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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 AUGUST 2016

HIGHLIGHTS

The Board has resolved to recommend the payment of a final dividend of HK$0.058 (2015: HK$0.043) per share for the year ended 31 August 2016.

	Year ended 31 August			
	2016	2015	**Change**	**Percentage**
	RMB'000	*RMB'000*	***RMB'000***	**Change**
Revenue	**829,770**	652,984	+176,786	+27.1%
Gross profit	**401,741**	298,707	+103,034	+34.5%
Profit for the year	**307,564**	205,546	+102,018	+49.6%
Adjusted net profit*	**303,720**	185,792	+117,928	+63.5%
Basic earnings per share (RMB)	**0.23**	0.17	+0.06	+35.3%

* *Adjusted net profit was derived from the profit for the year after adjusting for those items which are not indicative of the Group's operating performances, including (i) change in fair value on Preferred Shares for the year ended 31 August 2015, (ii) expenses relating to the Listing for the year ended 31 August 2015, (iii) a gain on disposal of assets classified as held for sale as disclosed in the Company's 2015 interim report for the year ended 31 August 2015, (iv) a government grant for the year ended 31 August 2016, (v) a gain on disposal of available-for-sales investments for the year ended 31 August 2016, (vi) share based payments.*

	As at the end of school year			**Percentage**
	2015/2016	2014/2015	**Change**	**Change**
Total number of students enrolled	**19,334**	16,078	+3,256	+20.3%

	As at 31 August			
	2016	2015	**Change**	**Percentage**
	RMB'000	*RMB'000*	***RMB'000***	**Change**
Bank balances and cash	**1,237,902**	1,022,141	+215,761	+21.1%
Deferred revenue	**802,848**	660,138	+142,710	+21.6%

ANNUAL RESULTS FOR THE YEAR ENDED 31 AUGUST 2016

The board (the "**Board**") of directors (the "**Directors**") of China Maple Leaf Educational Systems Limited (the "**Company**", together with its subsidiaries, the "**Group**") is pleased to announce the audited consolidated annual results of the Group for the year ended 31 August 2016.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2016

	NOTES	**2016** **RMB'000**	2015 *RMB'000*
Revenue	*3*	**829,770**	652,984
Cost of revenue		**(428,029)**	(354,277)
Gross profit		**401,741**	298,707
Investment and other income	*4*	**32,426**	17,313
Other gains and losses	*5*	**40,754**	37,468
Marketing expenses		**(26,042)**	(22,306)
Administrative expenses		**(121,745)**	(101,909)
Finance costs	*6*	**–**	(4,089)
Other expenses		**(1,244)**	(8,010)
Change in fair value on redeemable convertible preferred shares		**–**	(277)
Profit before taxation		**325,890**	216,897
Taxation	*7*	**(18,326)**	(11,351)
Profit for the year	*8*	**307,564**	205,546
Other comprehensive income (expense):			
Items that may be subsequently reclassified to profit or loss:			
Change in fair value of available-for-sale investments		**(8,184)**	(6,267)
Reclassification adjustment to profit or loss upon disposal of available-for-sale investments		**14,301**	(478)
Exchange difference arising on the translation of foreign operation		**838**	(972)
Other comprehensive income (expense) for the year		**6,955**	(7,717)
Total comprehensive income for the year		**314,519**	197,829
EARNINGS PER SHARE (RMB)	*10*		
Basic		**0.23**	0.17
Diluted		**0.23**	0.16

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 AUGUST 2016

	NOTES	**2016** **RMB'000**	2015 RMB'000
Non-current Assets			
Property, plant and equipment		**1,505,847**	1,397,751
Prepaid lease payments		**166,165**	170,454
Investment properties		**11,568**	16,996
Goodwill		**12,399**	12,399
Intangible assets		**462**	700
Available-for-sale investments		**–**	58,134
Books for lease		**3,187**	2,893
Pledged bank deposits		**242,000**	–
Deposits for construction of property and land use right		**–**	1,037
		1,941,628	1,660,364
Current Assets			
Inventories		**9,421**	1,395
Available-for-sale investments		**–**	100,000
Deposit, prepayments and other receivables		**37,373**	32,103
Bank balances and cash		**1,237,902**	1,022,141
		1,284,696	1,155,639
Current Liabilities			
Deferred revenue	*11*	**802,848**	660,138
Other payables and accrued expenses	*12*	**336,972**	295,116
Income tax payable		**43,744**	26,867
		1,183,564	982,121
Net Current Assets		**101,132**	173,518
Total Assets Less Current Liabilities		**2,042,760**	1,833,882
Capital And Reserves			
Share capital		**8,418**	8,411
Reserves		**2,013,067**	1,803,883
		2,021,485	1,812,294
Non-Current Liabilities			
Deferred tax liabilities		**21,275**	21,588
		21,275	21,588
		2,042,760	1,833,882

1. GENERAL AND BASIS OF PREPARATION

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 have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 28 November 2014 (the "**Listing**").

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") and by the Companies Ordinance, Chapter 622 of the Laws of Hong Kong.

The consolidated financial statements are presented in Renminbi ("**RMB**") which is the same as the functional currency of the Company. The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values.

