MLES
枫叶教育

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

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1317)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 28 FEBRUARY 2021; CHANGE OF COMPANY SECRETARY; AND CHANGE OF AUTHORIZED REPRESENTATIVE

The board (the "**Board**") of directors (the "**Directors**") of China Maple Leaf Educational Systems Limited (the "**Company**", together with its subsidiaries and consolidated affiliated entities, the "**Group**") is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 28 February 2021.

KEY FINANCIAL HIGHLIGHTS

	Six months ended			
	28 February 2021	29 February 2020	**Change**	**Percentage Change**
	RMB'000	*RMB'000*	*RMB'000*	
	(unaudited)	(unaudited)		
Revenue	**1,096,018**	791,813	+304,205	**+38.4%**
Tuition and boarding fee	**1,013,608**	711,601	+302,007	**+42.4%**
Others	**82,410**	80,212	+2,198	**+2.7%**
Gross profit	**475,692**	351,279	+124,413	**+35.4%**
Profit for the period	**+222,241**	263,953	-41,712	**-15.8%**
Adjusted net profit *(Note)*	**+314,523**	280,493	+34,030	**+12.1%**

Note: 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. For details, please refer to the section headed "Financial Review" in this announcement.

KEY BUSINESS HIGHLIGHTS

	Six months ended	
	28 February 2021	29 February 2020
Total number of students enrolled	**44,076**	41,076
Total capacity	**73,900**	64,620
Admission rate of MLES Global Top 100 universities	**64.9%**	60.0%

Performance Review

The 2020/2021 school year is the first year of the Group's sixth five-year plan (from 2020/2021 to 2021/2025 school years) ("**Sixth Five-Year Plan**"). At the six months ended 28 February 2021, our total student enrollment was 44,076, representing an increase of 3,000 students or 7.3% as compared to the corresponding period of last year. During this school year, our global school network has increased from 109 schools as at 31 August 2020 to 116 schools as at 28 February 2021, of which 103 are located in 23 cities in mainland China, and 13 are located in Canada, Malaysia, Singapore and Australia.

Compared with other international schools in the region, Maple Leaf overseas schools have been less impacted by the epidemic for the six months ended 28 February 2021 and are expected to grow significantly after the COVID-19 epidemic. For the six months ended 28 February 2021, our overseas schools contributed 30.2% of the total revenue of the Group, and enrolled 9.3% of students. The Group will continue to invest in overseas schools, especially along the Belt and Road countries, and we expect that overseas schools will account for 40% or more of the Group's total revenue at the end of Six Five-Year Plan.

As of 28 February 2021, 1,778 Maple Leaf high school students of the class of 2021 have received over 4,124 offer letters from universities in 12 countries. Among them, 99 students received offer letters from QS top 10 universities in the world, including Imperial College London and University College London. In addition, 1,175 students, approximately 64.9% of whom, received at least one offer letter from the Maple Leaf Education Global Top 100 universities.

In order to provide Maple Leaf graduates with a wider range of further education opportunities, the Group has entered into cooperation agreements with 16 well-known domestic universities, such as the Beijing Foreign Studies University, Beijing Institute of Technology, etc. These universities offer programs in various disciplines in cooperation with overseas universities. We will continue to increase cooperation with Chinese domestic universities, and offer a variety of options to our high school graduates.

In the beginning of the 2020/2021 school year, the Maple Leaf World School Program ("**World School Program**") was officially launched in China and we have completed the first year of high school enrollment. It is the first international program with oriental cultural characteristics in the world. World School Program cooperates with two of the world's largest educational institutions, benchmarking by UK ENIC (formerly UK NARIC), and accreditation by Cognia (formerly AdvancED). As of 28 February 2021, we have received official support letters from 105 universities in 12 countries. We are confident that World School Program will become a top international education program equivalent to the A-Level and International Baccalaureate (the "**IB**") programs in the future.

On 27 January 2021, the Company issued Convertible Bonds (the "**Bonds**") with principal amount of US$125 million to raise funds for repayment of existing borrowings, acquisitions related expenses and general corporate purposes. Based on the initial Conversion Price (subject to adjustments) of HK$2.525 per Share and assuming full conversion of the Bonds, the Bonds will be convertible into approximately 383,881,188 New Shares (subject to adjustments). Permission for the listing of, and dealing in, the Bonds became effective on 28 January 2021. Please refer to the announcements and circular of the Company dated 13 January 2021, 27 January 2021 and 28 January 2021 for further details.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's Market Position

With over 26 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 K-12 education, combining the merits of both Western and Eastern educational philosophies. Our preschools provide an advanced Chinese and English program in a happy learning environment that ensures "whole child" development, and cultivate each child's bilingual proficiency. Our middle and elementary schools provide Chinese compulsory education with English enhancement classes and school-based curriculum, aiming to cultivate students' English ability and comprehensive literacy. Our high schools provide World School Program at the commencement of the 2020/2021 school year. Our unique programs and systems are designed to cultivate elite talents with a global perspective and proficiency in Chinese culture and wisdom.

Kingsley International School ("**KIS**") offers A-Level from preschool to Year 12 students in Malaysia. While Canadian International School ("**CIS**") offers the IB curriculum to preschool to Year 12 students across two campuses, the Tanjong Katong campus and the Lakeside campus, in Singapore. CIS is well known for its highly acclaimed bilingual English/Chinese program where students are fully immersed culturally and taught by qualified native English speakers who are also IB certified.

The Group targets mainly Chinese students from increasingly affluent middle-income families in China who aim to pursue higher education abroad and for whom our tuition fees are affordable and competitive. The Group mainly operates its schools in China under the "Maple Leaf" brand, most of which are located in second and third-tier cities in China (with the exception of Shanghai and Shenzhen being first-tier cities).

KIS targets mainly local students and also international students primarily from Asian countries, while CIS is one of the largest for-profit premium international schools in Singapore in terms of revenue and student enrolment, and targets expatriate families employed in Singapore, especially those from China, South Korea, the US and India and international students from Asian countries.

BUSINESS REVIEW

Student Enrolment

	At 28 February 2021	**% of Total**	At 29 February 2020	% of Total
High school	**7,400**	**16.8**	7,360	17.9
Middle school	**10,020**	**22.7**	9,131	22.2
Elementary school	**21,514**	**48.8**	19,565	47.6
Preschool	**4,875**	**11.1**	4,620	11.3
Foreign national school	**267**	**0.6**	400	1.0
Total number of students enrolled	**44,076**	**100**	41,076	100

The total number of students enrolled increased by 3,000 or 7.3% from 41,076 for the six months ended 29 February 2020 to 44,076 for the six months ended 28 February 2021, which was primarily due to the acquisition of KIS in Malaysia and CIS in Singapore, and improvement of school utilization rate in Haikou, Ji'nan and Hohhot.

