



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

2020 INTERIM  
REPORT



楓葉25週年校慶

MLES 25<sup>th</sup> ANNIVERSARY



# CONTENTS

## CHINA MAPLE LEAF EDUCATIONAL SYSTEMS LIMITED 2020 INTERIM REPORT

Corporate Information	2
Corporate Profile	4
Financial and Operational Highlights	5
Report on Review of Condensed Consolidated Financial Statements	6
Condensed Consolidated Financial Statements	7
Management Discussion and Analysis	31
Other Information	43



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Shu Liang Sherman Jen

*(Chairman and Chief Executive Officer)*

Ms. Jingxia Zhang *(Chief Financial Officer)*

Mr. James William Beeke

### Non-executive Director

Mr. Howard Robert Balloch *(Vice Chairman)*

### Independent Non-executive Directors

Mr. Peter Humphrey Owen

Mr. Alan Shaver

Mr. Lap Tat Arthur Wong

## AUDIT COMMITTEE

Mr. Lap Tat Arthur Wong *(Chairman)*

Mr. Peter Humphrey Owen

Mr. Alan Shaver

## REMUNERATION COMMITTEE

Mr. Peter Humphrey Owen *(Chairman)*

Mr. Alan Shaver

Mr. Howard Robert Balloch

## NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

Mr. Shu Liang Sherman Jen *(Chairman)*

Mr. Peter Humphrey Owen

Mr. Alan Shaver

## COMPANY SECRETARY

Ms. Wan Mun Yee, Sabine

## AUTHORIZED REPRESENTATIVES

Ms. Jingxia Zhang

Ms. Wan Mun Yee, Sabine

## AUDITORS

Deloitte Touche Tohmatsu

*Certified Public Accountants*

## LEGAL ADVISORS

### As to Hong Kong law

Herbert Smith Freehills

### As to PRC law

Tian Yuan Law Firm

### As to Cayman Islands law

Maples and Calder (Hong Kong) LLP

## REGISTERED OFFICE

Maples Corporate Services Limited  
P. O. Box 309, Ugland House  
Grand Cayman, KY1-1104  
Cayman Islands

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN CHINA

Maple Leaf Educational Park  
6 Central Street  
Jinshitan National Tourist Area  
Dalian, Liaoning Province 116650  
China

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1302, 13/F.  
Tai Tung Building  
8 Fleming Road  
Wanchai, Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited  
P. O. Box 1093, Boundary Hall, Cricket Square  
Grand Cayman, KY1-1102  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## STOCK CODE

1317

## COMPANY WEBSITE

[www.mapleleaf.cn](http://www.mapleleaf.cn)

## INVESTOR RELATIONS

Email: [ir@mapleleaf.net.cn](mailto:ir@mapleleaf.net.cn)  
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8 Fleming Road, Wanchai, Hong Kong

# CORPORATE PROFILE

China Maple Leaf Educational Systems Limited (the “**Company**”, together with its subsidiaries and consolidated affiliated entities, collectively the “**Group**”) is a leading international school operator, from preschool to grade 12 (“**K-12**”) education, mainly in the People’s Republic of China (“**China**” or “**PRC**”) as measured by student enrolment.

Founded in 1995, the Group’s headquarters is located at Dalian, Liaoning Province, China. With over twenty five years’ of experience in operating international schools in China, the Group provides high quality K-12 education by combining the merits of both Western and Chinese educational philosophies in 26 cities in China, British Columbia (“**BC**”), Canada and Australia, namely Dalian, Wuhan, Tianjin, Chongqing, Zhenjiang, Luoyang, Ordos, Shanghai, Pingdingshan, Yiwu, Jingzhou, Pinghu, Xi’an, Huai’an, Yancheng, Huzhou, Weifang, Haikou, Shenzhen, Xiangyang, Luzhou, Ji’nan, Kamloops, Richmond, Thunder Bay and Adelaide.

As at 31 March 2020, the Group had approximately 43,572 students, 3,583 teachers and 100 schools comprising 16 high schools (for students in grade 10 to 12), 26 middle schools (for students in grade 7 to 9), 27 elementary schools (for students in grade 1 to 6), 28 preschools and 3 foreign national schools in China, Canada and Australia. Over 90% of our students are local Chinese mainly from middle-class families and the rest are from other countries.

Our high schools are certified by both the Ministry of Education of BC, Canada and Chinese educational authorities, where we offer a bilingual and dual-curriculum to our students. Our high school graduates receive both a fully accredited BC diploma and a Chinese diploma. Furthermore, the Maple Leaf Educational Systems has attained Cognia (Formerly known as AdvancED) Corporate Systems accreditation and all of its high schools, middle schools, elementary schools and foreign national schools are accredited by Cognia, the largest school accreditation agency in the world. Over the past three years, more than 95% of our high school graduates have received offers from overseas universities and colleges, and early offers received to date indicate that this year’s numbers will again meet or exceed these results. We are also encouraged that of the offers received to date by our students, over 60% are from the top 100 universities in the world, based on MLES Global Top 100 Universities Guide, including 208 students who have received offers from QS Top 10 universities, including University College London and Imperial College London.



# FINANCIAL AND OPERATIONAL HIGHLIGHTS

	Six months ended		Change RMB'000	Percentage Change
	29 February 2020 RMB'000 (unaudited)	28 February 2019 RMB'000 (unaudited)		
Revenue	<b>791,813</b>	744,396	+47,417	+6.4%
Tuition and boarding fee	<b>711,601</b>	631,108	+80,493	+12.8%
Others (Note)	<b>80,212</b>	113,288	-33,076	-29.2%
Gross profit	<b>351,279</b>	326,786	+24,493	+7.5%
Profit for the period	<b>263,953</b>	281,214	-17,261	-6.1%
Adjusted net profit	<b>274,993</b>	304,357	-29,364	-9.6%
Gross profit margin	<b>44.4%</b>	43.9%	+0.5pp	+1.1%
Net profit margin	<b>33.3%</b>	37.8%	-4.5%	-11.9%
Adjusted net profit margin	<b>34.7%</b>	40.9%	-6.2pp	-15.2%
Earnings per share				
Basic (RMB cents)	<b>8.81</b>	9.64	-0.83	-8.6%
Diluted (RMB cents)	<b>8.81</b>	9.64	-0.83	-8.6%

Note: Revenue from other sources decreased amid the outbreak of COVID-19.

	As at the end of		Change	Percentage Change
	29 February 2020	28 February 2019		
Total number of students enrolled	<b>41,076</b>	36,099	+4,977	+13.8%
Total capacity	<b>64,620</b>	57,300	+7,320	+12.8%
Overall utilization	<b>63.6%</b>	63.0%	+0.6%	+1.0%

# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## TO THE BOARD OF DIRECTORS OF CHINA MAPLE LEAF EDUCATIONAL SYSTEMS LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

### INTRODUCTION

We have reviewed the condensed consolidated financial statements of China Maple Leaf Educational Systems Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 7 to 30, which comprise the condensed consolidated statement of financial position as of 29 February 2020 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong

28 April 2020

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 29 February 2020

	NOTES	Six months ended 29 February 2020 RMB'000 (Unaudited)	Six months ended 28 February 2019 RMB'000 (Unaudited)
Revenue	3	791,813	744,396
Cost of revenue		(440,534)	(417,610)
Gross profit		351,279	326,786
Investment and other income	4	28,834	34,659
Other gains and losses	5	19,091	56,953
Marketing expenses		(15,542)	(13,993)
Administrative expenses		(102,866)	(102,750)
Finance costs		(8,125)	(5,581)
Profit before taxation		272,671	296,074
Taxation	6	(8,718)	(14,860)
Profit for the period	7	263,953	281,214
Other comprehensive expense for the period: Items that may be reclassified subsequently to profit or loss: Exchange differences arising on the translation of foreign operations		(6,618)	(2,417)
Total comprehensive income for the period		257,335	278,797
Profit (loss) for the period attributable to:			
Owners of the Company		261,674	284,270
Non-controlling interests		2,279	(3,056)
		263,953	281,214
Total comprehensive income (expense) attributable to:			
Owners of the Company		255,056	281,853
Non-controlling interests		2,279	(3,056)
		257,335	278,797
<b>EARNINGS PER SHARE</b>			
Basic (RMB cents)	9	8.81	9.64
Diluted (RMB cents)	9	8.81	9.64



# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 29 February 2020

	NOTES	29/02/2020 RMB'000 (Unaudited)	31/08/2019 RMB'000 (Audited)
<b>Non-current Assets</b>			
Property, plant and equipment	10	2,511,572	2,419,241
Right-of-use assets		459,053	–
Prepaid lease payments		–	263,412
Investment properties	10	349,067	348,065
Goodwill	11	252,848	252,848
Other intangible assets		38,041	44,012
Deposit paid for acquisition of property and equipment		9,964	13,640
Books for lease		1,875	2,055
Pledged bank deposits		137,613	132,000
		<b>3,760,033</b>	<b>3,475,273</b>
<b>Current Assets</b>			
Inventories		11,456	15,337
Deposits, prepayments and other receivables	12	132,068	144,283
Financial assets at fair value through profit or loss		10,451	76,066
Restricted cash	13	50,672	50,447
Bank balances and cash		2,094,883	2,762,328
		<b>2,299,530</b>	<b>3,048,461</b>
<b>Current Liabilities</b>			
Contract liabilities	14	712,437	1,375,604
Lease liabilities		17,282	–
Other payables and accrued expenses	15	357,970	436,815
Income tax payable		63,997	83,085
Borrowings	16	123,941	123,475
		<b>1,275,627</b>	<b>2,018,979</b>
<b>Net Current Assets</b>		<b>1,023,903</b>	<b>1,029,482</b>
<b>Total Assets Less Current Liabilities</b>		<b>4,783,936</b>	<b>4,504,755</b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 29 February 2020