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

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 14	Regulatory Deferral Accounts[2]
IFRS 15	Revenue from Contracts with Customers[1]
IFRS 16	Leases[3]
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[4]
Amendments to IFRS 15	Clarification to IFRS 15 Revenue from Contracts with Customers[1]
Amendments to IAS 1	Disclosure Initiative[4]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle[4]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[4]
Amendments to IAS 27	Equity Method in Separate Financial Statements[4]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to IFRS 10, IFRS12 and IAS 28	Investment Entities: Applying the Consolidation Exception[4]
Amendments to IAS 7	Disclosure Initiative[6]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[6]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for first annual IFRS financial statements beginning on or after 1 January 2016
[3] Effective for annual periods beginning on or after 1 January 2019
[4] Effective for annual periods beginning on or after 1 January 2016
[5] Effective for annual periods beginning on or after a date to be determined
[6] Effective for annual periods beginning on or after 1 January 2017

3. 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, sales related tax and value added tax.

The Group is mainly engaged in international school education in the People's Republic of China ("**PRC**" or "**China**"). 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 available for assessment of the performance of different services, no segment information is presented.

The revenues attributable to the Group's service lines are as follows:

	2016	2015
	RMB'000	*RMB'000*
Tuition and boarding fees	**694,780**	554,586
Others	**134,990**	98,398
	829,770	652,984

Major customers

No single customer contributes 10% or more of total revenue of the Group for the years ended 31 August 2016 and 2015.

Geographical information

The Group primarily operates in the PRC. Substantially all of the non-current assets of the Group are located in the PRC.

4. INVESTMENT AND OTHER INCOME

	2016	2015
	RMB'000	*RMB'000*
Bank interest income	**17,453**	8,468
Dividend income from available-for-sale investments	**3,466**	406
Rental income from investment properties	**2,761**	2,966
Interest income from short term investment	**701**	631
Government grant	**8,032**	3,845
Others	**13**	997
	32,426	17,313

5. OTHER GAINS AND LOSSES

	2016	2015
	RMB'000	*RMB'000*
Net foreign exchange gain	**15,384**	3,834
Gain on disposal of available-for-sale investments	**14,301**	478
Reversal of other payables	**18,866**	–
(Loss) gain on disposal of property, plant and equipment and prepaid lease payments	**(8,052)**	32,270
Others	**255**	886
	40,754	37,468

6. FINANCE COSTS

	2016	2015
	RMB'000	*RMB'000*
Interest expense on bank borrowings – wholly repayable within 5 years	**–**	4,089

7. TAXATION

	2016	2015
	RMB'000	*RMB'000*
The charge comprises		
PRC Enterprise Income Tax ("**EIT**")	**18,639**	11,351
Deferred tax	**(313)**	–
	18,326	11,351

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

During the year ended 31 August 2015, Dalian Beipeng Educational Software Development Inc. ("**Beipeng Software**"), a wholly-foreign owned enterprise established in the PRC, obtained the approval from the tax bureau for the application of the preferential tax rate, and is 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. The year ended 31 August 2015 was the last applying for preferential tax rate. Beipeng Software is subject to the PRC EIT rate of 25% (2015: 12.5%) during the year ended 31 August 2016. Beipeng Software is in the process of applying for High and New Technology Enterprise status and if successful, it will be subject to a tax rate of 15% for the calendar year of 2016.

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 (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, Tianjin Huayuan Maple Leaf International School, Inner Mongolia Erdos Maple Leaf School International School, Shanghai Maple Leaf International School, Yiwu Maple Leaf International School affiliated School and Zhejiang Yiwu 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 2016, non-taxable tuition income was RMB675,573,000 (2015: RMB514,480,000), and the related expense not deductible is RMB295,986,000 (2015: RMB253,428,000).

As at 31 August 2016, the Group had unused tax loss of RMB16,638,000 (2015: RMB15,249,000) 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 RMB16,638,000 (2015: RMB15,249,000) as of 31 August 2016 will expire in various years before 2021 (2015: 2020).

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 undistributed profits of the PRC subsidiaries amounting to RMB1,035,441,000 at 31 August 2016 (2015: RMB725,301,000), 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.

8. PROFIT FOR THE YEAR

	2016	2015
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging (crediting):		
Staff costs, including directors' remuneration		
– salaries and other allowances	**330,417**	276,644
– retirement benefit scheme contributions	**15,051**	10,930
– share-base payments	**18,489**	5,706
Total staff costs	**363,957**	293,280
Gross rental income from investment properties	**(2,761)**	(2,966)
Less:		
Direct operating expense (including depreciation) incurred for investment properties that generated rental income during the year (included in other expenses)	**1,230**	1,404
	(1,531)	(1,562)
Depreciation of property, plant and equipment	**42,257**	42,835
Depreciation of intangible assets	**238**	–
Depreciation of investment properties	**733**	854
Release of prepaid lease payments	**4,353**	4,393
Amortisation of books for lease	**2,543**	2,651
Auditors' remuneration	**2,683**	2,603
Listing-related expenses (included in other expenses)	**–**	6,552

9. DIVIDENDS

A final dividend of HK$0.058 per share in respect of the year ended 31 August 2016 has been proposed by the Board and is subject to approval by the shareholders at the forthcoming annual general meeting of the Company.

During the year ended 31 August 2016, a final dividend HK$0.043 per share and a special dividend of HK$0.027 per share (total dividend of RMB79,915,000) in respect of the year ended 31 August 2015 and an interim dividend of HK$0.042 per share (total dividend of RMB47,977,000) in respect of the six months ended 29 February 2016 were paid to shareholders of the Company and the trustee holding the shares under the share award scheme.

During the year ended 31 August 2015, an interim dividend of HK$0.025 per share (total dividend of RMB26,680,000) in respect of the six months ended 28 February 2015 was paid to shareholders of the Company.

