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枫叶教育

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 2018

HIGHLIGHTS

The Board has resolved to recommend the payment of a final dividend of HK$5.1 cents (2017: HK$4.3 cents) per share for the year ended 31 August 2018.

	Year ended 31 August			
	2018	2017	**Change**	**Percentage**
	RMB'000	*RMB'000*	*RMB'000*	**Change**
Revenue	**1,341,267**	1,083,182	+258,085	+23.8%
Gross profit	**624,104**	539,851	+84,253	+15.6%
Profit for the year	**538,403**	413,723	+124,680	+30.1%
Adjusted net profit*	**600,080**	427,964	+172,116	+40.2%
Basic earnings per share *(RMB cents)*	**19.02**	15.32	+3.7	+24.2%

* 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) a government grant for the year ended 31 August 2018, (ii) a combined effect for loss from held for trading investments for the year ended 31 August 2018, (iii) dividend income from held for trading investments and (iv) share-based payments.

	As at the end of school year			**Percentage**
	2017/2018	2016/2017	**Change**	**Change**
Total number of students enrolled	**33,478**	26,088	+7,390	+28.3%

	As at 31 August			
	2018	2017	**Change**	**Percentage**
	RMB'000	*RMB'000*	*RMB'000*	**Change**
Bank balances and cash	**2,220,694**	1,649,296	+571,398	+34.6%
Deferred revenue	**1,168,873**	1,008,348	+160,525	+15.9%

ANNUAL RESULTS FOR THE YEAR ENDED 31 AUGUST 2018

The board (the "**Board**") of directors (the "**Directors**") of China Maple Leaf Educational Systems Limited (the "**Company**", together with its subsidiaries and consolidated affiliated entities, the "**Group**") is pleased to announce the audited consolidated annual results of the Group for the year ended 31 August 2018.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2018

	NOTES	**2018** *RMB'000*	2017 *RMB'000*
Revenue	*3*	**1,341,267**	1,083,182
Cost of revenue		**(717,163)**	(543,331)
Gross profit		**624,104**	539,851
Investment and other income	*4*	**54,261**	45,039
Other gains and losses	*5*	**75,713**	48,668
Marketing expenses		**(40,034)**	(29,547)
Administrative expenses		**(155,558)**	(155,392)
Finance costs		**(10,607)**	(7,957)
Profit before taxation		**547,879**	440,662
Taxation	*6*	**(9,476)**	(26,939)
Profit for the year	*7*	**538,403**	413,723
Other comprehensive income (expense):			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on the translation of foreign operation		**8,490**	(3,402)
Total comprehensive income for the year		**546,893**	410,321
Profit for the year attributable to:			
Owners of the Company		**542,830**	410,476
Non-controlling interests		**(4,427)**	3,247
		538,403	413,723
Total comprehensive income attributable to:			
Owners of the Company		**551,320**	407,074
Non-controlling interests		**(4,427)**	3,247
		546,893	410,321
EARNINGS PER SHARE			
Basic *(RMB cents)*	*9*	**19.02**	15.32
Diluted *(RMB cents)*	*9*	**18.99**	15.29

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 AUGUST 2018

	NOTES	**2018** *RMB'000*	2017 *RMB'000*
Non-current Assets			
Property and equipment		**2,105,782**	1,814,438
Prepaid lease payments		**207,628**	203,591
Investment properties	*10*	**342,936**	337,798
Goodwill		**165,968**	60,464
Other intangible assets		**38,826**	7,167
Prepayment for purchase of property and equipment		**10,159**	–
Books for lease		**2,608**	3,222
Investment in a joint venture		**–**	1,000
Pledged bank deposits	*11*	**132,000**	245,000
		3,005,907	2,672,680
Current Assets			
Inventories		**16,977**	18,205
Deposits, prepayments and other receivables		**76,782**	76,737
Available-for-sale investments		**246,000**	–
Held for trading investments		**116,770**	–
Pledged bank deposits	*11*	**113,000**	–
Bank balances and cash	*12*	**2,220,694**	1,649,296
		2,790,223	1,744,238
Current Liabilities			
Deferred revenue	*13*	**1,168,873**	1,008,348
Other payables and accrued expenses	*14*	**399,452**	382,629
Income tax payable		**73,866**	58,455
Borrowings	*15*	**224,537**	116,981
		1,866,728	1,566,413
Net Current Assets		**923,495**	177,825
Total Assets Less Current Liabilities		**3,929,402**	2,850,505
Capital And Reserves			
Share capital		**9,255**	8,549
Reserves		**3,642,279**	2,420,638
Equity attributable to owners of the Company		**3,651,534**	2,429,187
Non-controlling interests		**40,295**	72,331
Total Equity		**3,691,829**	2,501,518
Non-Current Liabilities			
Deferred tax liabilities		**30,772**	41,822
Borrowings	*15*	**206,801**	307,165
		237,573	348,987
		3,929,402	2,850,505

1. GENERAL

China Maple Leaf Educational Systems Limited (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability under Companies Law Chapter 22 of the Cayman Islands on 5 June 2007. Its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its parent is Sherman Investment Holdings Limited incorporated in the British Virgin Islands ("**BVI**") and its ultimate controlling party is Mr. Sherman Jen, who is also the Chairman of the board and Chief Executive Officer of the Company. The address of the registered office of the Company is Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and the address of principal place of business of the Company is Maple Leaf Educational Park, 6 Central Street, Jinshitan National Tourist Area, Dalian, Liaoning Province 116650, the People's Republic of China ("**PRC**").

The Group operates a network of bilingual private schools and preschools in the PRC under the "Maple Leaf" brand, focusing on high schools that offer dual-diploma curriculum (British Columbia curriculum and Chinese curriculum) and bilingual education within the PRC.

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

Amendments to IFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("**IASB**") for the first time in the current year:

Amendments to IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to IFRS 12	As part of Annual Improvements to IFRSs 2014-2016 Cycle

Except as describe below, the application of the above new amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and on the disclosures set out in these consolidated financial statements.

Amendments to IAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

New and revised IFRSs issued but not effective

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

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
IFRS 16	Leases[2]
IFRS 17	Insurance Contracts[4]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[1]
IFRIC 23	Uncertainty over Income Tax Treatments[2]
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 3	Definition of a Business[5]
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts[1]
Amendments to IFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1 and IAS 8	Definition of Material[6]
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement[2]
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to IAS 28	As part of the Annual Improvements to IFRSs 2014-2016 Cycle[1]
Amendments to IAS 40	Transfers of Investment Property[1]
Amendments to IFRSs	Annual Improvements to IFRSs 2015-2017 Cycle[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2021
5 Effective for business combination for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

Except for the new IFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRSs and Interpretations will have no material impact on the consolidated financial statements in the foreseeable future.

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 camps provided to students, (iii) fees from renting educational books to students, and (iv) sales of goods and educational materials to students, less returns, discounts, and sales related tax.

The Group is mainly engaged in international school education in the PRC. The Group's chief operating decision maker 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:

	2018	2017
	RMB'000	*RMB'000*
Tuition and boarding fees	**1,108,733**	877,596
Others	**232,534**	205,586
	1,341,267	1,083,182

Major customers

No single customer contributes 10% or more of total revenue of the Group for the years ended 31 August 2018 and 2017.

Geographical information

The Group primarily operates in the PRC. Except an investment property located in the Republic of Singapore ("**Singapore**") with the carrying amount of RMB332,592,000 as at August 31, 2018 (2017: RMB326,842,000), substantially most of the non-current assets of the Group are located in the PRC.

