to the development of the Group's fundamental education, which focuses on two transformations, namely i) a shift of emphasis from promoting international talent to fostering elite talent, and ii) a strategic expansion from stand-alone schools to educational parks and from educational parks to school districts.

A shift of emphasis from promoting international talent to fostering elite talent refers to increasing the rate of admission of our top students to higher ranking or top universities in the world, enhancing their chance of becoming future leaders of the society such as politicians, scientists and chief executives of the world's top 500 companies.

A strategic expansion from stand-alone schools to educational parks and from educational parks to school districts means that more middle and elementary schools will be established in the places where our high schools are located nearby with an aim of providing feeders to our high schools. In the long run, we expect that a pyramid structure in terms of the student enrollment of our elementary, middle and high schools will be established and internal admission rates will increase. Our schools in each of Dalian, Wuhan and Tianjin have been expanded to the scale of educational parks which are ready to become district's schools of Liaoning Province, Hubei Province and Tianjin respectively. Our schools in each of Chongqing, Luoyang and Shanghai are ready to be expanded to educational parks.

The second strategic goal relates to the development of certain industries which are relevant to the basic necessities of our students, such as running canteens, supermarkets and cultural shops inside our schools, and the sale of uniform and bottled mineral water. The Group expects that the development of these industries is able to deliver more comprehensive services to our students and increase the revenue incidental to the Group's fundamental education as well.

Based on these two core strategic goals, the Group has set an overall growth target in its Fifth Five-Year Plan where the student enrollment by the end of the 2019/2020 school year is expected to be over 40,000.

MANAGEMENT DISCUSSION AND ANALYSIS

Expansion Strategies

The Group intends to achieve its growth target by means of multiple expansion strategies which include asset light expansions, acquisitions, increases in the capacity of certain existing schools and ramp-ups of the utilization of our new schools.

We have been approached by various local governments in second and third-tier cities in China where they need comprehensive facilities, such as quality international schools and hospitals, to attract foreign investments for developing their cities. The Group will consider a number of factors including the level of local government support, the economic conditions, income level, demographics, potential demand of international schools and market competition when selecting those second or third-tier cities into which the Group will enter. The Group will also consider potential development in first-tier cities if there exists any good opportunity.

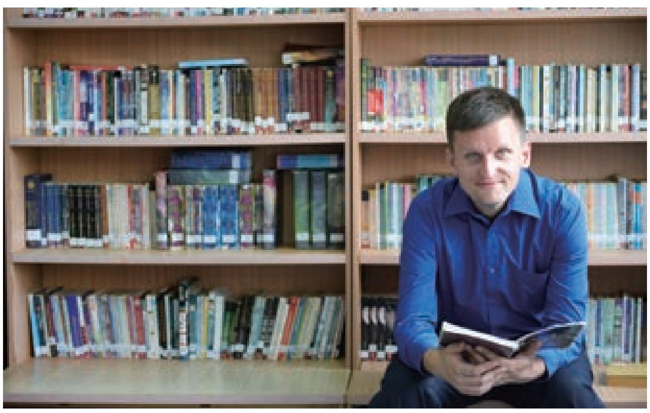
Our strong bank balances and cash of more than RMB1 billion and debt free positions as at 31 August 2015 support our expansion plan in China by acquiring potential educational entities that will create a synergy with the Group and fit the educational philosophy of Maple Leaf. The Group will also consider acquisitions and strategic investment opportunities in overseas countries or regions.

New Schools under Development

Under our expansion pipeline, we expect that the 2 new schools in Yiwu with a total capacity of 800 students (a preschool and a foreign national school), 3 new schools in Pinghu with a total capacity of 2,000 students (a middle school, an elementary school and a preschool) and 2 new schools in Xi'an (a middle school and an elementary school) will be opened on 1 September 2016 and 2 new schools in Xi'an (a high school and a foreign national school) will be opened on 1 September 2017. Based on the Group's expansion plan as well as the ongoing negotiations with local governments or other entities in various cities, such as Huzhou City in Zhejiang Province, Shijiazhuang City in Hebei Province and Weifang City in Shandong Province, for cooperative development, the Group expects that its school network will be further expanded and more schools will be opened at the commencement of the 2017/2018 and 2018/2019 school years under an asset light model by partnering with public or private entities.

Conclusion

With our high visibility road map supported by market drivers and strong financial position, the Group is confident that it will maintain its leading position as a K-12 international school operator in China while providing quality educational services to the society.



FINANCIAL REVIEW

Revenue

The Group derives revenue from tuition fees for our high schools, middle schools, elementary schools, preschools and foreign national schools, the sale and lease of textbooks and other educational materials to our students, revenue from fees for our summer and winter camps and revenue from other educational services.

Total revenue of the Group increased by RMB112.7 million, or 20.9%, from RMB540.3 million for the financial year ended 31 August 2014 to RMB653.0 million for the financial year ended 31 August 2015. The increase was due primarily to an increase in revenue from tuition fees by RMB87.8 million and an increase in revenue from summer and winter camps by RMB10.3 million.

Revenue from tuition fees increased by 18.8% from RMB466.7 million for the financial year ended 31 August 2014 to RMB554.5 million for the financial year ended 31 August 2015, primarily due to an increase in student enrollment by 19.0%. Revenue from our summer and winter camps increased by 41.4% from RMB24.8 million for the financial year ended 31 August 2014 to RMB35.1 million for the financial year ended 31 August 2015, primarily due to an increase in the number of students participating in our summer and winter camps overseas.

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 overseas. 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.

Cost of revenue increased by RMB49.1 million, or 16.1%, from RMB305.1 million for the financial year ended 31 August 2014 to RMB354.2 million for the financial year ended 31 August 2015. The increase was due largely to an increase in teaching staff costs by RMB34.2 million and an increase in other training costs by RMB10.1 million.

Teaching staff costs increased by 18.4% from RMB185.4 million for the financial year ended 31 August 2014 to RMB219.6 million for the financial year ended 31 August 2015, primarily due to an increase in the number of teachers from 1,272 as at the end of the 2013/2014 school year to 1,576 as at the end of the 2014/2015 school year. Other training expenses increased from RMB25.1 million for the financial year ended 31 August 2014 to RMB35.2 million for the financial year ended 31 August 2015, mainly because more students participated in our summer and winter camps overseas.

Gross Profit

As a result of the foregoing, gross profit increased by 27.0% from RMB235.1 million for the financial year ended 31 August 2014 to RMB298.7 million for the financial year ended 31 August 2015. Our gross margin increased from 43.5% for the financial year ended 31 August 2014 to 45.7% for the financial year ended 31 August 2015 due largely to the increased utilization of certain schools resulting from an increase in student enrolment.

MANAGEMENT DISCUSSION AND ANALYSIS

Investment and Other Income

Investment and other income consists mainly of interest income from our bank deposits and short term principal guaranteed financial products, rental income from investment properties, dividend income from available-for-sale investments and government grant. Investment and other income increased by 203.6% from RMB5.7 million for the financial year ended 31 August 2014 to RMB17.3 million for the financial year ended 31 August 2015. The increase was primarily due to an increase in interest income from short-term bank deposits attributable to unutilized proceeds from the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 28 November 2014 (the "**Listing**").

Other Gains and Losses

Other gains and losses consist primarily of gains and losses recognized upon the disposal of property, plant and equipment and net foreign exchange gain or loss. Other gains and losses increased from a loss of RMB0.2 million for the financial year ended 31 August 2014 to a gain of RMB37.5 million for the financial year ended 31 August 2015. The increase was due primarily to a gain on disposal of RMB32.3 million related to certain assets classified as held for sale as disclosed in the Company's 2015 interim report of the Company and a net foreign exchange gain of RMB3.8 million.

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. Marketing expenses increased slightly by 2.8% from RMB21.7 million for the financial year ended 31 August 2014 to RMB22.3 million for the financial year ended 31 August 2015, due mainly to the effect of better cost control.

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. Administrative expenses increased by 36.7% from RMB74.5 million for the financial year ended 31 August 2014 to RMB101.9 million for the financial year ended 31 August 2015. The increase was primarily attributable to an increase in staff salaries and related costs due primarily to the fact that the Group hired additional management, general and administrative personnel to support the Group's expansion.

Finance Costs

Finance costs consist primarily of the interest expenses for our bank borrowings and banking facilities. Finance costs decreased by 73.6% from RMB15.5 million for the financial year ended 31 August 2014 to RMB4.1 million for the financial year ended 31 August 2015, due largely to the repayment of bank loans with the net proceeds from Listing.

Other Expenses

Other expenses consist primarily of expenses related to Listing and outgoing expenses related to the investment properties. Other expenses decreased from RMB24.1 million for the financial year ended 31 August 2014 to RMB8.0 million for the financial year ended 31 August 2015, due largely to a decrease in expense related to Listing.

Change in Fair Value on Redeemable Convertible Preferred Shares

The fair value loss related to redeemable convertible preferred shares (the "**Preferred Shares**") issued to pre-IPO investors decreased from RMB91.8 million for the financial year ended 31 August 2014 to RMB0.3 million for the year ended 31 August 2015, as all the Preferred Shares were converted into ordinary shares upon Listing.

Loss on Modification of the Preferred Shares

In June 2014, the Company entered into a supplement agreement with the holders of the Preferred Shares, under which the Preferred Shares would not be redeemed until 31 December 2015, which affected the fair value of the Preferred Shares. Accordingly, a loss of RMB3.3 million on the modification of the Preferred Shares was recognized for the year ended 31 August 2014.

Change in Fair Value on Warrants/Gain on Cancellation of Warrants

The fair value loss on warrants represented the change in fair value on the warrants (the "**Warrants**") issued to the holders of the Preferred Shares to subscribe for certain number of the Preferred Shares. The fair value of the Warrants was determined at the relevant dates using the Black-Scholes option pricing model. The key parameters adopted for the valuation of the Warrants include estimates on risk free rate, other comparable public companies share price volatility and others.

In January 2014, the Company entered into an agreement with the holders of the Warrants to terminate the Warrants with immediate effect, resulting in a one-time gain on the cancellation of Warrants in the amount of RMB42.5 million for the year ended 31 August 2014.

Profit before Taxation

As a result of the foregoing, the Group recorded a profit before taxation of RMB216.9 million for the financial year ended 31 August 2015 and RMB48.4 million for the financial year ended 31 August 2014. Profit before taxation as a percentage of revenue of the Group was 33.2% for the financial year ended 31 August 2015, compared with 9.0% for the financial year ended 31 August 2014.

Taxation

Income tax expense of the Group increased from RMB8.4 million for the financial year ended 31 August 2014 to RMB11.4 million for the financial year ended 31 August 2015, due mainly to an increase in assessable profit of certain subsidiaries of the Company. The effective tax rate of the Group for the financial years ended 31 August 2015 and 2014 was 5.2% and 17.3%, respectively. The decrease in the Group's effective tax rates was primarily due to a decrease in the fair value loss related to the Preferred Shares and the absence of fair value loss related to the Warrants in the financial year of 2015.

Profit for the Year

As a result of the above factors, profit for the year of the Group increased by 413.4% from RMB40.0 million for the financial year ended 31 August 2014 to RMB205.5 million for the financial year ended 31 August 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Adjusted Net Profit

Adjusted net profit was derived from the profit for the year after adjusting for those non-recurring items which are not indicative of the Group's operating performances. The following table reconciles from profit for the year to adjusted net profit for both financial years:

	Year ended 31 August	
	2015	2014
	RMB'000	RMB'000
Profit for the year	**205,546**	40,036
Add:		
Gain on disposal of assets classified as held for sale (Note)	**(32,289)**	–
Listing expenses	**6,552**	22,511
Share-based payments	**5,706**	8,560
Change in fair value on Preferred Shares	**277**	91,812
Loss on modification of Preferred Shares	**–**	3,286
Change in fair value on Warrants	**–**	3,695
Gain on cancellation of Warrants	**–**	(42,510)
Adjusted net profit	**185,792**	127,390

Adjusted net profit margin increased from 23.6% for the year ended 31 August 2014 to 28.5% for the year ended 31 August 2015, due primarily to the increased profitability of certain schools resulting from an increase in student enrollment and the decrease in finance costs as mentioned above.

Note: The gain resulted from the disposal of assets classified as held for sale as disclosed in the Company's 2015 interim report and the amount was included in the gain on disposal of property, plant and equipment and prepaid lease payments (note 25 to the financial statements).

Capital Expenditures

For the year ended 31 August 2015, the Group paid RMB212.3 million for property, plant and equipment primarily related to the building costs and the educational equipment and facilities for our new schools in Yiwu, maintenance, renovation and upgrade of certain existing schools.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity, Financial Resources and Capital Structure

The following table sets forth a summary of our cash flows for the two financial years:

	Year ended 31 August	
	2015	2014
	RMB'000	RMB'000
Net cash from operating activities	**444,039**	313,253
Net cash used in investing activities	**(239,508)**	(265,317)
Net cash from (used in) financing activities	**433,597**	(76,941)
Net increase (decrease) in cash and cash equivalents	**638,128**	(29,005)
Cash and cash equivalents at 1 September	**380,332**	409,303
Effect of foreign exchange rate changes	**3,681**	34
Cash and cash equivalents at 31 August	**1,022,141**	380,332

As at 31 August 2015, the Group's bank balances and cash amounted to RMB1,022.1 million, of which the majority were denominated in RMB. Bank balances and cash increased significantly due primarily to the fact that the Group raised net proceeds of HK$881.4 million (equivalent to approximately RMB697.4 million) from the Listing, after deduction the relevant Listing expenses.

As at 31 August 2015, the Group did not have bank borrowings because it repaid all outstanding bank borrowings after Listing.

The Group expects that its future capital expenditures will primarily be financed by its internal resources.

Gearing Ratio

The gearing ratio of the Group, which was calculated as total borrowings divided by total equity as at the end of the relevant financial year, decreased from approximately 47.8% as at 31 August 2014 to zero as at 31 August 2015 because all outstanding bank borrowings were fully repaid by the Group after Listing.

Foreign Exchange Exposure

The majority of the Group's revenue and expenditures are denominated in RMB, the functional currency of the Company, except that certain expenditures are denominated in foreign currencies such as Canadian dollars ("**CAD**"), HK$ and United States dollars ("**USD**"). As at 31 August 2015, certain bank balances and cash and available-for-sale investments were denominated in CAD, Australian dollars, HK$ and USD. The Group did not enter into any financial instrument for hedging purpose as it is expected that foreign exchange exposure will not be material.

Contingent Liabilities

As at 31 August 2015, the Group had no material contingent liabilities.

Pledge of Assets

As at 31 August 2015, the Group did not pledge any assets as all the pledges of buildings and land use rights had been released.

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL ACQUISITION

During the year ended 31 August 2015, the Group acquired Jingzhou Yinghua Foreign Languages School, which originally offered grades 1-12 education in Jingzhou City, Hubei Province, for a consideration of RMB46 million. This transaction did not constitute a notifiable transaction under the Rules Governing the Listing of Securities on the Stock Exchange.

SIGNIFICANT INVESTMENT HELD

As at 31 August 2015, no significant investment was held by the Group.

EMPLOYEE BENEFITS

As at 31 August 2015, the Group had 3,051 (2014: 2,686) full-time employees. The Group provides external and internal training programs to its employees. The Group participates in various employee benefit plans, including provident fund, housing pension, medical, basic pension and unemployment benefit plans, occupational injury and maternity leave insurance. The Company also has a pre-IPO share option scheme, a post-IPO share option scheme and a share award scheme set up for its employees and other eligible persons. Salaries and other benefits of the Groups' employees are generally reviewed on a regular basis in accordance with individual qualifications and performance, result performance of the Group and the relevant market conditions. Total employee remuneration (excluding directors' remuneration) for the year ended 31 August 2015 amounted to RMB282.1 million.

DIRECTORS AND SENIOR MANAGEMENT

OUR BOARD OF DIRECTORS

Name	Age	Position/Title	Date of Appointment
Shu Liang Sherman Jen	61	Executive Director, Chairman of the Board and Co-CEO	June 2007
Zhenwan Liu	59	Executive Director, Vice Chairman of the Board, President and Co-CEO	June 2014 (1)
Jingxia Zhang	58	Executive Director, Senior Vice President and CFO	March 2008
James William Beeke	65	Executive Director, Vice President and BC Program Superintendent	April 2014 (2)
Howard Robert Balloch	64	Non-executive Director	March 2008
Peter Humphrey Owen	68	Independent Non-executive Director	June 2014 (1)
Chak Kei Jack Wong	43	Independent Non-executive Director	June 2014 (1)
Lap Tat Arthur Wong	55	Independent Non-executive Director	June 2014 (1)

Notes:

(1) Effective from the listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 28 November 2014.

(2) Mr. James William Beeke previously worked for the Group from 2005 to 2009, he was appointed as director from 12 March 2008 to 20 January 2010 and reappointed on 25 April 2014.

Executive Directors

Shu Liang Sherman Jen ("**Mr. Jen**"), aged 61, is our controlling shareholder and founder. Mr. Jen was appointed as a director in June 2007 and was re-designated as an executive director and was appointed as chairman of the nomination and corporate governance committee of our Company, both taking effect on 28 November 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 (the "**Board**"), 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, a subsidiary of the Company, since 1995, the chairman of Dalian Maple Leaf Educational Group Ltd., a consolidated affiliated entity, since 2003, and the director of Maple Leaf Educational Systems Limited, a subsidiary of the Company, since 1992, Tech Global Investment Ltd., a subsidiary of the Company, since 2007, Hong Kong Maple Leaf Educational Systems Limited, a subsidiary of the Company, since 2009 and Dalian Beipeng Educational Software Development Inc., a subsidiary of the Company, since 2011. His contributions lead us to become one of the leading international school service providers in the People's Republic of China ("**China**" or "**PRC**").

