

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

US\$125,000,000 2.25 PER CENT. CONVERTIBLE BONDS DUE 2026

ISSUED BY



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: 01317)

(the “Company”)

(the “Bonds”)

(Stock Code: 40564)

UPDATE REGARDING RELEVANT EVENT IN RELATION TO THE BONDS

1. DEFINITIONS AND INTRODUCTION

This announcement is made by China Maple Leaf Educational Systems Limited (the “**Company**”, together with its subsidiaries and consolidated affiliated entities, the “**Group**”) pursuant to Rules 13.09(2) and 37.47E(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) (“**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the Bonds and to the announcements of the Company dated 1 June 2022 and 1 August 2022 (collectively, the “**Announcements**”).

Capitalised terms used but not otherwise defined herein shall have the meanings ascribed to them in the Bond Conditions, the Announcements, and the Term Sheet (as defined below) as applicable.

2. STANDSTILL AGREEMENT AND PROPOSED TRANSACTIONS

Under the Bond Conditions, an Event of Default occurs if there is a failure to pay any amount of principal, interest, premium (if any) due in respect of the Bonds.

As disclosed in the Announcements, the Relevant Event Redemption Date fell on 14 August 2022 which is a non-Business Day, meaning that payment in respect of the Relevant Event Redemption Date was required to be made on 15 August 2022 (the “**Applicable Redemption Date**”). Pursuant to the Bond Conditions, the Company was required to redeem the Bonds on the Applicable Redemption Date at the Early Redemption Amount together with interest accrued but unpaid to (but excluding) such date. The Company has not made such redemption as at the date of this announcement which has triggered the occurrence of an Event of Default under the Bonds.

Notwithstanding the above, on 15 August 2022, the Company and holders of the Bonds who collectively hold or are economically entitled to approximately 70 per cent. of the principal amount of the Bonds (the “**Original Consenting Bondholders**”) entered into a standstill and consent solicitation support agreement (the “**Standstill Agreement**”) which sets out the Parties’ in-principle agreement to implement and otherwise give effect to the transactions set out in the Term Sheet (as defined below) (the “**Proposed Transactions**”).

The terms of the Proposed Transactions are set out in the term sheet (attached hereto as an Appendix, “**Term Sheet**”), and include, among other things, the Proposed Waivers, the Proposed Amendments and the New Undertakings, which includes the Mandatory Redemption Undertaking.

The Company expects to commence the process of implementing the Proposed Transactions by way of consent solicitation as soon as reasonably practicable, and in any event by no later than the Long-Stop Date (being 29 September 2022).

It is noted that the Original Consenting Bondholders represent a sufficient majority of Bondholders needed in order to pass an Extraordinary Resolution by way of Meeting in accordance with the terms of the Trust Deed.

A. Undertakings pursuant to the Standstill Agreement:

Under the terms of the Standstill Agreement and subject to the conditions therein, among other things:

- (a) each Party shall (and the Company shall ensure that each other member of the Group will) until the termination of the Standstill Agreement (the “**Termination Date**”):
 - (i) as soon as reasonably practicable take all actions reasonably necessary in order to support, facilitate, implement, consummate or otherwise give effect to the Proposed Transactions (provided that such action is not inconsistent with the Standstill Agreement, the Term Sheet and the Trust Deed);

- (ii) vote (or cause the relevant person to vote, to the extent it is legally entitled to cause that person to vote, or instruct any proxy appointed by it to vote) and exercise any powers (including voting powers) or rights available to it (including in any board, shareholders' or creditors' meeting or in any process requiring voting or approval and including appointing proxies or otherwise delegating power to vote) in each case irrevocably and unconditionally in favour of any actions which are, in each case, necessary to support, facilitate, implement, consummate or otherwise give effect to the Proposed Transactions;
- (b) until the Termination Date, no Consenting Bondholder shall commence, take, support or actively assist (or request, instruct or procure that any other person (including, without limitation, the Trustee) commence, take, support or actively assist) any enforcement action in connection with any Potential Event of Default or Event of Default that has or may occur directly as a result of the Applicable Relevant Event or the Company's entry into the Standstill Agreement; and
- (c) until the Termination Date, the Company shall use reasonable endeavours to:
 - (i) promptly obtain any necessary approvals required to permit, facilitate or implement the Proposed Transactions; and
 - (ii) procure that the implementation of the Proposed Transactions occurs on or before the Long-Stop Date (being 29 September 2022).