	NOTE	29/02/2020 RMB'000 (Unaudited)	31/08/2019 RMB'000 (Audited)
<b>Capital And Reserves</b>			
Share capital		9,309	9,309
Reserves		4,260,223	4,143,594
Equity attributable to owners of the Company		4,269,532	4,152,903
Non-controlling interests		95,151	92,872
Total Equity		4,364,683	4,245,775
<b>Non-Current Liabilities</b>			
Deferred tax liabilities		49,632	51,466
Borrowings	16	200,707	207,514
Lease liabilities		168,914	–
		419,253	258,980
		4,783,936	4,504,755

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 29 February 2020

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Other reserve RMB'000	Shares held for restricted share award scheme RMB'000 (note a)	Translation reserve RMB'000	Statutory surplus reserve RMB'000 (note b)	Share-based payment reserve RMB'000	Retained profits RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 September 2018 (audited)	9,255	1,362,907	(2,040)	(29,039)	5,640	225,569	16,733	2,062,509	3,651,534	40,295	3,691,829
Profit (loss) for the period	-	-	-	-	-	-	-	284,270	284,270	(3,056)	281,214
Other comprehensive expense for the period	-	-	-	-	(2,417)	-	-	-	(2,417)	-	(2,417)
Total comprehensive (expense) income for the period	-	-	-	-	(2,417)	-	-	284,270	281,853	(3,056)	278,797
Share-based payments	-	-	-	-	-	-	23,143	-	23,143	-	23,143
Dividends recognized as distribution (Note 8)	-	(130,659)	-	-	-	-	-	-	(130,659)	-	(130,659)
Dividends distributed to the restricted share award scheme	-	1,141	-	-	-	-	-	-	1,141	-	1,141
Shares vested under restricted share award scheme	-	-	-	30	-	-	(57)	27	-	-	-
At 28 February 2019 (unaudited)	9,255	1,233,389	(2,040)	(29,009)	3,223	225,569	39,819	2,346,806	3,827,012	37,239	3,864,251
At 31 August 2019 (audited)	<b>9,309</b>	<b>1,163,052</b>	<b>(2,040)</b>	<b>(23,855)</b>	<b>13,463</b>	<b>251,717</b>	<b>31,106</b>	<b>2,710,151</b>	<b>4,152,903</b>	<b>92,872</b>	<b>4,245,775</b>
Profit for the period	-	-	-	-	-	-	-	261,674	261,674	2,279	263,953
Other comprehensive expense for the period	-	-	-	-	(6,618)	-	-	-	(6,618)	-	(6,618)
Total comprehensive income for the period	-	-	-	-	-	-	-	261,674	255,056	2,279	257,335
Share-based payments	-	-	-	-	-	-	11,040	-	11,040	-	11,040
Dividends recognized as distribution (Note 8)	-	(150,656)	-	-	-	-	-	-	(150,656)	-	(150,656)
Dividends distributed to the restricted share award scheme	-	1,189	-	-	-	-	-	-	1,189	-	1,189
Shares vested under restricted share award scheme	-	-	-	425	-	-	(520)	95	-	-	-
At 29 February 2020 (unaudited)	<b>9,309</b>	<b>1,013,585</b>	<b>(2,040)</b>	<b>(23,430)</b>	<b>6,845</b>	<b>251,717</b>	<b>41,626</b>	<b>2,971,920</b>	<b>4,269,532</b>	<b>95,151</b>	<b>4,364,683</b>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 29 February 2020

Note:

- a: Shares held for restricted share award scheme is comprised of shares purchased from open market that are to be used for the share award scheme approved by the directors of the Company on 10 November 2014 (the "Share Award Scheme").
- b: Pursuant to the relevant laws in the People's Republic of China (the "PRC"), the Company's subsidiaries in the PRC shall make appropriations from after-tax profit to non-distributable reserve funds as determined by the board of the directors of the relevant PRC subsidiaries. These reserves include (i) general reserve of the limited liability companies and (ii) the development fund of schools.
  - (i) For PRC subsidiaries with limited liability, each subsidiary is required to make annual appropriations to general reserve of 10% of after-tax profits as determined under the PRC laws and regulations at each year-end until the balance reaches 50% of the relevant PRC entity's registered capital.
  - (ii) According to the relevant PRC laws and regulations, a private school that does not require for reasonable return is required to appropriate to development fund of not less than 25% of the annual increase in net assets of the relevant school as determined in accordance with generally accepted accounting principles in the PRC. The development fund is for the construction or maintenance of the school or procurement or upgrading of educational equipment.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 29 February 2020

	Six months ended 29 February 2020 RMB'000 (Unaudited)	Six months ended 28 February 2019 RMB'000 (Unaudited)
Net cash used in operating activities	<b>(424,571)</b>	(289,027)
Net cash used in investing activities:		
Proceeds from disposal of financial assets at fair value through profit or loss	<b>1,736,525</b>	386,646
Proceeds on disposal of property, plant and equipment	<b>77</b>	1,738
Purchase of financial assets at fair value through profit or loss	<b>(1,650,800)</b>	(280,689)
Purchase of property, plant and equipment	<b>(140,799)</b>	(82,708)
Net cash outflow on acquisition of subsidiaries	<b>(6,750)</b>	(117,399)
Purchase of investment property	<b>(10,244)</b>	–
Purchase of books for lease	<b>(651)</b>	(1,359)
Placement of restricted cash	<b>(225)</b>	(179,822)
Payments for right-of-use assets	<b>(46)</b>	–
Deposit paid for acquisition of a subsidiary	–	(22,000)
Settlement of acquisition consideration payable	–	(8,398)
	<b>(72,913)</b>	(303,991)
Net cash used in financing activities:		
Dividends paid	<b>(149,467)</b>	(129,518)
Repayment of leases liabilities	<b>(10,330)</b>	–
Interest paid	<b>(5,100)</b>	(5,581)
Repayment of borrowings	<b>(2,428)</b>	(108,823)
Withdrawal of pledged bank deposits	–	113,000
	<b>(167,325)</b>	(130,922)
Net decrease in cash and cash equivalents	<b>(664,809)</b>	(723,940)
Cash and cash equivalents at the beginning of the period	<b>2,762,328</b>	2,220,694
Effect of foreign exchange rate changes	<b>(2,636)</b>	(10,043)
Cash and cash equivalents at end of the period, represented by bank balances and cash	<b>2,094,883</b>	1,486,711

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 29 February 2020

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements of China Maple Leaf Educational Systems Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board.

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than changes in accounting policies resulting from application of new and amendments to International Financial Reporting Standards ("IFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 29 February 2020 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 August 2019.

### Application of new and amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs and International Accounting Standards ("IASs") issued by the International Accounting Standards Board which are mandatory effective for the annual period beginning on or after 1 September 2019 for the preparation of the Group's condensed consolidated financial statements:

IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015–2017 Cycle

Except as described below, the application of the new and amendments to IFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 29 February 2020

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

The Group has applied IFRS 16 for the first time in the current interim period. IFRS 16 superseded IAS 17 Leases, and the related interpretations.

### Definition of a lease

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 September 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

### As a lessee

The Group has applied IFRS 16 retrospectively with the cumulative effect recognized at the date of initial application, 1 September 2019.

As at 1 September 2019, the Group recognized additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying IFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognized in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on a lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. relied on the assessment of whether leases are onerous by applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets as an alternative of impairment review;
- ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- iii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of buildings in the PRC was determined on a portfolio basis; and
- iv. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 29 February 2020

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### As a lessee (Continued)

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rates applied by the relevant group entities range from 1.59% to 4.32%.

	At 1 September 2019 RMB'000
Operating lease commitments disclosed as at 31 August 2019	215,497
Lease liabilities discounted at relevant incremental borrowing rates	193,443
Lease liabilities relating to operating leases recognized upon application of IFRS 16 and lease liabilities as at 1 September 2019	193,443
Analysed as	
Current	14,163
Non-current	179,280
	193,443



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 29 February 2020

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### As a lessee (Continued)

The carrying amount of right-of-use assets as at 1 September 2019 comprises the following:

	Notes	Right-of-use assets RMB'000
Right-of-use assets relating to operating leases recognized upon application of IFRS 16		203,622
Reclassified from prepaid lease payments	(a)	270,735
Adjustments on rental deposits at 1 September 2019	(b)	892
		475,249
By class:		
Leasehold lands		270,735
Buildings		204,514
		475,249

(a) Upfront payments for leasehold lands in the PRC for own used properties were classified as prepaid lease payments as at 31 August 2019. Upon application of IFRS 16, the current and non-current portion of prepaid lease payments amounting to RMB7,323,000 and RMB263,412,000 respectively were reclassified to right-of-use assets.

(b) Before the application of IFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which IAS 17 applied. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, RMB892,000 was adjusted to refundable rental deposits paid and right-of-use assets.

(c) **Lease payments increase progressively over lease terms**

These relate to accrued lease liabilities of several operating leases for leases of properties in which the rentals increase progressively by fixed annual percentage. The carrying amount of the accrued lease liabilities as at 1 September 2019 was adjusted to right-of-use assets at transition.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 29 February 2020

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### As a lessor

In accordance with the transitional provisions in IFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with IFRS 16 from the date of initial application and comparative information has not been restated.