10. EARNINGS PER SHARE

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

	2016	2015
	RMB'000	*RMB'000*
Earnings:		
Earnings for the purpose of basic earnings per share	**307,564**	205,546
Change in fair value on redeemable convertible preferred shares	**–**	277
Earnings for the purpose of diluted earnings per share	**307,564**	205,823

	2016	2015
	'000	*'000*
Numbers of shares:		
Number of ordinary shares for the purpose of basic earnings per share	**1,329,293**	1,202,362
Effect of dilutive potential ordinary shares:		
Share options	**830**	10,184
Share award scheme	**1,838**	–
Preferred shares	**–**	55,239
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,331,961**	1,267,785

The number of shares adopted in calculating the basic earnings per share for the year ended 31 August 2016 and 2015 has been arrived at after eliminating the ungranted or unvested shares of the Company held under the Company's share award scheme.

11. DEFERRED REVENUE

	2016	2015
	RMB'000	*RMB'000*
Tuition and boarding fees	**758,990**	621,175
Others	**43,858**	38,963
	802,848	660,138

12. OTHER PAYABLES AND ACCRUED EXPENSES

	2016	2015
	RMB'000	*RMB'000*
Other tax payables	**15,705**	15,907
Payables for purchase of property, plant and equipment	**88,066**	81,518
Payables for purchase of goods	**4,412**	748
Consideration payable for business combination	**–**	9,540
Miscellaneous expenses received from students *(Note)*	**159,107**	132,150
Deposits received from students	**20,339**	19,369
Accrued payroll	**14,926**	10,635
Prepayment from lessee	**107**	80
Accrued operating expenses	**1,807**	1,754
Payable for land use right	**3,000**	3,000
Other payables	**29,503**	20,415
	336,972	295,116

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

Scope of Work of Messrs. Deloitte Touche Tohmatsu

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 August 2016 as set out in the preliminary announcement were in agreement with the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board on 29 November 2016. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

A Pathway to Overseas Universities for Children of Middle Class Families in China

In China, many middle class parents nowadays are well-educated with international vision and they consider that studying in international schools is a pathway to overseas universities for their children. They realise the importance of all-round education to the personal development of their children and hence an examination-oriented education system may not be a preferred route for their children. These parents generally consider that international schools usually put more emphasis on critical thinking and creativity of students and provide a joyful learning environment with pastoral care to their children.

Increasing Demand for Bilingual International Schools in China

Chinese parents generally believe that international schools in China that place a strong emphasis on teaching English better prepare their children for overseas education in English-speaking countries. They also realise that the influence of China on international economy becomes more and more important. Therefore, they believe if their children receive a bilingual education in China, followed by university study in an English-speaking country, this can equip their children with language skills which can open the doors to better job employment both in China and overseas.

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 bilingual international schools because they generally believe that a quality education is an investment in the future of their children.

Classification of International Schools in China

International schools in China are generally divided into the following categories:

1. Foreign national schools are allowed to provide preschool to grade 12 ("**K-12**") education to children of foreign nationals who have permits for residence in China only and are not allowed to enroll children of China nationals. The selection of curriculum is determined by the schools themselves. Foreign national schools may be established by foreign institutions, foreign invested enterprises established in China, branches of international organizations in China or foreign individuals residing in China.

2. Sino-foreign joint venture high schools or preschools in the form of cooperation between Chinese educational institutions and foreign educational institutions, which are primarily intended for children of China nationals, are permitted to provide foreign curriculum. However, foreign investors can only invest less than 50% of the total investment in the Sino-foreign joint venture.

3. Domestic Chinese-owned schools which are permitted to provide foreign curriculum in high schools (grade 10 to 12) are able to enroll children of both China nationals and foreign nationals. These schools are also able to provide Chinese compulsory education at middle schools (grade 7 to 9) and elementary schools (grade 1 to 6), and preschool education as well.

Except for our foreign national schools and Dalian Maple Leaf International School (High School) which is a Sino-foreign joint venture private school, our schools are domestic Chinese-owned schools.

Our Market Position

With over 21 years of operating international schools in China, the Group is one of the leading international school operators in China in terms of student enrolment, which offers a quality bilingual K-12 education by combining the merits of both Western and Chinese educational philosophies. Our high schools are certified by the Ministry of Education of British Columbia, Canada ("**BC**") and the China government, allowing our graduates to receive both a fully accredited BC diploma and a China diploma. Furthermore, all our high schools with students enrolled in grade 10-12 have been accredited by AdvancED, the leading accreditation agency of schools in the United States of America. Our middle and elementary schools are providing Chinese compulsory education with English enhancement classes to our students.

Our schools charge affordable and competitive tuition fees. We target mainly Chinese students from middle class families in China who intend to study at overseas universities. The Group operates all of its schools under the "Maple Leaf" brand and most of which are located in second and third tier cities in China.

BUSINESS REVIEW

The 2015/2016 school year was the first year of the Group's fifth five-year plan from 2015/2016 to 2019/2020 school years ("**Fifth Five-year Plan**"). At the end of the 2015/2016 school year, the Group's student enrollment was 19,334, approximately 6% above the target student enrollment set for the 2015/2016 school year under the Fifth Five-year Plan.

During the year ended 31 August 2016, the Group first launched its Maple Leaf's World Top 100 University Rankings ("**ML Rankings**") based on international standards. The Group believes that ML Rankings is more suitable for students whose first language is not English to consider their university applications. For the year ended 31 August 2016, the Group had 1,422 high school graduates, 8 of whom received offers from top 10 universities, including Imperial College of London and University College of London, and more than 56% of whom received offers from top 100 universities according to ML Rankings.