B. Term Sheet

Proposed Waivers:

The Extraordinary Resolution, if passed, shall constitute a direction by the Bondholders to the Trustee to irrevocably and unconditionally consent to the following:

- (a) a waiver of the Applicable Relevant Event (being the Relevant Event which occurred on 23 May 2022 as a result of the suspension of trading of the Shares on the Stock Exchange commencing from 3 May 2022 in connection with the Company's delay in the publication of the unaudited interim results of the Group for the six months ended 28 February 2022); and
- (b) a waiver of any Potential Event of Default or Event of Default that has occurred (1) in relation to Condition 8(E) (*Redemption for Relevant Event*) of the Bonds or otherwise directly in relation to the Applicable Relevant Event; and (2) as a result of the Company's entry into the Standstill Agreement.

For the avoidance of doubt, upon the passing of the Extraordinary Resolution, the Relevant Event Redemption Notices delivered in respect of the Applicable Relevant Event shall be void on the basis that the Applicable Relevant Event will have been waived.

Proposed Amendments:

The Proposed Amendments are set out in the section of the Term Sheet entitled “Proposed Amendments”.

New Undertakings:

The New Undertakings are set out in the section of the Term Sheet entitled “New Undertakings” and include the following:

Mandatory Redemption Undertaking

The Company shall undertake, for the benefit of each Bondholder, that in the event that the Proposed Waivers and Amendments are approved by the requisite majority of Bondholders, it shall redeem the Bonds at the times and in the manner set out as below:

- (a) 40 per cent. of the aggregate principal amount of the Bonds originally issued at their principal amount plus accrued and unpaid interest on the Implementation Date; and
- (b) subject to the Security Undertaking, 25 per cent. of the aggregate principal amount of the Bonds originally issued at their principal amount plus accrued and unpaid interest on the date that is nine (9) months after the Implementation Date,

((a) to (b) together, the “**Mandatory Redemption Undertaking**”).

The Bonds selected for redemption shall be on a pro rata basis.

For the avoidance of doubt, Condition 8(I) (*Early Redemption Amount*) of the Bonds shall not apply in relation to the Mandatory Redemption Undertaking.

3. CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company (stock code: 1317) and the debt securities of the Company (stock code: 40564) on the Stock Exchange has been suspended since 9:00 a.m. on 3 May 2022 due to the delay in publication of the unaudited interim results of the Group for the six months ended 28 February 2022 and will remain suspended until the Company fulfils the Resumption Guidance imposed by the Stock Exchange on the Company as described in the Company’s announcement dated 30 May 2022.

4. TRUSTEE DISCLAIMER

The Trustee takes no responsibility for the contents of this announcement. The Trustee expresses no opinion, no recommendations and gives no legal, investment, accounting, financial or tax advice as to the action (if any) that Bondholders should take in relation to the matters set out above or as to the Bonds generally.

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

Hong Kong, 16 August 2022

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*

THIS ANNOUNCEMENT IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF BONDHOLDERS. IF BONDHOLDERS ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE, THEY SHOULD SEEK THEIR OWN FINANCIAL AND LEGAL ADVICE, INCLUDING AS TO ANY TAX CONSEQUENCES, IMMEDIATELY FROM THEIR STOCKBROKER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT FINANCIAL OR LEGAL ADVISOR.

THIS ANNOUNCEMENT IS PROVIDED BY THE COMPANY. THE TRUSTEE ACCEPTS NO RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THIS ANNOUNCEMENT OR THE INFORMATION CONTAINED IN IT.

SHAREHOLDERS OF THE COMPANY, HOLDERS OF THE BONDS AND POTENTIAL INVESTORS IN THE COMPANY ARE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY.

APPENDIX
TERM SHEET

TERM SHEET

PROPOSED WAIVERS AND AMENDMENTS IN RELATION TO THE U.S.\$125,000,000 2.25 PER CENT. CONVERTIBLE BONDS DUE 2026

ISSUED BY CHINA MAPLE LEAF EDUCATIONAL SYSTEMS LIMITED

This term sheet ("**Term Sheet**") outlines, among other things, the principal terms and conditions of the Proposed Waivers and Amendments in relation to the Bonds.