4. INVESTMENT AND OTHER INCOME

	2018	2017
	RMB'000	*RMB'000*
Interest income from pledged bank deposits and term deposits	**25,054**	23,848
Rental income from investment properties	**15,054**	14,124
Government grant	**5,166**	5,906
Dividend income from held for trading investments	**2,934**	140
Interest income from wealth management products	**1,008**	–
Others	**5,045**	1,021
	54,261	45,039

5. OTHER GAINS AND LOSSES

	2018	2017
	RMB'000	*RMB'000*
Reversal of other payables	**56,847**	38,915
(Loss) gain from changes in fair value of held for trading investments	**(12,853)**	3,497
Net foreign exchange gain	**31,754**	2,601
Gain on disposal of property and equipment	**151**	827
Others	**(186)**	2,828
	75,713	48,668

6. TAXATION

	2018	2017
	RMB'000	*RMB'000*
The charge comprises		
PRC Enterprise Income Tax ("**EIT**")	**29,348**	27,216
Deferred tax	**(19,872)**	(277)
	9,476	26,939

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

	2018	2017
	RMB'000	*RMB'000*
Profit before taxation	**547,879**	440,662
Tax at PRC EIT rate of 25%	**136,970**	110,165
Tax effect of preferential tax rate granted	**(5,410)**	(4,072)
Tax effect of tax loss not recognised	**5,798**	3,738
Utilisation of tax loss previously not recognised	**(2,991)**	(1,014)
Tax effect of income not taxable for tax purposes	**(253,435)**	(209,459)
Tax effect of expenses not deductible for tax purposes	**128,544**	127,581
Tax charge for the year	**9,476**	26,939

The Company was incorporated in the Cayman Islands and Maple Leaf Educational Systems Limited ("**Maple BVI**") was incorporated in the BVI. Both are tax exempted as no business is carried out in the Cayman Islands and the 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 the years ended 31 August 2018 and 2017.

Taxation arising in other jurisdiction is calculated as the rates prevailing in the relevant jurisdictions.

Dalian Beipeng Educational Software Development Inc. ("**Beipeng Software**") is entitled to High and New Technology Enterprise ("**HNTE**") status starting from the calendar year of 2017. Beipeng Software is eligible for a preferential enterprise income tax rate of 15% starting from the calendar year of 2017. The HNTE status is valid for three years, and may be renewed at the end of three years.

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 preferential tax treatment as public schools. Dalian Maple Leaf International School, Dalian Maple Leaf International School (Middle School and Elementary School), Tianjin Teda 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, Shanghai Maple Leaf International School, Yiwu Maple Leaf International School affiliated School, Zhejiang Yiwu Maple Leaf International School, Hainan Maple Leaf International School, Huzhou Maple Leaf International School, Henan Maple Leaf International School and Xian Maple Leaf International School have been granted enterprise income tax exemption for the tuition income from relevant local tax bureaus.

During the year ended 31 August 2018, non-taxable tuition income was RMB1,013,739,000 (2017: RMB837,835,000), and the related expense of RMB498,873,000 (2017: RMB364,867,000) was not deductible.

As at 31 August 2018, the Group had unused tax loss of RMB35,379,000 (2017: RMB29,106,000) available for offset against future taxable profits. No deferred tax assets have been recognised in respect of such tax losses due to the unpredictability of future taxable profit streams. As of 31 August 2018, tax losses of RMB35,379,000 (2017: RMB29,106,000) will expire in various years before 2023 (2017: 2022).

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 RMB2,036,227,000 at 31 August 2018 (2017: RMB1,480,218,000) 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.

7. PROFIT FOR THE YEAR

	2018	2017
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging (crediting):		
Staff costs, including directors' remuneration		
– salaries and other allowances	**512,400**	408,434
– retirement benefit scheme contributions	**24,632**	19,983
– share-based payments	**56,924**	23,644
Total staff costs	**593,956**	452,061
Gross rental income from investment properties	**(15,054)**	(14,124)
Less:		
Direct operating expenses incurred for investment properties that generated rental income during the year (included in administrative expenses)	**1,525**	2,205
Net rental income	**(13,529)**	(11,919)
Depreciation of property and equipment	**60,685**	47,396
Amortisation of prepaid lease payments	**5,823**	4,771
Depreciation of investment properties	**3,789**	3,795
Amortisation of books for lease	**2,347**	2,610
Amortisation of intangible assets	**1,141**	595
Auditors' remuneration	**2,680**	2,600

8. DIVIDENDS

During the year ended 31 August 2018, a final dividend of HK$4.3 cents (equivalent to approximately RMB3.5 cents) per share (total dividend of RMB104,423,000) in respect of the year ended 31 August 2017 and an interim dividend of HK$4.0 cents (equivalent to approximately RMB3.3 cents) per share (total dividend of RMB96,162,000) in respect of the six months period ended 28 February 2018 were paid to the shareholders of the Company and the trustee holding the shares under the Share Award Scheme.

During the year ended 31 August 2017, a final dividend of HK$2.9 cents (equivalent to approximately RMB2.6 cents) per share (total dividend of RMB69,792,000) in respect of the year ended 31 August 2016 and an interim dividend of HK$3.0 cents (equivalent to approximately RMB2.7 cents) per share (total dividend of RMB73,109,000) in respect of the six months period ended 28 February 2017 were paid to the shareholders of the Company and the trustee holding the shares under the Share Award Scheme.

A final dividend of HK$5.1 cents (equivalent to approximately RMB4.5 cents) per share in respect of the year ended 31 August 2018 has been proposed by the Directors and is subject to approval by the shareholders at the forthcoming annual general meeting of the Company.

The number of shares adopted in the calculation of the dividend for the year ended 31 August 2018 and 2017 has been retrospectively adjusted to reflect the Share Subdivision which became effective on 9 July 2018.

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share for the year ended 31 August 2018 and 2017 were based on the following data:

	2018 *RMB'000*	2017 *RMB'000*
Earnings:		
Earnings for the purpose of basic and diluted earnings per share (Profit for the year attributable to owners of the Company)	**542,830**	410,476

	2018 Number of shares'*000*	2017 Number of shares'*000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,853,896**	2,680,185
Effect of dilutive potential ordinary shares:	**5,070**	5,260
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,858,966**	2,685,445

The number of shares adopted in the calculation of the basic earnings per share and the diluted earnings per share for the year ended 31 August 2018 and 2017 has been retrospectively adjusted to reflect the Share Subdivision which became effective on 9 July 2018.

The number of shares adopted in the calculation of the basic earnings per share for the year ended 31 August 2018 and 2017 has been arrived after eliminating the ungranted or unvested shares of the Company held under the Share Award Scheme.

10. INVESTMENT PROPERTIES

	RMB'000
COST	
At 1 September 2016	18,675
Additions	333,685
Exchange adjustments	(3,676)
At 31 August 2017	348,684
Exchange adjustments	9,092
At 31 August 2018	357,776
DEPRECIATION	
At 1 September 2016	7,107
Provided for the year	3,795
Exchange adjustments	(16)
At 31 August 2017	10,886
Provided for the year	3,789
Exchange adjustments	165
At 31 August 2018	14,840
CARRYING VALUES	
At 31 August 2018	342,936
At 31 August 2017	337,798

The fair value of the Group's investment properties at 31 August 2018 is RMB372,674,000 (2017: RMB363,582,000). The fair value has been arrived at based on a valuation carried out by Debenham Tie Leung Limited ("**DTZ**") and Savills Valuation And Professional Service (S) Pte Ltd. ("**Savills**"). DTZ is a member of the Hong Kong Institute of Surveyors and Savills is a member of the Singapore Institute of Valuers and Surveyors. Both DTZ and Savills are independent valuers not connected with the Group. The valuation was determined by capitalising the rental income derived from the existing tenancies with due provision for the reversionary income potential of the property interests. The key inputs are term capitalisation rate and market unit rent of individual unit.