- (d) Upon application of IFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 September 2019. The application has had no impact on the Group's condensed consolidated statement of financial position at 1 September 2019. However, effective 1 September 2019, lease payments relating to the revised lease term after modification are recognized as income on straight-line basis over the extended lease term.
- (e) Effective on 1 September 2019, the Group has applied IFRS 15 *Revenue from Contracts with Customers* to allocate consideration in the contract to each lease and non-lease components. The change in allocation basis has had no material impact on the condensed consolidated financial statements of the Group for the current interim period.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 29 February 2020

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

The following adjustments were made to the amounts recognized in the condensed consolidated statement of financial position at 1 September 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 August 2019 RMB'000	Adjustments RMB'000	Carrying amounts under IFRS 16 at 1 September 2019 RMB'000
<b>Non-current Assets</b>			
Right-of-use assets	–	475,249	475,249
Prepaid lease payments	263,412	(263,412)	–
<b>Current Assets</b>			
Deposits, prepayments and other receivables			
Prepaid rent and other prepaid expenses	11,113	(10,179)	934
Deposits	5,910	(892)	5,018
Prepaid lease payments	7,323	(7,323)	–
<b>Current Liabilities</b>			
Lease liabilities	–	(14,163)	(14,163)
<b>Non-current Liabilities</b>			
Lease liabilities	–	(179,280)	(179,280)

Note: For the purpose of reporting cash flows from operating activities under indirect method for the six months ended 29 February 2020, movements in working capital have been computed based on opening statement of financial position as at 1 September 2019 as disclosed above.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 29 February 2020

## 3. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers:

	<b>Six months ended 29 February 2020 RMB'000 (Unaudited)</b>	Six months ended 28 February 2019 RMB'000 (Unaudited)
<b>Types of goods or services</b>		
Tuition and boarding fees	711,601	631,108
Summer and winter camps	3,373	27,642
Sales of textbooks	30,341	30,229
Others	46,498	55,417
	<b>791,813</b>	744,396
<b>Timing of revenue recognition</b>		
Over time	725,764	686,604
A point in time	66,049	57,792
	<b>791,813</b>	744,396

The Group primarily operates in the PRC. All revenue of the Group are generated from services and goods provided to the external customers in the PRC.

## 4. INVESTMENT AND OTHER INCOME

	<b>Six months ended 29 February 2020 RMB'000 (Unaudited)</b>	Six months ended 28 February 2019 RMB'000 (Unaudited)
Bank interest income	11,558	13,928
Rental income from investment properties	9,238	7,549
Government grant	7,965	13,182
Others	73	–
	<b>28,834</b>	34,659

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 29 February 2020

## 5. OTHER GAINS AND LOSSES

	Six months ended 29 February 2020 RMB'000 (Unaudited)	Six months ended 28 February 2019 RMB'000 (Unaudited)
Gain arising from changes in fair value of financial assets measured at FVTPL	20,148	32,198
Reversal of other payables	6,128	37,168
Net foreign exchange gain (loss)	533	(12,692)
Impairment loss in respect of property, plant and equipment	(7,276)	–
Loss on disposal of property, plant and equipment	(82)	(736)
Others	(360)	1,015
	<b>19,091</b>	<b>56,953</b>

## 6. TAXATION

	Six months ended 29 February 2020 RMB'000 (Unaudited)	Six months ended 28 February 2019 RMB'000 (Unaudited)
The charge comprises		
Current tax:		
PRC enterprise income tax	10,552	16,507
Deferred tax:		
Current period	(1,834)	(1,647)
	<b>8,718</b>	<b>14,860</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 29 February 2020

## 7. PROFIT FOR THE PERIOD

	<b>Six months ended 29 February 2020 RMB'000 (Unaudited)</b>	Six months ended 28 February 2019 RMB'000 (Unaudited)
Profit for the period has been arrived at after charging (crediting):		
Staff costs, including directors' remuneration		
— salaries and other allowances	<b>339,470</b>	308,121
— retirement benefit scheme contributions	<b>15,546</b>	15,299
— share-based payments	<b>11,040</b>	23,143
Total staff costs	<b>366,056</b>	346,563
Gross rental income from investment properties	<b>(9,238)</b>	(7,549)
Less:		
Direct operating expenses incurred for investment properties (included in administrative expenses)	<b>817</b>	844
	<b>(8,421)</b>	(6,705)
Depreciation of property, plant and equipment	<b>43,235</b>	37,793
Net gain arising on financial assets measured at FVTPL	<b>20,148</b>	32,198
Depreciation of right-of-use assets	<b>16,242</b>	–
Depreciation of investment properties	<b>2,068</b>	1,922
Amortization of books for lease	<b>831</b>	1,838
Amortization of prepaid lease payments	<b>–</b>	2,906

## 8. DIVIDENDS

During the current interim period, a final dividend of HK\$5.6 cents (equivalent to approximately RMB5.0 cents) per share (total dividend of RMB150,656,000) in respect of the year ended 31 August 2019 was paid to shareholders. Subsequent to the end of the current interim period, the directors of the Company determined no interim dividend will be paid in respect of the six months ended 29 February 2020 (for the six months ended 28 February 2019: HK\$4.7 cents, equivalent to approximately RMB4.1 cents, total dividend of RMB122,621,000).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 29 February 2020

## 9. EARNINGS PER SHARE

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

	<b>Six months ended 29 February 2020 RMB'000 (Unaudited)</b>	Six months ended 28 February 2019 RMB'000 (Unaudited)
<b>Earnings:</b>		
Earnings for the purpose of basic and diluted earnings per share (Profit for the period attributable to owners of the Company)	<b>261,674</b>	284,270
	<b>Six months ended 29 February 2020 '000 (Unaudited)</b>	Six months ended 28 February 2019 '000 (Unaudited)
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>2,970,384</b>	2,948,598
Effect of dilutive potential ordinary shares	<b>5</b>	797
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>2,970,389</b>	2,949,395

The number of shares adopted in the calculation of the basic earnings per share and the diluted earnings per share for the six months ended 29 February 2020 and 28 February 2019 has been retrospectively adjusted to reflect the Share Subdivision disclosed and as defined in note 17 which became effective on 9 July 2018.

The number of shares adopted in the calculation of the basic earnings per share for the six months ended 29 February 2020 and 28 February 2019 has been arrived after eliminating the ungranted or unvested shares of the Company held under the Share Award Scheme.

The number of shares adopted in the calculation of the diluted earnings per share for the six months ended 29 February 2020 and 28 February 2019 has been arrived after assuming the exercise of the Company's outstanding share options and unvested shares of the Company held under the Share Award Scheme.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 29 February 2020

## 10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the current interim period, the Group disposed of certain equipment with an aggregate carrying amount of approximately RMB159,000 (for the six months ended 28 February 2019: RMB2,474,000) for cash proceeds of approximately RMB77,000 (for the six months ended 28 February 2019: RMB1,738,000), resulting in a loss on disposal of approximately RMB82,000 (for the six months ended 28 February 2019: RMB736,000).

The Group paid a net cash consideration of RMB140,799,000 to purchase property, plant and equipment (for the six months ended 28 February 2019: RMB82,708,000).

An impairment loss of RMB7,276,000 was recognized during the current interim period in respect of a construction in progress in South Korea.

During the current interim period, the Group acquired investment properties for a cash consideration of RMB10,244,000.

## 11. GOODWILL

	<b>Six months ended 29 February 2020 RMB'000 (Unaudited)</b>	Six months ended 28 February 2019 RMB'000 (Unaudited)
Cost and carrying values:		
At 1 September	<b>252,848</b>	165,968
Arising on acquisition of subsidiaries	–	74,310
At 29 February or 28 February	<b>252,848</b>	240,278



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 29 February 2020

## 12. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	29/02/2020 RMB'000 (Unaudited)	31/08/2019 RMB'000 (Audited)
Receivable from third parties	42,986	39,028
Short-term loan to a third party	31,036	30,000
Management fees receivables	23,527	31,384
Prepaid rent and other prepaid expenses	10,845	11,113
Deposits	6,077	5,910
Prepaid value added tax and other tax	3,012	–
Staff advances	752	1,069
Prepaid lease payments	–	7,323
Others	13,833	18,456
	<b>132,068</b>	144,283

## 13. RESTRICTED CASH

During the year ended 31 August 2019, the Group placed RMB48,509,000 in a bank account managed by both the Group and the seller of the acquisition target in Jiade, and therefore the amount deposited is recorded as restricted cash. This acquisition was completed on 15 March 2019.

During the year ended 31 August 2019, the Group placed RMB2,163,000 in a bank account managed by both the Group and the seller of five schools in Hainan, therefore the amount deposited is recorded as restricted cash. This acquisition was completed in 1 June 2018, and the amount will be paid to the seller upon satisfaction of certain conditions in relation to the construction project acquired.

The Group's credit risk primarily arises from restricted cash and bank balances. The credit risks on these balances are limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

## 14. CONTRACT LIABILITIES

	29/02/2020 RMB'000 (Unaudited)	31/08/2019 RMB'000 (Audited)
Tuition and boarding fees	686,453	1,302,744
Others	25,984	72,860
Contract liabilities	<b>712,437</b>	1,375,604

Contract liabilities of the Group were expected to be recognized as revenue within one year.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 29 February 2020

## 15. OTHER PAYABLES AND ACCRUED EXPENSES

	29/02/2020 RMB'000 (Unaudited)	31/08/2019 RMB'000 (Audited)
Miscellaneous expenses received from students (Note)	142,565	193,121
Payables for purchase of property, plant and equipment	66,378	67,702
Acquisition consideration payable	61,968	68,718
Accrued payroll	18,627	23,660
Deposits received from students	11,220	17,278
Payables for purchase of goods	5,016	6,485
Accrued operating expenses	4,219	2,326
Prepayment from lessee	368	3,942
Other tax payables	–	6,804
Others	47,609	46,779
	<b>357,970</b>	<b>436,815</b>

Note: The amount represents miscellaneous expenses received from students and the Group will pay out on their behalf.

