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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)

PROPOSED SHARE SUBDIVISION

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The Board proposes to implement the Share Subdivision by subdividing every one (1) existing issued and unissued Share in the share capital of the Company into two (2) Subdivided Shares. The Share Subdivision will become effective upon fulfillment of the conditions set out under the section headed “Conditions of the Share Subdivision” below. All Subdivided Shares will rank pari passu with each other in all respects and shall have the same rights and privileges and be subject to the same restrictions as the Shares in issue prior to the Share Subdivision and the Share Subdivision will not result in any change in the relevant rights of the Shareholders.

Upon the Share Subdivision becoming effective, the board lot size for trading will remain unchanged and in board lots of 2,000 Subdivided Shares.

GENERAL

An ordinary resolution to approve the Share Subdivision by the Shareholders will be proposed at the EGM. A circular containing, among other things, further details of the Share Subdivision, together with the notice convening the EGM, will be despatched to the Shareholders on or before Tuesday, 19 June 2018.

PROPOSED SHARE SUBDIVISION

The Board proposes to implement the Share Subdivision by subdividing every one (1) existing issued and unissued Share in the share capital of the Company into two (2) Subdivided Shares.

Conditions of the Share Subdivision

The Share Subdivision is conditional upon:

- (i) the passing of an ordinary resolution to approve the Share Subdivision by the Shareholders at the EGM; and
- (ii) the Stock Exchange granting the approval to the listing of, and permission to deal in, the Subdivided Shares.

The Share Subdivision will become effective after the conditions of the Share Subdivision above are fulfilled.

Listing application

An application will be made by the Company to the Stock Exchange for the listing of and the permission to deal in the Subdivided Shares. Subject to the granting of the listing of, and permission to deal in, the Subdivided Shares on the Stock Exchange, the Subdivided Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Subdivided Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Effect of the Share Subdivision

As at the date of this announcement, the authorised share capital of the Company is US\$4,000,000 divided into 4,000,000,000 Shares, of which 1,489,592,439 Shares are issued and credited as fully paid. Assuming that no further Shares are issued or repurchased between the date of this announcement and the date of the EGM, immediately after the Share Subdivision becoming effective, the authorised share capital of the Company will become US\$4,000,000 divided into 8,000,000,000 Subdivided Shares, of which 2,979,184,878 Subdivided Shares will be in issue and are credited as fully paid.

Upon the Share Subdivision becoming effective, all Subdivided Shares will rank pari passu with each other in all respects and shall have the same rights and privileges and be subject to the same restrictions as the Shares in issue prior to the Share Subdivision and the Share Subdivision will not result in any change in the relevant rights of the Shareholders.

The Shares are currently traded in the board lots of 2,000 Shares. Upon the Share Subdivision becoming effective, the board lot size for trading will remain unchanged in board lots of 2,000 Subdivided Shares. The Share Subdivision is not expected to result in any odd lots other than those that already exist.

Free exchange of Subdivided Shares' certificates and trading arrangement

Subject to the Share Subdivision becoming effective, which is expected to be on Monday, 9 July 2018, Shareholders may, during the period from Monday, 9 July 2018 to Tuesday, 14 August 2018 (both days inclusive) between 9:00 a.m. and 4:00 p.m. on any Business Day, submit share certificates for the existing Shares in pink colour to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited ("Hong Kong Branch Share Registrar") at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, to exchange, at the expense of the Company, for new share certificates of the Subdivided Shares in green colour. After the expiry of such period, each share certificate for the existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each new share certificate issued for the Subdivided Shares or each share certificate for the existing Shares submitted for cancellation, whichever the number of share certificates issued or cancelled is higher.

The existing share certificates will only be valid for delivery, trading and settlement purposes for the period up to 4:00 p.m. on Tuesday, 14 August 2018 and thereafter will not be accepted for delivery, trading and settlement purposes. However, the existing share certificates will continue to be good evidence of title to the Subdivided Shares on the basis of one Share for two Subdivided Shares.

It is expected that the new share certificates will be available for collection within a period of ten Business Days after the submission of the existing share certificates to the Company's Hong Kong Branch Share Registrar for exchange.

Securities convertible or exchangeable into Shares

As at the date of this announcement, the Company has 170,674 outstanding Share Options granted under the Pre-IPO Share Option Scheme. Under the relevant terms and conditions of the Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme, the Share Subdivision may lead to adjustments to the exercise price and/or the number of Shares falling to be issued upon the exercise of the Share Options. The Company will make further announcement(s) on such adjustments as and when appropriate.

Save as disclosed above, as at the date of this announcement, the Company does not have any options outstanding under any share option scheme of the Company or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares.