There has been no change from the valuation technique used in the prior year. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Details of the Group's investment properties and information about the fair value hierarchy are as follows:

	Carrying value	**Level 3 Fair value**
	RMB'000	*RMB'000*
Commercial property units located in the PRC		
At 31 August 2018	10,344	33,000
At 31 August 2017	10,956	33,000
Commercial property units located in Singapore		
At 31 August 2018	332,592	339,674
At 31 August 2017	326,842	330,582

The above investment properties are depreciated on a straight-line basis at 1% and 3.2% per annum, respectively. The Group's investment properties are situated on land in the PRC and Singapore, the investment properties located in Singapore have been pledged to secure banking borrowing of the Group.

11. PLEDGED BANK DEPOSITS

	31/8/2018	31/8/2017
	RMB'000	*RMB'000*
Deposits pledged for banking facilities	**245,000**	245,000
Analysed for reporting purposes as:		
Current assets disclosed as pledged bank deposits	**113,000**	–
Non-current assets disclosed as pledged bank deposits	**132,000**	245,000
	245,000	245,000

The amount represents bank deposits pledged to banks as security for certain banking facilities granted to the Group.

Dalian Educational Group, a subsidiary of the Company, entered into a banking facility agreement with Bank of China on 17 November 2016. Bank deposits of RMB113,000,000 placed with the bank at the interest rate of 2.63% per annum is pledged with the bank for a period of two years.

Dalian Educational Group entered into another banking facility agreement with United Overseas Bank on 23 August 2016. Bank deposits of RMB132,000,000 placed with the bank at the interest rate of 2.61% per annum is pledged with the bank for a period of four years.

12. BANK BALANCES AND CASH

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

As at 31 August 2018, the Group's bank deposits carry interest at market rates which range from 0.30% to 2.5% per annum (31 August 2017: 0.30% to 2.6% per annum).

At the end of each year, included in bank balances are the following amounts denominated in currencies other than the functional currency of the relevant group entities to which they relate.

	31/8/2018	31/8/2017
	RMB'000	*RMB'000*
Currency:		
Hong Kong dollar ("**HK$**")	**609,966**	119,889
United States dollar ("**USD**")	**245,779**	10,557
Canadian dollar ("**CAD**")	**13,226**	14,674
Singapore dollar ("**SGD**")	**2,748**	3,191
Australian dollar ("**AUD**")	**15**	–
	871,734	148,311

13. DEFERRED REVENUE

	31/8/2018	31/8/2017
	RMB'000	*RMB'000*
Tuition and boarding fees	**1,111,033**	957,263
Others	**57,840**	51,085
	1,168,873	1,008,348

14. OTHER PAYABLES AND ACCRUED EXPENSES

	31/8/2018	31/8/2017
	RMB'000	*RMB'000*
Miscellaneous expenses received from students *(Note)*	**181,865**	185,127
Payables for purchase of property and equipment	**96,275**	97,266
Deposits received from students	**17,920**	20,402
Accrued payroll	**21,234**	19,949
Contingent consideration in business combination	**4,600**	–
Acquisition consideration payable	**9,076**	–
Other tax payables	**12,354**	11,740
Payables for purchase of goods	**2,882**	4,400
Prepayment from lessee	**4,346**	3,676
Payable for land use right	**3,000**	3,000
Accrued operating expenses	**6,130**	1,925
Others	**39,770**	35,144
	399,452	382,629

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

15. BORROWINGS

	31/8/2018	31/8/2017
	RMB'000	*RMB'000*
Secured bank borrowings	**431,338**	424,146
The carrying amounts of the above borrowings are repayable:		
Within one year	**224,537**	116,981
Within a period of more than one year but not exceeding two years	**4,795**	101,232
Within a period of more than two years but not exceeding five years	**202,006**	205,933
	431,338	424,146
Less: Amounts due within one year shown under current liabilities	**(224,537)**	(116,981)
Amounts shown under non-current liabilities	**206,801**	307,165

Note: During the financial year ended 31 August 2017, the Group obtained bank loans amount to SGD67,303,000 (equivalent to RMB330,833,000) and HK$120,000,000 (equivalent to RMB106,559,000). The bank loans are secured by pledged deposits of RMB245,000,000 of Dalian Educational Group, mortgaged over investment property of RMB326,842,000, existing and future legal assignment of rental proceeds, rental deposits and other rights of Maple Leaf Education Hillside Pte. Limited ("**Maple Hillside**"). The loans carry interest at variable interest rates from 1.32% to 3.34% (31 August 2017:1.14% to 2.77%) per annum.

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 2018 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. 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 today are well-educated and well-travelled, with an international vision. These parents consider studying in international schools as a pathway to overseas universities for their children. They realise the importance of an all-round education to the personal development of their children. These parents consider that international schools usually put more emphasis on critical thinking, advanced learning and the creativity of students and provide a joyful learning environment with pastoral care for 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 the global economy is becoming more and more important. Therefore, if their children receive a bilingual education in China, followed by university studies in an English-speaking country, their children will be better equipped with the language and cultural skills that can open the doors to better job opportunities in China and internationally.

Although China's economy may not grow as quickly as in previous years, the slower pace of the growth has not reduced the desire of middle-class parents to send their children to bilingual international schools as they generally believe that a high-quality education is a worthwhile 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 only allowed to provide preschool to grade 12 ("**K-12**") education to children of foreign nationals who have permits for residence in China. These schools are not allowed to enrol the children of Chinese 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 are primarily intended for Chinese nationals and are also allowed to enrol foreign nationals. They are formed through cooperation between Chinese educational institutions and foreign educational institutions, the latter of which can only own less than 50% of the joint venture. These Sino-foreign joint ventures cannot own or operate middle and elementary schools.

3. Domestic Chinese-owned schools are permitted to provide a foreign curriculum in high school (grade 10 to 12) and are able to enrol children of both Chinese nationals and foreign nationals. However, these schools must provide the Chinese compulsory curriculum at middle school (grade 7 to 9) and elementary school (grade 1 to 6) levels. There is no mandatory national curriculum at preschool level.

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

The Group's Market Position

With over 23 years' experience in operating international schools in China, the Group is one of the leading international school operators in China in terms of student enrolment, offering a high quality, bilingual K-12 education combining the merits of both Western and Chinese educational philosophies. The Group's high schools are certified by both the Ministry of Education of British Columbia, Canada ("**BC**") and the Chinese educational authorities, which allow the Group's graduates to receive both a fully accredited BC diploma and a Chinese diploma. Furthermore, all of the Group's high schools and Maple Leaf Educational Systems have been accredited by AdvancED, the largest school accreditation agency in the United States of America. The Group's middle and elementary schools provide Chinese compulsory education with English enhancement classes to the Group's students. The Group's preschools provide a game-based, bilingual curriculum designed and developed by Maple Leaf Educational Systems Limited.

The Group's schools charge affordable and competitive tuition fees. The Group targets 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, most of which are located in second and third-tier cities in China (With the exception of Shanghai and Shenzhen being first-tier cities).

BUSINESS REVIEW

The 2017/2018 school year was the third 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 2017/2018 school year, the Group's student enrolment was 33,478, which exceeded the expected target student enrolment set for the 2017/2018 school year under the Fifth Five-year Plan.

In 2015/2016 school year, the Group first launched its MLES Global Top 100 University Guide ("**MLES Guide**") based on well recognized international rankings, such as QS, US News and MacLean's. The Group believes that the MLES Guide is suitable for the majority of its students who aim for English-language universities. For the year ended 31 August 2018, the Group had 2,146 high school graduates, 99 of whom received offers from top 10 universities in the world, including Imperial College London and University College London, while 1,481 graduates, being more than 69.0% of the total, received offers from at least one of the MLES Global Top 100 universities.