Mr. Jen has 20 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 Mr. David Johnston, Governor General of Canada, for his contributions to international education. 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 the PRC. Mr. Jen has not held any directorship roles in any other listed companies in the last three years. Mr. Jen is not a resident of Canada for Canadian taxation purposes.

DIRECTORS AND SENIOR MANAGEMENT

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 ("**BC**"), Canada in June 2013.

Zhenwan Liu ("Mr. Liu"), aged 59, was appointed as an executive director and the vice chairman of the Board of our Company in June 2014, both taking effect on 28 November 2014. Mr. Liu has been the president and the Co-CEO of our Company since 10 March 2014, and is primarily responsible for the general operation, strategic planning and business direction of our Group.

Prior to joining the Group, 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 other 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 ("Ms. Zhang"), aged 58, is the senior vice president and was re-designated from co-chief financial officer to chief financial officer ("**CFO**") of our Company with effect from 16 June 2015. Ms. Zhang was appointed as a director in March 2008 and was re-designated as an executive director taking effect on 28 November 2014. Ms. Zhang joined the Group in April 1995 and is primarily responsible for the overall management, financial operations and human resources of the schools in our Group. Ms. Zhang is one of the key members of the management team of the Company and has made important contributions to the Group.

Prior to joining our Group, 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 other 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.

DIRECTORS AND SENIOR MANAGEMENT

James William Beeke ("Mr. Beeke"), aged 65, is our director, vice president and BC program superintendent. He was appointed as a director in April 2014 and was re-designated as an executive director taking effect on 28 November 2014. Mr. Beeke previously served as the Vice Chairman of the Board and the Superintendent of the BC Program of the Group from 2005 to 2009. Mr. Beeke is primarily responsible for overseeing the operation of the BC Program and the Group's schools.

Prior to joining our Group, Mr. Beeke was employed by the BC 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 other 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 Director

Howard Robert Balloch ("Mr. Balloch"), aged 64, was appointed as a director in March 2008 and was re-designated as a non-executive director and was appointed as a member of the remuneration committee, both taking effect on 28 November 2014, and is responsible for supervising the overall management and strategic planning of our Group.

Mr. Balloch is a retired 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 founded and served as President and Chairman of The Balloch Group from 2001 to 2011, a boutique investment bank that advised domestic and multinational corporations in China. The Balloch Group was acquired in 2011 by Canaccord Genuity Group Inc., a Canadian company listed on both the Toronto Stock Exchange ("**TSX**") (stock code: CF) and the London Stock Exchange (stock code: CF). Mr. Balloch served as Chairman of Canaccord Genuity Asia, the Asian subsidiary of Canaccord Genuity Group Inc. from 2011 to 2013. From January 2002 to January 2015, he served as a director of Ivanhoe Energy Inc., a company involved in heavy oil exploration and production technology and listed on the TSX (stock code: IE) and NASDAQ (stock code: IVAN) until it was delisted in March 2015. Mr. Balloch has also served as the director of several companies outside the Group. He has been a director of Methanex Corp. since December 2004, a company listed on both the TSX (stock code: MX) and NASDAQ (stock code: MEOH), which is engaged in the supply, distribution and marketing of methanol to major international markets. He has also served as a director of Sinopec Canada, a non-public business unit of Sinopec International Petroleum Exploration and Production Corporation, since April 2014.

Mr. Balloch received a Bachelor of Arts degree and a Master of Arts degree from McGill University, Canada in June 1972 and June 1974, respectively.

DIRECTORS AND SENIOR MANAGEMENT

Independent Non-executive Directors

Peter Humphrey Owen ("Mr. Owen"), aged 68, was appointed as an independent non-executive director in June 2014, and was appointed as a chairman of our remuneration committee and a member of our audit committee and nomination and corporate governance committee, all taking effect on 28 November 2014. Mr. Owen is primarily responsible for supervising and providing independent judgment to our Board.

Prior to joining the Group, Mr. Owen served as the vice chair of the Workers Compensation Review Board of BC 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 other 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 ("Mr. Wong"), aged 43, was appointed as an independent non-executive director in June 2014, and was appointed as a member of audit committee, remuneration committee and nomination and corporate governance committee, all taking effect on 28 November 2014. Mr. Wong is primarily responsible for supervising and providing independent judgment to our Board.

Currently, Mr. Wong serves as a managing director at Société Générale. Mr. Wong is also a professor of Science Practice in Financial Mathematics of The Hong Kong University of Science and Technology. 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, foreign exchange and inflation. Prior to that, he was a quantitative analyst in credit derivative and emerging market in Morgan Stanley, London. Mr. Wong has not held any directorship roles in any other listed companies in the last three years.

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.

DIRECTORS AND SENIOR MANAGEMENT

Lap Tat Arthur Wong ("Mr. Wong"), aged 55, was appointed as an independent non-executive director in June 2014, and was appointed as the chairman of the audit committee, both taking effect on 28 November 2014. 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 in Hong Kong, San Jose and Beijing, with the latest position as a partner in the Beijing office. He subsequently served as the CFO 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 (stock code: 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 (stock code: VISN) since December 2011; China Automotive Systems, Inc., an automotive systems and components manufacturer listed on NASDAQ (stock code: CAAS) since May 2012; Daqo New Energy Corp., a polysilicon manufacturer listed on NYSE (stock code: DQ) since December 2012; Petro-king Oilfield Services Ltd., a consultancy and oilfield project services company listed on the Stock Exchange (stock code: 02178) since February 2013; YOU On Demand Holdings, Inc., a media company listed on NASDAQ (stock code: YOD) since January 2014 and Sky Solar Holdings, Ltd., a company listed on NASDAQ (stock code: SKYS) since November 2014. He also serves as an independent director of Xueda Education Group, a company listed on NYSE (stock code: XUE) since March 2015.

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.

OUR SENIOR MANAGEMENT

Name	Age	Position
Shu Liang Sherman Jen	61	Co-CEO
Zhenwan Liu	59	President and Co-CEO
Jingxia Zhang	58	Senior Vice President and CFO
James William Beeke	65	Vice President and BC Program Superintendent
Chi Hung Lau	45	Vice President, Head of Investor Relations and Company Secretary
Linsheng Chen	56	Vice President and the Chinese Program Superintendent
Xiaofeng Cao	42	Vice President

DIRECTORS AND SENIOR MANAGEMENT

The biography of each member of the senior management team (other than our executive directors) is set out below:

Chi Hung Lau ("Mr. Lau"), aged 45, joined the Company as vice president and head of investor relations in August 2015. Mr. Lau was subsequently appointed as joint company secretary on 1 September 2015 and re-designated as company secretary on 27 November 2015. Mr. Lau has over 20 years of experience in investor relations, financial management, accounting, auditing, company secretarial affairs and corporate finance including initial public offerings, mergers and acquisitions. Prior to joining the Group, Mr. Lau had mainly held senior finance positions in several companies whose shares are listed on the Stock Exchange and had also worked in Deloitte Touche Tohmatsu where the last position he served was manager. In particular, during the period from January 2011 to August 2015, Mr. Lau worked for a company whose shares are listed on the Stock Exchange, where the positions he had served include group CFO and company secretary.

Mr. Lau graduated with a Bachelor's degree in Accountancy in 1993 and a Master of Business Administration in 2001 from The Hong Kong Polytechnic University. Mr. Lau is a Certified Public Accountant (Practising) of the Hong Kong Institute of Certified Public Accountants, a Fellow of The Association of Chartered Certified Accountants, an Associate of The Institute of Chartered Accountants in England and Wales, an Associate and a Certified Tax Adviser of The Taxation Institute of Hong Kong. Mr. Lau is also an Associate of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom.

Linsheng Chen ("Mr. Chen"), aged 56, has been the vice president and Chinese program superintendent of our Group 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.

Xiaofeng Cao ("Mr. Cao"), aged 42, joined the Group as vice president in March 2015 and is primarily responsible for school construction projects and general affairs of school campus. Mr. Cao has over 10 years' experience in senior management capacity. Prior to joining the Group, Mr. Cao was a vice president of Etonkids Educational Group.

Mr. Cao received a Bachelor's degree from Wuhan Textile Engineering Institute in 1995, a Master of Labor Economics from Renmin University of China in 2011 and a Doctor's degree in Educational Management from Beijing Normal University in 2014.

REPORT OF THE DIRECTORS

The board (the "**Board**") of directors ("**Directors**") of China Maple Leaf Educational Systems Limited (the "**Company**") present their report together with the audited financial statements of Company, its subsidiaries and affiliated consolidated entities (collectively the "**Group**") for the year ended 31 August 2015.

GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 5 June 2007 as an exempted company with limited liability. The principal place of business of the Company in Hong Kong is located at Room 1302, 13/F., Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong.

The Company's shares ("**Shares**") were listed (the "**Listing**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 28 November 2014 ("**Listing Date**").

PRINCIPAL ACTIVITIES AND SUBSIDIARIES

The Group is an international school operator which offers mainly a bilingual K-12 education in the People's Republic of China ("**China**" or "**PRC**") under the "Maple Leaf" brand. 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 diploma fully accredited by British Columbia and a China diploma. A list of the Company's subsidiaries, together with their places of incorporation and principal activities, is set out in note 37 to the financial statements.

FINANCIAL RESULTS

The results of the Group for the year ended 31 August 2015 are set out in the consolidated statement of profit or loss and other comprehensive income on page 65 of this annual report.

DIVIDENDS

During the year ended 31 August 2015, the Company paid an interim dividend of HK$0.025 per Share. The Board has resolved to recommend the payment of a final dividend of HK$0.043 per Share and a special dividend of HK$0.027 per Share for the year ended 31 August 2015, subject to the approval by the shareholders ("**Shareholders**") of the Company at the forthcoming annual general meeting ("**AGM**") to be held on 22 January 2016. Together with the interim dividend paid, this made up a total dividend of HK$0.095 per Share for the year ended 31 August 2015.

There is no arrangement under which a Shareholder has waived or agreed to waive any dividends.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the most recent five years is set out in the section headed "Five-Year Financial Summary" on pages 6 to 7 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment during the year are set out in note 14 to the financial statements.

REPORT OF THE DIRECTORS

INVESTMENT PROPERTIES

Details of investment properties as at 31 August 2015 are set out in note 16 to the financial statements. The fair value of the investment properties at 31 August 2015 was RMB55.0 million. The book value of the investment properties held by the Group as at 31 August 2015 as included in the financial statements in this annual report was RMB17.0 million.

As at 31 August 2015, there was no property held for investment for which the percentage ratios, as defined under Rule 14.04(9) of the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**"), exceed 5%.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 August 2015 are set out in note 24 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 26 to the financial statements.

RESERVES

Details of the movements in the reserves of the Company during the year ended 31 August 2015 are set out in note 36 to the financial statements. The distributable reserves of the Company as at 31 August 2015 were 893.8 million.

DIRECTORS

The Directors during the year ended 31 August 2015 and up to the date of this report were as follows:

Executive Directors:

Mr. Shu Liang Sherman Jen
Mr. Zhenwan Liu*
Ms. Jingxia Zhang
Mr. James William Beeke

Non-executive Director:

Mr. Howard Robert Balloch

Director:

Mr. Yue Ji#

Independent Non-executive Directors:

Mr. Peter Humphrey Owen*
Mr. Chak Kei Jack Wong*
Mr. Lap Tat Arthur Wong*

* *Appointments were effective from the Listing Date*
\# *Mr. Yue Ji ceased to be a Director upon the Listing*

In accordance with article 16.18 of the Company's articles of association, Mr. Peter Humphrey Owen, Mr. Chak Kei Jack Wong and Mr. Lap Tat Arthur Wong will retire by rotation at the forthcoming AGM and, being eligible, have offered themselves for re-election.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. Based on such confirmations, the Company considers that all independent non-executive Directors are independent.

DIRECTORS' SERVICE CONTRACTS

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). The Company has the right to give written notice to terminate the agreement.

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 three years, except Mr. Lap Tat Arthur Wong whose terms of office is two years, with effect from the Listing Date or until the third annual general meeting of our Company since the Listing Date (whichever is earlier).

None of the Directors proposed for re-election at the forthcoming AGM has entered into any service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors and those of the five highest paid individuals of the Group for the year ended 31 August 2015 are set out in note 11 to the financial statements. There has been no arrangement under which any Director has waived or agreed to waive any emoluments.

Directors' remuneration is determined by the Board, 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 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. 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.

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN CONTRACTS AND COMPETING BUSINESSES

Save as disclosed in note 35 to the financial statements headed "Related Party Transactions and Balances" and the section headed "Connected Transactions" of this annual report below, no Director had a material interest, whether directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party as at 31 August 2015 or at any time during the year ended 31 August 2015.

During the year ended 31 August 2015, neither our controlling shareholders ("**Controlling Shareholders**" as defined in the Listing Rules) 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.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

No contract of significance has been entered into among the Company or any of its subsidiaries and the Controlling Shareholders during the year ended 31 August 2015.

CONNECTED TRANSACTIONS

Non-exempt Continuing Connected Transactions

We have entered into a number of continuing agreements and arrangements ("**Contractual Arrangements**") with our connected persons in our ordinary and usual course of business, which constitute continuing connected transactions under the Listing Rules. We set out below details of the continuing connected transactions for our Group.

Contractual Arrangements

Reasons for 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 discussed further below in the section headed "Updates in Relation to the Qualification Requirement"). The Contractual Arrangements among us, Dalian Beipeng Educational Software Development Inc. ("**Beipeng Software**"), our consolidated affiliated entities and shareholders of our consolidated affiliated entities 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.

Our Directors (including the independent non-executive Directors) consider that the Contractual Arrangements are fundamental to our Group's legal structure and business operations and have been entered into: (i) in the ordinary and usual course of business of the Company; (ii) on normal commercial terms; and (iii) in accordance with the respective agreement governing them on terms that are fair and reasonable and in the interests of 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.

Risks relating to the Contractual Arrangements

We believe the following risks are associated with the Contractual Arrangements. Further details of these risks are set out on pages 26 to 32 of the Company's prospectus dated 18 November 2014 ("**Prospectus**").

1. 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.

2. Our Contractual Arrangements may not be as effective in providing control over our consolidated affiliated entities as equity ownership.

3. 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.

4. 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.

5. Certain terms of our Contractual Arrangements may not be enforceable under PRC laws.

6. The Contractual Arrangements between Beipeng Software and our consolidated affiliated entities and Dalian Maple Leaf International School (High School) ("**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.

7. 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.

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

9. 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.

10. 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.

11. 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.

12. 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.

Contractual Arrangements in Place

The Contractual Arrangements that were in place as at 31 August 2015 are as follows:

(i) an exclusive management consultancy and business cooperation agreement dated 11 May 2014 and entered into by and among Beipeng Software, Dalian Maple Leaf Educational Group Co., Ltd ("**Dalian Educational Group**") and its subsidiary entities, including but not limited to companies, schools and other entities which it directly or indirectly holds more than 50% interests of, and Ms. Shu'E Ren (the "**Founder's Sister**"), a sister of Mr. Shu Liang Sherman Jen ("**Founder**"), 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 its 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 11 May 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 22 August 2014 and entered into by and among Beipeng Software, Dalian Maple Leaf Foreign Nationals School ("**Dalian Foreign School**"), Wuhan Maple Leaf Foreign National 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 11 May 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 11 May 2014 and entered into by and among our Company, Dalian Maple Leaf Science and Education Co., Ltd ("**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 22 August 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 11 May 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 26 May 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 26 May 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 11 May 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; and

(xi) a power of attorney executed by the Founder dated 11 May 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.

Apart from the above, there are no new Contractual Arrangements entered into, renewed or reproduced between the Group and the PRC consolidated affiliated entities during the financial year ended 31 August 2015. There was no material change in the Contractual Arrangements and/or the circumstances under which they were adopted for the year ended 31 August 2015, except that Yiwu Maple Leaf International School Affiliated School (High School, Middle School and Elementary school) and Jingzhou Maple Leaf International School (Middle School and Elementary School) have been added as subsidiary entities of Dalian Educational Group pursuant to the requirements of the management consultancy and business cooperation agreement in (i) above.

For the year ended 31 August 2015, none of the Contractual Arrangements has been unwound as none of the restrictions that led to the adoption of structured contracts under the Contractual Arrangements has been removed.

REPORT OF THE DIRECTORS

Listing Rules Implications

As 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. 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 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 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 is wholly owned by the Founder and is therefore an associate of the Founder and our connected person pursuant to Rules 14A.12(1)(c) and 14A.07(4) of the Listing Rules. Dalian Foreign School is wholly owned by the Founder and is therefore an associate of the Founder and our connected person pursuant to Rules14A.12(1)(c) and 14A.07(4) of the Listing Rules, the Contractual Arrangements constitute connected transactions under the Listing Rules.

Waiver from the Stock Exchange and Annual Review

The Stock Exchange has granted a specific waiver to the Company from strict compliance with the connected transactions requirement of Chapter 14A of the Listing Rules in respect of the Contractual Arrangements, including (i) the announcement and independent shareholders' approval requirements, (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 the 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 consolidated into our Group's financial results as if they were our Group's subsidiaries. If any terms of the Contractual Arrangements are altered or if the Group enters into any new agreements with any connected persons in the future, the Group must fully comply with the relevant requirements under the Listing Rules unless we obtains a separate waiver from the Stock Exchange.

Pursuant to the exclusive management consultancy and business cooperation agreements (i) Beipeng Software, Dalian Educational Group and any of its subsidiaries and schools and the Founder's sister entered into on 11 May 2014 and (ii) among Beipeng Software, Wuhan Foreign School, Dalian Foreign School and the Founder entered into on 22 August 2014, 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 the Group's consolidated affiliated entities with intellectual property development and licensing services as well as comprehensive technical and educational consultancy services (the "**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.