This Term Sheet is not binding and nothing in this Term Sheet shall be deemed to amend any terms of the Bonds or constitute a waiver of any right of any party thereunder. The Proposed Waivers and Amendments shall only become effective following the passing of the Extraordinary Resolution by the requisite majority of Bondholders and, in the case of the Proposed Amendments, the subsequent execution and delivery of the Supplemental Trust Deed by the Trustee and the Issuer. If the Proposed Waivers and Amendments are accepted and effected in this manner, all the outstanding Bonds will be subject to the Proposed Waivers and Amendments.

Capitalised terms used, but not otherwise defined herein, shall have the meaning given to them in Schedule 1 (*Definitions*) and the Trust Deed (as applicable).

1. Proposed Waivers and Amendments	
Proposed Waivers	<p>The Extraordinary Resolution, if passed, shall constitute a direction by the Bondholders to the Trustee to irrevocably and unconditionally consent to the following:</p> <ul style="list-style-type: none">(i) a waiver of the Applicable Relevant Event; and(ii) a waiver of any Potential Event of Default or Event of Default that has occurred (a) in relation to Condition 8(E) (<i>Redemption for Relevant Event</i>) of the Bonds or otherwise directly in relation to the Applicable Relevant Event; and (b) as a result of the Company's entry into the Standstill Agreement.
Implementation of Proposed Waivers	<p>If the Extraordinary Resolution is passed, the Proposed Waivers will take effect immediately and will not require any further action on the part of the Issuer or the Trustee to give effect thereto, subject to "Consenting Bondholder Costs and Expenses" below.</p>
Proposed Amendments	<p>The Extraordinary Resolution, if passed, shall constitute a direction by the Bondholders to the Trustee to consent to the necessary amendments to the Trust Deed and/or the Conditions (as applicable) to incorporate the New Undertakings in a form that is consistent in all material respects with this Term Sheet, along with the following additional amendments:</p> <ul style="list-style-type: none">(i) Paragraph (a) of Clause 9.4 (<i>Financial Statements etc.</i>) of the Trust Deed shall be amended as follows: "as soon as the same become available, but in any event within 90 days after the end of the first semi-annual Fiscal Period falling within each of the relevant annual Fiscal Period, a copy of the unaudited consolidated financial statements of the Issuer and its Subsidiaries in the English language and if such statements shall be in the Chinese language, together with an English translation of the same and translated by (i) an internationally or nationally recognised firm of independent accountants or (ii) a professional translation service provider and checked by an internationally or nationally recognised firm of independent accountants, together with a certificate in English signed by an Authorised Signatory certifying that such translation is complete and accurate as at the end of, and for, such semi-annual Fiscal

	<p>Period, reported on by the Auditors and prepared on a basis consistent with the audited consolidated financial statements of the Issuer and its Subsidiaries, that the Issuer is required to publish under the Listing Rules of the Hong Kong Stock Exchange (or if applicable, the listing rules of the Alternative Stock Exchange) and applicable laws; and"</p> <p>(ii) paragraph (i) of the definition of "Relevant Event" of Condition 8(E) (<i>Redemption for Relevant Event</i>) of the Bonds shall be amended as follows:</p> <p>"when the Shares cease to be listed or admitted to trading or are suspended from trading for a period equal to or exceeding 1425 consecutive Trading Days on the Hong Kong Stock Exchange or, if applicable, the Alternative Stock Exchange, <u>other than in relation to the May 2022 Suspension, in which case a Relevant Event shall only occur if the Shares remain continually suspended from trading on the Hong Kong Stock Exchange for a period exceeding eight (8) months from 15 August 2022</u>"</p> <p>(iii) add a new definition to Condition 8(E) (<i>Redemption for Relevant Event</i>) of the Bonds:</p> <p>"May 2022 Suspension" means the suspension of the Shares from trading on the Hong Kong Stock Exchange commencing from 3 May 2022 in connection with the Issuer's delay in the publication of the unaudited interim results of the Group for the six months ended 28 February 2022"</p>
<p>Implementation of Proposed Amendments</p>	<p>If the Extraordinary Resolution is passed, the Proposed Amendments will be implemented no later than five Business Days after the date on which the Extraordinary Resolution is passed and will be effected by entry by all the required parties on such date (the "Implementation Date") into:</p> <p>(i) the Supplemental Trust Deed; and</p> <p>(ii) such other ancillary documents as may be approved by the Trustee and Issuer as necessary to give effect to the Proposed Amendments in full.</p>
<p>2. New Undertakings</p>	
<p>Mandatory Redemption Undertaking</p>	<p>The Issuer shall undertake, for the benefit of each Bondholder, that in the event that the Proposed Waivers and Amendments are approved by the requisite majority of Bondholders, it shall redeem the Bonds at the times and in the manner specified below:</p> <p>(i) 40 per cent. of the aggregate principal amount of the Bonds originally issued at their principal amount plus accrued and unpaid interest on the Implementation Date; and</p> <p>(ii) subject to the Security Undertaking, 25 per cent. of the aggregate principal amount of the Bonds originally issued at their principal amount plus accrued and unpaid interest (the "Second Redemption Amount") on the date that is nine (9) months after the Implementation Date (the "Second Redemption"),</p> <p>((i) to (ii) together, the "Mandatory Redemption Undertaking").</p> <p>The Bonds selected for redemption shall be on a pro rata basis.</p>