Revenue

	Year ended 31 August			
	2016	**% of**	2015	% of
	RMB'000	**Total**	*RMB'000*	Total
Tuition fees				
– High school	**391,009**	**47.1**	321,540	49.2
– Middle school	**125,346**	**15.1**	97,484	14.9
– Elementary school	**135,075**	**16.3**	93,758	14.4
– Preschool	**26,888**	**3.2**	25,343	3.9
– Foreign national school	**16,462**	**2.0**	16,461	2.5
	694,780	**83.7**	554,586	84.9
Textbooks	**34,343**	**4.1**	27,600	4.2
Summer and winter camps	**38,882**	**4.7**	35,118	5.4
Other educational services	**36,083**	**4.4**	31,474	4.8
Others	**25,682**	**3.1**	4,206	0.7
Total	**829,770**	**100**	652,984	100

For the year ended 31 August 2016, tuition fees remained a major revenue contributor. The proportion of high school tuition fees for the year ended 31 August 2016 decreased but the respective proportion of elementary and middle school tuition fees increased, largely due to the revenue contribution from the new openings of 2 elementary schools and 2 middle schools in the 2015/2016 school year.

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 2015/2016 school year, our high schools charged tuition fees generally ranging between RMB49,000 and RMB81,000. Tuition fees increased by RMB140.3 million or 25.3%, primarily due to an increase in student enrollment and an increase in the tuition fee rates charged for the new students enrolled in certain schools for the 2015/2016 school year.

Revenue from others increased by RMB21.5 million, primarily due to an increase in revenue from self-operated supermarkets and an increase in fees from the management of cafeterias in our schools.

Student Enrollment

	At the end of school year			
	2015/2016	**% of Total**	2014/2015	% of Total
High school	**7,362**	**38.1**	6,317	39.3
Middle school	**4,023**	**20.8**	3,528	21.9
Elementary school	**5,788**	**29.9**	4,143	25.8
Preschool	**1,938**	**10.0**	1,861	11.6
Foreign national school	**223**	**1.2**	229	1.4
Total number of students enrolled	**19,334**	**100**	16,078	100

Total number of students enrolled at the end of the 2015/2016 school year increased by 3,256, or 20.3% of which 6.5% growth came from the new schools opened in the 2015/2016 school year, while and the remaining growth came from other schools.

At the end of the 2015/2016 school year, the proportion of high school students decreased while the aggregate proportions of middle school and elementary school students increased largely due to the additions of two middle schools and two elementary schools in the 2015/2016 school year.

Average Tuition Fee per Student

	For the year ended 31 August	
	2016	2015
Tuition fees *(RMB'000)*	**694,780**	554,586
Average student enrollment*	**17,706**	14,796
Average tuition fee per student# *(RMB'000)*	**39.2**	37.5

* *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 increased by approximately 4.7%, primarily due to the increment of tuition fee rates for the new students enrolled by our elementary, middle and high schools in Dalian and our high schools in Wuhan and Chongqing during the 2015/2016 school year.

Our Schools

6 new schools were added in our school network for the year ended 31 August 2016, including a high school, a middle school and an elementary school in Yiwu, Zhejiang Province, a middle school and an elementary school in Jingzhou, Hubei Province and a preschool in Chongqing.

As at 31 August 2016, the Group had 46 schools located in 11 cities located in China, namely Dalian, Wuhan, Tianjin, Chongqing, Zhenjiang, Luoyang, Ordos, Shanghai, Pingdingshan, Jingzhou and Yiwu. The following table shows a summary of our schools by category as at the end of the two financial years:

	As at 31 August	
	2016	2015
High schools	**8**	7
Middle schools	**12**	10
Elementary schools	**11**	9
Preschools	**13**	12
Foreign national schools	**2**	2
Total	**46**	40

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	
	2015/2016	2014/2015
Total number of students enrolled	**19,334**	16,078
Total capacity	**30,040**	26,090
Overall utilization	**64.4%**	61.6%

Total capacity for students increased primarily due to the addition of 6 new schools at the commencement of the 2015/2016 school year. The improvement in the overall utilization rate was largely due to the improvement of utilization rate of certain school locations including Chongqing, Wuhan, Shanghai and Tianjin (Huayuan).

Our Teachers

	As at the end of school year	
	2015/2016	2014/2015
Total number of teachers	**1,814**	1,576

Our student-teacher ratio remained relatively stable for both the 2015/2016 and 2014/2015 school years, which was below 11:1. The total number of teachers increased mainly because more PRC-certified teachers were recruited primarily for the new openings of 2 elementary schools and 2 middle schools in the 2015/2016 school year. As at the end of the 2015/2016 school year, we had approximately 350 BC-certified teachers (2014/2015 school year: 314).

In the 2015/2016 school year, there was no material increase in the salary rates of our teachers.

RECENT BUSINESS UPDATE

Growth in Student Enrollment as at 30 September 2016

	As at 30 September 2016	2015	**Change**	**Percentage Change**
Total number of students enrolled	**20,581**	17,864	+2,717	+15.2%

The financial year of the Group ends on 31 August each year, while its school year normally runs from 1 September each year to 30 June in the next year and each school year is divided into two semesters. The number of students enrolled may vary from time to time in each school year. The above student enrolment numbers at 30 September represent unaudited internal statistics of the total number of students enrolled at the end of the first month of the first semester in the relevant school year for comparison purpose only.

According to prior experience, the Group expects that student enrollment will further increase in the second half of the 2016/2017 school year because some new students will generally be admitted in the second semester.