We have nearly completed the construction of a pyramid-shaped student structure, which meets the needs of internal student enrollment for high schools, and will continue to develop in a balanced manner according to this structure.

Average Tuition Fee per Student

	For the six months ended	
	28 February 2021	29 February 2020
Tuition fees *(RMB'000)*	**1,013,608**	711,601
Average student enrolment*	**44,840**	41,158
Annualized Average tuition fee per student# *(RMB'000)*	**45.2**	34.6

* Average student enrolment is calculated as the average of the total number of students enrolled at the end of six months ended and the total number of students enrolled at the end of the previous school year.

\# Average tuition fee per student is calculated by dividing tuition fees for the six months period by average student enrolment.

The annualized average tuition fee per student increased by approximately 30.6% was primarily due to the tuition fee rate charged in CIS being much higher as compared to the average tuition fee rate charged by the Group's remaining schools.

The Group's Schools

Eight new schools were added to the Group's school network for the six months ended 28 February 2021, including an elementary school and a middle school in Horinger New Area, Hohhot, Inner Mongolia autonomous region; a high school in Ji'nan, Shandong Province; an elementary school and a preschool in Dalian, Liaoning Province; a preschool in Xiangyang, Hubei Province; an elementary school in Tianjin and a preschool in Yiwu, Zhejiang Province.

As at 28 February 2021, the Group had 116 schools located in 29 cities across countries such as China, Canada, Malaysia, Singapore and Australia, namely Dalian, Wuhan, Tianjin, Chongqing, Zhenjiang, Luoyang, Ordos, Shanghai, Pingdingshan, Jingzhou, Yiwu, Huai'an, Pinghu, Xi'an, Haikou, Weifang, Huzhou, Yancheng, Shenzhen, Xiangyang, Luzhou, Ji'nan, Hohhot, Kamloops, Richmond, Thunder Bay, Kuala Lumpur, Singapore and Adelaide. The following table shows a summary of the Group's schools by category as at the end of the two periods:

	At 28 February 2021	At 29 February 2020
High schools	**18**	16
Middle schools	**29**	26
Elementary schools	**33**	27
Preschools	**33**	28
Foreign national schools	**3**	3
Total	**116**	100

Capacity and 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 in China. 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.

	At 28 February 2021	At 29 February 2020
Total number of students enrolled	**44,076**	41,076
Total estimated capacity	**73,900**	64,620
Overall utilization	**59.6%**	63.6%

Total estimated capacity for students increased from 64,620 for the six months ended 29 February 2020 to 73,900 for the six months ended 28 February 2021 due to the addition of eight new schools during the six months ended 28 February 2021. The 4.0% decrease in the overall utilization rate was because the utilization rates in existing schools in Ji'nan, Weifang, Huzhou and Pinghu and newly acquired schools in Malaysia were lower than the overall utilization rate of the Group.

The Group's Teachers

Teachers are the key to maintaining high-quality educational programs and services as well as maintaining our brand and reputation. Our certified teachers form a core group within our teaching staff, allowing us to maintain the quality of our educational services while undergoing expansion. Our Group has established a global recruitment office (the "**Global Recruitment Office**") to recruit high school foreign teachers and ESL foreign teachers worldwide. The establishment of the Global Recruitment Office ensures both the quality and quantity of Maple Leaf foreign teachers and satisfies the development needs of the Group's Sixth Five-Year Plan.

	At 28 February 2021	At 29 February 2020
Total number of certified teachers	**3,902**	3,521

The total number of certified teachers increased from 3,521 for the six months ended 29 February 2020 to 3,902 for the six months ended 28 February 2021 primarily because of the acquisition of CIS, which has 297 certified IB teachers. Our student-teacher ratio slightly decreased from 11.7:1 for the end of the six months ended 29 February 2020 to 11.3:1 for the six months ended 28 February 2021.

RECENT BUSINESS UPDATE

Growth in Student Enrolment as at 31 March 2021

	As at 31 March		**Change**	**Percentage Change**
	2021	2020		
Total number of students enrolled	**46,034**	43,572	+2,462	+5.6%

The total number of students enrolled as at 31 March 2021 was approximately 46,034, representing an increase of 5.6% as compared to the corresponding period of last year; and there are approximately 4,197 students, representing 9.1% of total enrolment, studying at Maple Leaf schools overseas. The increase of student enrollment compared to the corresponding period last year was primarily due to the acquisition of CIS in Singapore, and improvement of school utilization rate in Haikou, Ji'nan, and Hohhot.

The financial year of the Group ends on 31 August each year, while its school year normally runs from the beginning of September each year to the middle of July in the next year and each school year is divided into two terms in China. The number of students enrolled may vary from time to time in each school year. The above student enrolment numbers as at 31 March represent unaudited internal statistics of the total number of students enrolled and shall be used for comparison purposes only.

Development in New Schools Opening

The Group opened a preschool in Tianjin Teda campus in March 2021. An elementary school and a middle school will be opened in Tianjin Eco-city and a high school will be opened in Horinger New Area, Hohhot, in Inner Mongolia autonomous region at the beginning of the 2021/2022 school year. We expect to open schools at Hillside campus in Singapore, Brockville campus in Canada, and in Nanjing and Shenzhen in China at the beginning of the 2022/2023 school year.

University Placements

The quality of Maple Leaf education is reflected in the achievements of our students. Although affected by the pandemic globally, as of 20 April 2021, 1,778 Maple Leaf high school students of the class of 2021 have received over 5,637 offer letters from universities in 14 countries. More, 121 of our students have received offer letters from QS Top 10 universities including prestigious University College London and Imperial College London in the United Kingdom. In addition, 1,368 students, approximately 76.9% of whom, received at least one offer letter from the Maple Leaf Education Global Top 100 universities.

Maple Leaf maintains long-term relationships with a significant number of universities and colleges around the world. Various universities and colleges have a memorandum of understanding with us to facilitate the admissions process for our high school graduates. Our Group holds annual university and college recruitment fairs on our campuses and provides consulting services to assist our students in making informed decisions about the universities and colleges they choose to attend. In addition, we assist our students with respect to admissions, visas and scholarships, preparing them to study abroad. We believe that our services ensure a smooth transition for our students from our high schools to higher education.

FUTURE DEVELOPMENT

Our goal is to become one of the largest international school operators in the world. The Group has implemented the Sixth Five-Year Plan at the commencement of the 2020/2021 school year to map its future development.