## 16. BORROWINGS

	29/02/2020 RMB'000 (Unaudited)	31/08/2019 RMB'000 (Audited)
Secured bank borrowings	324,648	330,989
The carrying amounts of the above borrowings are repayable:		
Within one year	123,941	123,475
One to two years	4,822	4,926
Two to five years	195,885	202,588
	<b>324,648</b>	<b>330,989</b>
Less: Amounts shown under current liabilities	<b>(123,941)</b>	<b>(123,475)</b>
Amounts shown under non-current liabilities	<b>200,707</b>	<b>207,514</b>

During the financial year ended 31 August 2017, the Group obtained bank loan amounting to Singapore Dollars (“S\$”) 67,303,000 (equivalent to RMB330,833,000). The bank loans are secured by pledged deposits of RMB132,000,000 of Dalian Maple Leaf Educational Group Co., Ltd., mortgaged over investment properties with a carrying amount of RMB329,519,000, existing and future legal assignment of sales proceeds, rental proceeds, rental deposits and other rights of Maple Leaf Education Hillside Pte. Limited. The Group repaid the bank loan amounting to S\$480,000 (equivalent to RMB2,428,000) during the current interim period. The loans carry interest at variable interest rates from 2.21% to 3.41% (31 August 2019: 2.03% to 3.76%) per annum.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 29 February 2020

## 17. SHARE-BASED PAYMENTS

### Share Award Scheme

The number of restricted shares disclosed below has been retrospectively adjusted to reflect the Share Subdivision that became effective on 9 July 2018.

The Company has appointed a trustee (the "Trustee") to administer and hold the Company's shares before they are vested and transferred to the Selected Participants. The Trustee purchases the Company's shares being awarded from the open market using cash contributed by the Company to satisfy awards made under the Share Award Scheme.

During the current period, 224,000 restricted shares under Share Award Scheme were granted to a Selected Participant, the closing price of the Company's shares immediately before the grant date was RMB2.32.

Movements in the restricted shares granted under Share Award Scheme during the six months ended 29 February 2020 are as follows:

#### For the six months ended 29 February 2020

Restricted shares type		Outstanding at 1 September 2019	Granted during the period	Vested during the period	Forfeited during the period	Outstanding at 29 February 2020
Employees	Share Award Scheme-11th	220,000	-	-	(220,000)	-
	Share Award Scheme-13th	-	224,000	(224,000)	-	-
Total		220,000	224,000	(224,000)	(220,000)	-

### Post-IPO Share Option Scheme

The Company's post-IPO share option scheme (the "Post-IPO Share Option Scheme") was approved and adopted by the Company on 10 November 2014 to take effect from 28 November 2014 for the purpose of enabling the Company to grant options to the Selected Participants as incentives or rewards for their contributions to the Group.

The number of option shares disclosed below has been retrospectively adjusted to reflect the Share Subdivision that became effective on 9 July 2018.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 29 February 2020

## 17. SHARE-BASED PAYMENTS (Continued)

### Post-IPO Share Option Scheme (Continued)

Movements in the Company's share options granted under the Post-IPO Share Option Scheme during the six months ended 29 February 2020 are as follows:

For the six months ended 29 February 2020

	Date of grant	Option type	Outstanding at 1 September 2019	Forfeited during the period	Lapsed during the period	Outstanding at 29 February 2020
<b>Executive director</b>						
Zhang Jingxia	14 June 2018	Post-IPO-4th	1,600,000	–	(400,000)	1,200,000
James William Beeke	14 June 2018	Post-IPO-4th	800,000	–	(200,000)	600,000
Sherman Jen	28 June 2019	Post-IPO-6th	1,600,000	–	(1,600,000)	–
<b>Non- executive director and vice chairman</b>						
Howath Robert Balloch	14 June 2018	Post-IPO-4th	800,000	–	(200,000)	600,000
<b>Independent non-executive director</b>						
Peter Humphrey Owen	14 June 2018	Post-IPO-4th	553,600	–	(138,400)	415,200
Wong Lap Tat Arthur	14 June 2018	Post-IPO-4th	553,600	–	(138,400)	415,200
Peter Humphrey Owen	28 June 2019	Post-IPO-6th	308,000	–	(62,000)	246,000
Wong Lap Tat Arthur	28 June 2019	Post-IPO-6th	308,000	–	(62,000)	246,000
Employees in aggregate	14 June 2018	Post-IPO-5th	29,280,000	(960,000)	(7,140,000)	21,180,000
	28 June 2019	Post-IPO-7th	8,543,000	(200,000)	(3,163,000)	5,180,000
Total			<u>44,346,200</u>	<u>(1,160,000)</u>	<u>(13,103,800)</u>	<u>30,082,400</u>
Exercisable at the end of the year						–

During the current period, no share options under the Post-IPO Share Option Scheme were granted or exercised.

### Pre-IPO Share Option Scheme

There was no movement of the share options under Pre-IPO Share Option Scheme during the current period.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 29 February 2020

## 18. 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 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. The management believes that there was no basis for Zhixin's claim against the Company.

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 at 29 February 2020, the Company had 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 (Note 17).

## 19. COMMITMENTS

As at the end of the current interim period, the Group was committed to acquire all the Kingsley EduGroup Limited (Stock code: 8105) ("Kingsley") shares at a price of HK\$0.54 per share and the total consideration is approximately HK\$432,000,000 (equivalent to approximately RMB391,344,480) (Note 22).



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 29 February 2020

## 20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis.

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair value of these financial assets and financial liabilities are determined (in particular, the valuation technique and inputs used).

Finance assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input(s)
	29 February 2020	31 August 2019			
Financial assets at FVTPL — Listed equity securities	<b>Listed equity securities: RMB10,451,000</b>	Listed equity securities: RMB9,729,000	Level 1	Quoted bid prices in an active market	NA
Financial assets at FVTPL — wealth management products	-	wealth management products: RMB66,337,000	Level 2	Discounted cash flow, future cash flows are estimated based on contractual terms of the wealth management products and discounted at a rate that reflects that credit risk of the counterparties	NA

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the condensed consolidated financial statements approximate their fair values.

There were no transfers between Level 1 and Level 2 during the current period.

## 21. RELATED PARTY DISCLOSURES

### Compensation of key management personnel

The remuneration of directors and other members of key management of the Group are as follows:

	Six months ended 29 February 2020 RMB'000 (Unaudited)	Six months ended 28 February 2019 RMB'000 (Unaudited)
Short-term benefits	5,309	5,616
Post-employment benefits	9	22
Share-based payments	2,832	3,989
	<b>8,150</b>	9,627

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 29 February 2020

## 22. EVENTS EVENT AFTER THE REPORTING PERIOD

### (a) Acquisition of a subsidiary

On 29 January 2020, the Company announced the offer to acquire all the ordinary shares of Kingsley, the ordinary shares of which are listed on GEM of the Stock Exchange, at a price of HK\$0.54 per share and the total consideration is approximately HK\$432,000,000 (equivalent to approximately RMB391,344,480). On 18 March 2020, the Company received valid acceptances in respect of an aggregate of 779,280,000 shares, representing approximately 97.41% of the entire issued share capital of Kingsley. A total of 20,720,000 shares, representing approximately 2.59% of the entire issued share capital of Kingsley are held by the public. As Kingsley does not fulfil the public float requirement as set out under the GEM Listing Rules, the shares of Kingsley was suspended from trading from 19 March 2020 due to insufficient public float pursuant to Rule 11.23(7) of GEM Listing Rules. Please refer to the announcements and circular of the Company dated 29 January 2020, 19 February 2020, 25 February 2020, 26 February 2020, 28 February 2020 and 18 March 2020 for further details.

### (b) Impact of the outbreak of novel coronavirus (COVID-19)

In early 2020, the global outbreak of novel coronavirus (COVID-19) has certain impact on the education business of the Company, mainly due to global travel restrictions and various precaution measurements undertaken by respective local authorities which inter alia, include closure of campus and delays in school commencement during the outbreaks period. The Group has put in place certain alternative action plans for the students during the campus closure period, which include implementation of online teaching and consultation. Maple Leaf applied Canvas online system to optimize the physical experience and quality of lectures in high school, As the mainland epidemic situation gradually improved, most of the Group's schools re-opened in batches. Before the opening of the schools, Maple Leaf have thoroughly cleaned and disinfected all campuses and ensured that the supply of various epidemic prevention materials is sufficient to improve campus safety.

The Group will continue to assess and closely monitor the possible impact of the risks and uncertainties related to the COVID-19 epidemic on the Group's business and financial performance.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

With over twenty five years of 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 high quality, bilingual preschool to grade 12 education combining the merits of both Western and Chinese educational philosophies. Our high schools (for students from grade 10 to 12) are certified by both the Ministry of Education of British Columbia (“BC”), Canada and Chinese educational authorities respectively, which allow our graduates to receive both a fully accredited BC diploma and a Chinese diploma. Furthermore, the Maple Leaf Educational Systems has attained Cognia (Formerly known as AdvancED) Corporate Systems accreditation and all of its high schools, middle schools, elementary schools and foreign national schools are accredited by Cognia, the largest school accreditation agency in the world. We target mainly Chinese students from middle class families in China who aim to pursue higher education abroad and for whom our tuition fees are affordable and competitive.

### The Group’s Schools

At the commencement of the 2019/2020 school year, five new schools were added to our school network. In September 2019, the Group opened a middle school and an elementary school in Xiangyang, Hubei Province; a middle school and an elementary school in Ji’nan, Shandong Province; and a high school in Thunder Bay, Ontario, Canada.