Revenue

	Year ended 31 August			
	2018	**% of**	2017	% of
	RMB'000	**Total**	*RMB'000*	Total
Tuition fees				
– High school	**531,340**	**39.6**	468,171	43.2
– Middle school	**190,010**	**14.2**	163,779	15.1
– Elementary school	**311,981**	**23.2**	189,660	17.5
– Preschool	**50,438**	**3.8**	35,894	3.3
– Foreign national school	**24,964**	**1.9**	20,092	1.9
	1,108,733	**82.7**	877,596	81.0
Textbooks	**44,161**	**3.3**	38,379	3.5
Summer and winter camps	**50,672**	**3.8**	54,330	5.1
Other educational services	**47,812**	**3.6**	45,718	4.2
Others	**89,889**	**6.6**	67,159	6.2
Total	**1,341,267**	**100**	1,083,182	100

For the year ended 31 August 2018, tuition fees remained the major revenue contributor. The proportion of high school tuition fees for the year ended 31 August 2018 decreased while the respective proportion of middle and elementary school tuition fees increased, largely due to the revenue contribution from the newly opened 6 middle schools and 9 elementary schools in the 2017/2018 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 2017/2018 school year, the Group's high schools charged tuition fees ranging between RMB49,000 and RMB198,000. Tuition fees increased by RMB231.1 million or 26.3%, primarily due to an increase in student enrolment and an increase in the tuition fee rates charged for the new students enrolled in certain schools for the 2017/2018 school year.

Revenue from others increased by RMB26.9 million, primarily due to an increase in provision of school uniforms and an increase in providing other services.

Student Enrolment

	At the end of school year			
	2017/2018	**% of Total**	2016/2017	% of Total
High school	**8,987**	**26.8**	8,948	34.3
Middle school	**6,156**	**18.4**	5,282	20.2
Elementary school	**14,704**	**43.9**	8,912	34.2
Preschool	**3,264**	**9.8**	2,659	10.2
Foreign national school	**367**	**1.1**	287	1.1
Total number of students enrolled	**33,478**	**100**	26,088	100

The total number of students enrolled at the end of the 2017/2018 school year increased by 7,390, or 28.3%, of which 62.2% came from the new schools opened in the 2017/2018 school year, while the remaining growth came from existing schools.

At the end of the 2017/2018 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 6 middle schools and 9 elementary schools in the 2017/2018 school year. This was in line with the Group's strategic objective of increasing the capacity of the Group's middle schools for the Group's high schools, improving the preparedness of high school entrants and reducing the need for student intake outside the Maple Leaf system.

Average Tuition Fee per Student

	For the year ended 31 August	
	2018	2017
Tuition fees *(RMB'000)*	**1,108,733**	877,596
Average student enrolment*	**29,783**	22,711
Average tuition fee per student# *(RMB'000)*	**37.2**	38.6

* Average student enrolment 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 enrolment.

Average tuition fee per student slightly decreased by approximately 3.6%, primarily due to the impact of relatively lower tuition fee charged and a large number of student enrolled in the acquired Haikou schools.

The Group's Schools

22 new schools were added to the Group's school network for the year ended 31 August 2018, including a middle school and an elementary school and a preschool in Huzhou, Zhejiang Province, a middle school and an elementary school and a preschool in Liangping, Chongqing, a middle school and an elementary school and a preschool in Weifang, Shandong Province, a middle school and an elementary school in Dalian, Liaoning Province, a high school in Xi'an, Shaanxi Province, an elementary school in Yancheng, Jiangsu Province, a high school in Richmond, B.C. Canada, and through acquisition, a middle school, 3 elementary schools and a preschool in Haikou, Hainan Province, a high school, a middle school and an elementary school in Shenzhen, Guangdong Province.

As at 31 August 2018, the Group had 82 schools located in 21 cities in China and Canada, namely Dalian, Wuhan, Tianjin, Chongqing, Zhenjiang, Luoyang, Ordos, Shanghai, Pingdingshan, Jingzhou, Yiwu, Huai'an, Pinghu, Xi'an, Haikou, Weifang, Huzhou, Yancheng, Shenzhen, Kamloops and Richmond. The following table shows a summary of the Group's schools by category as at the end of the two financial years:

	As at 31 August	
	2018	2017
High schools	**13**	10
Middle schools	**22**	16
Elementary schools	**24**	15
Preschools	**20**	16
Foreign national schools	**3**	3
Total	**82**	60

Utilisation of the Group's Schools

The Group's utilisation rate is calculated as the number of students enrolled divided by the physical capacity for a given school. Except for the Group's preschools and foreign national schools, all of the Group's 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 the Group's foreign national schools, the capacity for students is calculated based on the number of desks in their classrooms. For the Group's preschools, the capacity for students is calculated based on the number of beds used for naps in the schools. As a general rule, a new school takes some time to build its utilisation rate, especially at the high school level.

	As at the end of school year	
	2017/2018	2016/2017
Total number of students enrolled	**33,478**	26,088
Total capacity	**51,715**	38,660
Overall utilisation	**64.7%**	67.5%

Total capacity for students increased primarily due to the addition of 22 new schools at the commencement of the 2017/2018 school year. The decrease in the overall utilisation rate was due to a significant increase in the Group's capacity as the result of the opening of 22 new schools with more than 13,000 additional beds/desks.

The Group's Teachers

	As at the end of school year	
	2017/2018	2016/2017
Total number of teachers	**2,955**	2,288

The Group's student-teacher ratio is around 11:1 and remained relatively stable in the 2017/2018 school year compared to 2016/2017. The total number of teachers increased mainly because more PRC-certified teachers were recruited for the new openings of 3 high schools, 6 middle schools, 9 elementary schools and 4 preschools in the 2017/2018 school year. As at the end of the 2017/2018 school year, the Group had approximately 397 BC-certified teachers compared to 356 at the end of the 2016/2017 school year.

In the 2017/2018 school year, there was no material increase in the salary rates of the Group's teachers.

RECENT BUSINESS UPDATE

Growth in Student Enrolment as at 15 October 2018

	As at 15 October		Change	Percentage Change
	2018	2017		
Total number of students enrolled	**36,564**	28,111	+8,453	+30.1%

The financial year of the Group ends on 31 August each year, while its school year normally runs from the beginning of September each year to the middle of July in the next year and each school year is divided into two terms. The number of students enrolled may vary from time to time in each school year. The above student enrolment numbers at 15 October represent unaudited internal statistics of the total number of students enrolled in the first term in the relevant school year for comparison purpose only.

According to the Group's experience, the Group expects that student enrolment will further increase in the second half of the 2018/2019 school year because some new students are admitted in the second term.

New Schools Opened in China in September 2018

As of 30 September 2018, the Group opened the following 10 new schools in China, the total number of schools increased to 92.

City	Number of schools	Category of schools	Estimated Student Capacity
Xiangyang, Hubei Province	7	Preschools	2,000
Wuhan, Hubei Province	1	Preschool	100
Yancheng, Jiangsu Province	2	High school and middle school	1,650

Yancheng schools were developed using an asset light model, Wuhan school was developed at self-owned campus and Xiangyang schools were developed through acquisition.

Acquisitions in Shenzhen

On 14 December 2017, the Group entered into a share purchase agreement with Yisidun International Education Investment (Shenzhen) Co., Ltd.*(伊思頓國際教育投資（深圳）有限公司) (the "**Shenzhen Company**") in relation to the acquisition of 55% equity interest (the "**Shenzhen Acquisition**") in the Shenzhen Company at a total consideration of RMB89,045,000 (equivalent to approximately HK$104,921,724). The Shenzhen Company owns 100% of the equity interest in the Shenzhen Yisidun Longgan School*(深圳市伊思頓龍崗書院). The Shenzhen Acquisition was completed in January 2018. This is the Group's first Maple Leaf school in Shenzhen as well as Guangdong Province which 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-Hong Kong-Macau Greater Bay Area in the future. For details of Shenzhen Acquisition, please refer to the Company's announcement dated 14 December 2017.