Educational School District Development Strategy

Under the School District Development Strategy, across the Six Five-Year Plan period, the Group intends to establish (i) up to 10 school districts in the PRC with a target enrollment of 100,000 students; and (ii) two offshore school districts with a target enrollment of at least 10,000 students. The Group aims to build Maple Leaf World Schools in approximately 50 cities worldwide, with around 150 campuses within and outside of the PRC, and a total target enrollment of around 110,000 students. Implementation of this strategy is expected to enable the Group to become one of the largest international school operators in the world.

Standard Implementation Strategy

Under the Standard Implementation Strategy, the Group launched the World School Program, China's first internationally accredited curriculum with self-developed intellectual property, at the commencement of the 2020/2021 school year. The Group's first batch of graduates from the World School Program will receive the Maple Leaf High School Graduation Diplomas in June 2023, endorsed by Cognia. The World School Program was developed by Maple Leaf curriculum experts and meets high academic and curriculum standard, which will prepare students well for entering into the world's top ranked universities. The World School Program has obtained the benchmarking agreement with UK ENIC (formerly UK NARIC) and accreditation of Cognia – two of the world's most recognised certification institutions – providing further assurance that Maple Leaf graduates will be able to transit to universities across the globe seamlessly.

Overseas Expansion

Overseas expansion is an important part of the Group's long-term growth strategy. The Group believes that a global presence of Maple Leaf branded schools will help the Group's student recruitment in China as Chinese parents recognize 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 believes that with its unique advantages in having both English and Chinese curricula, and both ESL and CSL programs, it is precisely positioned to meet the demand for quality international K-12 education along the Belt and Road countries, where there is a demand for blending the best of Western and Eastern cultures. The Group will further expand its school network under the brand of CIS and IB in the Southeast Asian countries.

Conclusion

Pursuant to the Sixth Five-Year Plan, the Group will continue to adopt multiple expansion strategies including, but not limited to, increasing our enrollment, increasing tuition fee rate, building more asset-light schools, acquiring schools with synergies to the Group, and expanding our established schools to achieve the growth targets in both the PRC and overseas, and strive to become one of the largest international school operators in the world.

OTHER INFORMATION

Issuance of US$125 million 2.25% Convertible Bonds due 2026

On 12 January 2021, the Company entered into the Subscription Agreement (the "**Subscription Agreement**") with UBS AG Hong Kong Branch (the "**Manager**"), under which the Manager has agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Convertible Bonds (the "**Bonds**") in an aggregate principal amount of US$125 million. The estimated net proceeds from the subscription of the Bonds, after deduction of underwriting commission and expenses, amount to approximately US$123.1 million. The Company intends to use the net proceeds from the issuance of the Bonds for repayment of existing borrowings, acquisitions related expenses and general corporate purposes. Based on the initial Conversion Price (subject to adjustments) of HK$2.525 per Share and assuming full conversion of the Bonds, the Bonds will be convertible into approximately 383,881,188 New Shares (subject to adjustments). The New Shares are to be issued under the General Mandate. The issue of the Bonds is not subject to the specific approval of the Shareholders.

The Bonds bear interest on their outstanding principal amount from and including 27 January 2021 at the rate of 2.25% per annum, payable semi-annually in arrears on 27 January and 27 July in each year until the Maturity Date. Subject to the conditions as stipulated in the Subscription Agreement, each Bond shall entitle the Bondholder to convert such Bond into New Shares credited as fully paid at any time during the Conversion Period. Permission for the listing of, and dealing in, the Bonds became effective on 28 January 2021.

As at 28 February 2021, all the proceeds had been applied for the repayment of existing borrowings, acquisitions related expenses and general corporate purposes. Please refer to the announcements and circular of the Company dated 13 January 2021, 27 January 2021 and 28 January 2021 for further details.

As at 28 February 2021, no conversion related to the Bonds was exercised by the Bondholders.

FINANCIAL REVIEW

For the six months ended 28 February 2021, total revenue increased by 38.4%, from RMB791.8 million to RMB1,096.0 million; net profit decreased by 15.8%, from RMB264.0 million to RMB222.2 million and adjusted net profit increased by 12.1%, from RMB280.5 million to RMB314.5 million respectively, as compared with that of 29 February 2020.

Revenue

For the six months ended 28 February 2021, the Group derives revenue from (i) tuition fees from the Group's high schools, middle schools, elementary schools, preschools and foreign national schools, (ii) the sale and lease of textbooks and other educational materials to the Group's students, and (iii) other educational services.

The total revenue of the Group increased by RMB304.2 million, or 38.4%, from RMB791.8 million for the six months ended 29 February 2020 to RMB1,096.0 million for the six months ended 28 February 2021, primarily due to the increase in revenue from tuition fees by RMB302.0 million and the increase in revenue from other sources by RMB2.2 million. Amongst the total revenue of the Group for the six months ended 28 February 2021, RMB765.5 million (approximately 69.8%) is contributed by the operations in PRC with the remaining 330.6 million (approximately 30.2%) contributed by the operation overseas.

Revenue from tuition fees increased by 42.4% from RMB711.6 million for the six months ended 29 February 2020 to RMB1,013.6 million for the six months ended 28 February 2021, mainly due to (i) revenue generated from newly acquired overseas schools, KIS and CIS and (ii) an increase in tuition fee rate. Revenue from others increased by 2.7% from RMB80.2 million for the six months ended 29 February 2020 to RMB82.4 million for the six months ended 28 February 2021, mainly due to the addition of other educational services provided by CIS and KIS to students.

Cost of Revenue

The Group's cost of revenue primarily consists of (i) staff costs, (ii) depreciation and amortisation, and (iii) other costs. Staff costs consist of salaries and benefits paid to the Group's teachers and other teaching staff. Depreciation and amortisation relate to property and equipment, right-of-use assets, intangible assets and investment properties. Other costs include daily operating expenses of the Group's schools and facilities, including the utility costs, the cost of furniture and the cost of maintaining facilities at the Group's schools.

Cost of revenue increased by RMB179.8 million, or 40.8%, from RMB440.5 million for the six months ended 29 February 2020 to RMB620.3 million for the six months ended 28 February 2021. The increase was largely due to the addition of cost of revenue from the newly acquired overseas schools, KIS and CIS.

Teaching staff costs increased by 37.4% from RMB282.6 million for the six months ended 29 February 2020 to RMB388.3 million for the six months ended 28 February 2021, primarily due to an increase in the number of teachers from 3,521 as at 29 February 2020 to 3,902 as at 28 February 2021. Depreciation and amortization increased from RMB62.2 million for the six months ended 29 February 2020 to RMB128.1 million for the six months ended 28 February 2021, primarily due to the additional depreciation charge for our schools in KIS and CIS during the period.