Increase in Tuition Fee Rates

With effect from the 2016/2017 school year, the Group raised the tuition fee rates for the new students enrolled at 8 schools which are i) the high school in Shanghai, ii) the high school, the middle school and the elementary school in Tianjin (Taida), iii) the middle school and the elementary school in Tianjin (Huayuan) and iv) the middle school and the elementary school in Wuhan. The relevant tuition fee rate increments ranged from 23.5% to 31.8% approximately.

New Schools Opened in China in September 2016

In September 2016, the Group opened the following 9 new schools in China:

City	**Number of schools**	**Category of schools**	**Estimated Student Capacity**
Pinghu, Zhejiang Province	3	Middle school, elementary school and preschool	2,000
Xi'an, Shannxi Province (Phase 1)	2	Middle school and elementary school	2,000
Huai'an, Jiangsu Province	2	Middle school and elementary school	500
Tianjin (Kaifaqu)	1	Preschool	150
Yiwu, Zhejiang Province	1	Foreign national school	400

Except the schools in Pinghu which were self-developed, other schools were developed under an asset light model.

The First High School Opened in Canada in September 2016

In collaboration with Thompson Rivers University ("**TRU**") located in Kamloops, British Columbia, the Group opened a high school, namely Maple Leaf University School – TRU, on a designated area of TRU's campus leased from TRU in September 2016, with access to selected services and facilities such as science labs, the gymnasium, the library, internet service, computer labs and cafeterias. Grade 12 graduates of Maple Leaf University School – TRU will receive a BC diploma.

The Board believes that setting up a high school in Canada will increase the educational options available to the Group's students and enlarge the Group's global reach of its "Maple Leaf" brand, which may enhance student placement for the Group's schools in China. The establishment of Maple Leaf University School – TRU will not only benefit the Group and its students from China, but also TRU and the Kamloops community as a whole as the introduction of this innovative dual-credential program at Maple Leaf University School – TRU can potentially attract professionals and families from other parts of Canada to Kamloops.

Acquisition in Singapore

On 23 July 2016, the Group entered into an agreement to acquire the entire issued share capital of Lucrum Development (Singapore) Pte. Limited ("**Lucrum Development**") from an independent third party (the "**Acquisition**") for a maximum cash consideration of 68 million Singapore dollars ("**S$**"). The Acquisition was completed on 6 September 2016 at a final consideration of S$67.3 million (equivalent to approximately RMB330.8 million) which was fully settled by bank borrowings denominated in S$.

The principal asset of Lucrum Development (subsequently renamed as Maple Leaf Education Hillside Pte. Limited) is a school property located at 11 Hillside Drive in Singapore with a site area of 7,568.6 sq.m (the "**School Property**") which is currently leased to an independent third party K-12 school operator (the "**Tenant**") at a monthly rent of S$200,000 under a lease agreement (the "**Lease Agreement**"). Pursuant to the Lease Agreement, the existing lease will expire on 31 October 2017 and is subject to two consecutive options to renew for a further term of three years each, to be exercised by the Tenant in accordance with the terms of the Lease Agreement, each renewal being subject to an increase of up to 10% in the monthly rent.

Subject to the School Property becoming vacant and the necessary licences having been obtained from the relevant authorities in Singapore for the operation of a foreign system school, the Group intends to open its first bilingual, bi-cultural Maple Leaf school in Singapore on the School Property. The Board is of the view that the Acquisition is beneficial to the Group because this provides a rare opportunity for the Group to expand into Singapore and further expand its school network outside the PRC. Singapore has a large expatriate population and a strong reputation for high quality education. For details of the Acquisition, please refer to the Company's announcement dated 25 July 2016.

FUTURE DEVELOPMENT

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

The school year of 2016/2017 is the second year of the Group's Fifth Five-year Plan. In order to achieve the target student enrolment of over 40,000 by the end of the 2019/2020 school year under the Fifth Five-year Plan, we will continue to work towards our strategic expansion from stand-alone schools to educational parks and from educational parks to school districts in China. We expect that the Group is able to have about 70 schools in 20 cities or more in China and complete its Fifth Five-year Plan's layout by the end of the 2018/2019 school year.

The Group has established a new holding company in the Group in order to accelerate the development of certain industries which are relevant to the basic necessities of our students, including but not limited to operations of supermarkets and cultural shops inside our schools, and the sale of uniform and bottled mineral water. The Group expects that the development of these businesses will deliver more comprehensive services to our students and increase the revenue incidental to the Group's fundamental education as well.

Expansion Strategies

The Group will continue to adopt multiple expansion strategies including but not limited to building more asset light schools, acquisitions of schools with synergy to the Group and an expansion of certain self-owned school campuses with high utilisation rates.

Expansion of Student Capacity for Self-owned School Campuses

Driven by the strong student placement, the overall utilization rate of each of the Wuhan, Tianjin (Taida) and Chongqing campuses was over 90% as at 30 September 2016. Accordingly, the Group intends to complete the construction of additional dormitories and teaching buildings on the relevant campuses before the commencement of the 2017/2018 school year in order to expand the corresponding capacity for students.

New Schools' Development under Pipeline in China

Under our current expansion plan, we will endeavour to ensure that the following 13 schools, which are under asset light development by partnering with local public or private entities, will be opened in the 2017/2018 school year:

City	Number of schools	Category of schools	Estimated Student Capacity
Huzhou, Zhejiang Province	3	Middle school, elementary school and preschool	1,500-1,800
Weifang, Shandong Province	3	Middle school, elementary school and preschool	1,800-2,000
Chongqing (Liangping)	3	Middle school, elementary school and preschool	1,800
Yancheng, Jiangsu Province (Phase 1)	2	Elementary school and preschool	750
Xi'an, Shannxi Province (Phase 2)	2	High school and foreign national school	1,500-2,000

Apart from the phase 2 development in Yancheng, the Group is also under negotiations with local governments or other entities for opening more asset light schools in Shijiazhuang city of Hebei Province, Xiantao Data Valley in Chongqing and another location in Dalian city in the school year of 2018/2019 or thereafter. In addition, the Group is planning to open schools in first tier cities such as Beijing and Shenzhen and is exploring some potential opportunities.