Acquisitions in Haikou

On 25 January 2018, the Group entered into a share purchase agreement (the "**Meishe Qianyan Agreement**") with Haikou Meishe Jiaohui Educational Technology Co., Ltd.* (海口美舍交慧教育科技有限公司) ("**Meishe Jiaohui**") and Haikou Meishe Qianyan Educational Management Co., Ltd.* (海口美舍前沿教育管理有限公司) ("**Meishe Qianyan**") in relation to the acquisition of 100% equity interest in Meishe Qianyan at a total consideration of RMB90,000,000 (equivalent to approximately HK$110,415,900) (subject to any adjustment as set out in the Meishe Qianyan Agreement).

Meishe Jiaohui is primarily engaged in the investment in and management of education business. Meishe Qianyan is a company established in the PRC with limited liability and principally engaged in the operation of Haikou Meishe School* (海口美舍學校) ("**Meishe School**"), a boarding school providing elementary and middle school service located in Haikou City in Hainan Province, which is a private non-enterprise organization wholly-owned by Meishe Qianyan. Meishe School has an enrolment of approximately 1,550 students.

On 25 January 2018, the Group entered into a share purchase agreement (the "**Meiwen Qianyan Management Agreement**") with Haikou Meiwen Qianyan Educational Technology Co., Ltd.* (海口美文前沿教育科技有限公司) ("**Meiwen Qianyan Technology**") and Haikou Meiwen Qianyan Educational Management Co., Ltd.* (海口美文前沿教育管理有限公司) ("**Meiwen Qianyan Management**") in relation to the acquisition of 100% equity interest in Meiwen Qianyan Management at a total consideration of RMB30,000,000 (equivalent to approximately HK$36,805,300) (subject to any adjustment as set out in the Meiwen Qianyan Management Agreement).

Meiwen Qianyan Technology is primarily engaged in the investment in and management of education business. Meiwen Qianyan Management is a company established in the PRC with limited liability and principally engaged in the operation of Haikou Meiwen School* (海口美文學校) ("**Meiwen School**"), a boarding school providing elementary school service located in Haikou City in Hainan Province, which is a private non-enterprise organization wholly-owned by Meiwen Qianyan Management. Meiwen School has an enrolment of approximately 950 students.

On 25 January 2018, the Group entered into a share purchase agreement (the "**Changchunteng Qianyan Agreement**") with Haikou Changyu Educational Technology Co., Ltd.* (海口常育教育科技有限公司) ("**Changyu**") and Haikou Changchunteng Qianyan Educational Management Co., Ltd.* (海口常春藤前沿教育管理有限公司) ("**Changchunteng Qianyan**") in relation to the acquisition of 100% equity interest in Changchunteng Qianyan at a total consideration of RMB15,000,000 (equivalent to approximately HK$18,402,650) (subject to any adjustment as set out in the Changchunteng Qianyan Agreement).

Changyu is primarily engaged in the investment in and management of education business. Changchunteng Qianyan is a company established in the PRC with limited liability and principally engaged in the operation of Haikou Changchunteng Kindergarten* (海口常春藤幼兒園) ("**Changchunteng Kindergarten**"), a kindergarten located in Haikou City in Hainan Province, which is a private non-enterprise organization wholly-owned by Changchunteng Qianyan. Changchunteng Kindergarten has an enrolment of approximately 250 students.

On 25 January 2018, the Group entered into a share purchase agreement (the "**Meihua Qianyan Agreement**") with Haikou Meizhi Huakong Educational Technology Co., Ltd.* (海口美智華控教育科技有限公司) ("**Meizhi Huakong**") and Haikou Meihua Qianyan Educational Management Co., Ltd.* (海口美華前沿教育管理有限公司) ("**Meihua Qianyan**") in relation to the acquisition of 100% equity interest in Meihua Qianyan at a total consideration of RMB10,000,000 (equivalent to approximately HK$12,268,433) (subject to any adjustment as set out in the Meihua Qianyan Agreement).

Meizhi Huakong is primarily engaged in the investment in and management of education business. Meihua Qianyan is a company established in the PRC with limited liability and principally engaged in the operation of Haikou Meihua School* (海口美華學校) ("**Meihua School**"), a boarding school providing elementary school service located in Haikou City in Hainan Province, which is a private non-enterprise organization wholly-owned by Meihua Qianyan. Meihua School has an enrolment of approximately 510 students.

On 25 January 2018, the Group entered into a share purchase agreement (the "**Meicheng Qianyan Agreement**") with Haikou Meicheng Zhishu Educational Technology Co., Ltd.* (海口美成智術教育科技有限公司) ("**Meicheng Zhishu**") and Haikou Meicheng Qianyan Educational Management Co., Ltd.* (海口美成前沿教育管理有限公司) ("**Meicheng Qianyan**") in relation to the acquisition of 100% equity interest in Meicheng Qianyan at a total consideration of RMB5,000,000 (equivalent to approximately HK$6,134,217) (subject to any adjustment as set out in the Meicheng Qianyan Agreement).

Meicheng Zhishu is primarily engaged in the investment in and management of education business. Meicheng Qianyan is a company established in the PRC with limited liability and principally engaged in the operation of Haikou Youth Service Center* (海口市青少年服務中心) ("**Youth Center**"), a youth service center located in Haikou City in Hainan Province, which is a private non-enterprise organization wholly-owned by Meicheng Qianyan. Youth Center has a capacity of providing training courses to students 10,000 times per year.

Upon completion of the aforementioned acquisitions, the Group will assume operation of Meishe School, Meiwen School, Changchunteng Kindergarten, Meihua School and Youth Center in Haikou City, Hainan Province. This provides an opportunity for the Group to strengthen its strategic presence and to build brand awareness in Hainan province and lay a solid foundation for the Hainan educational district. For details of these acquisitions, please refer to the Company's announcement dated 25 January 2018. As at the date of this announcement, these acquisitions have been completed.

Acquisition in Xiangyang

On 29 August 2018, the Group entered into two separate agreements with Shanghai Pengxing Enterprise Management Consulting Service Partnership (Limited Partnership)* (上海鵬星企業管理諮詢服務合夥企業(有限合夥)) ("**Vendor A**") and Shanghai Pengyue Enterprise Management Consulting Partnership (Limited Partnership)* (上海鵬躍企業管理諮詢合夥企業(有限合夥)) ("**Vendor B**") in relation to the acquisition of 100% equity interest in Xiangyang Junpeng Education Consulting Company Limited* (襄陽君鵬教育諮詢有限公司) (the "**Xiangyang Company**") at a total consideration of RMB130,000,000 (equivalent to approximately HK$149,903,000) (subject to any adjustment as set out in the agreements). As at the date of the acquisitions, Vendor A and Vendor B each owns 50% of the equity interest in the Xiangyang Company respectively. The Xiangyang Company wholly owns seven kindergartens (the "**Kindergartens**") with student enrollment of approximately 1,380 and three owned campuses of 5,120 sqm, located in Xiangyang City, Hubei Province, PRC.

Upon completion of the above acquisitions, the Group will assume operation of the Kindergartens in Xiangyang City. With the Group's elementary school in Xiangyang City expected to be opened in September 2019, which will be operated in cooperation with the local government, the Kindergartens would help the Group to secure a steady source of students for the elementary school. The above acquisition also provide an opportunity for the Group to build brand awareness in a developing city and to further expand its school network in Hubei Province. The addition of the Kindergartens to the Group's school network will create synergies with the elementary school and thereby enhance the profitability of the Group and strengthen its position in the education industry in China. As at the date of this announcement, the acquisitions have not been completed.

FUTURE DEVELOPMENT

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

The school year of 2017/2018 is the third year of the Group's Fifth Five-year Plan. In order to achieve the amended target student enrolment of over 45,000 by the end of the 2019/2020 school year under the Fifth Five-year Plan, the Group will continue to work towards the Group's strategic expansion from stand-alone schools to educational parks and from educational parks to school districts in China. During 2017/2018 school year, the Group's Hainan Maple Leaf Educational School District was established. The Group expects to set up three more educational districts in Liaoning, Wuhan and Tianjin at the end of the Fifth Five-year Plan.