As at 29 February 2020, the Group had 100 schools located in 26 cities in China, Canada and Australia, namely Dalian, Wuhan, Tianjin, Chongqing, Zhenjiang, Luoyang, Ordos, Shanghai, Pingdingshan, Jingzhou, Yiwu, Pinghu, Xi’an, Huai’an, Yancheng, Huzhou, Weifang, Haikou, Shenzhen, Xiangyang, Luzhou, Ji’nan, Kamloops, Richmond, Thunder Bay and Adelaide. The following table shows a summary of our schools by category as at the end of the two periods:

	At 29 February 2020	At 28 February 2019
High schools	16	15
Middle schools	26	23
Elementary schools	27	24
Preschools	28	28
Foreign national schools	3	3
Total	100	93



# MANAGEMENT DISCUSSION AND ANALYSIS

## Revenue

	For the six months ended			
	29 February 2020 RMB'000	% of Total	28 February 2019 RMB'000	% of Total
Tuition fees				
— High school	253,141	32.0	254,656	34.2
— Middle school	141,489	17.9	110,364	14.8
— Elementary school	261,955	33.1	219,626	29.5
— Preschool	39,791	5.0	31,855	4.3
— Foreign national school	15,225	1.9	14,607	2.0
Total of tuition fees	711,601	89.9	631,108	84.8
Summer and winter camps	3,373	0.4	27,642	3.7
Sales of textbooks	30,341	3.8	30,229	4.1
Others	46,498	5.9	55,417	7.4
Total revenue	791,813	100	744,396	100

For the six months ended 29 February 2020, tuition fees remained our major revenue contributor, accounting for over 89.9% of total revenue. Tuition fees generally include boarding fees, and tuition fees are mainly paid prior to the beginning of each school year and are initially recorded as contract liabilities. Tuition fees received in advance are recognized as revenue proportionately over the relevant school year. For the six months ended 29 February 2020, tuition fees received by the Group increased by RMB80.5 million, or 12.8%, mainly due to an increase in overall student enrolment during this period.

Tuition fees received from our high schools decreased by 0.6%, while tuition fees received from middle schools and elementary schools increased by 28.2% and 19.3% respectively. The positive performance in our middle schools and elementary schools was mainly attributable to the opening of two new middle schools and two new elementary schools in September 2019.

Due to the impact of the outbreak of COVID-19, revenue from other sources for the six months ended 29 February 2020 decreased by 29.2% or RMB33,076,000.

## Student Enrolment

	At 29 February 2020	At 28 February 2019	Change	Percentage Change
Total number of students enrolled	<b>41,076</b>	36,099	<b>+4,977</b>	<b>+13.8%</b>

The total number of students enrolled increased due to (i) an increase in student enrolment at our existing schools in Dalian Ganjingzi and Shenzhen; and (ii) the opening of new schools in Xiangyang and Ji'nan, with effect from September 2019. These numbers do not include the approximately 1,100 students enrolled at the newly acquired Kingsley International School in Malaysia.

## Average Tuition Fee per Student

	For the six months ended	
	29 February 2020	28 February 2019
Tuition fees (RMB'000)	<b>711,601</b>	631,108
Average student enrolment <sup>^</sup>	<b>41,158</b>	34,789
Average tuition fee per student <sup>#</sup> (RMB'000)	<b>17.3</b>	18.1

<sup>^</sup> Average student enrolment is calculated by taking the average of the total number of students enrolled at the end of six months period and the total number of students enrolled at the end of the previous school year.

<sup>#</sup> Average tuition fee per student is calculated by dividing tuition fees for the six months period by average student enrolment.

Average tuition fee per student decreased by approximately 4.4% due to the average tuition fee rate of acquired schools in Haikou and Xiangyang is below our existing schools' average tuition fee rate. Moreover, as the Group is establishing a pyramid-shaped student structure, there is an increase in the number of students enrolled in the middle schools, elementary schools and preschools which charge a relatively lower tuition fee as compared to the average tuition fee charged by the Group.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Utilization of the Group's Schools

Utilization rate is calculated as the number of students divided by the estimated capacity of a given school. Except for our preschools and foreign national schools, our schools are generally boarding schools. For our boarding schools, the capacity for students is based on the number of beds in their dormitories. For our preschools, the capacity for students is based on the number of beds used for naps in the schools. For our foreign national schools, the capacity for students is based on the number of desks in their classrooms.

	<b>At 29 February 2020</b>	At 28 February 2019
Total number of students enrolled	<b>41,076</b>	36,099
Total capacity	<b>64,620</b>	57,300
Overall utilization	<b>63.6%</b>	63.0%

Total capacity increased primarily due to the opening of schools in Xiangyang and Ji'nan in September 2019. The overall utilization rate remained stable due to the consistent increase in student enrollments as well as capacity.

## The Group's Teachers

	<b>At 29 February 2020</b>	At 28 February 2019
Total number of teachers	<b>3,521</b>	3,147

The total number of teachers increased primarily because more PRC-certified teachers were recruited in light of the opening of two middle schools and two elementary schools at the commencement of the 2019/2020 school year. Our student-teacher ratio slightly increased from 11.5:1 to 11.7:1 mainly due to the ratio increased in middle schools and elementary schools.

## OUTLOOK

### Development Strategies

The Group will continue to adopt multiple expansion strategies including, but not limited to, increasing tuition fee rate, building more asset-light schools, acquisitions of schools with synergy to the Group, and expansion of certain self-owned school campuses to achieve higher utilisation rates in both the PRC and overseas.

## Future New School Development

The Group has an established pipeline of new schools to be opened in China and overseas. The newly acquired Kingsley International School which is situated in Kuala Lumpur, Malaysia has a capacity of 2,600 students and will be added to our school network from March 2020 onwards. In 2020/2021 school year, the Group will open a middle school and an elementary school in Horinger new area, Hohhot, Inner Mongolia; an elementary school in Dalian, Liaoning Province; a middle school and an elementary school in Tianjin; and a preschool in Xiangyang, Hubei Province. Of which, the Tianjin schools will be built by the Group; the Kingsley International School was acquired by the Group; the Dalian elementary school will be opened in our existing boys' high school campus; and the Xiangyang and Hohhot schools and campuses will be developed with an asset-light model. In aggregate, 6,370 new spaces will be added to our total capacity. We expect to open all new schools as scheduled.

## Expansion of Student Capacity for Our Established School Campus

Driven by the strong student enrolment, the Wuhan campus was fully utilised as of 29 February 2020. We expect to expand our school in Wuhan, and capacity for an additional 1,500 students will be added to our total capacity in the beginning of 2020/2021 school year.

## Acquisition of a subsidiary

On 29 January 2020, the Company announced the offer to acquire all the ordinary shares of Kingsley, the ordinary shares of which are listed on GEM of the Stock Exchange, at a price of HK\$0.54 per share and the total consideration is approximately HK\$432,000,000 (equivalent to approximately RMB391,344,480). On 18 March 2020, the Company received valid acceptances in respect of an aggregate of 779,280,000 shares, representing approximately 97.41% of the entire issued share capital of Kingsley. A total of 20,720,000 shares, representing approximately 2.59% of the entire issued share capital of Kingsley are held by the public. As Kingsley does not fulfil the public float requirement as set out under the GEM Listing Rules, the shares of Kingsley were suspended from trading from 19 March 2020 due to insufficient public float pursuant to Rule 11.23(7) of GEM Listing Rules. The Company will exercise the compulsory acquisition rights to which it is entitled under Rule 2.11 of the Takeovers Code and the Companies Law to privatize Kingsley. Please refer to the announcements and circular of the Company dated 29 January 2020, 19 February 2020, 25 February 2020, 26 February 2020, 28 February 2020 and 18 March 2020 for further details.

## Overseas Expansion

Overseas expansion is part of the Group's long-term growth strategy. We believe that a global presence of Maple Leaf brand schools will definitely help our student recruitment in China as Chinese parents recognise that Maple Leaf is able to offer a broader array of educational opportunities for their children. In fact, the demand for bilingual English and Chinese education is growing not only in China but also in other regions of the world such as Southeast Asia and North America. Accordingly, the Group will explore opportunities for opening more Maple Leaf brand bilingual schools outside of mainland China such as Southeast Asia, along belt and road countries and Canada, where there is a demand for blending the best of Western and Chinese culture.

# MANAGEMENT DISCUSSION AND ANALYSIS

## World school program

The Group will implement world school program (the “**World School Program**”) from the commencement of 2020/2021 school year as scheduled in high schools in China. The World School Program will be the first international curriculum with self-developed intellectual property in China. The World School Program has been endorsed by Cognia (formerly known as AdvancEd), the largest school accreditation agency in the world. The Group is working with the National Recognition Information Centre for the United Kingdom (“**UK NARIC**”) for an independent review and benchmarking analysis of the Maple Leaf World Schools Program. Preparation work for the implementation of the World School Program is now progressing on track.

## University Placements

The quality of Maple Leaf education is reflected in the achievements of our students. As of April 2020, 2,299 Maple Leaf high school students of the class of 2020 have received over 5,313 offers from universities in 11 countries. The total offers received exceeded last year’s record at the same period. The rate of our university placements continues to rise. As of April 2020, 208 of our students have received offers from QS Top 10 universities including prestigious University College London and Imperial College in the United Kingdom. The offers received in aggregate exceeded last year’s record at the same period significantly.

## Grant of Share Options and Share Awards

The board of directors of the Company (the “**Board**”) realizes the importance of the retention and attraction of talents who are able to make significant contributions to the Group. Accordingly, the Company has adopted various share incentive schemes including share option schemes and share award scheme. The Board believes that the commitment of our staff and teachers to Maple Leaf is encouraged by sharing our success with our staff and increasing the number of employee shareholders.

## The impact of COVID-19

In early 2020, the global outbreak of novel coronavirus (COVID-19) has certain impact on the education business of the Company, mainly due to global travel restrictions and various precaution measurements undertaken by respective local authorities which inter alia, include closure of campus and delays in school commencement during the outbreaks period. The Group has put in place certain alternative action plans for the students during the campus closure period, which include implementation of online teaching and consultation. Maple Leaf applied Canvas online system to optimize the physical experience and quality of lectures in high school. As the mainland epidemic situation gradually improved, most of the Group’s schools re-opened in batches. Before the opening of the schools, Maple Leaf have thoroughly cleaned and disinfected all campuses and ensured that the supply of various epidemic prevention materials is sufficient to improve campus safety.

The Group will continue to assess and closely monitor the possible impact of the risks and uncertainties related to the COVID-19 epidemic on the Group’s business and financial performance.

## Conclusion

As at 29 February 2020, contract liabilities amounted to RMB712.4 million, providing an indication of the amount that will be recognized as tuition revenue for the second half of the year ending 31 August 2020. It is also expected that additional revenue will be recorded from classes and graduation consulting services in the second half of the year ending 31 August 2020.