For the year ended 31 August 2015, the Services provided by Beipeng Software to the Dalian Educational Group and its subsidiaries, Wuhan Foreign School and Dalian Foreign School amounted to RMB40.7 million.

Confirmation from Independent Non-executive Directors

Our independent non-executive Directors have reviewed the Contractual Arrangements and confirmed that (i) the transactions carried during year ended 31 August 2015 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 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 the Group during the year ended 31 August 2015, (iii) no new contracts were entered into, renewed or reproduced between the Group and the consolidated affiliated entities during the year ended 31 August 2015, and (iv) the Contractual Arrangements were entered into in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the Shareholders as a whole.

Confirmations from the Company's Independent Auditors

The auditors of the Company has confirmed in a letter to the Board that, with respect to the aforesaid continuing connected transactions entered into in the year ended 31 August 2015:

1. nothing has come to their attention that causes the auditors to believe that the disclosed continuing connected transactions have not been approved by the Board; and

2. nothing has come to their attention that causes the auditors to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements under the Contractual Arrangements governing such transactions.

During the year ended 31 August 2015, no related party transactions disclosed in note 35 to the financial statements constituted a connected transaction or continuing connected transaction which should be disclosed pursuant to the Listing Rules. The Company has complied with the disclosable requirements set out in Chapter 14A of the Listing Rules.

QUALIFICATION REQUIREMENT

Draft New Foreign Investment Law

On 19 January 2015, the Ministry of Commerce of China ("**MOFCOM**") released a draft version of the Foreign Investment Law (中華人民共和國外國投資法（草案徵求意見稿）) ("**Draft FIL**") for public comment. The Draft FIL, if adopted in its current form, would introduce significant changes to the foreign investment regime of the PRC.

Unlike the current system, the definition of "foreign investment" in the Draft FIL expressively includes control by other means, e.g. contractual arrangements, in addition to equity ownership. Therefore, for any future investment made through contractual arrangements, so long as ultimate investor is a foreign investor, MOFCOM will treat the investment, albeit through contractual arrangements, as a foreign investment. For those contractual arrangements made before the Draft FIL becoming effective, the Draft FIL leaves a placeholder for dealing with them but acknowledges in an explanatory note that in light of the different views expressed by the public, a further study based on the public comments would be necessary.

Given that the Draft FIL is only at the consultation stage and information on how existing contractual arrangements would be dealt with is still outstanding, the Company believes that any attempt to evaluate the potential impact that it will have on the Contractual Arrangements and the business of our Group would be premature. The Board will continuously monitor any updates on the Draft FIL and seek guidance from our PRC legal advisor to ensure compliance with all relevant rules and regulations in the PRC at all times.

Updates in Relation to the Qualification Requirement

The foreign investor in a Sino-foreign joint venture school for PRC students at the preschool or high school level 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**"). The foreign portion of the total investment in a sino-foreign joint venture private school should be below 50% and the establishment of these schools is subject to the approval of education authorities at the provincial level. Our PRC legal advisor, Tianyuan Law Firm has advised us that, except for the release of the Draft FIL, there have not been changes in the relevant regulatory developments and guidance relating to the Qualification Requirement since the publication of the Prospectus.

Efforts and Actions Undertaken to Comply with the Qualification Requirement

Apart from the efforts and actions taken as disclosed in the Prospectus, the Board is also actively seeking potential opportunities for i) the establishment of high schools in Canada and ii) the acquisition of and/or strategic investment in international school operators, in order to gain the Qualification Requirement. Up to the date of this report, the Group is still in the progress of working on different ways of obtaining the Qualification Requirement but has yet to obtain any concrete result.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed for the year ended 31 August 2015.

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 the two years ended 31 August 2015 and 2014.

For the year ended 31 August 2015, our five largest suppliers in aggregate accounted for approximately 8% (2014: 5%) of our cost of revenue and our largest supplier accounted for approximately 3% (2014: 2%) of our cost of revenue. None of our Directors, their respective close associates, or any shareholder of the Company 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.

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

As at 31 August 2015, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**"), Chapter 571 of the Laws of Hong Kong) which (a) were required 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 they have taken, or are deemed to have taken, under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register required to be kept by the Company; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions in Shares and underlying Shares of the Company

Name of Director/ chief executive	Capacity	Interest in Shares	Interest in underlying Shares	Total interest in Shares and underlying Shares	Approximate percentage of shareholding
Shu Liang Sherman Jen ("**Mr. Jen**")	Interest of controlled corporation	736,569,909 (Note 1)	–	736,569,909	54.17%
	Beneficial interest	4,210,000	2,015 (Note 2)	4,212,015	0.31%
	Interest of spouse	1,070,000	671 (Note 2)	1,070,671 (Note 3)	0.08%
Zhenwan Liu	Beneficial interest	11,605,000	1,007 (Note 2)	11,606,007	0.85%
Jingxia Zhang	Beneficial interest	2,605,000	1,007 (Note 2)	2,606,007	0.19%
James William Beeke	Beneficial interest	1,070,671	671 (Note 2)	1,071,342	0.08%
Howard Robert Balloch	Beneficial interest	30,000	1,070,671 (Note 2)	1,100,671	0.08%
	Interest of controlled corporation	6,509,822 (Note 4)	–	6,509,822	0.48%
Peter Humphrey Owen	Beneficial interest	1,070,000	671 (Note 2)	1,070,671	0.08%
Lap Tat Arthur Wong	Beneficial interest	150,000	–	150,000	0.01%

Notes:

1. *Sherman Investment Holdings Limited ("**Sherman Investment**") is a company incorporated in the British Virgin Islands, which is wholly-owned by Mr. Jen. Mr. Jen is deemed to be interested in 736,569,909 Shares held by Sherman Investment.*

2. *These interests in underlying Shares represent the interests in outstanding options granted pursuant to the share option scheme approved and adopted by the Company on 1 April 2008 ("**Pre-IPO Share Option Scheme**") to subscribe for the relevant number of Shares.*

3. *Mr. Jen is the spouse of Ms. Meichen Amy Yan ("**Ms. Yan**") who is interested in 1,070,000 Shares and 671 underlying Shares . Mr. Jen is deemed to be interested in all the Shares and underlying Shares in which Ms. Yan is interested by virtue of the SFO.*

4. *These Shares were held by Balloch Investment Holdings Limited ("**Balloch Investment**"), a company which is owned as to 50% by each of Mr. Howard Robert Balloch and his spouse. Mr. Howard Robert Balloch is deemed to be interested in all the Shares held by Balloch Investment.*

REPORT OF THE DIRECTORS

Long position in shares in associated corporation

Name of Director	Name of associated corporation	Capacity	Number of issued shares	Percentage of total issued shares of the associated corporation
Mr. Jen	Sherman Investment	Beneficial interest	50,000	100%

Save as disclosed above, as at 31 August 2015, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (a) were required 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 they have taken, or are deemed to have taken, under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register required to be kept by the Company; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 August 2015, the following persons or corporations, other than the Directors or the chief executive of the Company, had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Long positions

Name of Shareholder	Capacity	Total interest in Shares and underlying Shares	Approximate percentage of interest in the Company
Sherman Investment (Note 1)	Registered owner	736,569,909	54.17%
Ms. Yan (Note 2)	Interest of spouse	740,781,924	54.48%
	Beneficial interest	1,070,671	0.08%
Sequoia Capital China Growth Fund I, L.P. ("**SCC Growth**")(Note 3)	Registered owner	105,661,280	7.77%
Sequoia Capital China Growth Fund Management I, L.P. ("**SCC Management**")(Note 4)	Interest of controlled corporations	121,116,542 (Note 9)	8.91%
SC China Holding Limited ("**SC China**")(Note 5)	Interest of controlled corporations	121,116,542 (Note 9)	8.91%
SNP China Enterprises Limited ("**SNP China**")(Note 6)	Interest of controlled corporations	121,116,542 (Note 9)	8.91%
Sequoia Capital China Advisors Limited ("**SCC Advisors**")(Note 7)	Investment manager	121,116,542 (Note 9)	8.91%
Mr. Nanpeng Shen (Note 8)	Interest of controlled corporation	121,116,542 (Note 9)	8.91%

Notes:

(1) Sherman Investment is wholly-owned by Mr. Jen, and has a direct beneficial interest of 54.17% in the Company.

(2) Ms. Yan is the spouse of Mr. Jen and, therefore, Ms. Yan is deemed to be interested in all the Shares and underlying Shares in which Mr. Jen is interested or deemed to be interested by virtue of the SFO. Mr. Jen is interested in: (i) 4,210,000 Shares and options granted pursuant to the Pre-IPO Share Option Scheme to subscribe for 2,015 Shares as at 31 August 2015, and (ii) 736,569,909 Shares held by Sherman Investment.

(3) SCC Growth, a limited liability partnership incorporated in the Cayman Islands, is interested in 105,661,280 Shares.

*(4) SCC Management is the general partner of SCC Growth, Sequoia Capital China Growth Partners Fund I, L.P. ("**SCC Partners**") and Sequoia Capital China GF Principals Fund I, L.P. ("**SCC Principals**"). SCC Partners and SCC Principals own 2,489,798 Shares and 12,965,464 Shares, respectively. Accordingly SCC Management is deemed to be interested in 121,116,542 Shares, which are the total number of Shares collectively owned by SCC Growth, SCC Partners and SCC Principals by virtue of Part XV of the SFO.*

(5) SC China is the general partner of SCC Management and is therefore deemed to be interested in all the Shares which SCC Management is interested in by virtue of Part XV of the SFO.

(6) SC China is wholly-owned by SNP China, therefore SNP China is deemed to be interested in all the Shares which SC China is interested in by virtue of Part XV of the SFO.

(7) SCC Advisors is the investment manager of SCC Management and is therefore deemed to be interested in all the Shares which SCC Management is interested in by virtue of Part XV of the SFO.

(8) Mr. Nanpeng Shen owns 100% of SNP China and is therefore deemed to be interested in all the Shares which SNP China is interested in by virtue of Part XV of the SFO.

(9) The 121,116,542 Shares represent the same batch of Shares.

Save as disclosed above, as at 31 August 2015, no other person or corporation, other than the Directors or the chief executive of the Company, had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

REMUNERATION POLICY

Employees of the Group are selected, remunerated and promoted on the basis of their merit, qualifications, competence and contribution to the Group. Compensation of key executives of the Group is determined by the Company's remuneration committee which reviews and determines executives' compensation based on the Group's performance and the executives' respective contributions to the Group.

The Company also has a provident fund set up for its employees and share incentive schemes as described below.

REPORT OF THE DIRECTORS

SHARE INCENTIVE SCHEMES

In order to incentivize our Directors, senior management, other employees and consultants 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 1 April 2008 and adopted the post-IPO share option scheme ("**Post-IPO Share Option Scheme**") and the restricted share units scheme on 10 November 2014 which was subsequently modified by the Board on 28 April 2015 and renamed as the restricted share award scheme (the "**Share Award Scheme**").

Details on the movement of the relevant scheme for the year ended 31 August 2015 is set out in note 29 to the financial statements.

1. Employee Pre-IPO Share Option Scheme

The Board approved and adopted the Pre-IPO Share Option Scheme on 1 April 2008 (the "**Effective Date**") 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. 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 our Company granting options to subscribe for Shares once the Company became a listed issuer.

(a) Eligible Persons

The Board or any other committee of directors appointed by the Board to administer the Pre-IPO Share Option Scheme (the "**Administrator**") may grant awards to those employees, directors and consultants of the Company or a Related Entity ("**Eligible Person**").

(b) 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. The Board has the authority to amend, suspend or terminate the Pre-IPO Share Option Scheme subject to the approval of the shareholders of the Company to the extent necessary to comply with applicable law.

(c) Share Limits

Our Board has authorized the issuance of up to 32,120,144 Shares (adjusted for any share-splits or other dilutive issuances) upon the exercise of awards granted under the Pre-IPO Share Option Scheme.

(d) 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**").

(e) 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.

(f) Exercise Price

The Administrator will determine the purchase price per share of the 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.

(g) 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.

(h) Outstanding Share Options

The table below discloses movements in the outstanding share options granted to all grantees under the Pre-IPO Share Option Scheme as at 31 August 2015. No Options were granted from the Listing Date to 31 August 2015. Further details on the movement of the Options during the year ended 31 August 2015 are set out in note 29 to the financial statements.

REPORT OF THE DIRECTORS

Name of Director	Date of grant	Outstanding as at 1 September 2014	Exercised during the year	Cancelled/ lapsed during the year	Outstanding as at 31 August 2015	Exercise period	Exercise Price	Vesting period
Shu Liang Sherman Jen	2 June 2014	3,212,015	(3,210,000)	–	2,015	10 years after the date of grant	RMB0.93	None
Jingxia Zhang	1 September 2008	749,470	(749,470)	–	–	10 years after the date of grant	RMB0.93	Four years from the date of grant
	2 June 2014	856, 537	(855,530)	–	1,007	10 years after the date of grant	RMB0.93	None
Zhenwan Liu	2 June 2014	1,606,007	(1,605,000)	–	1,007	10 years after the date of grant	RMB0.93	None
James William Beeke	2 June 2014	1,070,671	(1,070,000)	–	671	10 years after the date of grant	RMB0.93	None
Peter Humphrey Owen	2 June 2014	1,070,671	(1,070,000)	–	671	10 years after the date of grant	RMB0.93	None
Howard Robert Balloch	2 June 2014	1,070,671	–	–	1,070,671	10 years after the date of grant	RMB0.93	None
Total		**9,636,042**	**(8,560,000)**	**–**	**1,076,042**			
Other employees								
27 employees	1 September 2008	10,813,782	10,807,000	–	6,782	10 years after the date of grant	RMB0.93	Four years from the date of grant
11 employees	1 September 2009	1,713,074	1,551,500	–	161,574	10 years after the date of grant	RMB0.93	Four years from the date of grant
12 employees	2 June 2014	4,764,489	4,761,500	–	2,989	10 years after the date of grant	RMB0.93	None
Total		**17,291,345**	**(17,120,000)**	**–**	**171,345**			
Total		**26,927,387**	**(25,680,000)**	**–**	**1,247,387**			

2. Post-IPO Share Option Scheme

(a) Purpose of the Post-IPO Share Option Scheme

The Company adopted the Post-IPO Share Option Scheme on 10 November 2014 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 shares in issue of our Company.

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 Listing Date, 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 for the Listing.

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 option scheme of our Group shall not exceed 10% of the Shares in issue as at 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 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 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 as at 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.

REPORT OF THE DIRECTORS

(g) 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 Listing 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.

(h) Restriction on the time of grant of options

No offer for grant of options shall be made after an inside information event has occurred or an inside information matter has been the subject of a decision until such inside information has been announced in accordance with the requirements of the Securities and Futures Ordinance and 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 prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by our Company.

(i) Period of the Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme will remain in force for a period of 10 years from 10 November 2014.

(j) Grant of Options

No options have been granted or agreed to be granted under the Post-IPO Share Option Scheme since its date of adoption.

3. Share Award Scheme

(a) The Share Award Scheme was adopted by the Company on 10 November 2014 and modified by the Board on 28 April 2015.

The grant of share awards (the "**Awards**") recognizes the contribution of the directors, executive officers, senior management, employees and consultants of the Company and of its subsidiaries and consolidated affiliated entities (collectively, "**Scheme Companies**" and each, a "**Scheme Company**") 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 share award schemes or other share-based remuneration schemes in the future.

(b) Awards

Each Award is a right to receive a Share at the end of the vesting period, subject to vesting conditions provided for under the Share Award Scheme. For each Award, the Eligible Participants (as defined below) may receive, subject to vesting, one Share.

Awards cannot be sold, pledged or transferred by the Eligible Participants by any means, except by inheritance.

(c) Grant of Awards

The Share Award Scheme provides for the grant of Awards by the Company to beneficiaries (the "**Beneficiaries**") selected at the discretion of the Board from among the directors, executive officers, senior management, employees and consultants of the Scheme Companies (the "**Eligible Participants**"). Shares will not be released under the Awards until the applicable vesting conditions have been satisfied.

(d) Shares underlying the Awards

The Company will from time to time transfer the necessary funds and instruct the scheme trustee ("**Scheme Trustee**") to acquire Shares through on-market transactions so as to satisfy Awards.

The Share Award Scheme Shares will be held on trust by the Scheme Trustee until their release to the Beneficiaries upon vesting of their Awards.

The grant of Awards by the Company to a connected person of the Company will be subject to the requirements of Chapter 14A of the Listing Rules.

(e) Restrictions on grants and Share purchases

No instruction may be given to the Scheme Trustee to acquire Shares and no Award may be granted when the Board is in possession of unpublished inside information in relation to the Scheme Companies or when dealings by Directors are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time.

(f) Vesting of Awards

Vesting of Awards is subject to continued employment of the Beneficiaries with a Scheme Company over the vesting period as determined by the Board. Upon vesting, the Company will instruct the Scheme Trustee to release Share Award Scheme Shares to the Beneficiary on its behalf.

In the event of termination of the employment or corporate officer's mandate of a Beneficiary with a Scheme Company, his or her Awards 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.

In the case of retirement or early retirement of the Beneficiary, Awards 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.

No consideration is paid or payable by the grantees for the Shares to be issued under the Share Award Scheme.

(g) Limit for each Beneficiary

The maximum number of Awards which may be granted to a Beneficiary but unvested under the Share Award Scheme shall not exceed 0.015 per cent of the Shares in issue from time to time.

(h) The Share Award Scheme Period

The Share Award Scheme shall be valid and effective from 28 April 2015 and end on the earlier of (i) the business day immediately prior to the tenth anniversary of 28 April 2015 except in respect of any non-vested Awards granted prior to the expiration of the Share Award Scheme, for the purpose of giving effect to the vesting of such Awards or otherwise as may be required in accordance with the provisions of the Share Award Scheme; and (ii) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any Beneficiary in respect of the Awards already granted.