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 to achieve high utilisation rates in both PRC and overseas. The enforcement of the amended Law for Promoting Private Education and the two-child policy creates a good opportunity for the vigorous growth of student enrolment.

Expansion of Student Capacity for Self-owned School Campus

Driven by strong student placement, Wuhan campus was overall fully utilised as at 30 September 2018. Before the commencement of the 2018/2019 school year, the Group completed the construction of additional teaching buildings in order to expand the corresponding capacity for students and capacity for 1,000 students is expected to be added at the commencement of the 2020/2021 school year in Wuhan.

New Schools' Development under Pipeline in China

The Group is under negotiations with local government or other entities for opening more asset-light schools in China. The Group is planning to open high schools in more first-tier cities, including Beijing, and is exploring some relevant potential opportunities to open middle and elementary schools in second and third-tier cities.

Overseas Expansion

Overseas expansion is part of the Group's long-term growth strategy. The Group believes that a global presence of Maple Leaf brand schools will definitely help the Group's student intake in China as Chinese parents recognise that Maple Leaf is able to offer a broader array of educational 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, Australia and Southeast Asia. Accordingly, the Group will explore opportunities for opening more Maple Leaf brand bilingual schools outside mainland China such as Canada, Southeast Asia and Hong Kong, where there is a demand for blending the best of Western and Chinese cultures.

Following the release of the PRC Government's strategic paper titled "Vision and Actions on Jointly Building the Silk Road Economic Belt and 21st Century Maritime Silk Road", and that of the Ministry of Education titled "Jointly Building the Belt and Road", the Group has completed a feasibility report (currently version 2.0), on the establishment of Maple Leaf International Schools along the Belt and Road, and is now actively exploring this concept with relevant government agencies, think tanks and investment groups for the purpose of determining whether there are opportunities for forming partnerships. The Group believes that with its unique advantages in having both English and Chinese curricula, and both ESL and CSL programs, it is well positioned to meet the demand for quality international K-12 education along the Belt and Road.

Upon graduation from the Group's high schools, Maple Leaf students are admitted into a wide range of international universities principally in Canada, Australia, the United Kingdom, the United States and Switzerland. The Group opened a second Maple Leaf University School on the campus of Kwantlen Polytechnic University in Richmond, BC, in September 2017.

As interest to study in Australia among the Group's students has increased rapidly, on 27 March 2018, the Group signed an agreement with the University of South Australia ("**UniSA**") to establish the first Maple Leaf University School in Australia. Maple Leaf University School is expected to be opened in February 2019 at Mawson Lakes Campus of UniSA. UniSA is one of the leading universities in Australia and is ranked among the Top 50 young universities worldwide by both QS and Times Higher Education.

Project New Sprouts

Ensuring an adequate supply of quality school principals is a critical element for success in the Group's expansion process. In this regard, the Group has maintained strategic cooperative collaboration 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 the Group's schools recruit their master degree graduates with outstanding performance as the Group's trainee principals. After two years study and on-the-job practicum, 12 successful trainees have been appointed for various positions at Maple Leaf middle and/or elementary schools.

MLES Future STEM Teacher Program

In collaboration with Thompson Rivers University and Lakehead University in Canada, and UniSA in South Australia, certain graduates from the Group's high schools who meet the university requirements will be trained to earn their university degrees and their BC teaching certificates. These graduates will be recruited and compensated by the Group's high schools as BC-certified teachers once they have obtained the required qualifications. This will provide an additional source of recruitment of BC-certified teachers to meet the future demand from the Group's high schools.

Other Talent Strategies

Two-year in-service training is an important platform for the Group's executives' continuous development. This continuous training program nurtured a large number of outstanding executives, including school principals, for the Group. The Maple Leaf "1+5" leadership team equips and operates new Maple Leaf schools with the Group's new model and new experience. The Educational Management and Leadership Master's Program at Royal Roads University enables executive candidates to embark on management careers and take on greater responsibilities in Maple Leaf in the future. The first two cohorts have successfully completed this program and the third cohort is being actively recruited across the Group.

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 inside and outside China and provide quality educational services to the society.

OTHER UPDATE

Latest Development of the Implementation Rules for the Law for Promoting Private Education

Interpretation of the major terms of the Draft for Review

On 10 August 2018, the Ministry of Justice issued the "Implementation Rules for the Law for Promoting Private Education of the People's Republic of China (Revised Draft) (Draft for Review)" (《中華人民共和國民辦教育促進法實施條例（修訂草案）（送審稿）》) (the "**Draft for Review**") for public consultation. The Draft for Review outlines the detailed implementation measures for the top-level design of the classified management system of the higher level law of the Law for Promoting Private Education, which helps to regulate and facilitate the classified management, classified support and classified development of the private education in China, with an aim to promoting the distinctive and quality development of the private education by catering to the diversified and selective demands of different families for education in the new era.

The Draft for Review proposes certain restrictive measures such as "contractual arrangements", "education groups" and "related transactions" to protect the legitimate interests and rights of the non-profit schools, particularly safeguarding the property interest of the non-profit schools and preventing the improper transfer of the operation revenue of the non-profit schools. These restrictive regulations represent the acknowledgement of the objective existence of "education groups" and "related transactions" by the government, and also set out regulatory principles without detailed regulatory measures, which shall be implemented by the local governments through system innovation according to the development of their respective local economy and private education after the passing of the Implementation Rules.

While strengthening the regulation of the private schools, the Draft for Review specifies that private schools shall be entitled to tuition fee autonomy and tax preference policies enjoyed by the public schools, which will be beneficial to the operation of schools operated by entities under the listed education groups. The new law allows the private schools to enroll students from various regions after filing with the relevant authorities, which will not only enlarge the coverage of recruitment regions of the private schools but also enrich their student sources, contributing to the increase of the number of enrolled students of such schools.

The Draft for Review proposes classified reform on existing private schools, which shall be conducted in a smooth and orderly manner after taking into consideration of the history and actual situation of such schools.

After the issue of the Draft for Review on 10 August, some local governments such as Sichuan and Wenzhou have issued their own Local Implementation Rules for the Law for Promoting Private Education, with an aim to encouraging the expansion of resources to develop quality private education, enlarging the operation scale of the schools and realizing the group-oriented development of private schools, which represents the initial legislation intention by the state and local governments to encourage the healthy development of private education.

Maple Leaf Education sticking to the group-oriented development strategy in view of huge potential in the international education market

Maple Leaf Education always sticks to the strategy of rich connotation, brand image, distinctive characteristics as well as quality development, which is in line with the development guideline for private schools stipulated by the new law and new policies. With the further implementation of economic reform in China, international education plays an increasingly greater role in supporting the development of the city's economy. Maple Leaf Education expects to explore greater market potential in anticipation of increased market share of the international education.

For future development, Maple Leaf Education has basically completed the development layout for its "Fifth Five-Year Plan", and has made steady progress in overseas development. There is still room for improvement in the utilization of school resources within the Group, providing promising prospect for endogenous development. Endorsed by its sophisticated management system and curriculum system modes and stable school operation capability, Maple Leaf Group represents a favourable brand choice for cooperation with the government in school operation. The preschools under Maple Leaf Group stick to a distinctive and high-end development direction, in order to cater the diversified and selective demands of the society.

FINANCIAL REVIEW

Revenue

The Group derives revenue mainly from tuition fees for the Group's high schools, middle schools, elementary schools, preschools and foreign national schools, the sale and lease of textbooks and other educational materials to the Group's students, revenue from fees for the Group's summer and winter camps, revenue from other educational services and revenue from others including revenue from self-operated supermarkets, provision of school uniforms and fees from providing other services.