Overseas Expansion

Overseas expansion is part of the Group's long term growth strategies. We believe that a global presence of Maple Leaf brand schools will definitely help our student placement in China as Chinese parents would consider that Maple Leaf is able to offer more school options for their children. In fact, the demand for bilingual English and Chinese education is growing not only in China but also in other regions such as North America and South East Asia. Accordingly, the Group will explore any opportunities for opening more Maple Leaf brand bilingual schools in overseas countries or regions such as Canada and Hong Kong by blending the best of Western and Chinese cultures.

Teacher and Principal Preparation Programs

To ensure an adequate supply of quality teachers and principals is a critical element for success in our expansion process. In this regard, the Group has maintained strategic cooperative collaborations with several well-known universities in China, including Beijing Normal University, Northeast Normal University, Central China Normal University, Beijing Foreign Studies University and Wuhan University, from which our schools recruit certain of their graduates with outstanding performance as our trainee teachers. These excellent trainee teachers will be trained to be our PRC-certified teachers and future principals in our Principal Preparation Program.

In collaborations with TRU and Lakehead University in Canada, certain graduates from our high schools who meet the university requirements will be trained to earn their university degrees and the BC teacher's certificates. These graduates will be recruited and compensated by our high schools as BC-certified teachers once they obtain the required qualifications. This will provide an additional source of recruiting BC-certified teachers for the future demand from our high schools.

Conclusion

With the support of its dedicated management team, the Group is confident that it is able to maintain its leading position as a K-12 international school operator in China, expand its school network outside China and provide quality educational services to the society.

OTHER UPDATES

Revised law for promoting private education in China

Under the revised law for promoting private education in China which will be effective on 1 September 2017, the sponsors (equivalent to shareholders) of private schools are allowed to establish schools for profit or schools for non-profit but all schools providing compulsory education (i.e. grade 1 to grade 9 education) must be schools for non-profit. The operating balances of schools for non-profit shall not be distributed to their sponsors and shall be used for school operation. This will be conducive to developing private schools with their own characteristics. We are of the view that the revised law for promoting private education in China will not constitute a legal obstacle for the current operating models of our middle schools and elementary schools. We will put more efforts on developing middle schools and elementary schools with their own characteristics after the new law becomes effective and will provide quality services to our middle school and elementary school students at equivalent value. The increasing support given by the government to schools for non-profit under the revised law for promoting private education in China will help to promote the future development of our middle schools and elementary schools. Currently, all our schools including middle and elementary schools providing compulsory education are not requiring reasonable return and cannot distribute their profit to their sponsors (equivalent to shareholders).

Agreements with two consultants

As was disclosed in the Company's announcements dated 9 June 2015 and 17 July 2015 and the Company's circular dated 5 August 2015 (the "**Circular**"), the Company engaged Dingxianghui (Beijing) Investment Management Co., Ltd. ("**Dingxianghui**") as the Company's strategy and investment consultant and Hong Kong Zhixin Financial News Agency Ltd. ("**Zhixin**") as the Company's investor relations consultant in June 2015 for a term of three years. In consideration of their respective services for the three years, the Company agreed to grant to Dingxianghui and Zhixin options to subscribe for 7.5 million and 17.5 million shares of the Company respectively (the "**Dingxianghui Options**" and "**Zhixin Options**", respectively), the exercise of which would be subject to fulfilment of certain conditions as set out in the Circular.

In an announcement dated 14 September 2016, the Company provided an update on the status of the consultants' engagements, and stated among other things that, the services provided by the two consultants were not satisfactory, the Company had not granted any of the Dingxianghui Options or Zhixin Options to the consultants, and the Company would explore the termination of the engagements with the consultants.

By an announcement dated 28 November 2016, the Company provided a further update on the status of the consultants' engagements including the fact that by an agreement made with the Company on 8 October 2016, Dingxianghui had agreed among other things to waive all its rights to the Dingxianghui Options and would continue to provide consultancy services to the Company on revised terms of remuneration. In the same announcement, the Company disclosed that it had received a writ of summons from Zhixin on 15 November 2016 claiming among other things specific performance by the Company in respect of the Zhixin Options and damages in lieu or in addition thereof. On 28 November 2016, the Company filed with the High Court of the Hong Kong Special Administrative Region its acknowledgement of service of the writ and indicated its intention to defend the claim.

We believe that any consequence that may result from our handling of these engagements, including the claim made by Zhixin, will not have any material adverse impact on the business operations and financial position of the Group.

FINANCIAL REVIEW

Revenue

The Group derives revenue mainly 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, revenue from other educational services and revenue from others including revenue from self-operated supermarkets and fees from management of cafeterias in our schools.

Total revenue of the Group increased by RMB176.8 million, or 27.1%, from RMB653.0 million for the financial year ended 31 August 2015 to RMB829.8 million for the financial year ended 31 August 2016. The increase was due primarily to an increase in revenue from tuition fees by RMB140.3 million and an increase in revenue from others by RMB21.5 million.