In July 2015, the Scheme Trustee purchased a total of 31,080,000 Shares on the Stock Exchange at a total consideration of approximately HK$74.7 million (equivalent to approximately RMB59.0 million). Up to the date of this report, no Share Award Scheme Shares have been granted.

4. Grant of options under specific mandate

On 8 June 2015, the Company entered into an engagement agreement with each of Dingxianghui (Beijing) Investment Management Co., Ltd. and Hong Kong Zhixin Financial News Agency Ltd. (together, the "**Consultants**"), pursuant to which the Company agreed to grant options to the Consultants or their nominees to subscribe for an aggregate of 25,000,000 new Shares at an exercise price of HK$4.00 per Share as, among other things, consideration for the services to be to be provided by the Consultants pursuant to their respective engagement agreements. On 17 July 2015, the Company entered into a supplemental agreement with each of the Consultants to amend the engagement agreements whereby it is agreed that the options shall be conditionally granted subject to the passing of an ordinary resolution by the Shareholders of the Company approving the specific mandate to the Directors to grant the options and to issue and allot the Shares to be issued pursuant to the options. The specific mandate was approved by the Shareholders at the extraordinary general meeting of the Company held on 24 August 2015.

Further details on the grant of options to the Consultants are set out in the announcements of the Company dated 9 June 2015 and 17 July 2015.

As at 31 August 2015 and up to the date of this report, no option has been granted under the specific mandate.

The other principal terms of the share incentive schemes under items 1 to 3 above are set out in the Prospectus.

PURCHASE, SALES OR REDEMPTION OF OUR COMPANY'S SHARES

In July, the Scheme Trustee of the Company's Share Award Scheme purchased a total of 31,080,000 Shares on the Stock Exchange at a total consideration of approximately HK$74.7 million (equivalent to approximately RMB59.00 million). Save as disclosed, since the Listing Date and up to 31 August 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company has maintained the prescribed public float under the Listing Rules from the Listing Date to 31 August 2015.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the laws of the Cayman Islands or under the Company's Articles of Association that require the Company to offer new Shares on a pro-rata basis to its existing Shareholders.

CHARITABLE DONATIONS

The Group made charitable donations of approximately RMB0.8 million during the year ended 31 August 2015.

LITIGATION

The Group did not have any material litigation outstanding as at 31 August 2015.

REPORT OF THE DIRECTORS

CONTINUING DISCLOSURE PURSUANT TO LISTING RULES

The Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period.

USE OF PROCEEDS

The net proceeds from the Listing, after deducting underwriting fees and related expenses, amounted to approximately HK$881.4 million (equivalent to approximately RMB697.4 million) which is intended to be applied in the manner as set out in the section headed "Future Plans and Use of Proceeds" of the Company's prospectus dated 18 November 2014 and the Company's announcement dated 7 September 2015 relating to the change in use of proceeds.

As at the date of this report, the Company has applied the net proceeds as follows:

- approximately RMB41.6 million has been utilized towards the expansion of our school network, in particular by developing new schools on our own in major cities in China;
- approximately RMB3.0 million has been utilized towards the maintenance, renovation and upgrade of our existing schools, such as the boys school in our Dalian campus;
- approximately RMB64.2 million has been utilized towards the acquisition of schools in major cities in China (except for foreign national schools and preschools), the acquisition of schools outside China and the strategic investment in international school operators, to expand our school network;
- approximately RMB167.4 million has been utilized to repay our bank loans; and
- approximately RMB69.7 million has been utilized as our working capital.

The unutilized net proceeds are generally placed in licensed financial institutions as short-term deposits.

AUDIT COMMITTEE

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 August 2015 and has met with the independent auditors, Deloitte Touche Tohmatsu ("**Deloitte**"). The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Company.

AUDITORS

The consolidated financial statements for the year ended 31 August 2015 have been audited by Deloitte. A resolution for the re-appointment of Deloitte as the Company's auditors is to be proposed at the forthcoming AGM.

On behalf of the Board
Shu Liang Sherman Jen
Chairman

Hong Kong, 27 November 2015

CORPORATE GOVERNANCE REPORT

The board (the "**Board**") of directors ("**Directors**") of China Maple Leaf Educational Systems Limited (the "**Company**") are pleased to present this Corporate Governance Report in the Company's annual report for the year ended 31 August 2015.

CORPORATE GOVERNANCE CODE

The Board has committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders of the Company ("**Shareholders**") and to enhance corporate value and accountability.

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 28 November 2014 (the "**Listing Date**"). Since the Listing Date and up to the date of this annual report, the Company has applied the principles as set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") and has complied with all the applicable code provisions, save and except for code provision A.2.1 which stipulates that the roles of chairman and chief executive should not be performed by the same individual. Details of such deviation are set out in the section headed "Chairman and Co-Chief Executive Officer" below.

The Board will continue to review and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own securities dealing code to regulate all dealings by Directors and relevant employees of securities in the Company and other matters covered by the Model Code.

Specific enquiry has been made of all the Directors and the relevant employees and they have confirmed that they have complied with the Model Code during the period from the Listing Date to the date of this annual report.

BOARD OF DIRECTORS

The Board currently comprises eight members, consisting of four executive Directors, one non-executive Director and three independent non-executive Directors.

The composition of the Board since the Listing Date and up to the date of this annual report is as follows:

Executive Directors

Mr. Shu Liang Sherman Jen *(Chairman and Co-Chief Executive Officer)*
Mr. Zhenwan Liu *(Vice Chairman, President and Co-Chief Executive Officer)*
Ms. Jingxia Zhang
Mr. James William Beeke

Non-executive Director

Mr. Howard Robert Balloch

Independent Non-executive Directors

Mr. Peter Humphrey Owen
Mr. Chak Kei Jack Wong
Mr. Lap Tat Arthur Wong

CORPORATE GOVERNANCE REPORT

The biographical information of the Directors are set out in the section headed "Directors and Senior Management" in this annual report.

None of the members of the Board is related to one another.

Chairman and Co-Chief Executive Officer ("Co-CEO")

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should not be performed by the same individual.

The Board does not have a separate chairman and chief executive officer. Mr. Shu Liang Sherman Jen performs the dual roles of both chairman and Co-CEO, along with the other Co-CEO, Mr. Zhenwan Liu. The Board believes that by vesting the roles of both chairman and Co-CEO in Mr. Shu Liang 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. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively.

Board Meetings and Shareholder Meetings Held

During the period from the Listing Date to 31 August 2015, the Board convened four Board meetings and the Company convened an annual general meeting ("**AGM**") and an extraordinary general meeting ("**2015 EGM**"). A summary of the attendance record of the Directors is set out in the following table below:

	Attendance/Number of meetings		
Name of Director	**Board Meetings**	**AGM**	**2015 EGM**
Executive Directors			
Mr. Shu Liang Sherman Jen	3/4	1/1	1/1
Mr. Zhenwan Liu	4/4	0/1	0/1
Ms. Jingxia Zhang	4/4	1/1	0/1
Mr. James William Beeke	4/4	1/1	0/1
Non-executive Director			
Mr. Howard Robert Balloch	4/4	1/1	0/1
Independent Non-executive Directors			
Mr. Peter Humphrey Owen	4/4	1/1	0/1
Mr. Chak Kei Jack Wong	3/4	1/1	0/1
Mr. Lap Tat Arthur Wong	4/4	1/1	0/1

The Board will meet at least four times in each financial year at approximately quarterly intervals in accordance with code provision A.1.1 of the CG Code.

Apart from regular Board meetings, the Chairman also held a meeting with the non-executive Director and independent non-executive Directors without the presence of executive Directors during the period from the Listing Date to 31 August 2015.

Independent Non-executive Directors

The Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received from each independent non-executive Director a written annual confirmation in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. Based on such confirmation, the Board considers that all independent non-executive Directors are independent.

Non-executive Directors and Directors' Re-election

Code provision A.4.1 of the CG Code stipulates that non-executive Directors shall be appointed for a specific term, subject to re-election, whereas code provision A.4.2 states that all Directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

All Directors including non-executive Director and independent non-executive Directors have been appointed for a term of three years, except Mr. Lap Tat Arthur Wong who has been appointed for a term of two years. Each of the Directors is subject to retirement by rotation once every three years in accordance with the Company's articles of association (the "**Articles of Association**"). The Articles of Association requires that 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.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Board takes decisions objectively in the interests of the Company.

All Directors, including non-executive Director and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

All Directors have full and timely access to all the information of the Company as well as the services and advice from the company secretary and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his responsibilities to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

CORPORATE GOVERNANCE REPORT

Continuous Professional Development of Directors

Directors shall keep abreast of responsibilities as a director of the Company and of the conduct, business activities and development of the Group.

Every newly appointed director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Group and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

In accordance with A.6.5 of the CG Code with regards to continuous professional development, Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended 31 August 2015, the key methods of attaining continuous professional development by each of the Directors are summarized as follows:

Name of Director	Attending courses/ seminars/ conferences	Reading books/ journals/ articles
Mr. Shu Liang Sherman Jen	✓	✓
Mr. Zhenwan Liu	✓	✓
Ms. Jingxia Zhang	✓	✓
Mr. James William Beeke	✓	✓
Mr. Howard Robert Balloch	✓	✓
Mr. Peter Humphrey Owen	✓	✓
Mr. Chak Kei Jack Wong	✓	✓
Mr. Lap Tat Arthur Wong	✓	✓

In addition, the Company has arranged briefings for Directors on their duties under the Listing Rules and the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination and Corporate Governance Committee, for overseeing particular aspects of the Company's affairs. Each of these committees was established with defined written terms of reference. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

The majority of the members of each Board committee are independent non-executive Directors and the list of the chairman and members of each Board committee is set out in the section headed "Corporate Information" in this annual report.

Audit Committee

The Company has established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the CG Code. The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control procedures and risk management systems of our Group, to oversee the audit process and the relationship with external auditor, to review arrangements enabling employees of the Group to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company and to perform other duties and responsibilities as assigned by our Board.

The Audit Committee consists of three members: Mr. Lap Tat Arthur Wong, Mr. Peter Humphrey Owen and Mr. Chak Kei Jack Wong, all of whom are independent non-executive Directors. Mr. Lap Tat Arthur Wong is the chairman of the Audit Committee.

During the period from the Listing Date to 31 August 2015, the Audit Committee held three meetings. The attendance record of the meetings is set out in the table below:

Name of Committee Member	Attendance/Number of meetings
Mr. Lap Tat Arthur Wong	3/3
Mr. Peter Humphrey Owen	3/3
Mr. Chak Kei Jack Wong	3/3

During the meetings, the Audit Committee reviewed the annual results and reports for the year ended 31 August 2014 and the interim results and report for the six months ended 28 February 2015, significant issues on the financial reporting and compliance procedures, internal control and risk management systems, scope of work and appointment of external auditors.

Since the Listing Date to 31 August 2015, the Audit Committee also met with the external auditors twice without the presence of the executive Directors.

Remuneration Committee

The Company has established a Remuneration Committee with written terms of reference in compliance with paragraph B.1 of the CG Code. The primary duties of the Remuneration Committee include but are not limited to, (i) making recommendations to the Board on the Company's 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) making recommendations to the Board on the 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.

The Remuneration Committee consists of three members: Mr. Peter Humphrey Owen, Mr. Chak Kei Jack Wong and Mr. Howard Robert Balloch. Mr. Balloch is a non-executive Director and Mr. Owen and Mr. Wong are independent non-executive Directors. Mr. Owen is the chairman of the Remuneration Committee.

During the period from the Listing Date to 31 August 2015, the Remuneration Committee held two meetings. The attendance record of the meetings is set out in the table below:

Name of Committee Member	Attendance/Number of meetings
Mr. Peter Humphrey Owen	2/2
Mr. Chak Kei Jack Wong	1/2
Mr. Howard Robert Balloch	2/2

During the meetings, the Remuneration Committee reviewed and made recommendation to the Board on the remuneration policy and structure of the Company, and the remuneration packages of the executive Directors and senior management and other related matters of the Company.

CORPORATE GOVERNANCE REPORT

During the year ended 31 August 2015, total remuneration paid/payable to the senior management (including all executive Directors) by band expressed in Hong Kong dollars ("**HK$**") is set out below:

Band	Number of senior management
Nil to HK$1,000,000	3
HK$2,000,001 to HK$2,500,000	2
HK$2,500,001 to HK$3,000,000	1
HK$4,500,001 to HK$5,000,000	1

Nomination and Corporate Governance Committee

The Company has established a Nomination and Corporate Governance Committee with written terms of reference in compliance with paragraphs A.5 and D.3 of the CG Code. The Nomination and Corporate Governance Committee has the following two main functions: (i) nomination function including reviewing the structure, size and composition of the Board, assessing the independence of independent non-executive Directors and making recommendations to the Board on matters relating to the appointment of Directors; (ii) corporate governance function including reviewing the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements and the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

The Nomination and Corporate Governance Committee consists of three members: Mr. Shu Liang Sherman Jen, Mr. Peter Humphrey Owen and Mr. Chak Kei Jack Wong. Mr. Jen is an executive Director and Mr. Owen and Mr. Wong are independent non-executive Directors. Mr. Jen is the chairman of the Nomination and Corporate Governance Committee.

During the period from the Listing Date to 31 August 2015, the Nomination and Corporate Governance Committee held one meeting. The attendance record of the meeting is set out in the table below:

Name of Committee Member	Attendance/Number of meeting
Mr. Shu Liang Sherman Jen	1/1
Mr. Peter Humphrey Owen	1/1
Mr. Chak Kei Jack Wong	1/1

During the meeting, the Nomination and Corporate Governance Committee reviewed the structure, size, composition and diversity of the Board and discussed and made recommendations on the training and continuous professional development of Directors and senior management.

BOARD DIVERSITY POLICY

The Board Diversity Policy (the "**Policy**") was adopted by the Company pursuant to the Board meeting held on 10 November 2014. The Policy aims to set out the approach to diversity on the Board and achieve a sustainable and balanced development.

The Nomination and Corporate Governance Committee is responsible for the monitoring and review of the Policy annually. During the period from the Listing Date to 31 August 2015, the Nomination and Corporate Governance committee was satisfied with the diversity of the existing Board and did not, for the time being, set up any measurable objective regarding the diversity of the Board.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 August 2015.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 63 to 64 in this annual report.

AUDITORS' REMUNERATION

The Company appointed Deloitte Touche Tohmatsu as the external auditors for the year ended 31 August 2015. During the year ended 31 August 2015, the total fees paid/payable, excluding disbursements, in respect of audit and non-audit services provided by the Group's external auditors are set out below:

Items of auditors' services	**Amount** RMB'000
Audit service:	
Annual audit service	2,300
Non-audit services:	
Tax advisory services	140
Review on continuing connected transactions	100
Total	2,540

INTERNAL CONTROLS

The Board is entrusted with an overall responsibility of devising the Company's system of internal controls and conducting an annual review of its effectiveness. This ensures that the Board oversees and monitors the Group's overall financial position so that the interests of the Shareholders are well protected and covered. During the period from the Listing Date to 31 August 2015, the Audit Committee has reviewed the potential areas of improvement on internal control of the Group. The Board has also reviewed updates on regulations regarding risk management and the effectiveness of the internal control systems of the Company, its subsidiaries and consolidated affiliated entities.

COMPANY SECRETARY

Ms. Wai Ling Chan of Tricor Services Limited ("**Tricor**"), an external service provider, has been engaged by the Company as its company secretary. On 1 September 2015, Mr. Chi Hung Lau, who is a full time employee serving as vice president and head of investor relations of the Company, was appointed as joint company secretary together with Ms. Chan. Mr. Lau is responsible for advising the Board on corporate governance matters and ensuring that Board policy and procedures, and applicable laws, rules and regulations are followed. Mr. Lau and Ms. Grace Jen, assistant to chief financial officer, were the primary contact persons between the Company and Ms. Chan during her tenure.

On 27 November 2015, Ms. Chan resigned as joint company secretary upon the expiry of the service contract between Tricor and the Company and Mr. Lau was re-designated as the company secretary of the Company. Mr. Lau fulfils the requirements of Rule 3.28 of the Listing Rules and details of his professional qualifications are set out in the section headed "Directors and Senior Management" in this annual report.

Both Mr. Lau and Ms. Chan undertook no less than 15 hours of relevant professional training during the year ended 31 August 2015.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual directors. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange after each general meeting.

CORPORATE GOVERNANCE REPORT

Convening an Extraordinary General Meeting ("EGM") and Putting Forward Proposals at EGM

Pursuant to article 12.3 of the Articles of Association, the Board may, whenever it thinks fit, convene an EGM.

General meetings shall also be convened on the written requisition of any two or more members deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company.

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionists themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Board shall be reimbursed to them by the Company.

The requisition must state clearly the name of the requisitionists, their shareholding in the Company, the reason(s) to convene an EGM, the agenda proposed to be included and the details of the business(es) proposed to be transacted in the EGM and signed by the requisitionists.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: Room 1302, 13/F., Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong
(For the attention of Mr. Derek Lau, Head of Investor Relations)
Fax: (852) 35655967
Email: ir@mapleleaf.net.cn

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address, and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business, performance and strategies. The Company endeavors to maintain an ongoing dialogue with Shareholders and in particular, through annual general meetings and other general meetings. The Chairman of the Board, the chairmen of Audit Committee, Remuneration Committee, Nomination and Corporate Governance Committee, or, in their absence, other members of the respective committees, will make themselves available at the annual general meetings to meet Shareholders and answer their enquiries.