The growth of Maple Leaf is driven by these principal sources: (i) organic growth in our enrolment; (ii) tuition fee increment; (iii) expansion of our established schools; (iv) opening of new schools; and (v) acquisition of schools in both China and overseas.

We continue to employ a capital efficient expansion strategy in our openings of new schools. All the five new Maple Leaf schools opened in the first half of the 2019/2020 school year were asset-light schools jointly developed with local partners.

## FINANCIAL REVIEW

### Revenue

The Group derives revenue from tuition fees for our high schools, middle schools, elementary schools, preschools and foreign national schools, the sale and lease of textbooks and other educational materials to our students, fees from our summer and winter camps, other educational services and revenue from the self-operated supermarkets in our school campuses.

Total revenue of the Group increased by RMB47.4 million, or 6.4%, from RMB744.4 million for the six months ended 28 February 2019 to RMB791.8 million for the six months ended 29 February 2020. The increase was primarily due to the increase in revenue from tuition fees by RMB80.5 million, and the decrease in revenue from others by RMB33.1 million.

Revenue from tuition fees increased by 12.8% from RMB631.1 million for the six months ended 28 February 2019 to RMB711.6 million for the six months ended 29 February 2020, largely due to the increase in student enrolment by 13.8%. Revenue from others decreased by 29.2% from RMB113.3 million for the six months ended 28 February 2019 to RMB80.2 million for the six months ended 29 February 2020, mainly due to the impact of COVID-19, considering the health and security of our students, the Group cancelled overseas winter camps that were originally scheduled to depart after Chinese lunar new year.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Cost of Revenue

Our cost of revenue primarily consists of staff costs, depreciation and amortization, other training expenses and other costs. Staff costs consist of salaries and benefits paid to our teachers and other teaching staff. Depreciation and amortization relate to the depreciation of property and equipment and the amortization of books for lease. Training expenses relate to travel expenses and other expenses incurred in connection with our summer and winter camps overseas. Other costs include daily operating expenses of our schools and facilities, including utilities expenses, maintenance cost of furniture and facilities at our schools.

Cost of revenue increased by RMB22.9 million, or 5.5%, from RMB417.6 million for the six months ended 28 February 2019 to RMB440.5 million for the six months ended 29 February 2020. The increase was largely due to an increase in teaching staff costs by RMB17.1 million, an increase in depreciation and amortisation by RMB20.7 million and a decrease in other costs by RMB14.8 million.

Teaching staff costs increased by 6.4% from RMB265.5 million for the six months ended 28 February 2019 to RMB282.6 million for the six months ended 29 February 2020, primarily due to an increase in the number of our teachers from 3,147 as at 28 February 2019 to 3,521 as at 29 February 2020. Depreciation and amortisation increased from RMB41.5 million for the six months ended 28 February 2019 to RMB62.2 million for the six months ended 29 February 2020, primarily due to additional depreciation charge for our schools in Luzhou, and Xiangyang started from September 2019. Other costs decreased from RMB94.9 million for the six months ended 28 February 2019 to RMB89.6 million for the six months ended 29 February 2020, primarily due to a decrease in the cost of sales of goods and educational materials to students.

## Gross Profit

As a result of the foregoing, gross profit increased by 7.5% from RMB326.8 million for the six months ended 28 February 2019 to RMB351.3 million for the six months ended 29 February 2020. Our gross margin slightly increased from 43.9% for the six months ended 28 February 2019 to 44.4% for the six months ended 29 February 2020, primarily due to the increase in revenue was faster than the increase in cost of revenue.

## Investment and Other Income

Investment and other income consist mainly of interest income from our bank deposits, rental income from investment properties and government grants. Investment and other income decreased by 16.8% from RMB34.7 million for the six months ended 28 February 2019 to RMB28.8 million for the six months ended 29 February 2020.

For the six months ended 29 February 2020, government grants decreased by RMB5.2 million primarily due to less educational subsidies received from educational bureau during this period.

## Other Gains and Losses

Other gains and losses consist primarily of gain/(loss) from changes in fair value of financial assets measured at FVTPL, gains on the extinguishment of other payables, and foreign exchange gains and losses. Other gains and losses decreased from a gain of RMB57.0 million for the six months ended 28 February 2019 to a gain of RMB19.1 million for the six months ended 29 February 2020. The decrease was mainly attributable to the combined effects of (i) an increase in a net gain on foreign exchange of RMB13.2 million, (ii) a decrease in a gain arising from changes in fair value of financial assets measured at FVTPL by RMB12.1 million, and (iii) a decrease in a gain on the extinguishment of other payables by RMB31.0 million.

## Marketing Expenses

Marketing expenses mainly consist of commercials and expenses for producing, printing and distributing advertising and promotional materials, and salaries and benefits for personnel engaged in selling and marketing activities. Marketing expenses increased by 11.1% from RMB14.0 million for the six months ended 28 February 2019 to RMB15.5 million for the six months ended 29 February 2020. Marketing expenses as a percentage of revenue slightly increased from 1.9% for the six months ended 28 February 2019 to 2.0% for the six months ended 29 February 2020.

## Administrative Expenses

Administrative expenses consist primarily of the salaries and other benefits for general and administrative staff, depreciation of office buildings and equipment, travel expenses, employee share options and certain professional expenses. Administrative expenses remained stable at RMB102.8 million for the six months ended 28 February 2019 and RMB102.9 million for the six months ended 29 February 2020 as a result of effective cost control.

## Finance Costs

For the six months ended 29 February 2020, finance costs mainly represented interest expense for secured bank borrowings. Finance costs increased from RMB5.6 million for the six months ended 28 February 2019 to RMB8.1 million for the six months ended 29 February 2020 primarily due to the recognition of lease liabilities as the result of the application of IFRS 16 for the first time in this interim period.

## Profit before Taxation

As a result of the foregoing, the Group recorded a profit before taxation of RMB272.7 million for the six months ended 29 February 2020, compared with RMB296.1 million for the six months ended 28 February 2019. Profit before taxation as a percentage of revenue was 34.4% for the six months ended 29 February 2020, compared with 39.8% for the six months ended 28 February 2019.

## Taxation

Income tax expense of the Group decreased from RMB14.9 million for the six months ended 28 February 2019 to RMB8.7 million for the six months ended 29 February 2020, mainly due to the impact of COVID-19, as a result the income tax payable on revenue from other sources decreased. The effective tax rate of the Group for the six months ended 29 February 2020 and the six months ended 28 February 2019 was 3.2% and 5.0% respectively. The decrease in the Group's effective tax rate was primarily due to the decrease of the income tax payable in non-tuition income.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Profit for the Period

As a result of the above factors, profit for the period of the Group decreased by 6.1% from RMB281.2 million for the six months ended 28 February 2019 to RMB264.0 million for the six months ended 29 February 2020. The decrease in profit for the period is mainly due to the outbreak of COVID-19, the Group cancelled overseas winter camps that were originally scheduled to depart after Chinese new year, and the decrease in other gains and losses.

## Adjusted Net Profit

Adjusted net profit was derived from adjusting the profit for the period for those non-recurring items which are not indicative of the Group's operating performances. The following table reconciles profit for the period to adjusted net profit for both periods:

	Six months ended	
	29 February 2020 RMB'000 (Unaudited)	28 February 2019 RMB'000 (Unaudited)
Profit for the period	263,953	281,214
Add:		
Share-based payments	11,040	23,143
Adjusted net profit	274,993	304,357

Adjusted net profit for the six months ended 29 February 2020 decreased by RMB29.4 million or 9.6%. Adjusted net profit margin was 34.7% for the six months ended 29 February 2020, and compared with 40.9% for the six months ended 28 February 2019.

## Capital Expenditures

During the six months ended 29 February 2020, the Group spent RMB140.8 million mainly for the expansion of school campuses in Wuhan and acquisition of campus in Brockville, Canada.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Liquidity, Financial Resources and Capital Structure

The following table sets forth a summary of our cash flows for the two interim periods:

	Six months ended	
	29 February 2020 RMB'000 (Unaudited)	28 February 2019 RMB'000 (Unaudited)
Net cash used in operating activities	(424,571)	(289,027)
Net cash used in investing activities	(72,913)	(303,991)
Net cash used in financing activities	(167,325)	(130,922)
Net decrease in cash and cash equivalents	(664,809)	(723,940)
Cash and cash equivalents at the beginning of the period	2,762,328	2,220,694
Effect of foreign exchange rate changes	(2,636)	(10,043)
Cash and cash equivalents at end of the period	2,094,883	1,486,711

As at 29 February 2020, the Group's bank balances and cash amounted to RMB2,094.9 million, were mainly denominated in RMB and HK\$. Bank balances and cash increased mainly because of less cash was used in investment activities.

As at 29 February 2020, the Group's bank borrowings were RMB324.6 million which were mainly denominated in Singapore Dollar, with variable interest rates with reference to Singapore Interbank Offered Rate. Of the Group's bank borrowings as at 29 February 2020, 38% will mature every month and subject to roll over and the remaining 62% will mature in the second year. These bank borrowings were secured by the Group's bank deposits and investment properties.

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

## 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 and liabilities are denominated in foreign currencies such as CAD, HK\$, S\$ and US\$. As at 29 February 2020, certain bank balances and cash and liabilities were denominated in CAD, HK\$, S\$ and US\$. The Group did not enter into any financial arrangement for hedging purpose as it is expected that 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 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

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 proceeded 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 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 29 February 2020, the Company had 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 29 February 2020, the Group pledged a total bank deposits of RMB132.0 million and certain investment properties with an aggregate carrying amount of RMB329.5 million to certain licensed banks for certain bank facilities in the amount of RMB324.6 million.

## **Material Acquisitions and Disposals of Subsidiaries**

Save as disclosed above, the Group had no material acquisitions and disposals of subsidiaries during the six months ended 29 February 2020.

