

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

DISCLOSEABLE TRANSACTION:

SUPPLEMENTAL AGREEMENTS IN RELATION TO THE ACQUISITION OF 47.5% OF THE EQUITY INTEREST IN THE TARGET COMPANY INVOLVING ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE

Reference is made to the announcements of China Maple Leaf Educational Systems Limited (the “**Company**”) dated 5 February 2017 and 24 February 2017 respectively in relation to the discloseable transaction of the acquisition of a 47.5% equity interest in the Target Company. Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as defined in the announcement of the Company dated 5 February 2017.

SUPPLEMENTAL AGREEMENTS

On 14 April 2017, the Purchaser and the Vendors entered into supplemental agreements to the Agreements (the “**Supplemental Agreement(s)**”), pursuant to which the parties agreed to vary the terms of the Acquisition and the Agreements. Save for the Security Arrangement (as defined below) between the Purchaser and the Second Vendor, the principal terms of the Supplemental Agreements are almost identical.

Pursuant to the Supplemental Agreements:

- (a) one of the conditions precedent to Completion, namely the presentation to the Purchaser of settlement proof of all those claims and liabilities of the Target Company and the School as specified in the Agreements, was amended to exclude certain sums due from a third party in an aggregate amount of approximately RMB20,530,000 (equivalent to approximately HK\$23,240,000) (the “**Outstanding Sum**”);
- (b) the following conditions were added as conditions precedent to Completion:
 - (i) procurement by the Vendors of the execution of all necessary documents to add the Target Company and the School as new subsidiary entities to the MCBC Agreement (as defined in the Company’s announcement dated 24 February 2017);

- (ii) completion of the change of legal representatives of the Target Company and the School; and
 - (iii) completion of the change of name of the School to "Hainan Maple Leaf International School".
- (c) the arrangement for the payment of consideration for the Acquisition (in the form of Consideration Shares) was amended from payment in four instalments to one lump sum payment, namely, all the Consideration Shares (being 18,636,733 Consideration Shares, of which 8,234,224 and 10,402,509 Consideration Shares are to be allotted and issued to the First Vendor and the Second Vendor respectively) shall be allotted and issued in full on the date of Completion;
- (d) those matters which were previously conditions precedent to the allotment and issue of the second and third instalments of the Consideration Shares and for which the Vendors were given six to nine months to complete, namely (i) the completion of certain governmental registration procedures and presentation of the relevant permits/approvals as stipulated in the Agreements to the Purchaser; and (ii) completion of the handover procedures in relation to the Target Company and the School as stipulated in the Agreements, have now been changed to conditions subsequent to Completion and in respect of which the Vendors would now have six months instead of six to nine months to complete (the “**Conditions**”); and
- (e) the arrangement for the withholding of 5% of the Consideration Shares by the Purchaser for one year to cover any breach of warranties by the Vendors was removed.

SECURITY ARRANGEMENT

In addition to the amendments mentioned above, pursuant to the Supplemental Agreement between the Purchaser and the Second Vendor, the Second Vendor agreed to enter into the following security arrangement in favour of the Purchaser to secure the collection of the Outstanding Sum (the “**Security Arrangement**”).

Under the Security Arrangement:

- (a) the Second Vendor shall grant a charge in favour of the Purchaser over 4,911,128 of the Consideration Shares which are allotted and issued to it (the “**Charged Shares**”) as security for the (i) collection of the Outstanding Sum; and (ii) satisfaction of the Conditions within a period of six months from the date of Agreement Two;
- (b) the 4,911,128 Consideration Shares represent 47.21% of the aggregate Consideration Shares to be allotted and issued to Second Vendor and, based on the Issue Price of HK\$4.732, have an aggregate value of approximately HK\$23,240,000, which corresponds more or less to the aggregate amount of the Outstanding Sum;
- (c) in the event that the Outstanding Sum is not collected in full at the end of the six-month period, the Purchaser shall, as the chargee, have the right to sell the relevant number of Charged Shares and apply the sale proceeds to cover the uncollected amount of the Outstanding Sum;
- (d) in the event that the Conditions are not fulfilled at the end of the six-month period for any reason on the part of the Second Vendor, the Purchaser shall, as the chargee, have the right to sell all the Charged Shares and apply the sale proceeds to cover any loss suffered by the Purchaser; and

- (e) in the event that the proceeds from the sale of the Charged Shares fall short of the uncollected amount of the Outstanding Sum and/or any loss suffered by the Purchaser, the Purchaser shall have the right to claim against the Second Vendor for such shortfall.

Save as described above, the terms of the Agreements shall remain in full force and effect.

The Board believes that the Supplemental Agreements and the Security Arrangement can facilitate a speedier conclusion of the Acquisition and the terms thereof are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Further announcement(s) in relation to the Acquisition will be made by the Company as and when appropriate.

As the Acquisition is subject to the fulfillment or waiver (as the case may be) of the conditions precedent set out in the Agreements, the transactions contemplated thereunder may or may not proceed to Completion and Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

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

Hong Kong, 17 April 2017

In this announcement, an amount denominated in RMB has been translated into HK\$ at an exchange rate of HK\$1:RMB0.8835, being the exchange rate determined in accordance with the Agreements. No representation is made that any amounts in RMB and HK\$ can be or could have been converted at the relevant dates at the above rate or at any other rates at all.

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*