The Company has not made any changes to its Articles of Association from the Listing Date to 31 August 2015. An up-to-date version of the Company's Articles of Association is also available on the Company's website and the Stock Exchange's website.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
CHINA MAPLE LEAF EDUCATIONAL SYSTEMS LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of China Maple Leaf Educational Systems Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 65 to 132, which comprise the consolidated statement of financial position as at 31 August 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 August 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

27 November 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 August 2015

	NOTES	**2015 RMB'000**	2014 RMB'000
Revenue	5	**652,984**	540,269
Cost of revenue		**(354,277)**	(305,148)
Gross profit		**298,707**	235,121
Investment and other income	6	**17,313**	5,702
Other gains and losses	7	**37,468**	(246)
Marketing expenses		**(22,306)**	(21,709)
Administrative expenses		**(101,909)**	(74,528)
Finance costs	8	**(4,089)**	(15,493)
Other expenses		**(8,010)**	(24,128)
Change in fair value on redeemable convertible preferred shares	27	**(277)**	(91,812)
Loss on modification of redeemable convertible preferred shares	27	**–**	(3,286)
Change in fair value on warrants	27	**–**	(3,695)
Gain on cancellation of warrants	27	**–**	42,510
Profit before taxation		**216,897**	48,436
Taxation	9	**(11,351)**	(8,400)
Profit for the year	10	**205,546**	40,036
Other comprehensive (expense) income:			
Items that may be subsequently reclassified to profit or loss:			
Change in fair value of available-for-sale investments		**(6,267)**	249
Reclassification adjustment to profit or loss upon disposal of available-for-sale investments		**(478)**	–
Exchange difference arising on the translation of foreign operation		**(972)**	747
Other comprehensive (expense) income for the year		**(7,717)**	996
Total comprehensive income for the year		**197,829**	41,032
EARNINGS PER SHARE	13		
Basic (RMB)		**0.17**	0.05
Diluted (RMB)		**0.16**	0.00

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 August 2015

	NOTES	2015 RMB'000	2014 RMB'000
Non-current Assets			
Property, plant and equipment	14	**1,397,751**	1,218,897
Prepaid lease payments	15	**170,454**	191,715
Investment properties	16	**16,996**	17,850
Goodwill	17	**12,399**	1,982
Intangible assets		**700**	–
Available-for-sale investments	18	**58,134**	–
Books for lease		**2,893**	3,407
Deposits for construction of property and land use right		**1,037**	1,037
Prepayment for purchase of property, plant and equipment		**–**	2,118
		1,660,364	1,437,006
Current Assets			
Inventories		**1,395**	–
Available-for-sale investments	18	**100,000**	161,741
Deposit, prepayments and other receivables	19	**32,103**	24,626
Restricted bank deposits		**–**	4,000
Bank balances and cash	20	**1,022,141**	380,332
		1,155,639	570,699
Current Liabilities			
Deferred revenue	21	**660,138**	500,231
Other payables and accrued expenses	22	**295,116**	218,148
Amounts due to related parties	35	**–**	3,544
Income tax payable		**26,867**	16,959
Bank borrowings	24	**–**	223,500
		982,121	962,382
Net Current Assets (Liabilities)		**173,518**	(391,683)
Total Assets Less Current Liabilities		**1,833,882**	1,045,323

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 August 2015

	NOTES	**2015 RMB'000**	2014 RMB'000
Capital And Reserves			
Share capital	26	**8,411**	511
Reserves		**1,803,883**	466,723
		1,812,294	467,234
Non-Current Liabilities			
Deferred tax liabilities	23	**21,588**	19,171
Redeemable convertible preferred shares	27	**–**	476,518
Deposit received in respect of disposal of properties	25	**–**	80,000
Other non-current liabilities		**–**	2,400
		21,588	578,089
		1,833,882	1,045,323

The consolidated financial statements on pages 65 to 132 were approved and authorised for issue by the Board of Directors on 27 November 2015 and are signed on its behalf by:

Shu Liang Sherman Jen
DIRECTOR

Jingxia Zhang
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 August 2015

	Share capital RMB'000	Share premium RMB'000	Shares held for restricted share award scheme RMB'000 (note a)	Investment valuation reserve RMB'000	Translation reserve RMB'000	Statutory surplus reserve RMB'000 (note b)	Share option reserve RMB'000	Accumulated profits RMB'000	Attributable to owners of the Company RMB'000
At 1 September 2013	511	24,940	–	379	(61)	163,483	4,025	224,365	417,642
Profit for the year	–	–	–	–	–	–	–	40,036	40,036
Other comprehensive income for the year	–	–	–	249	747	–	–	–	996
Total comprehensive income for the year	–	–	–	249	747	–	–	40,036	41,032
Transfer	–	–	–	–	–	9,532	–	(9,532)	–
Share-based payments	–	–	–	–	–	–	8,560	–	8,560
At 31 August 2014	511	24,940	–	628	686	173,015	12,585	254,869	467,234
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**205,546**	**205,546**
Other comprehensive expenses for the year	**–**	**–**	**–**	**(6,745)**	**(972)**	**–**	**–**	**–**	**(7,717)**
Total comprehensive (expenses) income for the year	**–**	**–**	**–**	**(6,745)**	**(972)**	**–**	**–**	**205,546**	**197,829**
Transfer	**–**	**–**	**–**	**–**	**–**	**6,021**	**–**	**(6,021)**	**–**
Share-based payments	**–**	**–**	**–**	**–**	**–**	**–**	**5,706**	**–**	**5,706**
Conversion of redeemable convertible preferred shares	**131**	**476,664**	**–**	**–**	**–**	**–**	**–**	**–**	**476,795**
The effect of capitalisation issue (Note 26c)	**5,562**	**(5,562)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Issuance of ordinary shares (Note 26e)	**2,049**	**759,080**	**–**	**–**	**–**	**–**	**–**	**–**	**761,129**
Transaction cost attributable to issue of new ordinary shares	**–**	**(34,619)**	**–**	**–**	**–**	**–**	**–**	**–**	**(34,619)**
Exercise of share options	**158**	**40,832**	**–**	**–**	**–**	**–**	**(17,108)**	**–**	**23,882**
Dividends recognised as distribution (Note 12)	**–**	**(26,680)**	**–**	**–**	**–**	**–**	**–**	**–**	**(26,680)**
Repurchase of ordinary shares held for the restricted share award scheme	**–**	**–**	**(58,982)**	**–**	**–**	**–**	**–**	**–**	**(58,982)**
At 31 August 2015	**8,411**	**1,234,655**	**(58,982)**	**(6,117)**	**(286)**	**179,036**	**1,183**	**454,394**	**1,812,294**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 August 2015

Note a: *Shares held for restricted share award scheme (the "**Share Award Scheme**") is comprised of the consideration paid for the treasury shares held for the Share Award Scheme.*

Note b: *Pursuant to the relevant laws in the People's Republic of China (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 the 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.*

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 August 2015

	2015 RMB'000	2014 RMB'000
OPERATING ACTIVITIES		
Profit before taxation	**216,897**	48,436
Adjustments for:		
Amortisation of books for lease	**2,651**	2,875
Change in fair value on redeemable convertible preferred shares	**277**	91,812
Change in fair value on warrants	**–**	3,695
Depreciation of investment properties	**854**	854
Depreciation of property, plant and equipment	**42,835**	35,424
Dividends from available-for-sale investments	**(406)**	(146)
Exchange (gain) loss	**(3,834)**	202
Finance costs	**4,089**	15,493
Gain on disposal of available-for-sale investments	**(478)**	–
Gain on cancellation of warrants	**–**	(42,510)
(Gain) loss on disposal of property, plant and equipment and prepaid lease payments	**(32,270)**	22
Interest income	**(9,099)**	(1,354)
Loss on modification of redeemable convertible preferred shares	**–**	3,286
Release of prepaid lease payments	**4,393**	4,874
Share-based payments	**5,706**	8,560
Operating cash flows before movements in working capital	**231,615**	171,523
Increase in deferred revenue	**159,907**	91,906
Increase in other payables and accrued expenses	**44,189**	60,998
Decrease (increase) in deposits, prepayment and other receivables	**2,067**	(8,370)
Increase in inventories	**(1,395)**	–
Cash generated from operations	**436,383**	316,057
Income tax paid	**(1,443)**	(4,158)
Interest received	**9,099**	1,354
NET CASH FROM OPERATING ACTIVITIES	**444,039**	313,253

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 August 2015

	2015 RMB'000	2014 RMB'000
INVESTING ACTIVITIES		
Payments for property, plant and equipment	**(212,259)**	(110,765)
Purchase of available-for-sale investments	**(164,251)**	(158,000)
Net cash outflow from acquisition of a subsidiary (Note 32)	**(36,460)**	–
Purchase of books for lease	**(2,137)**	(2,973)
Proceeds from disposal of available-for-sale investments	**161,591**	–
Proceeds on disposal of property, plant and equipment and prepaid lease payments	**9,602**	85
Withdrawal of restricted bank deposits	**4,000**	–
Dividends received from available-for-sale investments	**406**	146
Placement of restricted bank deposits	**–**	(4,000)
Deposit received in respect of disposal of properties	**–**	10,000
Refund of deposits for construction of property and land use right	**–**	190
NET CASH USED IN INVESTING ACTIVITIES	**(239,508)**	(265,317)
FINANCING ACTIVITIES		
Repayments of bank borrowings	**(223,500)**	(216,500)
Payments for repurchase of ordinary shares under the Share Award Scheme	**(58,982)**	–
Payment for transaction costs attributable to issue of new ordinary shares	**(34,619)**	–
Dividends paid	**(26,680)**	–
Interest paid	**(4,089)**	(15,441)
Repayment of amounts due to related parties	**(3,544)**	(10,000)
Proceeds from issue of ordinary shares	**761,129**	–
Proceeds from exercise of share options	**23,882**	–
Proceeds from a bank borrowing	**–**	165,000
NET CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES	**433,597**	(76,941)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**638,128**	(29,005)
CASH AND CASH EQUIVALENTS AT 1 SEPTEMBER	**380,332**	409,303
Effect of foreign exchange rate changes	**3,681**	34
CASH AND CASH EQUIVALENTS AT 31 AUGUST REPRESENTED BY BANK BALANCE AND CASH	**1,022,141**	380,332

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 August 2015

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under Companies Law Chapter 22 of the Cayman Islands on 5 June 2007. Its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its parent is Sherman Investment Holdings Limited incorporated in the British Virgin Islands ("**BVI**") and its ultimate controlling party is Mr. Sherman Jen, who is also the Chairman of the board and Co-Chief Executive Officer 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, 6 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 Maple Leaf Educational Group Co., Ltd ("**Dalian Educational Group**"), Dalian Maple Leaf Science and Education Co., Ltd ("**Dalian Science and Education**"), Dalian Maple Leaf Foreign National School ("**Dalian Foreign School**") and Wuhan Maple Leaf Foreign National School ("**Wuhan Foreign School**") ("**Consolidated Affiliated Entities**") in the PRC. The wholly-owned subsidiary, Dalian Beipeng Educational Software Development Inc. ("**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.

1. GENERAL (Continued)

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 financial position and results of Dalian Foreign School, Wuhan Foreign School, Dalian Science and Education, Dalian Educational Group and Dalian Educational Group's subsidiaries in the consolidated financial statements of the Group during both years.

The following financial statement balances and amounts of the Consolidated Affiliated Entities and the Consolidated Affiliated Entities' subsidiaries were included in the consolidated financial statements:

	2015 **RMB'000**	2014 RMB'000
Revenue	**476,821**	374,318
Profit before taxation	**139,917**	103,591

	2015 **RMB'000**	2014 RMB'000
Non-current assets	**1,122,591**	922,767
Current assets	**591,991**	339,679
Current liabilities	**(765,537)**	(686,442)

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is the same as the functional currency of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 August 2015

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Applications of new and revised IFRSs

In the current year, the Group has applied the following new and revised IFRSs for the first time.

Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting
IFRIC – Int 21	Levies
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle

The application of the amendments to IFRSs and a new interpretation in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised IFRSs issued but not effective

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective.

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers[1]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle[2]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[2]
Amendments to IAS 27	Equity Method in Separate Financial Statements[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to IAS 1	Disclosure Initiative[2]
Amendments to IAS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[2]

[1] *Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.*

[2] *Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.*

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (Continued)

IFRS 15 Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 “Revenue”, IAS 11 “Construction Contracts” and the related Interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when control of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The directors of the Company anticipate that the application of IRFS 15 in the future may have no significant impact on the amounts reported and disclosures made in the Group consolidated financial statements.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 August 2015

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values as explained in the accounting policies set out 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 consolidated financial statements 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 realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised 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;

- 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 consolidated financial statements incorporate 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

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 over the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement 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.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

(i) deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;

(ii) liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date (see the accounting policy below); and

(iii) assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of business less accumulated impairment losses, if any.

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 recognised directly in profit or loss in the consolidated statement of profit or loss and other comprehensive income. An impairment loss recognised 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.

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 from foreign school, elementary schools, middle schools and high schools of the Group and tuition fee from preschool service.

The tuition fees from preschools of the Group are paid in advance at the beginning of every month. Revenue is recognised 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 at the beginning of each school year or semester, and are initially recorded as deferred revenue. Tuition and boarding fees are recognised 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 organises winter and summer campus to students. Revenue from such services are recognised 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

The Group also rents educational books to students for high school education. Book rental fee is generally billed to a student at the beginning of an academic year and is recognised 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 goods and educational materials is recognised 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 recognised 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.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

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 recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee
Operating lease payments are recognised 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 August 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, 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 recognised 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 recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

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.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised 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 utilised. Such assets and liabilities are not recognised 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 recognised 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 recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised 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 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 recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised 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 statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised 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 recognised 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

An item of property, plant and equipment is derecognised 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 recognised 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 recognised 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 derecognised 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 derecognised.

Intangible assets

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses.

Prepaid lease payments

Prepaid lease payments represent payments for obtaining land use right and is amortised 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 amortised 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 statement of financial position at cost less subsequent accumulated amortisation and subsequent accumulated impairment losses, if any. Amortisation is recognised in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the period of the books' economic life.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted-average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of tangible and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible 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.

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 recognised 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 recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement 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 recognised 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 recognised and derecognised 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. 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 recognised on an effective interest basis for debt instruments.

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, receivables in respect of disposal of properties, restricted bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy in respect of impairment of financial assets below).

Interest income is recognised 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 recognised 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 of financial assets below).

Dividends on available-for-sale equity investments are recognised in profit or loss when the Group's right to receive the dividends is established.

The fair value of available-for-sale non-monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses are recognised in other comprehensive income.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment of financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

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-organisation.

For financial assets carried at amortised cost, the amount of impairment loss recognised 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 recognised 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 recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

For financial assets measured at amortised 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 recognised, the previously recognised 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 amortised cost would have been had the impairment not been recognised.

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 recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 August 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

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 recognised 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 recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any interest paid on the financial liabilities.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

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 amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised 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 recognised 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 derecognises 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 recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liability when, and only when, the Group's obligations are discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Share-based payment arrangements

Share-based payment transactions of the Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 29.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 August 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payment arrangements (Continued)

Share-based payment transactions of the Company (Continued)

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained earnings.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are 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 recognised 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 judgment

The following is the critical accounting judgment, 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 recognised in the consolidated financial statements.

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 consolidated financial statements during both years.

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 JUDGEMENT 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 financial year.

(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 31 August 2015, the carrying amount of property, plant and equipment was RMB1,397,751,000 (2014: RMB1,218,897,000). Any change in these estimates may have a material impact on the results of the Group.

(b) Fair value of redeemable convertible preferred shares

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 proposed by independent and recognised 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 31 August 2015, the carrying amount of the redeemable convertible preferred shares was nil (2014: RMB476,518,000).

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.

(c) Fair value measurements and valuation processes

Some of the Group's assets are measured at fair value for financial reporting purposes. The board of directors of the Company determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. When 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 the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

The Group uses valuation techniques that include inputs that are not based on the observable market data to estimate the fair value of certain types of financial instruments. Note 31 provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 August 2015

5. REVENUE AND SEGMENT INFORMATION

Revenue represents (i) service income from tuition fees 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 goods and 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.

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:

	2015 **RMB'000**	2014 RMB'000
Tuition and boarding fees	**554,586**	466,748
Others	**98,398**	73,521
	652,984	540,269

Major customers

No single customer contributes 10% or more of total revenue of the Group for the years ended 31 August 2015 and 2014.

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

	2015 **RMB'000**	2014 RMB'000
Banks interest income	**8,468**	1,354
Dividends income from available-for-sale investments	**406**	146
Rental income from investment properties	**2,966**	3,644
Interest income from short term investment	**631**	–
Government grant	**3,845**	–
Others	**997**	558
	17,313	5,702

7. OTHER GAINS AND LOSSES

	2015 RMB'000	2014 RMB'000
Net foreign exchange gain (loss)	**3,834**	(202)
Gain on disposal of available-for-sale investments	**478**	–
Gain (loss) on disposal of property, plant and equipment and prepaid lease payments	**32,270**	(22)
Others	**886**	(22)
	37,468	(246)

8. FINANCE COSTS

	2015 RMB'000	2014 RMB'000
Interest expense on bank borrowings – wholly repayable within 5 years	**4,089**	15,493

9. TAXATION

	2015 RMB'000	2014 RMB'000
The charge comprises		
PRC Enterprise Income Tax ("**EIT**")	**11,351**	3,576
Deferred tax (Note 23)	**–**	4,824
	11,351	8,400

The income tax expense for the year can be reconciled to the profit before taxation as follows:

	2015 RMB'000	2014 RMB'000
Profit before taxation	**216,897**	48,436
Tax at PRC EIT rates of 25%	**54,225**	12,109
Tax effect of preferential tax rate granted	**(6,317)**	–
Tax effect of tax loss not recognised	**1,067**	14,048
Utilisation of tax loss previously not recognised	**(4,108)**	(1,655)
Tax effect of income not taxable for tax purposes	**(128,620)**	(100,824)
Tax effect of expenses not deductible for tax purposes	**95,104**	84,722
Tax charge for the year	**11,351**	8,400

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 August 2015

9. TAXATION (Continued)

The Company was incorporated in the Cayman Islands and Maple Leaf Educational Systems Limited ("**Maple BVI**") was incorporated in the BVI that are tax exempted as no business is carried out in the Cayman Islands and BVI under the laws of Cayman Islands and the BVI, respectively.