Gross Profit

As a result of the foregoing, gross profit increased by 35.4% from RMB351.3 million for the six months ended 29 February 2020 to RMB475.7 million for the six months ended 28 February 2021. Our gross margin slightly decreased from 44.4% for the six months ended 29 February 2020 to 43.4% for the six months ended 28 February 2021, primarily due to the gross profit margin in overseas schools is slightly lower than that in mainland schools.

Investment and Other Income

Investment and other income consist mainly of (i) interest income from our bank deposits, (ii) rental income from investment properties and (iii) government grants. Investment and other income increased by 61.7% from RMB28.8 million for the six months ended 29 February 2020 to RMB46.6 million for the six months ended 28 February 2021. Bank interest income increased by 119.1% from RMB11.6 million for the six months ended 29 February 2020 to RMB25.3 million for the six months ended 28 February 2021 primarily due to the interest income from pledged bank deposits under the NBWD arrangement.

For the six months ended 28 February 2021, government grants increased by RMB6.2 million primarily due to more COVID-19 related subsidies received from government during this period.

Other Gains and Losses

Other gains and losses consist primarily of (i) changes in fair value of Convertible Bonds, (ii) changes in fair value of financial assets measured at FVTPL, (iii) net foreign exchange gain or loss, and (iv) impairment of property, plant and equipment. Other gains and losses decreased from a gain of RMB19.1 million for the six months ended 29 February 2020 to a loss of RMB32.3 million for the six months ended 28 February 2021. The decrease was mainly attributable to (i) loss arising from changes in fair value of Convertible Bonds of RMB40.6 million and (ii) a decrease on gain arising from changes in fair value of financial assets measured at FVTPL by RMB18.8 million.

Marketing Expenses

Marketing expenses mainly consist of (i) commercials and expenses for producing, printing and distributing advertising and promotional materials and (ii) salaries and benefits for personnel engaged in selling and marketing activities. Marketing expenses increased by 2.1% from RMB15.5 million for the six months ended 29 February 2020 to RMB15.9 million for the six months ended 28 February 2021. Marketing expenses as a percentage of revenue decreased from 2.0% for the six months ended 29 February 2020 to 1.4% for the six months ended 28 February 2021, primarily due to a decrease in advertising and promotional expenses and student placement related expenses.

Administrative Expenses

Administrative expenses consist primarily of (i) salaries and other benefits for general and administrative staff, (ii) depreciation of office buildings and equipment, (iii) travel expenses, (iv) employee share-based payments and (v) certain professional expenses. Administrative expenses increased by 57.2% from RMB102.9 million for the six months ended 29 February 2020 to RMB161.7 million for the six months ended 28 February 2021, mainly attributed from the addition of administrative expenses by newly acquired overseas schools, KIS and CIS. Administrative expenses as a percentage of total revenue increased from 13.0% for the six months ended 29 February 2020 to 14.8% for the six months ended 28 February 2021 as a result of the acquisition of KIS and CIS.

Finance Costs

For the six months ended 28 February 2021, finance costs mainly represented by interest expenses and related bank arrangement fee for secured bank borrowings. Finance costs increased from RMB8.1 million for the six months ended 29 February 2020 to RMB67.2 million for the six months ended 28 February 2021 primarily due to the utilizations of bank borrowings to finance the KIS and CIS acquisitions.

Profit before Taxation

As a result of the foregoing, the Group recorded a profit before taxation of RMB245.3 million for the six months ended 28 February 2021, compared to RMB272.7 million for the six months ended 29 February 2020. Profit before taxation as a percentage of revenue of the Group was 22.4% for the six months ended 28 February 2021, compared with 34.4% for the six months ended 29 February 2020.

Taxation

Income tax expense of the Group increased from RMB8.7 million for the six months ended 29 February 2020 to RMB23.0 million for the six months ended 28 February 2021, mainly due to the addition of enterprise income tax (the "**EIT**") expenses recognized by CIS. The effective tax rates of the Group for the six months ended 28 February 2021 and 29 February 2020 were 9.4% and 3.2% respectively. The increase in the Group's effective tax rate was primarily due to the EIT expenses recognized by CIS.

Profit for the Period

As a result of the above factors, profit for the period of the Group decreased by 15.8% from RMB264.0 million for the six months ended 29 February 2020 to RMB222.2 million for the six months ended 28 February 2021. The decrease in profit for the six months ended 28 February 2021 is mainly due to (i) loss arising from the changes in fair value of Convertible Bonds; (ii) increase in amortization of other intangible assets and depreciation of properties arising from acquisition and (iii) increase in finance costs.

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	
	28 February 2021 RMB'000	29 February 2020 RMB'000
Profit for the period	**222,241**	263,953
Add:		
Amortization of other intangible assets and depreciation of properties arising from acquisition	**45,007**	5,500
Changes in fair value of Convertible Bonds	**40,607**	–
Share-based payments	**6,668**	11,040
Adjusted net profit	**314,523**	280,493

Adjusted net profit for the six months ended 28 February 2021 increased by RMB34.0 million or 12.1%. Adjusted net profit margin was 28.7% for the six months ended 28 February 2021, compared with 35.4% for the six months ended 29 February 2020.

Capital Expenditures

For the six months ended 28 February 2021, the Group paid RMB141.7 million for property and equipment primarily related to the new campus in Tianjin (Eco-city), campus expansion in Wuhan and additional dormitory building in Shanghai. For the six months ended 29 February 2020, the Group paid RMB140.8 million for campus expansion in Wuhan and campus acquisition in Brockville, Canada.

Liquidity, Financial Resources and Capital Structure

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

	Six months ended	
	28 February 2021	29 February 2020
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Net cash used in operating activities	**(238,429)**	(424,571)
Net cash used in investing activities	**(93,463)**	(72,913)
Net cash used in financing activities	**(64,611)**	(167,325)
Net decrease in cash and cash equivalents	**(396,503)**	(664,809)
Cash and cash equivalents as at 1 September	**1,310,907**	2,762,328
Effect of changes in foreign exchange rate	**2,443**	(2,636)
Cash and cash equivalents as at the end of the period represented by bank balances and cash	**916,847**	2,094,883

As at 28 February 2021, the Group's bank balances and cash amounted to RMB916.8 million, which were mainly denominated in RMB and SGD. Bank balances and cash decreased mainly because the cash were used for the acquisition of KIS and CIS. Net cash used in operating activities decreased by RMB186.1 million, which were primarily due to additional tuition fee were collected during the interim period, as tuition fee from overseas schools were collected by school terms instead of school year.