Revenue from tuition fees increased by 25.3% from RMB554.5 million for the financial year ended 31 August 2015 to RMB694.8 million for the financial year ended 31 August 2016, primarily due to an increase in student enrollment by 20.3% and an increase in average tuition fee per student by approximately 4.7%. Revenue from our others increased by 511.9% from RMB4.2 million for the financial year ended 31 August 2015 to RMB25.7 million for the financial year ended 31 August 2016, primarily due to an increase in number of supermarkets operated and cafeterias managed in our schools.

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 utility costs, the cost of furniture at our schools, the cost of maintaining our facilities and the cost of inventories sold by self-operated supermarkets in our schools.

Cost of revenue increased by RMB73.8 million, or 20.8%, from RMB354.2 million for the financial year ended 31 August 2015 to RMB428.0 million for the financial year ended 31 August 2016. The increase was due largely to an increase in teaching staff costs by RMB48.4 million and an increase in other costs by RMB19.5 million.

Teaching staff costs increased by 22.0% from RMB219.6 million for the financial year ended 31 August 2015 to RMB268.0 million for the financial year ended 31 August 2016, primarily due to an increase in the number of teachers from 1,576 as at the end of the 2014/2015 school year to 1,814 as at the end of the 2015/2016 school year and an increase in share based payments resulted from the grant of share awards to certain teaching staff during the year ended 31 August 2016. Other costs increased from RMB63.3 million for the financial year ended 31 August 2015 to RMB82.8 million for the financial year ended 31 August 2016, primarily attributable to an increase in inventories sold by self-operated supermarkets in line with their increase in sales and an increase in cost of maintaining certain facilities of our schools.

Gross Profit

As a result of the foregoing, gross profit increased by 34.5% from RMB298.7 million for the financial year ended 31 August 2015 to RMB401.7 million for the financial year ended 31 August 2016. Our gross margin increased from 45.7% for the financial year ended 31 August 2015 to 48.4% for the financial year ended 31 August 2016 due largely to the increased utilization of certain schools resulting from an increase in student enrolment and an increase in tuition fee rates of certain schools.

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 87.3% from RMB17.3 million for the financial year ended 31 August 2015 to RMB32.4 million for the financial year ended 31 August 2016. The increase was primarily attributable to an increase in interest income from bank deposits by RMB9.0 million due primarily to a better utilisation of surplus cash and a government grant of RMB8.0 million from Dalian Municipal Bureau of Finance for the Company's successful Listing.

Other Gains and Losses

Other gains and losses consist primarily of gains and losses recognized upon the disposal of property, plant and equipment, net foreign exchange gain or loss and gain on disposal of available-for-sale investments. Other gains and losses increased by 8.8% from a gain of RMB37.5 million for the financial year ended 31 August 2015 to a gain of RMB40.8 million for the financial year ended 31 August 2016. The increase was primarily attributable to the combined effects of i) an increase in net foreign exchange gain by RMB11.6 million primarily due to an exchange gain on translation of foreign operation, ii) a gain on disposal of available-for-sale investments of RMB14.3 million and iii) a gain on reversal of other payables of RMB18.9 million over-accrued in prior years, which are partly offset by the absence of 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.

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 by 16.6% from RMB22.3 million for the financial year ended 31 August 2015 to RMB26.0 million for the financial year ended 31 August 2016, mainly due to an increase in expenses for producing, printing and distributing advertising and promotional materials.However, marketing expenses as a percentage of total revenue decreased from 3.4% for the year ended 31 August 2015 to 3.1% for the year ended 31 August 2016.

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, share based payments and certain professional expenses. Administrative expenses increased by 19.4% from RMB101.9 million for the financial year ended 31 August 2015 to RMB121.7 million for the financial year ended 31 August 2016. 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 to support the Group's expansion and an increase in share based payments resulted from the grant of share awards to certain employees during the year ended 31 August 2016.However, administrative expenses as a percentage of total revenue decreased from 15.6% for the year ended 31 August 2015 to 14.7% for the year ended 31 August 2016, primarily due to an effective cost control.

Finance Costs

Finance costs consist primarily of the interest expenses for our bank borrowings and banking facilities. Finance costs decreased by 100% from RMB4.1 million for the financial year ended 31 August 2015 to zero for the financial year ended 31 August 2016 as no new bank borrowings were raised during the year ended 31 August 2016.

Other Expenses

Other expenses consist primarily of expenses related to Listing and outgoing expenses related to the investment properties. Other expenses decreased from RMB8.0 million for the financial year ended 31 August 2015 to RMB1.2 million for the financial year ended 31 August 2016, largely due to the absence of RMB6.6 million in respect of 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 RMB0.3 million for the financial year ended 31 August 2015 to zero for the year ended 31 August 2016, as all the Preferred Shares were converted into ordinary shares upon Listing.

Profit before Taxation

As a result of the foregoing, the Group recorded a profit before taxation of RMB325.9 million for the financial year ended 31 August 2016 and RMB216.9 million for the financial year ended 31 August 2015. Profit before taxation as a percentage of revenue of the Group was 39.3% for the financial year ended 31 August 2016, compared with 33.2% for the financial year ended 31 August 2015.

Taxation

Income tax expense of the Group increased from RMB11.4 million for the financial year ended 31 August 2015 to RMB18.3 million for the financial year ended 31 August 2016, 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 2016 and 2015 was 5.6% and 5.2%, respectively, which remained relatively stable.

Profit for the Year

As a result of the above factors, profit for the year of the Group increased by 49.7% from RMB205.5 million for the financial year ended 31 August 2015 to RMB307.6 million for the financial year ended 31 August 2016.