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.

During the year ended 31 August 2015, Beipeng Software obtained the approval from the tax bureau for the application of the preferential tax rate, and are eligible for tax holidays and concessions as follows: (a) Exempt PRC EIT for two years starting from the first profit-generating year, which is 2011, and (b) Followed by a 50% reduction in the next three years thereafter. Beipeng Software was subject to the PRC EIT of 12.5% (2014: 25%) during the year ended 31 August 2015.

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 High School**"), Dalian Maple Leaf International School (Middle School and Elementary School), Tianjin Taida Maple Leaf International School, Wuhan Maple Leaf International School, Wuhan Maple Leaf School, Zhenjiang Maple Leaf International School, Chongqing Maple Leaf International School, and Tianjin Huayuan Maple Leaf International school have been granted enterprise income tax exemption for the tuition income from relevant local tax authorities. During the year ended 31 August 2015, the tuition income not taxable is RMB514,480,000 (2014: RMB403,294,000), and the related expense not deductible is RMB253,428,000 (2014: RMB164,280,000).

As at 31 August 2015, the Group had unused tax loss of RMB15,249,000 (2014: RMB27,411,000) available for offset against future profits. No deferred tax assets have been recognised in respect of such tax losses due to the unpredictability of future tax profit streams. Tax losses of RMB15,249,000 (2014: RMB27,411,000) as of 31 August 2015 will expire in various years before 2020 (2014: 2019).

Under the EIT law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 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 RMB725,301,000 at 31 August 2015 (2014: RMB446,169,000), 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.

10. PROFIT FOR THE YEAR

	2015 RMB'000	2014 RMB'000
Profit for the year has been arrived at after charging (crediting):		
Staff costs, including directors' remuneration		
– salaries and other allowances	**276,644**	216,085
– retirement benefit scheme contributions	**10,930**	8,387
– share-base payments	**5,706**	8,560
Total staff costs	**293,280**	233,032
Gross rental income from investment properties	**(2,966)**	(3,644)
Less:		
Direct operating expense (including depreciation) incurred for investment properties that generated rental income during the year (included in other expenses)	**1,404**	1,513
	(1,562)	(2,131)
Depreciation of property, plant and equipment	**42,835**	35,424
Depreciation of investment properties	**854**	854
Release of prepaid lease payments	**4,393**	4,874
Amortisation of books for lease	**2,651**	2,875
Auditors' remuneration	**2,603**	66
Listing-related expenses (included in other expenses)	**6,552**	22,511

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 August 2015

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 are as follows:

For the year ended 31 August 2015:

	Directors' fee RMB'000	Salaries and other allowances RMB'000	Share-based payments RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Executive directors					
– Sherman Jen	–	2,311	1,351	–	3,662
– Zhang Jingxia	–	1,307	358	–	1,665
– Liu Zhenwan	–	1,573	671	–	2,244
– James William Beeke	–	1,293	448	–	1,741
Non-executive directors					
– Howard Robert Balloch	233	–	448	–	681
Independent non-executive directors					
– Peter Humphrey Owen	248	–	448	–	696
– Chak Kei Jack Wong	225	–	–	–	225
– Lap Tat Arthur Wong	257	–	–	–	257
Total	963	6,484	3,724	–	11,171

11. DIRECTORS', CHIEF EXECUTIVES' AND EMPLOYEES' EMOLUMENTS (Continued)

Directors and chief executives (Continued)

For the year ended 31 August 2014:

	Directors' fee RMB'000	Salaries and other allowances RMB'000	Share-based payments RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Executive directors					
– Sherman Jen	–	2,000	2,014	–	4,014
– Zhang Jingxia	–	1,000	537	–	1,537
– Sutherland Colleen Dawn	–	428	201	–	629
– James William Beeke	–	–	671	–	671
Non-executive directors					
– Howard Robert Balloch	–	–	671	–	671
Total	–	3,428	4,094	–	7,522

Ms. Sutherland Colleen Dawn resigned as an executive director on 24 April 2014. Ms. James William Beeke was appointed as an executive director of the Company with effect from 24 April 2014.

Mr. Peter Humphrey Owen, Mr. Chak Kei Jack Wong and Mr. Lap Tat Arthur Wong were appointed as independent non-executive directors of the Company in June 2014, taking effect on the first day on which the Company' shares commence listing on the Stock Exchange, 28 November 2014 (the "**Listing Date**"). No emoluments were paid to them during the year ended 31 August 2014.

Mr. Sherman Jen is also the chief executive of the Company for both years, and his emoluments disclosed above include those for services rendered by him as the chief executive.

Mr. Liu Zhenwan was appointed as executive directors of the Company in June 2014, taking effect on the first day on the Listing Date. No emoluments were paid to him during the year ended 31 August 2014. Mr. Liu Zhenwan is also chief executive of the Company since June 2014, and his emoluments disclosed above include those for services rendered by him as the chief executive.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 August 2015

11. DIRECTORS', CHIEF EXECUTIVES' AND EMPLOYEES' EMOLUMENTS (Continued)

Employees

The five highest paid individuals of the Group included four directors for the year ended 31 August 2015 (2014: two) whose emoluments are included in the disclosures above. The emoluments of the remaining individual for the year ended 31 August 2015 (2014: three), are as follows:

	2015 **RMB'000**	2014 RMB'000
Salaries and other benefits	**378**	2,259
Share-based payments	**448**	1,679
Retirement benefit scheme contributions	**5**	7
	831	3,945

The emoluments of the five highest paid individuals, other than directors, were within the following bands:

	2015 **RMB'000**	2014 RMB'000
Hong Kong Dollars ("**HK$**") $1,000,001 to HK$1,500,000	**1**	2
HK$2,000,001 to HK$2,500,000	**–**	1

No inducement paid or payable by the Group to the directors of the Company to join or upon joining the Group and no directors has waived any remuneration during in both years.

12. DIVIDENDS

During the year ended 31 August 2015, an interim dividend of HK$0.025 per share (total dividend of RMB26,680,000) were paid to shareholders. A final dividend of HK$0.043 per share and a special dividend of HK$0.027 per share in respect of the year ended 31 August 2015 has been proposed by the directors and is subject to approval at the forthcoming annual general meeting.

No dividend has been paid or proposed during the year ended 31 August 2014.

13. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	2015 RMB'000	2014 RMB'000
Earnings:		
Earnings for the purpose of basic earnings per share	**205,546**	40,036
Change in fair value on redeemable convertible preferred shares	**277**	–
Change in fair value and gain on cancellation of warrants	**–**	(38,815)
Earnings for the purpose of diluted earnings per share	**205,823**	1,221

	2015 '000	2014 '000
Numbers of shares:		
Number of ordinary shares for the purpose of basic earnings per share	**1,202,362**	770,883
Effect of dilutive potential ordinary shares:		
Warrants	**–**	7,402
Share options	**10,184**	7,560
Preferred shares	**55,239**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,267,785**	785,845

For the years ended 31 August 2014 and 2015, 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 capitalisation issue as described more fully in Note 26.

For the year ended 31 August 2014, 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.

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14. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Motor vehicles RMB'000	Furniture and fixtures RMB'000	Computer equipment RMB'000	Construction in progress RMB'000	Total RMB'000
COST							
At 1 September 2013	1,058,857	3,791	6,812	13,786	47,725	200,352	1,331,323
Additions	6,636	10	673	5,915	12,903	50,699	76,836
Transfer	236,646	–	–	–	–	(236,646)	–
Disposals	–	–	–	(402)	(777)	–	(1,179)
Exchange adjustment	–	–	–	–	–	565	565
At 31 August 2014	1,302,139	3,801	7,485	19,299	59,851	14,970	1,407,545
Additions	**20,773**	**–**	**1,062**	**2,739**	**7,994**	**206,548**	**239,116**
Acquisitions through business combination	**29,100**	**–**	**–**	**–**	**–**	**–**	**29,100**
Transfer	**189,067**	**–**	**–**	**–**	**–**	**(189,067)**	**–**
Disposals	**(56,405)**	**–**	**(196)**	**(433)**	**(877)**	**–**	**(57,911)**
Exchange adjustment	**–**	**–**	**–**	**–**	**–**	**(819)**	**(819)**
At 31 August 2015	**1,484,674**	**3,801**	**8,351**	**21,605**	**66,968**	**31,632**	**1,617,031**
DEPRECIATION							
At 1 September 2013	109,966	3,142	3,890	7,704	29,596	–	154,298
Provided for the year	25,019	416	921	1,933	7,135	–	35,424
Eliminated on disposals	–	–	–	(377)	(697)	–	(1,074)
At 31 August 2014	134,985	3,558	4,811	9,260	36,034	–	188,648
Provided for the year	**33,458**	**20**	**840**	**2,111**	**6,406**	**–**	**42,835**
Eliminated on disposals	**(10,777)**	**–**	**(186)**	**(408)**	**(832)**	**–**	**(12,203)**
At 31 August 2015	**157,666**	**3,578**	**5,465**	**10,963**	**41,608**	**–**	**219,280**
NET BOOK VALUES							
At 31 August 2015	**1,327,008**	**223**	**2,886**	**10,642**	**25,360**	**31,632**	**1,397,751**
At 31 August 2014	1,167,154	243	2,674	10,039	23,817	14,970	1,218,897

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 31 August 2014, the Group had pledged its buildings with an aggregate carrying value of RMB123,896,000 (2015: Nil), to secure 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 31 August 2015, the Group is in the process of obtaining the property certificate for the buildings with a carrying value of RMB328,505,000 (2014: 285,933,000) 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 analysed for reporting purposes as:

	2015 **RMB'000**	2014 RMB'000
Current assets (included in deposits, prepayment and other receivables)	**4,399**	4,855
Non-current assets	**170,454**	191,715
	174,853	196,570

The prepaid lease payments represent the land use rights and are amortised on a straight-line basis over lease terms of 31 to 50 years as stated in the relevant land use right certificates granted for usage by the Group in the PRC.

At 31 August 2014, the Group had pledged its land use rights with an aggregate carrying value of RMB24,304,000 (2015: Nil) to banks to secure the credit facilities granted to the Group.

At 31 August 2015, the carrying value of the land use right of RMB38,810,000 (2014: RMB43,148,000) 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.

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16. INVESTMENT PROPERTIES

	RMB'000
COST	
At 1 September 2013, 31 August 2014 and 2015	**26,057**
DEPRECIATION	
At 1 September 2013	7,353
Provided for the year	854
At 31 August 2014	8,207
Provided for the year	**854**
At 31 August 2015	**9,061**
CARRYING VALUES	
At 31 August 2015	**16,996**
At 31 August 2014	17,850

The fair value of the Group's investment properties at 31 August 2015 was RMB55,000,000 (2014: RMB55,000,000). 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 is a member of the Hong Kong Institute of Surveyors. The valuation was determined by capitalising 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 capitalisation 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 are as follows:

	Carrying value RMB'000	**Level 3 Fair value** RMB'000
Commercial property units located in Dalian		
At 31 August 2015	**16,996**	**55,000**
At 31 August 2014	17,850	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

	RMB'000
COST AND CARRYING VALUES	
At 1 September 2013 and 31 August 2014	1,982
Acquisition of a subsidiary (Note 32)	**10,417**
At 31 August 2015	**12,399**

The goodwill arose from acquisitions of Dalian Maple Leaf Lanxi Wenyuan Preschool ("**Lanxi**"), Dalian Maple Leaf Jinhai Preschool ("**Jinhai**") and Jingzhou Maple Leaf International School ("**Jingzhou**") in June 2007, April 2009 and August 2015, respectively. Goodwill arising from acquisition of subsidiaries 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 as follows:

	2015 RMB'000	2014 RMB'000
Cash-generating units:		
Lanxi	**1,026**	1,026
Jinhai	**956**	956
Jingzhou	**10,417**	–
	12,399	1,982

The Group tests goodwill annually for impairment or more frequently if there are indicators that goodwill might be impaired. During the years ended 31 August 2015 and 2014, management of the Group determines that there are no impairments of any of its cash-generating units containing goodwill.

The basis of the recoverable amounts of the above cash-generating units and their major underlying assumptions are summarised below:

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 a discount rate of 16.5% (2014: 15.0%). Lanxi's cash flows beyond the five-year period are extrapolated using 4% (2014: 4%) growth which is based on this 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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 16.5% (2014: 15.0%). Jinhai's cash flows beyond the five-year period are extrapolated using 5% (2014: 5%) growth which is assumed based on this 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.

Jingzhou

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 16.5%. Jingzhou's cash flows beyond the five-year period are extrapolated using 3% growth which is assumed based on the estimate of this school's future 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. AVAILABLE-FOR-SALE INVESTMENTS

	2015 **RMB'000**	2014 RMB'000
At fair value:		
– Equity securities listed in Hong Kong	**–**	3,741
– Equity securities listed in Australia	**58,134**	–
– Unlisted financial products issued by banks	**100,000**	158,000
	158,134	161,741
Analysed for reporting purpose as:		
Current assets	**100,000**	161,741
Non-current assets	**58,134**	–
	158,134	161,741

18. AVAILABLE-FOR-SALE INVESTMENTS (Continued)

At the end of each reporting period, included in available-for-sale investments are the following amounts denominated in currencies other than the functional currency of the relevant group entity to which they relate.

	2015 RMB'000	2014 RMB'000
Currency:		
HK$	–	3,741
Australian dollar ("**AUD**")	58,134	–
	58,134	3,741

The fair value of listed investments was determined based on the quoted bid market price available on the stock exchange at the end of each reporting period.

The above unlisted investments represent investments in financial products issued by banks with no predetermined or guaranteed return but principal protected.

19. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2015 RMB'000	2014 RMB'000
Prepaid rent and other prepaid expenses	5,137	12,086
Other deposits	5,885	2,206
Prepaid lease payments	4,399	4,855
Staff advances	1,853	1,619
Other receivables	4,829	3,860
Receivable in respect of disposal of properties (Note 25)	10,000	–
	32,103	24,626

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 August 2015

20. BANK BALANCES AND CASH

Bank balance and cash comprise cash and short-term deposits held by the Group with an original maturity of three months or less.

As at 31 August 2015, the Group's bank deposits carried a weighted-average interest rate of 0.62% per annum (2014: 0.88%).

At the end of each year, 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.

	2015 **RMB'000**	2014 RMB'000
Currency:		
United States dollar ("**USD**")	**3,774**	7,742
HK$	**36,336**	477
Canadian dollar ("**CAD**")	**138,227**	–
AUD	**68,819**	–
	247,156	8,219

21. DEFERRED REVENUE

	2015 **RMB'000**	2014 RMB'000
Tuition and boarding fees	**621,175**	469,517
Others	**38,963**	30,714
	660,138	500,231

22. OTHER PAYABLES AND ACCRUED EXPENSES

	2015 RMB'000	2014 RMB'000
Other tax payables	**15,907**	16,577
Payables for purchase of property, plant and equipment	**81,518**	56,779
Payables for purchase of goods	**748**	–
Consideration payable for business combination	**9,540**	–
Miscellaneous expenses received from students (Note)	**132,150**	86,452
Deposits received from students	**19,369**	16,846
Accrued payroll	**10,635**	8,087
Prepayment from lessee	**80**	637
Accrued operating expenses	**1,754**	211
Accrued listing-related expenses	**–**	15,383
Accrued interest expenses	**–**	465
Payable for land use right	**3,000**	3,000
Other payables	**20,415**	13,711
	295,116	218,148

Note: The amount represents the miscellaneous expenses received from students which will be paid out on behalf of students.

23. DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities recognised and movements thereon during the current and prior years:

	Fair value Adjustment on assets acquired through business combination RMB'000	Services income RMB'000	Total RMB'000
At 1 September 2013	–	14,347	14,347
Charge to profit or loss (Note)	–	4,824	4,824
At 31 August 2014	–	19,171	19,171
Acquisitions of a subsidiary	**2,417**	**–**	**2,417**
At 31 August 2015	**2,417**	**19,171**	**21,588**

Note: The amount represents the deferred tax liabilities on the temporary differences arising from the services income earned by Beipeng Software from the Consolidated Affiliated Entities under the Contractual Arrangements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 August 2015

24. BANK BORROWINGS

	2014 RMB'000
Bank borrowings:	
– Secured	88,500
– Unsecured	135,000
	223,500
Carrying amounts repayable:	
– Within one year and due within one year shown under current liabilities	223,500
The exposure of bank borrowings:	
– Fixed rate borrowings	223,500

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowing are as follows:

	2014
Effective interest rate:	
Fixed rates borrowings	6.00% – 6.90%

The secured bank borrowings were 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 were denominated in RMB which is the same as the functional currency of the corresponding group entities.

All the borrowings were repaid during the year ended 31 August 2015.

25. DISPOSAL OF PROPERTIES

On 22 September 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 High School, with a total consideration of RMB110,000,000.

The disposal of the buildings and land use right has been completed in April 2015, and a gain of RMB32,289,000 is recognised during the year ended 31 August 2015.

