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China Maple Leaf Educational Systems Limited
中國楓葉教育集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1317)

VOLUNTARY ANNOUNCEMENT
ACQUISITION OF 55% EQUITY INTEREST IN
YISIDUN INTERNATIONAL EDUCATION
INVESTMENT (SHENZHEN) CO., LTD*

This announcement is made by China Maple Leaf Educational Systems Limited (the “**Company**”, together with its subsidiaries and consolidated affiliated entities, the “**Group**”) on a voluntary basis to provide update on the latest business development of the Group to the shareholders (the “**Shareholders**”) and potential investors of the Company.

The board (the “**Board**”) of directors (“**Directors**”) of the Company is pleased to announce that, on 14 December 2017, Dalian Maple Leaf Educational Group Co., Ltd* (大連楓葉教育集團有限公司) (the “**Purchaser**”), a wholly owned subsidiary of the Company, entered into a share purchase agreement (the “**Agreement**”) with Shenzhen Longgang Pengda School* (深圳市龍崗區鵬達學校) (the “**Vendor**”) in relation to the acquisition (the “**Acquisition**”) of 55% equity interest in Yisidun International Education Investment (Shenzhen) Co., Ltd* (伊思頓國際教育投資(深圳)有限公司) (the “**Target Company**”) at a total consideration of RMB89,045,000 (equivalent to approximately HK\$104,921,724) (subject to any Adjustment (as defined below)).

As at the date of the Agreement, the Vendor owns 63% of the equity interest in the Target Company and the Target Company owns 100% of the equity interest in Shenzhen Yisidun Longgang School* (深圳市伊思頓龍崗書院) (the “**School**”).

THE AGREEMENT

Date

14 December 2017

Parties

- (1) Purchaser: Dalian Maple Leaf Educational Group Co., Ltd* (大連楓葉教育集團有限公司)
- (2) Vendor: Shenzhen Longgang Pengda School* (深圳市龍崗區鵬達學校)

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are independent of the Company and its connected persons and their respective associates.

Consideration

Subject to any Adjustment, the aggregate consideration for the Acquisition is RMB89,045,000 (equivalent to approximately HK\$104,921,724).

The consideration for the Acquisition is subject to adjustment (the “**Adjustment**”) in the following manner:

- (a) in the event that the pre-completion due diligence conducted by the Purchaser reveals any liability of the Target Company which has not been disclosed to the Purchaser in the Agreement and that the Vendor fails to settle the outstanding liability in full prior to a date designated by the Purchaser, the consideration payable to the Vendor shall be reduced by an amount equal to the amount of the undisclosed liability multiplied by the Vendor’s shareholding in the Target Company that is subject to the Acquisition; and
- (b) in the event that the actual number of students enrolled in the School falls below 110 students as at the date of the completion of the Acquisition, the consideration payable to the Vendor shall be reduced by RMB160,000 (equivalent to approximately HK\$188,528) per each outstanding student.

The consideration for the Acquisition shall be paid by bank transfer in the following manner:

- (a) 95% of the consideration shall be paid by the Purchaser into an escrow account within five (5) business days after the Agreement becomes effective and the total liability of the Target Company and the settlement plan of such liability are determined. Such consideration held in the escrow account will be released to the Vendor in the following manner:
 - (i) 90% of the consideration (less any applicable Adjustment) will be released on the date of completion of the Acquisition; and

- (ii) 5% of the consideration will be released within five (5) business days after the completion of (x) the handover of the School to the Purchaser and (y) the execution of the acceptance letter of the structured contracts by the Purchaser, the Vendor and other shareholders of the Target Company. The completion of the foregoing must be take place within one (1) month from the execution of the Agreement.
- (b) 5% of the consideration shall be withheld for one (1) year from the date of the Agreement as deposit for the performance of the Agreement and to cover for any breach of representations by the Vendor.