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	
	2016	2015
	RMB'000	*RMB'000*
Profit for the year	**307,564**	205,546
Add:		
Gain on disposal of available-for-sale investments	**(14,301)**	–
Government grant	**(8,032)**	–
Gain on disposal of assets classified as held for sale *(Note)*	**–**	(32,289)
Listing expenses	**–**	6,552
Share-based payments	**18,489**	5,706
Change in fair value on Preferred Shares	**–**	277
Adjusted net profit	**303,720**	185,792

Adjusted net profit margin increased from 28.5% for the year ended 31 August 2015 to 36.6% for the year ended 31 August 2016, primarily due to the combined effects of the increase in gross profit margin and the decrease in administrative expenses as a percentage of revenue as mentioned above and the increase in the adjusted amount of share based payments.

Note: The gain was 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.

Capital Expenditures

For the year ended 31 August 2016, the Group paid RMB146.7 million for property, plant and equipment primarily related to the buildings of schools in Pinghu, Zhejiang Province. 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.

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	
	2016	2015
	RMB'000	*RMB'000*
Net cash from operating activities	**532,877**	444,039
Net cash from (used in) investing activities	**33,208**	(239,508)
Net cash (used in) from financing activities	**(365,817)**	433,597
Net increase in cash and cash equivalents	**200,268**	638,128
Cash and cash equivalents at 1 September	**1,022,141**	380,332
Effect of foreign exchange rate changes	**15,493**	3,681
Cash and cash equivalents at 31 August	**1,237,902**	1,022,141

As at 31 August 2016, the Group's bank balances and cash amounted to RMB1,237.9 million, of which the majority were denominated in RMB. As at 31 August 2016, the Group did not have bank borrowings.

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

Gearing Ratio

The gearing ratio of the Group was calculated as total borrowings divided by total equity as at the end of the relevant financial year. As at 31 August 2016 and 31 August 2015, the Group did not have bank borrowings and hence the corresponding gearing ratio was zero.

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$, United States dollars ("**USD**") and S$. As at 31 August 2016, certain bank balances were denominated in CAD, 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 2016, the Group had no material contingent liabilities.

Pledge of Assets

As at 31 August 2016, the Group pledged total bank deposits of RMB242.0 million to certain licensed banks for certain unutilized bank facilities.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

Save as disclosed above, during the year ended 31 August 2016, the Group did not have any material acquisition and disposal of subsidiaries.

SIGNIFICANT INVESTMENT HELD

As at 31 August 2016, no significant investment was held by the Group.

EMPLOYEE BENEFITS

As at 31 August 2016, the Group had 3,684 (2015: 3,051) 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 2016 amounted to RMB349.2 million (2015: RMB282.1 million).

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 announcement, the Company has applied the net proceeds as follows:

- approximately RMB122.8 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 RMB42.5 million has been utilized towards the maintenance, renovation and upgrade of our existing schools, such as the boy's schools on 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.

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK$0.058 per share for the year ended 31 August 2016 to the shareholders of the Company ("**Shareholders**") whose names appear on the register of members of the Company at the close of business on 1 February 2017 (Wednesday). Subject to the approval by Shareholders at the forthcoming annual general meeting ("**AGM**") to be held on 23 January 2017 (Monday), the proposed final dividend is expected to be paid on or about 8 February 2017 (Wednesday).

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM to be held on 23 January 2017 (Monday), the register of members of the Company will be closed from 18 January 2017 (Wednesday) to 23 January 2017 (Monday), both days inclusive, during which period no transfer of shares will be registered. In order to be qualified for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 17 January 2017 (Tuesday).

For determining the entitlement to the proposed final dividend subject to the approval by Shareholders at the AGM, the register of members of the Company will be closed from 27 January 2017 (Friday) to 1 February 2017 (Wednesday), both days inclusive, during which period no transfer of shares will be registered. In order to be qualified for the proposed final dividend for the year ended 31 August 2016, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 26 January 2017 (Thursday).

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 Group to safeguard the interests of Shareholders and to enhance corporate value and accountability.

Compliance with the Corporate Governance Code

During the year ended 31 August 2016 and up to the date of this announcement, 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 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.

Mr. Shu Liang Sherman Jen ("**Mr. Jen**") performs the dual roles of both chairman and chief executive officer ("**CEO**"). Mr. Jen was re-designated from co-chief executive officer ("**Co-CEO**") to CEO on 15 August 2016 following the resignation of the other Co-CEO. The Board believes that by vesting the roles of both chairman and CEO or Co-CEO, 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.

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.

Compliance with the Model Code for Securities Transactions by Directors

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 year ended 31 August 2016.

Purchase, Sale or Redemption of the Company's Listed Securities

During the year ended 31 August 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

Audit Committee

The Company has established an Audit Committee with written terms of reference in accordance with the Listing Rules and 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 system of the Group, overseeing the audit process and performing other duties and responsibilities as assigned by the Board. The Audit Committee comprises three members, namely, Mr. Lap Tat Arthur Wong, Mr. Peter Humphrey Owen and Mr. Chak Kei Jack Wong, all independent non-executive Directors of the Company. Mr. Lap Tat Arthur Wong is the chairman of the Audit Committee.

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 August 2016 and has met with the independent auditors, Deloitte Touche Tohmatsu. 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.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.mapleleaf.cn. The annual report of the Group for the year ended 31 August 2016 will be published on the aforesaid websites of the Stock Exchange and the Company and will be dispatched to Shareholders in due course.

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

Hong Kong, 29 November 2016

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

* *For identification purposes only*