26. SHARE CAPITAL

	Number of shares '000	Amount US$'000	Shown in the financial statements as RMB'000
Ordinary shares of US$0.001 each			
Authorised			
At 1 September 2013 and 31 August 2014	179,000	179	1,271
Increase through re-designation from redeemable convertible preferred shares (Note a)	**21,000**	**21**	**129**
Increase in authorised capital (Note b)	**3,800,000**	**3,800**	**23,311**
At 31 August 2015	**4,000,000**	**4,000**	**24,711**
Issued and fully paid			
At 1 September 2013 and 31 August 2014	72,000	72	511
Conversion of redeemable convertible preferred shares (Note d)	**21,399**	**21**	**131**
Capitalisation Issue (Note c)	**906,601**	**907**	**5,562**
Issue of shares on initial public offering (Note e)	**334,000**	**334**	**2,049**
Issue of shares on exercise of share options (Note f)	**25,680**	**26**	**158**
At 31 August 2015	**1,359,680**	**1,360**	**8,411**

Notes:

a. *In November 2014, 21,000,000 issued and unissued redeemable convertible preferred shares is re-designated as one ordinary share at par value of US$0.001 each.*

b. *The authorised share capital of the Company was increased from US$200,000 to US$4,000,000 at par value of US$0.001 each.*

c. *In November 2014, the Company capitalised the sum of US$906,601 (equivalent to RMB5,562,000) standing to the credit of the share premium account of the Company and applied the amount towards paying up in full 906,600,668 shares of US$0.001 each for allotment to the shareholders whose names appear on the register of members of the Company immediately before the listing (the "**Capitalisation Issue**").*

d. *In November 2014, each of the Company's issued and outstanding redeemable convertible preferred shares were converted into approximately 1.19 shares immediately prior to the Capitalisation Issue.*

e. *On 28 November 2014, the Company issued 334,000,000 ordinary shares at par value of US$0.001 each pursuant to the global offering at the price of HK$2.88 per share upon listing and the Company's shares were listed on the Stock Exchange on the same date.*

f. *During the year ended 31 August 2015, share options to subscribe for 25,680,000 ordinary shares of US$0.001 were exercised at RMB0.93 per share. These shares rank pari passu with other shares in issue in all respect.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 August 2015

27. REDEEMABLE CONVERTIBLE PREFERRED SHARES AND WARRANTS

	Number of shares '000	Nominal amount US$'000
Redeemable convertible preferred shares of $0.001 each:		
Authorised		
Balance at 1 September 2013 and 31 August 2014	21,000	21
Converted into ordinary shares	**(21,000)**	**(21)**
At 31 August 2015	**–**	**–**
Issued and fully paid		
Balance at 1 September 2013 and 31 August 2014	18,000	18
Converted into ordinary shares	**(18,000)**	**(18)**
At 31 August 2015	**–**	**–**

On 12 March 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 370,880 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 9 May 2008.

On 12 March 2008, in conjunction with the issuance of Series A Preferred Shares, the Company issued 3,000,000 warrants to Sequoia Capital China ("**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 Series A Preferred Shares are designated as a financial liability at FVTPL on initial recognition while the Warrants are derivative financial instruments. The Series A Preferred Shares and the Warrants are measured at fair value with changes in fair value recognised in the profit and loss.

On 15 January 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.

27. REDEEMABLE CONVERTIBLE PREFERRED SHARES AND WARRANTS (Continued)

On 28 November 2014, the redeemable convertible preferred shares were converted into the Company's ordinary shares at par value of US$0.001 each. Immediately before the conversion, the fair value of the redeemable convertible preferred shares was approximately RMB476,795,000, which was measured by the Company with reference to the closing price on the conversion date of HK$2.89 per share as adjusted by an estimated discount rate for the restriction of trading given the converted ordinary shares are prohibited for sale for six months after the Listing Date.

The Series A Preferred Shares 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 of professional valuers not connected with the Group, who has appropriate qualification and recent experience of valuation of similar financial instrument.

The fair value of equity value at 31 August 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 15%.

The assumptions and key parameters adopted for the valuation of the Series A Preferred Shares at 31 August 2014 are as follows:

Methodology	**Option-pricing method**
Estimated probability of the Series A Preferred Shares	
– for liquidation	5%
– for redemption	5%
– for conversion	90%
Risk-free rate	
– for liquidation	0.64%
– for redemption	0.64%
Time to expiration (number of years)	0.17
Preferred shares dividend yield	0%
Volatility	
– for redemption	37.90%
– for liquidation	37.90%

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 initial public offerings timing as of valuation date.

(b) Volatility is estimated based on annualized standard deviation of daily stock price return of comparable companies.

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27. REDEEMABLE CONVERTIBLE PREFERRED SHARES AND WARRANTS (Continued)

The fair value of the warrant as at 15 January 2014 was determined using Black-Scholes option pricing model. The assumptions and key parameters adopted for the valuation of the Warrants are as follows:

Fair value per Series A Preferred Share as of valuation date (RMB)	22.51
Exercise price (RMB)	8.41
Risk free rate of interest	1.24%
Dividend yield	0.0%
Expected time to exercise (years)	0.50
Volatility	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 initial public offerings timing as of valuation date.

(b) Volatility is estimated based on annualized standard deviation of daily stock price return of comparable companies.

The movements of the fair value of Series A Preferred Shares and Warrants for the years ended 31 August 2015 and 2014, are set out below:

	Redeemable convertible preferred shares RMB'000	**Warrants** RMB'000
At 1 September 2013	381,420	38,815
Changes in fair value recognised in profit or loss	91,812	3,695
Loss on modification of redeemable convertible preferred shares (Note)	3,286	–
Gain on cancellation of warrants	–	(42,510)
At 31 August 2014	476,518	–
Changes in fair value recognised in profit or loss	**277**	**–**
Converted into ordinary shares	**(476,795)**	**–**
At 31 August 2015	**–**	**–**

Note: The Company and the holders of the Series A Preferred Shares made an agreement in June 2014 that the Series A Preferred Shares would not be redeemed until 31 December 2015, and the effects of the modification on the fair value of the Series A Preferred Shares were recognised in loss on modification of redeemable convertible preferred shares.

28. 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.

29. SHARE-BASED PAYMENTS

Share Award Scheme

The Company's restricted share units scheme was adopted pursuant to a resolution passed on 10 November 2014 and subsequently modified to the Share Award Scheme on 28 April 2015 for the primary purpose of providing incentives to directors, eligible employees and consultants ("**Selected Participants**"). The Share Award Scheme has become effective on 28 April 2015. Under the Share Award Scheme, the board of directors of the Company may grant shares to eligible employees, including directors of the Company and its subsidiaries.

In order to allow the release of shares to beneficiaries upon vesting of each share award under the Share Award Scheme, the Company will allot and issue such number of shares representing up to 3% of the Shares in issue of the Company.

The Company has set up a trustee (the "**Trustee**") to administer and hold the Company's shares before they are vested and transferred to the Selected Participants. The Trustee may also purchase the Company's shares being awarded from the open market using cash contributed by the Company.

For the year ended 31 August 2015, the Trustee purchased 31,080,000 shares of the Company on the Stock Exchange in a total consideration of HK$74,743,000 (equivalent to RMB58,982,000) for the Share Award Scheme.

No restricted shares have been granted under the Share Award Scheme during the year ended 31 August 2015.

Share Option Scheme

The Company's share option scheme (the "**Scheme**") was adopted pursuant to a resolution passed on 1 April 2008 for the primary purpose of providing incentives to directors and eligible employees.

The number of share option outstanding disclosed below has been respectively adjusted to reflect the Capitalisation Issue that became effective on 28 November 2014.

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 32,120,144 shares.

Details of specific category of options are as follows:

Options type	Date of grant	Date of expiration	Options granted	Vesting period	Exercisable period	Exercise price RMB	Fair value at grant date RMB
1st	1 Sep 2008	31 Aug 2018	16,274,206	1 Sep 2008 – 31 Aug 2012	1 Sep 2009 – 31 Aug 2018	0.93	0.24
2nd	1 Sep 2009	31 Aug 2018	3,426,149	1 Sep 2009 – 31 Aug 2013	1 Sep 2010 – 31 Aug 2019	0.93	0.28
3rd	2 Jun 2014	1 Jun 2024	13,651,061	2 Jun 2014 – the Listing Date	the Listing Date – 1 Jun 2024	0.93	1.12

29. 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 31 August 2015 and 2014:

For the year ended 31 August 2015

	Date of grant	Option type	Outstanding at 1 September 2014 '000	Granted during the year '000	Exercised during the year '000	Outstanding at 31 August 2015 '000
Executive director						
Sherman Jen	2 Jun 2014	3rd	3,212	–	(3,210)	2
Zhang Jingxia	1 Sep 2008	1st	749	–	(749)	–
	2 Jun 2014	3rd	857	–	(856)	1
Sutherland Colleen Dawn (Note)	2 Jun 2014	3rd	321	–	(321)	–
Liu Zhenwan	2 Jun 2014	3rd	1,606	–	(1,605)	1
James William Beeke	2 Jun 2014	3rd	1,071	–	(1,070)	1
Non-executive director						
Howard Robert Balloch	2 Jun 2014	3rd	1,071	–	–	1,071
Independent non-executive Directors						
Peter Humphrey Owen	2 Jun 2014	3rd	1,071	–	(1,070)	1
Employees and consultants						
In aggregate	1 Sep 2008	1st	10,814	–	(10,807)	7
	1 Sep 2009	2nd	1,713	–	(1,551)	162
	2 Jun 2014	3rd	4,443	–	(4,441)	2
Total			26,928	–	(25,680)	1,248
Exercisable at the end of the year						1,248

The weighted average closing price of the Company's shares immediately before the dates on which the options were exercised during the year ended 31 August 2015 was HK$2.81.

29. SHARE-BASED PAYMENTS (Continued)

For the year ended 31 August 2014

	Date of grant	Option type	Outstanding at 1 September 2013 '000	Granted during the year '000	Forfeited during the year '000	Outstanding at 31 August 2014 '000
Executive director						
Sherman Jen	2 Jun 2014	3rd	–	3,212	–	3,212
Zhang Jingxia	1 Sep 2008	1st	749	–	–	749
	2 Jun 2014	3rd	–	857	–	857
Sutherland Colleen Dawn	2 Jun 2014	3rd	–	321	–	321
Liu Zhenwan	2 Jun 2014	3rd	–	1,606	–	1,606
James William Beeke	2 Jun 2014	3rd	–	1,071	–	1,071
Non-executive director						
Howard Robert Balloch	2 Jun 2014	3rd	–	1,071	–	1,071
Independent non-executive Directors						
Peter Humphrey Owen	2 Jun 2014	3rd	–	1,071	–	1,071
Employees and consultants						
In aggregate	1 Sep 2008	1st	12,366	–	(1,552)	10,814
	1 Sep 2009	2nd	1,713	–	–	1,713
	2 Jun 2014	3rd	–	4,443	–	4,443
Total			14,828	13,652	(1,552)	26,928
Exercisable at the end of the year						13,276

Note: Ms. Sutherland Colleen Dawn resigned as an executive director on 24 April 2014.

29. SHARE-BASED PAYMENTS (Continued)

Pursuant to the Scheme, the first and second 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.

Pursuant to the Scheme, the third option type granted shall be fully exercisable upon the Listing 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 grant date:

	Option types		
	1st	**2nd**	**3rd**
Fair value of ordinary share (RMB)	0.64	0.73	1.98
Exercise price (RMB)	0.93	0.93	0.93
Expected volatility	50%	51%	52%
Contractual option life	10	10	10
Dividend yield	0.00%	0.00%	0.00%
Risk-free interest rate	5.36%	4.43%	3.17%
Exercise multiple	2.0	2.0	2.0
Total estimated fair value of the options granted (RMB'000)	3,694	893	14,267

Note: Fair value of ordinary share and exercise price of option has been adjusted for the effect of the Capitalisation Issue.

29. 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 recognised the total expense of RMB5,706,000 for the year ended 31 August 2015 (2014: RMB8,560,000), in relation to the options granted by the Company.

30. 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 bank balance and cash and equity attributable to equity holders of the Company, comprising capital, reserves and accumulated profits.

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 repurchase of shares or issue of new shares.

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31. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2015 RMB'000	2014 RMB'000
Financial assets		
Loans and receivables (including cash and cash equivalents and restricted bank deposits)	**1,036,970**	388,192
Available-for-sale investments	**158,134**	161,741
	1,195,104	549,933
Financial liabilities		
Liabilities measured at amortised cost	**266,740**	406,232
Redeemable convertible preferred shares	**–**	476,518
	266,740	882,750

Financial liabilities designated as FVTPL – Redeemable convertible preferred shares

	2015 RMB'000	2014 RMB'000
Changes in fair value attributable to changes in credit risk recognised during the year (Note)	**–**	–
Difference between carrying amount and maturity amount		
At fair value	**–**	476,518
Amount payable at maturity	**–**	292,200
	–	184,318

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, restricted bank deposits, other payables, amounts due to related parties, redeemable convertible preferred shares, bank 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.

31. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

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, other receivables, other payables, and amounts due to related parties which are denominated in foreign currencies. The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of reporting period are as follows:

	2015 **RMB'000**	2014 RMB'000
USD		
Assets	**3,774**	7,742
AUD		
Assets	**126,953**	–
CAD		
Assets	**138,227**	–
HK$		
Assets	**36,605**	4,218
Liabilities	**3,416**	1,246

Sensitivity analysis

The Group is mainly exposed to the USD, AUD, CAD and HK$. The following table details the Group's sensitivity to a 5% (2014: 5%) increase and decrease in RMB against USD, AUD, CAD and HK$. 5% (2014: 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 the translation at the year end for a 5% (2014: 5%) change in foreign currency rates. A positive number below indicates a decrease in profit before tax and decrease in investment valuation reserve where RMB strengthens 5% against USD, AUD, CAD and HK$. For a 5% (2014: 5%) weakening of RMB against USD, AUD, CAD and HK$, there would be an equal and opposite impact on the profit and investment valuation reserve, and the balances below would be negative.

31. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) Currency risk (Continued)

	2015 RMB'000	2014 RMB'000
Profit or loss related to USD	**189**	387
Profit or loss related to AUD	**2,907**	–
Investment valuation reserve related to AUD	**3,441**	–
	6,348	–
Profit or loss related to CAD	**6,911**	–
Profit or loss related to HK$	**1,646**	(38)
Investment valuation reserve related to HK$	**–**	187
	1,646	149

In the opinion of the directors of the Company, the sensitivity analysis is unrepresentative of the inherent foreign currency risk as the year end exposure at the end of the reporting period does not reflect the exposure for either year.

(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 which carried at prevailing market interest rates. 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 analyses below have been determined based on the exposure to interest rates for variable interest rate bank balances. If interest rates had been 5 basis points (2014: 5 basis points) higher/lower and all other variables were held consistent, the Group's post-tax profit for the year ended 31 August 2015 would increase/decrease by RMB423,000 (2014: increase/decrease by RMB144,000).

(iii) Equity price risk

The Group is exposed to equity and price risk through its investments in listed equity securities and redeemable convertible preferred shares. The management manages the exposure to equity price risk of investments in listed equity securities by maintaining a portfolio of investments with different risks and return profiles.

31. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(iii) Equity price risk (Continued)

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 (2014: 5%), the potential effect on investment valuation reserve for the year ended 31 August 2015 would increase by RMB2,907,000 (2014: RMB187,000). 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 year ended 31 August 2015 would decrease by RMB2,907,000 (2014: RMB187,000).

The Group's sensitivity analysis to redeemed convertible preferred shares is set out in note 31(c).

In the opinion of the directors of the Company, the sensitivity analysis is unrepresentative of the inherent equity price risk as the year end exposure at the end of the reporting year does not reflect the exposure for the either year.

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 recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise 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 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.

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31. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk

The group manages liquidity risk by maintaining adequate bank balance and cash, monitoring forecast and actual cash flows.

The following tables detail the Group'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 as at the end of the reporting period 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 RMB'000	1-3 months RMB'000	3 months to 1 year RMB'000	1-5 years RMB'000	>5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
Non derivative financial liabilities								
Other payables	–	**266,740**	–	–	–	–	**266,740**	**266,740**
At 31 August 2015		**266,740**	–	–	–	–	**266,740**	**266,740**
Non derivative financial liabilities								
Other payables	–	176,788	–	–	–	–	176,788	176,788
Amounts due to related parties	–	3,544	–	–	–	–	3,544	3,544
Other non-current liabilities	–	–	–	–	1,500	900	2,400	2,400
Bank borrowings								
– fixed rate	6.35	71,097	1,624	155,047	–	–	227,768	223,500
At 31 August 2014		251,429	1,624	155,047	1,500	900	410,500	406,232
FVTPL								
Redeemable convertible preferred shares at 31 August 2014								
– fixed rate	8.00	–	–	–	292,200	–	292,200	476,518

31. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements of financial instruments

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group'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 31 August 2015	Fair value as at 31 August 2014	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input(s)
1) Available-for-sale investments – Listed equity securities (see note 18)	**Listed equity securities: – Education industry RMB58,134,000**	Listed equity securities: – Telecom industry RMB1,532,000 – Finance industry RMB2,209,000	Level 1	Quoted bid prices in an active market	–
2) Available-for-sale investments – Unlisted financial products (see note 18)	**Unlisted financial products RMB100,000,000**	Unlisted financial products RMB158,000,000	Level 3	Discounted cash flow with future cash flows that are estimated based on expected recoverable amounts, discounted at a rate that reflect management's best estimation of the expected risk level	Expected future cash flow Expected recovery date Discount rates that correspond to the expected risk level
3) Redeemable convertible preferred shares (see note 27)	–	Liabilities – RMB476,518,000	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	– CAGR: 15.2% as at 31 August 2014; – Probability of automatic conversion: 90% as at 31 August 2014; – WACC: 15% as at 31 August 2014.