Total revenue of the Group increased by RMB258.1 million, or 23.8%, from RMB1,083.2 million for the financial year ended 31 August 2017 to RMB1,341.3 million for the financial year ended 31 August 2018. The increase was primarily due to an increase in revenue from tuition fees by RMB231.1 million and an increase in revenue from others by RMB26.9 million.

Revenue from tuition fees increased by 26.3% from RMB877.6 million for the financial year ended 31 August 2017 to RMB1,108.7 million for the financial year ended 31 August 2018, primarily due to an increase in student enrolment by 7,390 and an increase in tuition fee rates for the new students enrolled in certain schools. Revenue from others increased by 13.1% from RMB205.6 million for the financial year ended 31 August 2017 to RMB232.5 million for the financial year ended 31 August 2018, primarily due to an increase in provision of school uniforms and an increase in providing other services.

Cost of Revenue

The Group's cost of revenue consists primarily of staff costs, depreciation and amortisation, other training expenses and other costs. Staff costs consist of salaries and benefits paid to the Group's teachers and other teaching staff. Depreciation and amortisation relate to the depreciation of property and equipment and the amortisation of books for lease. Other training expenses relate to travel expenses and other expenses incurred in connection with the Group's summer and winter camps overseas. Other costs include the Group's daily expenses of operating the Group's schools and facilities, including the utility costs, the cost of furniture at the Group's schools, the cost of maintaining the Group's facilities, the cost of provision of school uniforms and the cost of inventories sold by self-operated supermarkets in the Group's schools.

Cost of revenue increased by RMB173.8 million, or 32.0%, from RMB543.3 million for the financial year ended 31 August 2017 to RMB717.2 million for the financial year ended 31 August 2018. The increase was largely due to an increase in teaching staff costs by RMB121.0 million, an increase in depreciation and amortization by RMB13.8 million, and an increase in other costs by RMB36.1 million.

Teaching staff costs increased by 35.8% from RMB337.9 million for the financial year ended 31 August 2017 to RMB458.9 million for the financial year ended 31 August 2018, primarily due to an increase in the number of teachers from 2,288 as at the end of the 2016/2017 school year to 2,955 as at the end of the 2017/2018 school year and an increase in share-based payments resulting from the grant of share awards to certain teaching staff during the year ended 31 August 2018. Depreciation and amortization increased from RMB48.9 million for the financial year ended 31 August 2017 to RMB62.7 million for the financial year ended 31 August 2018, primarily due to 22 new schools were added to the Group's school network for the year ended 31 August 2018. Other costs increased from RMB117.7 million for the financial year ended 31 August 2017 to RMB153.8 million for the financial year ended 31 August 2018, primarily attributable to an increase in the cost of provision of school uniforms.

Gross Profit

As a result of the foregoing, gross profit increased by 15.6% from RMB539.9 million for the financial year ended 31 August 2017 to RMB624.1 million for the financial year ended 31 August 2018. The Group's gross margin decreased from 49.8% for the financial year ended 31 August 2017 to 46.5% for the financial year ended 31 August 2018 mainly due to the increased teaching staff costs in percentage of revenue.

Investment and Other Income

Investment and other income consist mainly of interest income from pledged bank deposits and term deposits, rental income from investment properties and government grant. Investment and other income increased by 20.5% from RMB45.0 million for the financial year ended 31 August 2017 to RMB54.3 million for the financial year ended 31 August 2018. The increase was primarily attributable to an increase in dividends income from held for trading investments by RMB2.8 million due to better return gained from held for trading investments.

Other Gains and Losses

Other gains and losses consist primarily of net foreign exchange gain, loss from changes in fair value of held for trading investments and reversal of other payables. Other gains and losses increased by 55.6% from a gain of RMB48.7 million for the financial year ended 31 August 2017 to a gain of RMB75.7 million for the financial year ended 31 August 2018. The increase was primarily attributable to the combined effects of i) an increase in net foreign exchange gain by RMB29.2 million, ii) a loss from changes in fair value of held for trading investments of RMB12.9 million, and iii) an increase in a gain on the reversal of other payables by RMB17.9 million.

Marketing Expenses

The majority of marketing expenses comprises of commercials, and expenses for producing, printing and distributing advertising and promotional materials. Marketing expenses also include salaries and benefits for personnel engaged in sales and marketing activities. Marketing expenses remained stable for the financial year ended 31 August 2017 and 2018, and marketing expenses as a percentage of total revenue slightly increased from 2.7% for the year ended 31 August 2017 to 3.0% for the year ended 31 August 2018.

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 remained stable for the financial year ended 31 August 2017 and 2018. However, administrative expenses as a percentage of total revenue decreased from 14.3% for the financial year ended 31 August 2017 to 11.6% for the year ended 31 August 2018 as a result of the Group's effective cost control measures.

Finance Costs

Finance costs consist primarily of the interest expenses for the Group's bank borrowings and banking facilities. Finance costs increased from RMB8.0 million for the financial year ended 31 August 2017 to RMB10.6 million for the financial year ended 31 August 2018 as interest rate for the bank borrowings increased during the year ended 31 August 2018.

Profit before Taxation

As a result of the foregoing, the Group recorded a profit before taxation of RMB547.9 million for the financial year ended 31 August 2018 and RMB440.7 million for the financial year ended 31 August 2017. Profit before taxation as a percentage of revenue of the Group was 40.8% for the financial year ended 31 August 2018, compared to 40.7% for the financial year ended 31 August 2017.

Taxation

Income tax expense of the Group decreased from RMB26.9 million for the financial year ended 31 August 2017 to RMB9.5 million for the financial year ended 31 August 2018, mainly due to the reversal of the deferred tax liabilities which have been accrued in previous years. The effective tax rate of the Group for the financial years ended 31 August 2018 and 2017 was 1.7% and 6.1%, respectively.

Profit for the Year

As a result of the above factors, profit for the year of the Group increased by 30.1% from RMB413.7 million for the financial year ended 31 August 2017 to RMB538.4 million for the financial year ended 31 August 2018.

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 profit for the year to adjusted net profit for both financial years:

	Year ended 31 August	
	2018	2017
	RMB'000	*RMB'000*
Profit for the year	**538,403**	413,723
Add:		
Dividend income from held for trading investments	**(2,934)**	–
(Loss) gain from changes in fair value of held for trading investments	**12,853**	(3,497)
Government grant	**(5,166)**	(5,906)
Share-based payments	**56,924**	23,644
Adjusted net profit	**600,080**	427,964

Adjusted net profit margin increase from 39.5% for the year ended 31 August 2017 to 44.7% for the year ended 31 August 2018, primarily due to the combined effects of the increase in revenue and the decrease in administrative expenses as a percentage of revenue as mentioned above.

Capital Expenditures

For the year ended 31 August 2018, the Group paid RMB214.4 million for property and equipment primarily related to the buildings for certain schools in Pingdingshan, Henan Province, Haikou, Hainan Province and Chongqing. For the year ended 31 August 2017, the Group paid RMB224.1 million for property and equipment primarily related to the buildings of schools in Tianjin (Teda), Chongqing and Pingdingshan, Henan Province.

Liquidity, Financial Resources and Capital Structure

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

	Year ended 31 August	
	2018	2017
	RMB'000	*RMB'000*
Net cash from operating activities	**750,359**	698,681
Net cash used in investing activities	**(758,129)**	(563,893)
Net cash from financing activities	**544,268**	282,049
Net increase in cash and cash equivalents	**536,498**	416,837
Cash and cash equivalents at 1 September	**1,649,296**	1,237,902
Effect of foreign exchange rate changes	**34,900**	(5,443)
Cash and cash equivalents at 31 August	**2,220,694**	1,649,296

As at 31 August 2018, the Group's bank balances and cash amounted to RMB2,220.7 million, of which the majority were denominated in RMB. During the financial year ended 31 August 2018, the Group's bank loans amounting to RMB431,338,000 (31 August 2017: RMB424,146,000) which are secured by pledged bank deposits of RMB245,000,000 of a group company, mortgaged over investment property of RMB326,842,000, existing and future legal assignment of sales proceeds, rental proceeds, rental deposits and other rights of Maple Leaf Hillside. The loans carry interest at variable interest rates from 1.32% to 3.34% (31 August 2017: 1.14% to 2.77%) per annum.