As at 28 February 2021, the Group's bank borrowings were RMB2,715.0 million which were mainly denominated in SGD, with variable interest rates with reference to Singapore Interbank Offered Rate. Of the Group's bank borrowings as at 28 February 2021, 62.2% will mature within one year and the remaining 37.8% will mature after one year. These bank borrowings were secured by the Group's bank deposits and investment properties. Out of total bank borrowings, the borrowings amounting to RMB1,379.2 million was secured by onshore cash.

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

Gearing Ratio

The gearing ratio of the Group was calculated as total borrowings divided by total equity as at the end of the relevant financial period. Gearing ratio decreased from 78.5% for the year ended 31 August 2020 to 73.8% for the six months ended 28 February 2021 primarily due to the repayment of banking borrowings during the period.

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 HKD, USD, CAD, MYR and SGD. As at 28 February 2021, certain bank balances and cash and liabilities were denominated in HKD, USD, CAD and SGD. The Group did not enter into any financial arrangement for hedging purposes as it is expected that its foreign exchange exposure will not be material.

Contingent Liabilities

On 15 November 2016, the Company received a writ of summons from Hong Kong Zhixin Financial News Agency Ltd. ("**Zhixin**") seeking among other things, specific performance of the consultancy agreement (the "**Agreement**") between the Company and Zhixin by the allotment and issue of 7,000,000 shares of the Company to Zhixin, and damages in lieu or in addition thereof ("**Zhixin Case**"). On 28 November 2016, the Company filed with the High Court of the Hong Kong Special Administrative Region its acknowledgement of service of the writ and indicated its intention to defend the claim.

In December 2016, Zhixin took out an application for summary judgment against the Company. The hearing of the summary judgment application took place on 25 October 2017 in which Zhixin's application was dismissed. The case has 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 at 28 February 2021, the Company has not made any provision in respect of the Zhixin Case. The Company will provide an update as and when there is any material development in this matter.

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

Pledge of Assets

As at 28 February 2021, the Group pledged a total bank deposits of RMB1,562.4 million and certain investment properties with an aggregate carrying amount of RMB335.2 million to certain licenced banks for certain banking facilities.

Material Acquisition and Disposal of Subsidiaries

Save as disclosed above, the Group had no other material acquisition and disposal of subsidiaries during the six months ended 28 February 2021.

Significant Investment Held

As at 28 February 2021, no significant investment was held by the Group.

Employee Benefits

As at 28 February 2021, the Group had 6,623 (as at 29 February 2020: 6,054) full-time employees. The Group provides external and internal training programs to its employees. The Group participates in various employee benefit plans, including provident fund, housing pension, medical, basic pension and unemployment benefit plans, occupational injury and maternity leave insurance. The Company also has a post-IPO share option scheme, a share award scheme, an employee share purchase plan and a pension plan set up for its employees and other eligible persons. Salaries and other benefits of the Groups' employees are generally reviewed on a regular basis in accordance with individual qualifications and performance, results and performance of the Group and relevant market conditions. Total employee remuneration (including directors' remuneration) for the six months ended 28 February 2021 amounted to RMB489.3 million (as at 29 February 2020: RMB366.1 million).

Pension Plan

To ensure the smooth implementation of the Sixth Five-Year Plan, the Group has devised incentive plans aimed at encouraging employees to provide their services to the Group on a long-term basis, and to share the fruits of the Group's development.

The pension plan is specifically designed for foreign teachers who work in the Group's schools operated in China. Under this pension plan, every month a sum amounting to 3% of the eligible employee's monthly salary will be paid by each foreign employee and by the Group respectively, as contribution to the employee's pension. The Group has entrusted a professional trustee to manage the funds under the pension plan. The leaving employees will receive part or all of the funds paid by the Group according to the number of years of service in the Group.

Use of proceeds from the issuance of Convertible Bonds

The net proceeds from the issuance of US$125 million Convertible Bonds due 2026 in January 2021, after deducting underwriting commission and related expenses, amounted to approximately US$123.1 million. The Company intends to use the net proceeds from the Convertible Bonds issuance for repayment of existing borrowings, acquisitions related expenses and general corporate purposes.

The following table illustrates the intended uses of the net proceeds from the Convertible Bonds issuance and the planned amount for each use:

	US$'million
Net Proceeds	123.1
Intended utilization of proceeds	
Repaying existing borrowings	119.0
Acquisitions related expenses and general corporate purpose	4.1
Total	123.1

As at 28 February 2021, the Group had utilized all the net proceeds from the Convertible Bonds issuance as set out in the table below, which is consistent with the intentions previously disclosed by the Company.

Use of proceeds	Net proceeds from the Bonds issuance *US$'million*	**Utilization during the period ended 28 February 2021** ***US$'million***	Unutilized balance as at 28 February 2021 *US$'million*
Repaying existing borrowings	119.0	**119.0**	–
Acquisitions related expenses and general corporate purposes	4.1	**4.1**	–
Total	123.1	**123.1**	–

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2021

	NOTES	**Six months ended 28 February 2021** *RMB'000* **(Unaudited)**	29 February 2020 *RMB'000* (Unaudited)
Revenue	3	**1,096,018**	791,813
Cost of revenue		**(620,326)**	(440,534)
Gross profit		**475,692**	351,279
Investment and other income	4	**46,632**	28,834
Other gains and losses	5	**(32,273)**	19,091
Marketing expenses		**(15,867)**	(15,542)
Administrative expenses		**(161,739)**	(102,866)
Finance costs		**(67,155)**	(8,125)
Profit before taxation		**245,290**	272,671
Taxation	6	**(23,049)**	(8,718)
Profit for the period	7	**222,241**	263,953
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		**(22,481)**	(6,618)
Total comprehensive income for the period		**199,760**	257,335
Profit for the period attributable to:			
Owners of the Company		**220,921**	261,674
Non-controlling interests		**1,320**	2,279
		222,241	263,953
Total comprehensive income attributable to:			
Owners of the Company		**198,440**	255,056
Non-controlling interests		**1,320**	2,279
		199,760	257,335
EARNINGS PER SHARE			
Basic *(RMB cents)*	9	**7.44**	8.81
Diluted *(RMB cents)*	9	**7.32**	8.81