## **Significant Investments Held**

As at 29 February 2020, no significant investment was held by the Group.

## **Employee Benefits**

As at 29 February 2020, the Group had 6,054 full-time employees (as at 28 February 2019: 5,663). 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, the financial performance of the Group and the relevant market conditions. Total employee remuneration (including directors' remuneration) for the six months ended 29 February 2020 amounted to approximately RMB366.1 million.

## INTERIM DIVIDEND

The Board of the Company has resolved not to declare interim dividend for the six months ended 29 February 2020.

## CORPORATE GOVERNANCE

The Board is 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 six months ended 29 February 2020 and up to the date of the report, 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 most of the applicable code provisions, except for code provisions A.2.1 and E.1.2.

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer (“**CEO**”) should not be performed by the same individual. Mr. Shu Liang Sherman Jen performs the dual roles of chairman and 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 our Group, which in turn enables more effective and efficient overall strategic planning for our Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively.

Code provision E.1.2 of the CG Code stipulates that the chairman of the board of directors should attend the annual general meeting. Mr. Shu Liang Sherman Jen, chairman of the Board of the Company, was unable to attend the annual general meeting of the Company held on 22 January 2020 due to a business trip. Mr. Howard Robert Balloch, a Non-executive Director, a member of the Remuneration Committee and the Vice Chairman of the Board, acted as the Chairman of the annual general meeting of the Company held on 22 January 2020.

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 within 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 six months ended 29 February 2020.

## OTHER INFORMATION

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

During the six months ended 29 February 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

### DIRECTORS' AND CHIEF EXECUTIVES' INTEREST AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

As at 29 February 2020, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), Chapter 571 of the Laws of Hong Kong) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken, or are deemed to have taken, under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register required to be kept by the Company; or (c) were required, pursuant to the Model Code as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

#### Long positions in Shares and underlying Shares of the Company

Name of Director/ chief executive	Capacity	Interest in Shares	Interest in underlying Shares	Total interest in Shares and underlying Shares	Approximate percentage of shareholding
Shu Liang Sherman Jen ("Mr. Jen")	Founder of a discretionary trust who can influence how the trustee exercises his discretion	1,483,639,818 (Note 1)	–	1,483,639,818	49.53%
	Beneficial interest	59,066,850	–	59,066,850	1.97%
	Interest of spouse	1,342 (Note 2)	–	1,342	0.00%
Jingxia Zhang	Beneficial interest	3,511,146	1,200,000 (Note 3)	4,711,146	0.16%
James William Beeke	Interest of controlled corporation	987,000 (Note 4)	–	987,000	0.03%
	Beneficial interest	51,342	600,000 (Note 3)	651,342	0.02%
Howard Robert Balloch	Interest of controlled corporation	7,903,644 (Note 5)	–	7,903,644	0.26%
	Beneficial interest	1,161,342	600,000 (Note 3)	1,761,342	0.06%
Peter Humphrey Owen	Beneficial interest	121,342	661,200 (Note 3)	782,542	0.03%
Lap Tat Arthur Wong	Beneficial interest	520,000	661,200 (Note 3)	1,181,200	0.04%

## Notes:

1. Sherman Investment Holdings Limited (“**Sherman Investment**”) is a company incorporated in the British Virgin Islands, which is indirectly wholly-owned by a discretionary trust, Mr. Jen. is the founder of the discretionary trust who can influence how the trustee exercises his discretion, and is deemed to be interested in 1,483,639,818 Shares.
2. Mr. Jen is the spouse of Ms. Meichen Amy Yan (“**Ms. Yan**”) who is interested in 1,342 Shares. Mr. Jen is deemed to be interested in all the Shares in which Ms. Yan is interested by virtue of the SFO.
3. These interests in underlying Shares represent the interests in outstanding options granted pursuant to the Post-IPO share option scheme approved and adopted by the Company on 10 November 2014 (the “**Post-IPO Share Option Scheme**”) to subscribe for the relevant number of Shares.
4. These Shares were held by Signum International Educational Services Inc. (“**Signum Services**”), a company which is owned as to 51% by Mr. James William Beeke and 49% by his spouse. Mr. James William Beeke is deemed to be interested in all the Shares held by Signum Services.
5. These Shares were held by Balloch Investment Holdings Limited (“**Balloch Investment**”), a company which is owned as to 50% by each of Mr. Howard Robert Balloch and his spouse. Mr. Howard Robert Balloch is deemed to be interested in all the Shares held by Balloch Investment.

### Long position in shares of associated corporation

Name of Director	Name of associated corporation	Capacity	Number of issued shares	Percentage of total issued shares of the associated corporation
Mr. Jen	Sherman Investment	Founder of a discretionary trust who can influence how the trustee exercises his discretion*	50,000	100%

\* A discretionary trust has been set up and the entire issued capital of Sherman Investment was transferred from Mr. Jen to Sherman International Investment Limited (“**Sherman Int'l**”), the shares of which form the assets of a trust, of which Mr. Jen is the Founder.

Save as disclosed above, as at 29 February 2020, none of the Directors or the chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken, or are deemed to have taken, under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register required to be kept by the Company; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## OTHER INFORMATION

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 29 February 2020, the following persons or corporations, other than the Directors or the chief executives of the Company, had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

#### Long positions

Name of Shareholder	Capacity	Total interest in Shares and underlying Shares	Approximate percentage of interest in the Company
Sherman Investment (Note 1)	Beneficial interest	1,483,639,818	49.53%
Sherman Int'l (Note 2)	Interest of controlled corporation	1,483,639,818	49.53%
HSBC International Trustee Limited ("HSBC Trustee") (Note 3)	Trustee	1,483,639,818	49.53%
Ms. Yan (Note 4)	Interest of spouse Beneficial interest	1,542,706,668 1,342	51.50% 0.00%

Notes:

1. Sherman Investment is indirectly wholly-owned by a discretionary trust, Mr. Jen is the founder of the discretionary trust, who can influence how the trustee exercises his discretion. Sherman Investment has a direct beneficial interest in 49.53% of the shareholding of the Company.
2. Sherman Int'l owns 100% shareholding in Sherman Investment and is therefore deemed to be interested in all the Shares in which Sherman Investment is interested by virtue of the SFO.
3. HSBC Trustee is the trustee of a discretionary trust, of which Mr. Jen is the founder, owns 100% shareholding in Sherman Int'l and is therefore deemed to be interested in all the shares in which Sherman Int'l is interested by virtue of the SFO.
4. Ms. Yan is the spouse of Mr. Jen and, therefore, Ms. Yan is deemed to be interested in all the Shares in which Mr. Jen is interested or deemed to be interested by virtue of the SFO. Mr. Jen is interested in: (i) 59,066,850 Shares, and (ii) 1,483,639,818 Shares held by a discretionary trust.

Save as disclosed above, as at 29 February 2020, no other person or corporation, other than the Directors or the chief executives of the Company, had an interest or short position in the Shares and underlying Shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

## SHARE INCENTIVE SCHEMES

In order to incentivize our Directors, senior management, other employees and consultants for their contribution to the Group and to attract and retain suitable personnel to our Group, we adopted the Pre-IPO Share Option Scheme on 1 April 2008 and on 10 November 2014, adopted the Post-IPO Share Option Scheme and the restricted share units scheme which was subsequently modified by the Board on 28 April 2015 and renamed as the Share Award Scheme (the “**Share Award Scheme**”).

For details of the terms of the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme and the Share Award Scheme, please refer to the section headed “Share Incentive Schemes” in the report of Directors included in our 2019 annual report.

### Pre-IPO Share Option Scheme

The following table discloses movements in the outstanding options granted to all grantees under the Pre-IPO Share Option Scheme.

Grantees	Date of grant	Number of share options outstanding as at 1 September 2019 and 29 February 2020	Exercise period	Exercise price per share option	Vesting period
<b>Employees in aggregate</b>					
12 employees	2 June 2014	5,978	10 years after the date of grant	RMB0.47	None
		5,978			

During the six months ended 29 February 2020, no share options were exercised, cancelled or lapsed under the Pre-IPO Option Scheme.



## OTHER INFORMATION

### Post-IPO Share Option Scheme

The following table discloses movements in the outstanding options granted to all grantees under the Post-IPO Share Option Scheme.