REASONS FOR THE SHARE SUBDIVISION

Upon the Share Subdivision becoming effective, the par value of each share of the Company will decrease and the total number of shares of the Company in issue will increase. As a result, the Share Subdivision is expected to result in reducing the trading price of each share in the Company

correspondingly which would appeal to more investors. The Board believes that the Share Subdivision will improve the liquidity in trading of the shares in the Company and thereby widen its Shareholder base.

As at the date of this announcement, the Company has no intention for any equity fund raising activities and/or further corporate action or arrangement that may affect the trading in the Shares. Nevertheless, the Company does not obviate the possibility of conducting equity fund raising activities in the future to finance its business development and expansion as and when necessary.

Save for the expenses to be incurred by the Company in implementing the Share Subdivision, the Share Subdivision will have no material effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business operations, management or financial position of the Company or the interests of the Shareholders. The Directors believe that the Share Subdivision will not have any material adverse effect on the financial position of the Group.

In view of the above, the Board considers that the Share Subdivision is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

EXPECTED TIMETABLE

The expected timetable for the implementation of the Share Subdivision is set out below:

2018

Despatch of circular (including the notice of EGM) and the related form of proxy to the Shareholders	On or before Tuesday, 19 June
Latest time for lodging transfers of shares to qualify for attending the EGM	4:30 p.m. on Friday, 29 June
Closure of register of members for the purpose of determining members who are entitled to attend the EGM (both dates inclusive)	Tuesday, 3 July to Friday, 6 July
Latest time for lodging form of proxy for the EGM	10:30 a.m. on Wednesday, 4 July
Date and time of the EGM	10:30 a.m. on Friday, 6 July
Publication of the announcement of the results of the EGM	Friday, 6 July

The following events are conditional upon the fulfilment of the conditions for the implementation of the Share Subdivision as set out in the section headed “Conditions of the Share Subdivision” above.

Effective date of the Share Subdivision Monday, 9 July

First day of free exchange of the existing share
certificates for the new share certificates
for the Subdivided Shares Monday, 9 July

Dealing in Subdivided Shares commence 9:00 a.m.
on Monday, 9 July

Original counter for trading in Shares in board
lots of 2,000 Shares temporarily closes 9:00 a.m.
on Monday, 9 July

Temporary counter for trading in Subdivided Shares
in board lot size of 4,000 Subdivided Shares
(in the form of existing share certificates) opens 9:00 a.m.
on Monday, 9 July

Original counter for trading in Subdivided Shares
in board lots of 2,000 Subdivided Shares
(in the form of new share certificates) reopens 9:00 a.m.
on Monday, 23 July

Parallel trading in the Shares and Subdivided Shares
(in the form of existing share certificates
and new share certificates) commences 9:00 a.m.
on Monday, 23 July

Temporary counter for trading in Subdivided Shares in
board lot size of 4,000 Subdivided Shares
(in the form of existing share certificates) closes 4:10 p.m.
on Friday, 10 August

Parallel trading in the Shares and Subdivided Shares
(in the form of existing share certificates
and new share certificates) ends 4:10 p.m.
on Friday, 10 August

Free exchange of the existing share certificates for the
new share certificates for the Subdivided Shares ends 4:00 p.m.
on Tuesday, 14 August

All dates and times stated in this announcement refer to Hong Kong dates and times. Dates stated in this announcement for events in the timetable are indicative only and may be extended or varied. Any changes to the anticipated expected timetable for the Share Subdivision will be announced as and when appropriate.

GENERAL

An ordinary resolution to approve the Share Subdivision will be proposed at the EGM. A circular containing, among other things, further details of the Share Subdivision, together with the notice convening the EGM will be despatched to the Shareholders on or before Tuesday, 19 June 2018.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	China Maple Leaf Educational Systems Limited, a company incorporated in the Cayman Islands with limited liability with its securities listed on the Main Board of the Stock Exchange
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for approving, among other things, the Share Subdivision
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Pre-IPO Share Option Scheme”	the share option scheme adopted by the Company on 1 April 2008
“Post-IPO Share Option Scheme”	the share option scheme adopted by the Company on 10 November 2014
“Share(s)”	the ordinary share(s) in the issued and unissued share capital of the Company, the par value of which being of US\$0.001 each prior to completion of the Share Subdivision
“Shareholder(s)”	the holder(s) of the Share(s) and/or the Subdivided Share(s) (as the case may be)
“Share Option(s)”	option(s) to subscribe for Share granted by the Company in accordance with the Pre-IPO Share Option Scheme and/or Post-IPO Share Option Scheme (as the case may be)
“Share Subdivision”	the proposed subdivision of every one (1) existing issued and unissued Share into two (2) Subdivided Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subdivided Share(s)”	ordinary share(s) of par value of US\$0.0005 each in the share capital of the Company upon completion of the Share Subdivision
“US\$”	United States dollars, the lawful currency of the United States

“United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“%”	per cent.

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

Hong Kong, 23 May 2018

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*