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 28 FEBRUARY 2021

	NOTES	**At 28 February 2021** *RMB'000* **(Unaudited)**	At 31 August 2020 *RMB'000* (Audited)
Non-current Assets			
Property, plant and equipment		**3,792,863**	3,842,542
Right-of-use assets		**485,675**	503,975
Investment properties		**335,186**	348,741
Goodwill	*10*	**2,374,148**	2,449,342
Other intangible assets		**934,121**	1,004,663
Deposit paid for acquisition of property and equipment		**7,684**	8,996
Books for lease		**1,212**	1,350
Pledged bank deposits		**133,871**	132,000
		8,064,760	8,291,609
Current Assets			
Inventories		**12,907**	18,487
Deposits, prepayments and other receivables	*11*	**127,222**	174,088
Financial assets at fair value through profit or loss		**17,750**	12,905
Pledged bank deposits		**1,428,531**	1,412,668
Restricted cash	*12*	**48,640**	48,566
Bank balances and cash		**916,847**	1,310,907
		2,551,897	2,977,621
Current Liabilities			
Contract liabilities	*13*	**937,005**	1,506,002
Lease liabilities		**29,656**	30,641
Other payables and accrued expenses	*14*	**451,465**	628,088
Income tax payable		**103,587**	116,300
Borrowings	*15*	**1,689,014**	2,303,062
		3,210,727	4,584,093
Net Current Liabilities		**(658,830)**	(1,606,472)
Total Assets Less Current Liabilities		**7,405,930**	6,685,137

	NOTES	At 28 February 2021 RMB'000 (Unaudited)	At 31 August 2020 RMB'000 (Audited)
Capital And Reserves			
Share capital		**9,309**	9,309
Reserves		**4,735,043**	4,517,653
Equity attributable to owners of the Company		**4,744,352**	4,526,962
Non-controlling interests		**85,711**	96,673
Total Equity		**4,830,063**	4,623,635
Non-Current Liabilities			
Deferred tax liabilities		**315,800**	333,592
Borrowings	*15*	**1,026,033**	1,327,504
Lease liabilities		**158,484**	170,335
Consideration payable		**201,365**	203,225
Contingent consideration		**26,488**	26,846
Convertible bonds	*16*	**847,697**	–
		2,575,867	2,061,502
		7,405,930	6,685,137

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2021

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.

In preparing the consolidated financial statements, the board of directors (the "**Directors**") have given careful consideration of the future liquidity of the Group in light of the fact that as at 28 February 2021 the Group had net current liabilities of RMB658,830,000.

The Directors consider that it is appropriate to prepare the consolidated financial statements on the going concern basis taking into accounts the cash flow forecast prepared by the management of the Company and the nature of current liabilities and the Directors expect that operating activities can contribute substantial cash inflow to repay the current liabilities when due.

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**"), and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 28 February 2021 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 August 2020.

Application of amendments to IFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in IFRS Standards and the following amendments to IFRSs issued by the International Accounting Standards Board, for the first time, which are mandatorily effective for the annual period beginning on or after 1 September 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

In addition, the Group has early applied the Amendment to IFRS 16 "Covid-19-Related Rent Concessions".

The directors of the Company anticipate that the application of the new and amendments to IFRs and IASs in the current period has had no material impacts on the Group's condensed consolidated financial statements for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

3A. Disaggregation of revenue from contracts with customers:

	Six months ended	
	28 February 2021	29 February 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Types of goods or services		
Tuition and boarding fees	**1,013,608**	711,601
Sales of textbooks	**26,789**	30,341
Summer and winter camps	**–**	3,373
Others	**55,621**	46,498
	1,096,018	791,813
Geographical markets		
PRC	**765,453**	784,032
Overseas	**330,565**	7,781
	1,096,018	791,813
Timing of revenue recognition		
Over time	**1,024,087**	725,764
A point in time	**71,931**	66,049
	1,096,018	791,813

3B. Operating segments

Information reported to the Group's Chief Executive Officer, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of services provided.

Following the acquisition of Star Readers Pte. Ltd. in Singapore on 26 August 2020, the Group's international school education business in overseas starts to contribute significant portion of revenue and profits. Starting from this interim period, discrete segment information is developed and reported to the CODM. Specifically, the Group's reportable segments under IFRS 8 are as follows:

1. PRC Segment

2. Overseas Segment

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segments:

	PRC Segment *RMB'000*	**Overseas Segment** *RMB'000*	**Total** *RMB'000*
For the six months ended 28 February 2021 (unaudited)			
Segment revenue	765,453	330,565	1,096,018
Segment profit	200,076	54,988	255,064
Unallocated items:			
Directors' and chief executives' emoluments			(7,340)
Corporate administrative expense			(2,434)
Group's profit before income tax			245,290

	PRC Segment *RMB'000*	Overseas Segment *RMB'000*	Total *RMB'000*
For the six months ended 29 February 2020 (unaudited)			
Segment revenue	784,032	7,781	791,813
Segment profit	291,923	(5,964)	285,959
Unallocated items:			
Directors' and chief executives' emoluments			(8,150)
Corporate administrative expense			(5,138)
Group's profit before income tax			272,671

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of corporate administrative expense and directors' and chief executives' emoluments. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

	At 28 February 2021 ***RMB'000*** **(Unaudited)**	At 31 August 2020 *RMB'000* (Audited)
Segment assets		
PRC segment	**6,019,555**	6,441,595
Overseas segment	**4,597,102**	4,827,635
Consolidated assets	**10,616,657**	11,269,230

	At 28 February 2021 RMB'000 (Unaudited)	At 31 August 2020 RMB'000 (Audited)
Segment liabilities		
PRC segment	**3,682,826**	4,401,066
Overseas segment	**2,103,768**	2,244,529
Consolidated liabilities	**5,786,594**	6,645,595

For the purposes of monitoring segment performance and allocating resources between segments, all assets and liabilities are allocated to operating segments. Assets and liabilities used jointly by operating segments are allocated to the PRC segment as the amount is insignificant.

4. INVESTMENT AND OTHER INCOME

	Six months ended 28 February 2021 RMB'000 (Unaudited)	Six months ended 29 February 2020 RMB'000 (Unaudited)
Bank interest income	**25,328**	11,558
Government grant	**14,439**	7,965
Rental income from investment properties	**6,165**	9,238
Others	**700**	73
	46,632	28,834

During the current interim period, the Group recognized government grants of RMB6,223,000 in respect of Covid-19-related subsidies.