Grantees	Date of grant	Number of share options					Outstanding as at 29 February 2020	Exercise period/date	Exercise price per share option (Note)	Vesting period/date
		Outstanding as at 1 September 2019	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period				
<b>Directors</b>										
Shu Liang Sherman Jen	28 June 2019	1,600,000	-	-	-	(1,600,000)	-	1 January 2020-31 January 2020	HK\$3.11	1 January 2020
Jingxia Zhang	14 June 2018	1,600,000	-	-	-	(400,000)	-	1 January 2020-31 January 2020	HK\$7.22	1 January 2020
			-	-	-	-	400,000	1 January 2021-31 January 2021	HK\$7.22	1 January 2021
			-	-	-	-	400,000	1 January 2022-31 January 2022	HK\$7.22	1 January 2022
			-	-	-	-	400,000	1 January 2023-31 January 2023	HK\$7.22	1 January 2023
James William Beeke	14 June 2018	800,000	-	-	-	(200,000)	-	1 January 2020-31 January 2020	HK\$7.22	1 January 2020
			-	-	-	-	200,000	1 January 2021-31 January 2021	HK\$7.22	1 January 2021
			-	-	-	-	200,000	1 January 2022-31 January 2022	HK\$7.22	1 January 2022
			-	-	-	-	200,000	1 January 2023-31 January 2023	HK\$7.22	1 January 2023
Howard Robert Balloch	14 June 2018	800,000	-	-	-	(200,000)	-	1 January 2020-31 January 2020	HK\$7.22	1 January 2020
			-	-	-	-	200,000	1 January 2021-31 January 2021	HK\$7.22	1 January 2021
			-	-	-	-	200,000	1 January 2022-31 January 2022	HK\$7.22	1 January 2022
			-	-	-	-	200,000	1 January 2023-31 January 2023	HK\$7.22	1 January 2023
Peter Humphrey Owen	14 June 2018	553,600	-	-	-	(138,400)	-	1 January 2020-31 January 2020	HK\$7.22	1 January 2020
			-	-	-	-	138,400	1 January 2021-31 January 2021	HK\$7.22	1 January 2021
			-	-	-	-	138,400	1 January 2022-31 January 2022	HK\$7.22	1 January 2022
			-	-	-	-	138,400	1 January 2023-31 January 2023	HK\$7.22	1 January 2023
	28 June 2019	308,000	-	-	-	(62,000)	-	1 January 2020-31 January 2020	HK\$3.11	1 January 2020
			-	-	-	-	62,000	1 January 2021-31 January 2021	HK\$3.11	1 January 2021
			-	-	-	-	62,000	1 January 2022-31 January 2022	HK\$3.11	1 January 2022
			-	-	-	-	62,000	1 January 2023-31 January 2023	HK\$3.11	1 January 2023
			-	-	-	-	60,000	1 January 2024-31 January 2024	HK\$3.11	1 January 2024
Lap Tat Arthur Wong	14 June 2018	553,600	-	-	-	(138,400)	-	1 January 2020-31 January 2020	HK\$7.22	1 January 2020
			-	-	-	-	138,400	1 January 2021-31 January 2021	HK\$7.22	1 January 2021
			-	-	-	-	138,400	1 January 2022-31 January 2022	HK\$7.22	1 January 2022
			-	-	-	-	138,400	1 January 2023-31 January 2023	HK\$7.22	1 January 2023
	28 June 2019	308,000	-	-	-	(62,000)	-	1 January 2020-31 January 2020	HK\$3.11	1 January 2020
			-	-	-	-	62,000	1 January 2021-31 January 2021	HK\$3.11	1 January 2021
			-	-	-	-	62,000	1 January 2022-31 January 2022	HK\$3.11	1 January 2022
			-	-	-	-	62,000	1 January 2023-31 January 2023	HK\$3.11	1 January 2023
			-	-	-	-	60,000	1 January 2024-31 January 2024	HK\$3.11	1 January 2024
<b>Sub-total</b>		<b>6,523,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,800,800)</b>	<b>3,722,400</b>			

## OTHER INFORMATION

Grantees	Date of grant	Number of share options					Outstanding as at 29 February 2020	Exercise period/date	Exercise	
		Outstanding as at 1 September 2019	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period			price per share option (Note)	Vesting period/date
<b>Employees in aggregate</b>										
Fifth tranche	14 June 2018	7,320,000	-	-	(180,000)	(7,140,000)	-	1 January 2020–31 January 2020	HK\$7.22	1 January 2020
Sixth tranche	14 June 2018	7,320,000	-	-	(260,000)	-	7,060,000	1 January 2021–31 January 2021	HK\$7.22	1 January 2021
Seventh tranche	14 June 2018	7,320,000	-	-	(260,000)	-	7,060,000	1 January 2022–31 January 2022	HK\$7.22	1 January 2022
Eighth tranche	14 June 2018	7,320,000	-	-	(260,000)	-	7,060,000	1 January 2023–31 January 2023	HK\$7.22	1 January 2023
Ninth tranche	28 June 2019	460,000	-	-	-	(460,000)	-	1 January 2020–31 January 2020	HK\$3.11	1 January 2020
Tenth tranche	28 June 2019	2,758,000	-	-	(55,000)	(2,703,000)	-	1 January 2020–31 January 2020	HK\$3.11	1 January 2020
Eleventh tranche	28 June 2019	2,710,000	-	-	(75,000)	-	2,635,000	1 January 2021–31 January 2021	HK\$3.11	1 January 2021
Twelve tranche	28 June 2019	2,615,000	-	-	(70,000)	-	2,545,000	1 January 2022–31 January 2022	HK\$3.11	1 January 2022
<b>Sub-total</b>		<b>37,823,000</b>	<b>-</b>	<b>-</b>	<b>(1,160,000)</b>	<b>(10,303,000)</b>	<b>26,360,000</b>			
<b>Total</b>		<b>44,346,200</b>	<b>-</b>	<b>-</b>	<b>(1,160,000)</b>	<b>(13,103,800)</b>	<b>30,082,400</b>			

Note: The closing prices of the Shares immediately before the date on which the Options were granted for 2018 grant and 2019 grant were HK\$7.28 and HK\$3.09 respectively.

For details of the closing price of the Shares and the fair value of the options granted, please refer to note 17 to the condensed consolidated financial statements included in this interim report.

## OTHER INFORMATION

### Share Award Scheme

During the six months ended 29 February 2020, 224,000 Shares were granted and vested under the Share Award Scheme. As at 29 February 2020, the scheme trustee (the “Trustee”) of the Share Award Scheme held 24,915,818 Shares.

The table below discloses movements in the outstanding Shares granted under the Share Award Scheme.

Grantees	Date of grant	Number of share award				Outstanding as at 29 February 2020	Vesting period/date	Vesting conditions
		Outstanding as at 1 September 2019	Granted during the period	Vested during the period	Forfeited during the period			
<b>Employees in aggregate</b>								
Eleventh tranche	12 March 2018	220,000	-	-	(220,000)	-	31 May 2020	Subject to performance conditions
Twelfth tranche	5 September 2020	-	224,000	(224,000)	-	-	Immediately	None
<b>Total</b>		<b>220,000</b>	<b>224,000</b>	<b>(224,000)</b>	<b>(220,000)</b>	<b>-</b>		

Note: The vesting date is subject to the completion of certain administrative procedures relevant to the Trustee and the grantees.

## USE OF PROCEEDS

### Use of proceeds from the placing and subscription

The net proceeds from the placing and subscription of 110,000,000 Shares of the Company in January 2018, 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.

As at 29 February 2020, the Group have utilized the net proceeds as set out in the table below:

Use of proceeds	Percentage	Net proceeds from placing and subscription HK\$'million	Unutilized Balance 1 September 2019 HK\$'million	Utilization during	Unutilized Balance 29 February 2020 HK\$'million
				the six months ended 29 February 2020 HK\$'million	
Overseas acquisitions and related expenses	95%	940.0	940.0	77.0	863.0
General corporate purposes	5%	49.5	11.1	3.4	7.7
<b>Total</b>	<b>100%</b>	<b>989.5</b>	<b>951.1</b>	<b>80.4</b>	<b>870.7</b>

The expected timeline for utilizing the remaining proceeds on overseas acquisitions is subject to future overseas development plan of the Group and the global market conditions.

## OTHER INFORMATION

The following table illustrates the net proceeds utilized for overseas acquisitions and related Expenses as at 29 February 2020:

	As at 29 February 2020 HK\$'million
Brockville campus, Ontario, Canada	77.0
<b>Total</b>	<b>77.0</b>

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

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

### 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 on 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. Alan Shaver, all Independent Non-executive Directors. Mr. Lap Tat Arthur Wong is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited consolidated financial statements of the Group for the six months ended 29 February 2020 and has met with the independent auditors, Messrs. Deloitte Touche Tohmatsu, who has reviewed the interim financial statements in accordance with International Standard on Review Engagement 2410. 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 report.

## OTHER INFORMATION

### Events after the Reporting Period

#### (a) Acquisition of a subsidiary

On 29 January 2020, the Company announced the offer to acquire all the ordinary shares of Kingsley, the ordinary shares of which are listed on GEM of the Stock Exchange, at a price of HK\$0.54 per share and the total consideration is approximately HK\$432,000,000 (equivalent to approximately RMB391,344,480). On 18 March 2020, the Company received valid acceptances in respect of an aggregate of 779,280,000 shares, representing approximately 97.41% of the entire issued share capital of Kingsley. A total of 20,720,000 shares, representing approximately 2.59% of the entire issued share capital of Kingsley are held by the public. As Kingsley does not fulfil the public float requirement as set out under the GEM Listing Rules, the shares of Kingsley was suspended from trading from 19 March 2020 due to insufficient public float pursuant to Rule 11.23(7) of GEM Listing Rules. Please refer to the announcements and circular of the Company dated 29 January 2020, 19 February 2020, 25 February 2020, 26 February 2020, 28 February 2020 and 18 March 2020 for further details.

#### (b) Impact of the outbreak of novel coronavirus (COVID-19)

In early 2020, the global outbreak of novel coronavirus (COVID-19) has certain impact on the education business of the Company, mainly due to global travel restrictions and various precaution measurements undertaken by respective local authorities which inter alia, include closure of campus and delays in school commencement during the outbreaks period. The Group has put in place certain alternative action plans for the students during the campus closure period, which include implementation of online teaching and consultation. Maple Leaf applied Canvas online system to optimize the physical experience and quality of lectures in high school. As the mainland epidemic situation gradually improved, most of the Group's schools re-opened in batches. Before the opening of the schools, Maple Leaf have thoroughly cleaned and disinfected all campuses and ensured that the supply of various epidemic prevention materials is sufficient to improve campus safety.

The Group will continue to assess and closely monitor the possible impact of the risks and uncertainties related to the COVID-19 epidemic on the Group's business and financial performance.

## CHANGES IN DIRECTORS' INFORMATION

Changes in Directors' information are set out below:

- Mr. Lap Tat Arthur Wong was appointed as an Independent Director of Tarena International, Inc., an IT professional education services provider listed on NASDAQ (stock code: TEDU) on 1 March 2020.
- Mr. Shu Liang Sherman Jen was appointed as an executive Director and the chairman of the Board of Directors of Kingsley Edugroup Limited, a newly acquired subsidiary of the Group listed on the GEM board of the Stock Exchange (stock code: 8105) on 19 March 2020.

Save as disclosed above, there is no other information in respect of Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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

Hong Kong, 28 April 2020

\* For identification purposes only