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. Gearing ratio decreased from 17.0% for the year ended 31 August 2017 to 11.7% for the year ended 31 August 2018 primarily due to the placing and subscription of 110,000,000 shares of the Company conducted during the year ended 31 August 2018.

Placing and Subscription

Pursuant to the Placing Agreement dated 11 January 2018, Sherman Investment Holdings Limited ("**Sherman Investment**") placed 110,000,000 shares at a placing price of HK$9.1 per share to not less than six placees, who and whose ultimate beneficial owners are independent third parties on 16 January 2018. Pursuant to the Subscription Agreement dated 11 January 2018, Sherman Investment subscribed for and was allotted 110,000,000 shares at a subscription price of HK$9.1 per share by the Company on 17 January 2018. The gross fund raised was HK$1,001 million and the net proceeds was approximately HK$989.5 million, representing a net issue price of approximately HK$9.0 per share. The closing price as quoted on the Stock Exchange on 11 January 2018 was HK$9.87 per share. The net proceeds are applied as cash reserves for potential overseas acquisitions and other general corporate purposes to expand and enhance the existing business of the Company.

The number of Shares and the share prices disclosed above have not considered the effect of Share Subdivision that became effective on 9 July 2018.

Share Subdivision

On 23 May 2018, the Board proposed to implement a share subdivision by subdividing every one existing issued and unissued share of the Company with par value of USD0.001 each in the share capital of the Company into two subdivided shares with par value of USD0.0005 each (the "**Share Subdivision**"). The Share Subdivision was approved by the shareholders of the Company at an extraordinary general meeting held on 6 July 2018 and became effective on 9 July 2018. The authorized share capital of the Company becomes USD4,000,000 dividend into 8,000,000,000 subdivided shares, of which 2,979,184,878 shares are in issue and are credited as fully paid.

The Board believes that the Share Subdivision will improve the liquidity in trading of the shares in the Company and thereby attract more investors and widen the Company's Shareholders' base.

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 HK$, USD, CAD and SGD. As at 31 August 2018, certain bank balances were denominated in HK$, USD, CAD and SGD. The Group did not enter into any financial instrument for hedging purposes as it is expected that its foreign exchange exposure will not be material.

Contingent Liabilities

On 15 November 2016, the Company received a writ of summons from Hong Kong Zhixin Financial News Agency Ltd. ("**Zhixin**") seeking among other things, specific performance of the consultancy agreement (the "**Agreement**") between the Company and Zhixin by the allotment and issue of 7,000,000 shares of the Company to Zhixin, and damages in lieu or in addition thereof ("**Zhixin Case**"). 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.

In December 2016, Zhixin took out an application for summary judgment against the Company. The hearing of the summary judgment application took place on 25 October 2017 in which Zhixin's application was dismissed. The case now proceeds to the main trial stage.

On 29 January 2018, Zhixin filed its amended statement of claim to allege that it is entitled to 17,500,000 shares of the Company by virtue of an option (the "**Option**") provided in the Agreement. Zhixin Case is still in the process of filing pleadings by both parties.

Based on information currently available to the Company, it is not possible to estimate the financial effect of the Zhixin Case. As of 31 August 2018, the Company has not made any provision in respect of the Zhixin Case. The Company will provide an update as and when there is any material development in this matter.

The number of shares disclosed above has not considered the effect of share subdivision that became effective on 9 July 2018.

Pledge of Assets

As at 31 August 2018, the Group pledged total bank deposits of RMB245.0 million and the investment properties acquired in Singapore to certain licensed banks for certain banking facilities.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

Save as disclosed above, during the year ended 31 August 2018, the Group did not have any material acquisition and disposal of subsidiaries.

SIGNIFICANT INVESTMENT HELD

As at 31 August 2018, no significant investment was held by the Group.

EMPLOYEE BENEFITS

As at 31 August 2018, the Group had 5,369 (2017: 4,513) 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, results and performance of the Group and relevant market conditions. Total employee remuneration (excluding directors' remuneration) for the year ended 31 August 2018 amounted to RMB584.1 million (2017: RMB442.1 million).

USE OF PROCEEDS

Use of proceeds from the Listing

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 has been 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 all the net proceeds from the listing as follows:

- approximately RMB209.2 million has been utilized towards the expansion of the Group's school network, in particular by developing new schools on the Group's own in major cities in China;
- approximately RMB69.8 million has been utilized towards the maintenance, renovation and upgrade of the Group's existing schools, such as in the Group's Dalian, Wuhan, Shanghai and Hainan campuses;
- approximately RMB181.3 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 the Group's school network;
- approximately RMB167.4 million has been utilized to repay the Group's bank loans; and
- approximately RMB69.7 million has been utilized as the Group's working capital.

Use of proceeds from the placing and subscription

The net proceeds from the placing and subscription of 110,000,000 shares of the Company, after deducting placing commission and related expenses, amounted to approximately HK$989.5 million (equivalent to approximately RMB813.8 million as at the date of completion, being 17 January 2018) which is intended to be applied in the manner as set out in the section headed "Reasons for the Placing and the Subscription and Use of Proceeds" of the Company's announcement dated 12 January 2018 and in the section headed "Completion of the Placing and the Subscription" of the Company's announcement dated 17 January 2018.

- approximately 95% (representing approximately HK$940.0 million) is expected to be used as cash reserves for potential overseas acquisitions and payment of the related expenses; and
- approximately 5% (representing approximately HK$49.5 million) is expected to be used for other general corporate purposes to expand and enhance the existing business of the Company.

As at the date of this announcement, no proceeds from the placing and subscription have been utilized by the Company.

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

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 2018 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**"). The Board believes that by vesting the roles of both chairman and CEO in the same person, the Company derives the benefit of ensuring consistent leadership within the Group, which in turn enables more effective and efficient overall strategic planning for the 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 2018.

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

During the year ended 31 August 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

Annual General meeting

The 2019 Annual General Meeting ("**AGM**") will be held on 23 January 2019 (Wednesday). A notice convening the AGM will be published and dispatched to the Shareholders of the Company in accordance with the requirements of the Listing Rules in due course.

Final Dividend

The Board has resolved to recommend the payment of a final dividend of HK$5.1 cents per share for the year ended 31 August 2018 to the shareholders of the Company ("**Shareholders**") whose names appear on the register of members of the Company at the close of business on 31 January 2019 (Thursday). Subject to the approval by Shareholders at the forthcoming AGM to be held on 23 January 2019 (Wednesday), the proposed final dividend is expected to be paid on or about 14 February 2019 (Thursday).

Closure of Register of Members

For determining the entitlement to attend and vote at the AGM to be held on 23 January 2019 (Wednesday), the register of members of the Company will be closed from 17 January 2019 (Thursday) to 23 January 2019 (Wednesday), 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 branch 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 16 January 2018 (Wednesday).

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 30 January 2019 (Wednesday) to 31 January 2019 (Thursday), 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 2018, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch 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 29 January 2019 (Tuesday).

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. Xiaodan Mei, all being 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 2018 and has met with the independent auditors, Messrs. 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.

Public Float

The Company has maintained the public float as required by the Listing Rules up to the date of this announcement.

Events after the Financial Year Ended 31 August 2018

Up to the date of announcement, the Group has no subsequent event after 31 August 2018 which required disclosure.

Publication of the Annual Results Announcement and Annual Report

This annual results announcement is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.mapleleaf.cn. The annual report of the Group for the year ended 31 August 2018 will be dispatched to the Shareholders of the Company and make available for review on the aforesaid websites 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, 27 November 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*