Conditions Precedent

The completion of the Acquisition is conditional upon, among other things, the fulfilment of the following conditions:

- (a) the Purchaser having completed its due diligence on the Target Company and the results of the due diligence being satisfactory to the Purchaser;
- (b) the Vendor having (i) changed the name of the Target Company in such manner as is satisfactory to the Purchaser, (ii) completed the registration procedures in respect of the share transfers contemplated under the Agreement, (iii) amended the articles of association of the Target Company to the satisfaction of the Purchaser, (iv) changed the legal representative, chairman of the board of directors, directors, supervisors and senior management of the Target Company and the School, and (v) completed the exit audit of the legal representative of the School; and
- (c) the Purchaser having received settlement proof of all those claims and liabilities of the Target Company and the School as set forth in the Agreement or the Vendor having consented to the deduction of the Adjustment amount from the consideration to be made by the Purchaser.

In the event that any of the above conditions is not fulfilled on or before 31 December 2017, the Agreement (other than the provisions with respect to taxation, confidentiality, breach of contract and dispute resolution) shall terminate and the parties shall be released from any obligations under the Agreement save and except for rights and remedies available to the non-defaulting party in relation to any breach prior to termination.

Completion

Completion of the Acquisition will take place on the fifth (5th) business day after all the conditions precedent have been satisfied pursuant to the Agreement, or any other date to be agreed in writing by the parties.

INFORMATION OF THE GROUP

The Group has over twenty two years' experience in providing quality bilingual preschool to grade 12 ("K-12") educational services in China and Canada by combining the merits of both western and Chinese educational philosophies. The Group's high schools (for students from grade 10 to 12) are certified by the Ministry of Education of British Columbia ("BC"), Canada and Chinese educational authorities respectively allowing our graduates to receive both a fully accredited BC diploma and a Chinese diploma. Furthermore, all our high schools have been accredited by AdvancED, the largest school accreditation agency in the United States of America. The Group targets students from middle-class families who aim to pursue higher education abroad and the tuition fees are affordable and competitive.

INFORMATION OF THE VENDOR AND THE TARGET COMPANY

The Vendor is primarily engaged in the investment in and management of education business. The Target Company is a company established in the PRC with limited liability. The Target Company is principally engaged in the operation of the School, a K-12 boarding school located in Shenzhen City in Guangdong Province, which is a private non-enterprise organisation wholly-owned by the Target Company. The School has a capacity to accommodate 1,500 students, and is equipped with modern and advanced facilities. The tuition fee each year for each elementary school student (from grade 1 to 6), middle school student (from grade 7 to 9) and high school student (from grade 10 to 12) of the School is RMB128,000 (equivalent to approximately HK\$150,822), RMB168,000 (equivalent to approximately HK\$197,954) and RMB198,000 (equivalent to approximately HK\$233,303), respectively.

REASONS AND BENEFITS OF THE ACQUISITION

Upon completion of the Acquisition, the Group will assume operation of the School which will be the Group's first Maple Leaf school in Shenzhen City as well as Guangdong Province. This provides an opportunity for the Group to establish strategic presence and to build brand awareness in one of China's top tier cities and most developed areas and to further expand its school network in other cities in Guangdong Province in the future. The Board is of the view that the addition of the School to the Group's school network through the Acquisition will improve the profitability of the Group and strengthen its position in the education industry in China.

IMPLICATIONS UNDER THE LISTING RULES

Since all applicable percentage ratios in respect of the Acquisition are less than 5%, the Acquisition does not constitute as a notifiable transaction under Chapter 14 of the Listing Rules. This announcement is made by the Company on a voluntary basis for the information of the Shareholders and potential investors.

Shareholders and potential investors of the Company are advised to exercise caution in dealing in the shares of the Company.

The translations between RMB and HK\$ in this announcement were made at the rate of RMB1.00 to HK\$1.1783. No representation is made and none should be construed as being made that the amounts denominated in one currency could actually be converted into the amounts denominated in another currency at the rates indicated or at all on the date hereof or any other date.

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

Hong Kong, 14 December 2017

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. Xiaodan Mei and Mr. Lap Tat Arthur Wong as independent non-executive Directors.

* *For identification purposes only*