5. OTHER GAINS AND LOSSES

	Six months ended	
	28 February	29 February
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Reversal of other payables	**7,113**	6,128
Net foreign exchange gain	**2,663**	533
Gain arising from changes in fair value of financial assets measured at FVTPL	**1,321**	20,148
Loss arising from fair value changes of convertible bond	**(40,607)**	–
Loss on disposal of property, plant and equipment	**(1,495)**	(82)
Loss arising from fair value changes of contingent consideration	**(578)**	–
Impairment loss in respect of property, plant and equipment	**–**	(7,276)
Others	**(690)**	(360)
	(32,273)	19,091

6. TAXATION

	Six months ended	
	28 February	29 February
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
The charge comprises		
Current tax:		
PRC enterprise income tax	**11,907**	10,552
Singapore enterprise income tax	**19,648**	–
Deferred tax:		
Current period	**(8,506)**	(1,834)
	23,049	8,718

7. PROFIT FOR THE PERIOD

	Six months ended	
	28 February	29 February
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging (crediting):		
Staff costs, including directors' remuneration		
– salaries and other allowances	**464,852**	339,470
– retirement benefit scheme contributions	**17,828**	15,546
– share-based payments	**6,668**	11,040
Total staff costs	**489,348**	366,056
Gross rental income from investment properties	**(6,165)**	(9,238)
Less:		
Direct operating expenses incurred for investment properties (included in administrative expenses)	**816**	817
	(5,349)	(8,421)
Depreciation of property, plant and equipment	**76,350**	43,235
Loss arising from fair value changes of convertible bonds	**40,607**	–
Amortization of intangible assets	**38,019**	5,971
Depreciation of right-of-use assets	**19,846**	16,242
Depreciation of investment properties	**2,025**	2,068
Amortization of books for lease	**637**	831
Loss arising from fair value changes of contingent consideration	**578**	–
Covid-19-related rent concessions	**(410)**	–

8. DIVIDENDS

No dividends were paid, declared or proposed during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the interim period.

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:

	Six months ended	
	28 February 2021	29 February 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings:		
Earnings for the purpose of basic earnings per share (Profit for the period attributable to owners of the Company)	**220,921**	261,674
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds (net of income tax)	**1,586**	–
Earnings for the purpose of diluted earnings per share	**222,507**	261,674

	Six months ended	
	28 February 2021	29 February 2020
	'000	*'000*
	(Unaudited)	(Unaudited)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,971,002**	2,970,384
Effect of dilutive potential ordinary shares	**68,246**	5
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**3,039,248**	2,970,389

The number of shares adopted in the calculation of the basic earnings per share for the six months ended 28 February 2021 and 29 February 2020 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 28 February 2021 has been arrived after assuming the conversion of the convertible bonds.

The number of shares adopted in the calculation of the diluted earnings per share for the six months ended 28 February 2021 does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price of shares for the six months ended 28 February 2021.

The number of shares adopted in the calculation of the diluted earnings per share for the six months ended 29 February 2020 has been arrived after assuming the exercise of the Company's outstanding share options.

10. GOODWILL

	Six months ended 28 February 2021 RMB'000 (Unaudited)	29 February 2020 RMB'000 (Unaudited)
Cost and carrying values:		
At 1 September	**2,449,342**	252,848
Exchange adjustment	**(75,194)**	–
At 28 February or 29 February	**2,374,148**	252,848

11. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	At 28 February 2021 RMB'000 (Unaudited)	At 31 August 2020 RMB'000 (Audited)
Receivable from third parties	**47,132**	39,765
Short-term loan to a third party	**30,000**	30,000
Prepaid rent and other prepaid expenses	**12,424**	11,042
Deposits	**5,986**	8,542
Management fees receivables	**4,525**	12,592
Trade receivables net of allowance for credit losses	**2,720**	5,841
Interest receivables	**1,789**	2,019
Staff advances	**698**	464
Consideration adjustment receivable	**–**	46,731
Others	**21,948**	17,092
	127,222	174,088

The following is an analysis of trade receivables by age, presented based on the dates the students were informed for payment.

	At 28 February 2021 RMB'000	At 31 August 2020 RMB'000
Not past due	**2,312**	3,541
0 – 30 days	**268**	1,019
31 – 60 days	**–**	199
61 – 90 days	**–**	215
>90 days	**140**	867
	2,720	5,841

12. RESTRICTED CASH

During the years ended 31 August 2019, the Group placed RMB48,561,000 in a bank account managed by both the Group and the seller of the acquisition target in Jiade, therefore the amount deposited is recorded as restricted cash.

13. CONTRACT LIABILITIES

	At 28 February 2021 *RMB'000* (Unaudited)	At 31 August 2020 *RMB'000* (Audited)
Tuition and boarding fees	**896,450**	1,444,104
Others	**40,555**	61,898
Contract liabilities	**937,005**	1,506,002

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

14. OTHER PAYABLES AND ACCRUED EXPENSES

	At 28 February 2021 *RMB'000* (Unaudited)	At 31 August 2020 *RMB'000* (Audited)
Miscellaneous expenses received from students *(Note)*	**129,077**	222,404
Payables for purchase of property, plant and equipment	**86,955**	153,701
Other payables	**65,070**	62,558
Accrued payroll	**62,070**	44,579
Acquisition consideration payable	**61,968**	64,015
Deposits received from students	**27,515**	38,588
Accrued operating expenses	**8,387**	4,784
Payables for purchase of goods	**4,550**	6,982
Government grant	**2,824**	5,994
Accrued professional fees for the acquisition	**2,186**	13,903
Prepayment from lessee	**863**	4,470
Other tax payables	**–**	6,110
	451,465	628,088

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

15. BORROWINGS

	At 28 February 2021 *RMB'000* (Unaudited)	At 31 August 2020 *RMB'000* (Audited)
Secured bank borrowings	**2,715,047**	3,630,566
The carrying amounts of the above borrowings are repayable:		
Within one year	**1,689,014**	2,303,062
Within a period of more than one year but not exceeding two years	**457,846**	357,992
Within a period of more than two years but not exceeding five years	**537,724**	917,885
Within a period of more than five years	**30,463**	51,627
	2,715,047	3,630,566
Less: Amounts due within one year shown under current liabilities	**(1,689,014)**	(2,303,062)
Amounts shown under non-current liabilities	**1,026,033**	1,327,504

The borrowings amounting to SGD23,103,000 and SGD259,713,000 (in aggregate equivalent to RMB1,379,200,000) are secured by pledged bank deposits of RMB132,000,000 of Dalian Educational Group and RMB1,410,025,000 of Beipeng Software.

The borrowings amounting to SGD40,600,000 (equivalent to RMB197,905,000) are mortgaged over an investment property owned by Maple Leaf Education Hillside Pte. Ltd. ("**Maple Hillside**") of RMB316,397,000, and existing and future legal assignment of rental proceeds, rental deposits and other rights of Maple Hillside.