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For the year ended 31 August 2015

31. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements of financial instruments (Continued)

Reconciliation of Level 3 fair value measurements

	Available-for-sale investments – unlisted financial products	
	2015	2014
	RMB'000	RMB'000
Opening balance	**158,000**	–
Purchase	**100,000**	158,000
Disposals	**(158,000)**	–
Closing balance	**100,000**	158,000

The Group recognised change in fair value on redeemable convertible preferred shares of RMB277,000 included in the profit or loss for the year ended 31 August 2015 (2014: RMB91,812,000). The Group recognised change in fair value on warrants of RMB3,695,000 included in the profit or loss for the year ended 31 August 2014.

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 the 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 15.2%, probability of automatic conversion of 90% and a WACC of 15% are used as of 31 August 2014. If CAGR was 0.5% higher/lower while all the other variables were held constant, the carrying amount of the Series A Preferred Share would increase/decrease by approximately RMB18,900,000 as at 31 August 2014. 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 RMB4,050,000 as at 31 August 2014. 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 RMB26,460,000 as at 31 August 2014. 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 RMB31,320,000 as at 31 August 2014.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

There were no transfers between Level 1 and Level 2 for either year.

32. ACQUISITION OF A SUBSIDIARY

On 25 August 2015, the Group acquired 100% of the issued share capital of Jingzhou for the consideration of RMB46,000,000 from a third party. RMB32,800,000 of the total consideration was paid by cash to the original shareholder of Jingzhou and the remaining of the total consideration was set off the liabilities owed by Jingzhou to its creditors. This acquisition has been accounted for using the purchase method. Jingzhou is engaged in providing middle and elementary school education service. Jingzhou was acquired so as to continue the expansion of the Group's operations.

Consideration transferred

	RMB'000
Cash	**36,460**
Consideration payable	**9,540**
	46,000

Acquisition-related costs amounting to RMB100,000 have been excluded from the consideration transferred and have been recognised as an expense in the current year.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	RMB'000
Property, plant and equipment	**29,100**
Prepaid lease payment	**8,200**
Other intangible assets	**700**
Deferred tax liabilities	**(2,417)**
	35,583

The property, plant and equipment, prepaid lease payment and other intangible assets were valued at fair value by the Company with reference to an independent valuation provided by American Appraisal China Limited, an independent firm of professional valuers not connected with the Group, who has appropriate qualification and recent experience of valuation of similar assets. Its address is 13/F, On Hing Building, 1 On Hing Terrace, Central, Hong Kong.

Goodwill arising on acquisition:

	RMB'000
Consideration transferred	**46,000**
Less: fair value of identifiable net assets acquired	**(35,583)**
Goodwill arising on acquisition	**10,417**

32. ACQUISITION OF A SUBSIDIARY (Continued)

Goodwill arose in the acquisition of Jingzhou because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the geographic location, networking effect as a result of synergy from the acquisition, growth prospect through increased sales volume and improved market position, and the assembled workforce of Jingzhou. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

Net cash outflow on acquisition of Jingzhou

	RMB'000
Consideration paid in cash	**36,460**
Less: cash and cash equivalent balances acquired	**–**
	36,460

Included in the profit for the year is nil attributable to the additional business generated by Jingzhou.

Had the acquisition been completed on 1 September 2014, total group revenue for the year would have been RMB666 million, and profit for the year would have been RMB205 million. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 September 2014, nor is it intended to be a projection of future results.

33. OPERATING LEASES

The Group as lessee

Minimum lease payments paid under operating leases during the year:

	2015 **RMB'000**	2014 RMB'000
Premises	**4,154**	3,891

33. OPERATING LEASES (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:

	2015 RMB'000	2014 RMB'000
Within one year	**3,663**	3,309
In the second to fifth year inclusive	**7,116**	5,529
Over five years	**2,608**	117
	13,387	8,955

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 was RMB2,966,000 (2014: RMB3,644,000). The properties are expected to generate rental yields of 11% based on the cost on an ongoing basis. Certain of the properties held have committed tenants for the next year.

At the end of reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2015 RMB'000	2014 RMB'000
Within one year	**1,673**	2,966
In the second to fifth year inclusive	**–**	1,995
	1,673	4,961

34. CAPITAL COMMITMENTS

	2015 RMB'000	2014 RMB'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of the acquisition of property, plant and equipment	**5,776**	27,325

There was no capital commitments for which were authorised but not contracted for as at 31 August 2015 and 2014.

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35. RELATED PARTY TRANSACTIONS AND BALANCES

The following balances were the amounts due to related parties:

Name of related parties	2014 RMB'000
Sherman Jen	3,344
Mrs. Ren Shu'e (i)	200
	3,544

(i) Mrs. Ren Shu'e, the sister of Mr. Sherman Jen, has equity interest in Dalian Educational Group.

The amounts due to related parties at 31 August 2014 were unsecured, interest free and were fully repaid during the year ended 31 August 2015.

Compensation of key management personnel

The remuneration of directors and other members of key management of the Group during the year are as follows:

	2015 RMB'000	2014 RMB'000
Short-term benefits	**8,925**	5,385
Post-employment benefits	**20**	14
Share-based payments	**4,297**	4,633
	13,242	10,032

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2015 RMB'000	2014 RMB'000
Non-Current Assets		
Investments in subsidiaries	**192,696**	192,696
Amounts due from subsidiaries	**290,373**	–
Property, plant and equipment	**70**	–
Available-for-sale investments	**58,134**	–
	541,273	192,696
Current Assets		
Deposit, prepayments and other receivables	**269**	2,465
Available-for-sale investments	**–**	3,741
Bank balances and cash	**319,912**	5,684
	320,181	11,890
Current Liabilities		
Other payables and accrued expenses	**3,416**	8,372
Amounts due to subsidiaries	**19,741**	16,665
	23,157	25,037
Net Current Assets (Liabilities)	**297,024**	(13,147)
Total Assets Less Current Liabilities	**838,297**	179,549
Capital And Reserves		
Share capital (Note 26)	**8,411**	511
Reserves (Note)	**829,886**	(297,480)
	838,297	(296,969)
Non-Current Liabilities		
Redeemable convertible preferred shares	**–**	476,518
	–	476,518
	838,297	179,549

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36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

Movement in reserves is as follows:

	Share premium RMB'000	Share held for Share Award Scheme RMB'000	Investment valuation reserve RMB'000	Share option reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 September 2013	24,940	–	379	4,025	(262,210)	(232,866)
Loss for the year	–	–	–	–	(73,423)	(73,423)
Other comprehensive income for the year	–	–	249	–	–	249
Total comprehensive income (expense) for the year	–	–	249	–	(73,423)	(73,174)
Share-base payments	–	–	–	8,560	–	8,560
At 31 August 2014	24,940	–	628	12,585	(335,633)	(297,480)
Loss for the year	**–**	**–**	**–**	**–**	**(5,220)**	**(5,220)**
Other comprehensive expenses for the year	**–**	**–**	**(6,745)**	**–**	**–**	**(6,745)**
Total comprehensive expense for the year	**–**	**–**	**(6,745)**	**–**	**(5,220)**	**(11,965)**
Share-based payments	**–**	**–**	**–**	**5,706**	**–**	**5,706**
Conversion of redeemable convertible preferred shares	**476,664**	**–**	**–**	**–**	**–**	**476,664**
The effect of capitalisation issue (Note 26)	**(5,562)**	**–**	**–**	**–**	**–**	**(5,562)**
Issuance of ordinary shares	**759,080**	**–**	**–**	**–**	**–**	**759,080**
Expenses incurred in connection with the issuance of ordinary shares	**(34,619)**	**–**	**–**	**–**	**–**	**(34,619)**
Exercise of share options	**40,832**	**–**	**–**	**(17,108)**	**–**	**23,724**
Dividends recognised as distribution (Note 12)	**(26,680)**	**–**	**–**	**–**	**–**	**(26,680)**
Purchase of ordinary shares for the purpose of Share Award Scheme	**–**	**(58,982)**	**–**	**–**	**–**	**(58,982)**
At 31 August 2015	**1,234,655**	**(58,982)**	**(6,117)**	**1,183**	**(340,853)**	**829,886**

37. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the Company's subsidiaries at the end of the reporting period are set out below:

Name of subsidiary	Date and place of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Proportion of ownership interests and voting power held by the Group As at 31 August 2015	2014	Principal activities
Maple BVI	28 April 1992 BVI	USD500,000	**100%**	100%	Investment holding
Dalian High School 大連楓葉國際學校	15 April 1996 The PRC	USD5,000,000	**100%**	100%	High school education
Tech Global Investment Limited ("**HK Tech**")	7 June 2007 Hong Kong	HK$5,000,000	**100%**	100%	Investment holding
Beipeng Software 大連北鵬教育軟件開發有限公司	10 March 2008 The PRC	USD53,420,000	**100%**	100%	Technical support
Hong Kong Maple Leaf Educational Systems Limited ("**Maple HK**")	10 February 2009 Hong Kong	HK$10,000,000	**100%**	100%	Investment holding
Dalian Maple Leaf International School (Middle School and Elementary School), 大連楓葉國際學校 (民辦初中、小學)	3 September 1996 The PRC	RMB8,500,000	**100%**	100%	Middle and elementary school education
Dalian Science and Education 大連楓葉科教有限公司	9 January 2003 The PRC	RMB8,500,000	**100%**	100%	Investment holding
Dalian Educational Group 大連楓葉教育集團有限公司	23 May 2003 The PRC	RMB140,000,000	**100%**	100%	Investment holding
Dalian Foreign School 大連楓葉外籍人員子女學校 (Note ii)	31 August 2005 The PRC	nil	**100%**	100%	Education-related services
Dalian Maple Leaf Qianshan Xincheng Preschool 大連楓葉千山心城幼兒園	22 September 2005 The PRC	RMB200,000	**100%**	100%	Preschool education
Shenyang Maple Leaf International School ("**Shenyang Maple**") (Note i) 瀋陽楓葉國際學校	14 December 2005 The PRC	N/A	**N/A**	N/A	Inactive and deregistered
Wuhan Foreign School 武漢楓葉外籍人員子女學校 (Note ii)	9 December 2006 The PRC	nil	**100%**	100%	Education-related services
Dalian Maple Leaf Fengqiao Preschool 大連楓葉楓橋園幼兒園	31 August 2006 The PRC	RMB200,000	**100%**	100%	Preschool education
Dalian Maple Leaf Lanxi Wenyuan Preschool 大連楓葉蘭溪文苑幼兒園	1 June 2007 The PRC	RMB200,000	**100%**	100%	Preschool education
Wuhan Maple Leaf International School 武漢楓葉國際學校	26 June 2007 The PRC	RMB21,303,454	**100%**	100%	High school education
Dalian Maple Leaf Sunshine Preschool 大連楓葉陽光月秀幼兒園	24 March 2008 The PRC	RMB500,000	**100%**	100%	Preschool education
Dalian Maple Leaf Jiabao Preschool 大連楓葉佳寶幼兒園	24 April 2008 The PRC	RMB200,000	**100%**	100%	Preschool education

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37. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

Name of subsidiary	Date and place of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Proportion of ownership interests and voting power held by the Group As at 31 August 2015	2014	Principal activities
Tianjin Taida Maple Leaf International School 天津泰達楓葉國際學校	1 September 2008 The PRC	RMB8,000,000	**100%**	100%	High, middle and elementary school education
Dalian Maple Leaf Jinhai Preschool 大連楓葉金海幼兒園	1 April 2009 The PRC	RMB100,000	**100%**	100%	Preschool education
Dalian Maple Leaf Xiangzhou Preschool 大連沙河口楓葉香洲心城幼兒園	10 April 2009 The PRC	RMB200,000	**100%**	100%	Preschool education
Chongqing Maple Leaf International School 重慶楓葉國際學校	25 June 2009 The PRC	RMB43,500,000	**100%**	100%	High, middle, elementary school and preschool education
Dalian Maple Leaf Kaifaqu Preschool 大連開發區楓葉幼兒園	10 December 2009 The PRC	RMB200,000	**100%**	100%	Preschool education
Wuhan Maple Leaf School 武漢楓葉學校	24 June 2010 The PRC	RMB2,000,000	**100%**	100%	Middle and elementary school education
Dalian Maple Leaf Xianghe Huayuan Preschool 大連市甘井子區楓葉祥和花園幼兒園	3 December 2010 The PRC	RMB200,000	**100%**	100%	Preschool education
Dalian Maple Leaf Zhonghua Mingcheng Preschool 大連西崗楓葉中華名城幼兒園	10 June 2011 The PRC	RMB500,000	**100%**	100%	Preschool education
Zhenjiang Maple Leaf International School 鎮江楓葉國際學校	21 June 2011 The PRC	RMB10,000,000	**100%**	100%	High, middle and elementary school education
Henan Maple Leaf International School 河南楓葉國際學校	26 April 2012 The PRC	RMB2,010,000	**100%**	100%	High, middle and elementary school education
Inner Mongolia Erdos Maple Leaf International School 內蒙古鄂爾多斯楓葉國際學校	26 April 2012 The PRC	RMB30,000	**100%**	100%	Middle and elementary school education
Mapleleaf International Academy	27 April 2012 The Republic of Korea	Korea won 1,500,000,000	**100%**	100%	Education related services
Inner Mongolia Erdos Maple Leaf The first Preschool 楓葉第壹幼兒園	17 May 2012 The PRC	RMB30,000	**100%**	100%	Preschool education
Shanghai Maple Leaf International School 上海楓葉國際學校	20 March 2013 The PRC	RMB5,000,000	**100%**	100%	High and middle school education
Pingdingshan Maple Leaf International School 平頂山楓葉國際學校	20 January 2014 The PRC	RMB1,000,000	**100%**	100%	Middle and elementary school education
Tianjin Huayuan Maple Leaf International School 天津華苑楓葉國際學校 (Note iii)	11 September 2014 The PRC	RMB4,000,000	**100%**	N/A	Middle and elementary school education

37. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

Name of subsidiary	Date and place of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Proportion of ownership interests and voting power held by the Group As at 31 August 2015	2014	Principal activities
Pingdingshan Maple Leaf International School affiliated preschool 平頂山楓葉國際學校附屬幼兒園 (Note iii)	3 November 2014 The PRC	RMB100,000	**100%**	N/A	Preschool education
Zhejiang Yiwu Maple Leaf International School 浙江義烏楓葉國際學校 (Note iii)	6 November 2014 The PRC	RMB500,000	**100%**	N/A	High school education
Yiwu Maple Leaf International School affiliated School 義烏楓葉國際學校附屬學校 (Note iii)	30 March 2015 The PRC	RMB500,000	**100%**	N/A	Middle and elementary school education
Dalian Maple Leaf International Travel Agency Co Ltd. 大連楓葉國際旅行社有限公司 (Note iii)	27 March 2015 The PRC	RMB3,000,000	**100%**	N/A	Vacation cultural exchange and overseas study services
Dalian Maple Leaf Stationery Co., Ltd. 大連楓葉文化用品有限公司 (Note iii)	27 March 2015 The PRC	RMB500,000	**100%**	N/A	Stationery sales related services
Dalian Maple Leaf Red Supermarket Co., Ltd. 大連楓葉紅超市有限公司 (Note iii)	29 April 2015 The PRC	RMB500,000	**100%**	N/A	Retail business
Jingzhou Maple Leaf International School 荊州楓葉國際學校 (Note iv)	15 July 1998 The PRC	RMB30,000,000	**100%**	N/A	High, middle and elementary school education
Dalian Maple Leaf Catering Co., Ltd. 大連楓葉餐飲服務有限公司 (Note iii)	26 May 2015 The PRC	RMB1,000,000	**100%**	N/A	Catering services
Zhejiang Yiwu Maple Leaf International School affiliated preschool 浙江義烏楓葉國際學校附屬幼兒園 (Note iii)	29 May 2015 The PRC	RMB500,000	**100%**	N/A	Preschool education
Dalian Maple Leaf Beipeng Industrial Co., Ltd. 大連楓葉北鵬實業有限公司 (Note iii)	28 July 2015 The PRC	RMB10,000,000	**100%**	N/A	Education related services
Dalian Maple Leaf Spring Water Co., Ltd. 大連楓葉泉飲料有限公司 (Note iii)	4 August 2015 The PRC	RMB500,000	**100%**	N/A	Water sales related services
Dalian Maple Leaf Red Clothing Co., Ltd. 大連楓葉紅服裝有限公司 (Note iii)	26 August 2015 The PRC	RMB100,000	**100%**	N/A	Clothing related services

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 August 2015

37. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

Notes:

(i) Shenyang Maple has been inactive since establishment. Capital injection has not been completed since establishment. Its license to provide educational service expired on 23 November 2010 and its private non-enterprise registration certificate expired on 13 December 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) These subsidiaries were established by the Group during the year ended 31 August 2015.

(iv) Jingzhou was acquired by the Group during the year ended 31 August 2015, details are set out in Note 32.

(v) Except for HK Tech, Maple HK and Maple BVI which are directly held by the Company, all subsidiaries are indirectly held by the Company.

(vi) The English names of the subsidiaries established in the PRC are for identification purpose only. The official names of these companies are in Chinese.

(vii) Except for Dalian High School, Beipeng Software, Dalian Maple Leaf International Travel Agency Co Ltd., Dalian Maple Leaf Stationery Co., Ltd., Dalian Maple Leaf Red Supermarket Co., Ltd., Dalian Maple Leaf Catering Co., Ltd., Dalian Maple Leaf Beipeng Industrial Co., Ltd., Dalian Maple Leaf Spring Water Co., Ltd. And Dalian Maple Leaf Red Clothing Co., Ltd., all subsidiaries established in the PRC are controlled by the Group through the contractual arrangements, details of which are set out in note 1.

(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, including high schools, middle schools, elementary schools and preschools.

(ix) None of the subsidiaries have issued any debt securities at the end of reporting period.