The borrowings amounting to SGD213,705,000 (equivalent to RMB1,042,015,000) is secured over (1) all the shares of Offshore Group (including Canadian International School Pte. Ltd. ("**CIS**") and Maple Leaf CIS Holdings Pte. Ltd.); (2) all the assets of the Offshore Group; (3) debt service reserve account held by CIS; (4) dividend accounts (if any); and (5) pledge over all the shares of Beipeng Software.

The borrowings amounting to MYR59,562,000 (equivalent to RMB95,927,000) is secured by pledge of debt service reserve account held by Kingsley International Sendirian Berhad (subsidiaries owned by Kingsley Edugroup Berhad ("**Kingsley**")) and debenture incorporating fixed and floating charge over all assets and undertakings of Kingsley.

These borrowings carry interest at fixed or variable interest rates range from 0.70% to 4.40% (31 August 2020: 0.70% to 5.58%) per annum.

16. CONVERTIBLE BONDS

Financial liabilities designated at FVTPL:

	At 28 February 2021	At 31 August 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Convertible bonds *(Note)*	**847,697**	–
Analysed for reporting purposes as:		
Non-current liabilities	**847,697**	–

Note:

On 12 January 2021, the Company entered into the subscription agreement with UBS AG Hong Kong Branch (the "**Manager**") under which the Manager has agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the convertible bonds due in 2026 in an aggregate principal amount of USD125,000,000 (the "**Convertible Bonds**").

On 27 January 2021 (the "**Issue Date**"), the Company completed the issuance of the Convertible Bonds. The cash proceeds related to the issuance of USD125,000,000 (equivalent to RMB808,551,000) were received by the Company on the Issue Date. The issuance cost related to the Convertible Bonds of approximately USD1,250,000 (equivalent to RMB8,138,000) was charged to the finance cost. The Convertible Bonds were recognized and measured as financial liabilities designated at fair value through profit or loss. The fair value as of the Issue Date and 28 February 2021 were of RMB808,551,000 and RMB847,697,000, respectively. The changes in fair value related to the financial liabilities of RMB40,607,000 were charged to other gain and losses.

The Convertible Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 2.25 per cent per annum, payable semi-annually in arrears on 27 January and 27 July in each year, commencing on 27 July 2021.

Pursuant to the subscription agreement, each of the Convertible Bonds will, at the option of the holder, be convertible (unless previously redeemed, converted or purchased and cancelled) on or after 9 March 2021 up to the close of business (at the place where the certificate evidencing the Bonds are deposited for conversion) on the seventh day prior to 27 January 2026 (the "**Maturity Date**") (both days inclusive) (the "**Conversion Period**") into fully paid ordinary shares with a par value of USD0.0005 each of the Company at an initial conversion price of HKD2.525 per share. The conversion price is subject to adjustment in the circumstances described under certain terms and conditions of the subscription agreement. The conversion price of the Convertible Bonds as at 28 February 2021 is HKD2.525 per share.

As at 28 February 2021, no conversion related to the Convertible Bonds was exercised by the holders.

On giving notice in accordance with the respective terms and conditions of the subscription agreement, at any time after 11 February 2024 and prior to the Maturity Date, the Convertible Bonds may be redeemed at the option of the Company. The Convertible Bonds may be redeemed at the option of the Company in whole but not in part for taxation reasons as described in the subscription agreement. The Convertible Bonds may be redeemed at the option of the holder following the occurrence of a relevant event described in the subscription agreement or on 27 January 2024 as the optional put date for the holder to request the Company to redeem all or some of the Convertible Bonds upon giving notice in accordance with the subscription agreement.

17. 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.

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 has been 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 at 28 February 2021, the Company had not made any provision in respect of the Zhixin Case.

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 28 February 2021 and up to the date of this announcement, the Company has applied the principles as set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and has complied with all the applicable code provisions, save and except for code provision A.2.1.

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 both 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 the Group, which in turn enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively.

The Board will continue to review and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices 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 28 February 2021.

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

During the six months ended 28 February 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

Interim Dividend

The Board of the Company has resolved not to declare an interim dividend for the six months ended 28 February 2021.

Audit Committee

The Company has established an Audit Committee with written terms of reference in accordance with the Listing Rules and the CG Code. The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control procedures and risk management system of the Group, overseeing the audit process and performing other duties and responsibilities as assigned by the Board. The Audit Committee comprises three members, namely, Mr. Lap Tat Arthur Wong, Mr. Peter Humphrey Owen and Mr. Alan Shaver, all being independent non-executive Directors of the Company. Mr. Lap Tat Arthur Wong is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited consolidated financial statements of the Group for the six months ended 28 February 2021 and has met with the independent auditors, Messrs. Deloitte Touche Tohmatsu who has reviewed the interim financial statements. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Company.

Public Float

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

Publication of the Interim Results Announcement and Interim Report

This interim results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") at www.hkexnews.hk and the Company at www.mapleleaf.cn. The interim report of the Group for the six months ended 28 February 2021 will be dispatched to the Shareholders of the Company and be made available for review on the aforesaid websites in due course.

Change of Company Secretary and Authorized Representative

The Board hereby announces that Ms. Wan Mun Yee, Sabine ("**Ms. Wan**") has tendered her resignation as the Company Secretary of the Company and ceased to act as an Authorized Representative of the Company for the purpose of Rule 3.05 of the Listing Rules with effect from 28 April 2021. Ms. Wan confirmed that she has no disagreement with the Board and there are no other matters that need to be brought to the attention of the Stock Exchange and the shareholders of the Company in relation to her resignation.

The Board is pleased to announce that Ms. Jen Shu Ling ("**Ms. Jen**") has been appointed as the Company Secretary of the Company and the Authorized Representative of the Company for the purpose of Rule 3.05 of the Listing Rules with effect from 28 April 2021. Ms. Jen is currently the Financial Manager of the Company in Hong Kong office and Assistant to Co-Chief Financial Officer in Head Office. Ms. Jen is a Chartered Secretary, a Chartered Governance Professional and an Associate of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute (formerly The Institute of Chartered Secretaries and Administrators) in the United Kingdom. Ms. Jen holds a degree of Master of Corporate Governance and a degree of Bachelor of Science with Honours in Accounting.

The Board would like to take this opportunity to express its sincere gratitude to Ms. Wan for her valuable contributions to the Company during her tenure of service and welcome Ms. Jen on her new appointment.

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

Hong Kong, 28 April 2021

As at the date of this announcement, the Board comprises Mr. Shu Liang Sherman Jen, Ms. Jingxia Zhang and Mr. James William Beeke as Executive Directors; and Mr. Peter Humphrey Owen, Mr. Alan Shaver and Mr. Lap Tat Arthur Wong as Independent Non-executive Directors.

* *For identification purposes only*