	<p>For the avoidance of doubt, Condition 8(I) (<i>Early Redemption Amount</i>) shall not apply in relation to the Mandatory Redemption Undertaking.</p>
<p>Negative Pledge Undertaking</p>	<p>Save for the existing Security that has been created over and in respect of CIS (or any holding companies holding CIS) in connection with the SGD Loan, so long as any Bond is outstanding, none of the Issuer and/or any of its Subsidiaries shall create or permit to subsist any additional Security over and in respect of CIS (or any holding companies holding CIS) (or amend such existing security to cover further secured liabilities) other than in connection with a refinancing of the SGD Loan.</p> <p>"Security" shall include any mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.</p>
<p>Security Undertaking</p>	<p>The Issuer shall not be required to comply with the Second Redemption, if on, or prior to, the date that is nine (9) months from the Implementation Date, the Issuer has procured the creation of a covenant-lite, passive second ranking security interest over CIS in favour of the Bondholders in form and substance satisfactory to Bondholders holding more than 50 per cent. in principal value of the Bonds (acting reasonably) (the "Second Ranking Security") (the "Security Undertaking").</p> <p>By no later than the date that is seven (7) months from the Implementation Date, the Issuer shall:</p> <ul style="list-style-type: none"> (i) inform the Bondholders as to whether the Issuer intends to proceed with either the Second Redemption or the Security Undertaking; and (ii) if the Issuer elects to proceed with the Security Undertaking, submit a consent request under the SGD Loan in relation to the creation of the Second Ranking Security (the "Second Ranking Security Consent Request") on such date. <p>The Issuer shall keep the Consenting Bondholders reasonably informed as to the process and outcome of the Second Ranking Security Consent Request and the Supplemental Trust Deed shall include a customary further assurance clause regarding the creation of the Second Ranking Security to the extent the requisite consents are obtained.</p> <p>For the avoidance of doubt, an Event of Default will occur under the terms of the Bonds if, on the date that is nine (9) months after the Implementation Date, the Issuer has not complied with the Second Redemption or the Security Undertaking.</p>
<p>Offshore Debt and Equity Undertaking</p>	<ul style="list-style-type: none"> (i) Subject to paragraph (ii) below, so long as any Bond is outstanding, in respect of any debt or equity financing by the Issuer and/or any of its Subsidiaries incorporated outside of the PRC after the Implementation Date, including any re-financing of existing indebtedness, 50 per cent. of the amount raised shall be applied towards redemption or repurchase of the Bonds on a pro rata basis (and for this purpose, amount raised in the case of a re-financing of existing indebtedness shall be the net amount raised) at the Early Redemption Amount with accrued but unpaid interest (the "Offshore Debt and Equity Undertaking") (ii) With regard to a refinancing of the SGD Loan (a) the Offshore Debt and Equity Undertaking shall only apply in respect of 50 per cent. of amounts raised above SGD235 million (the "SGD Loan Refinancing Surplus") and (b) where such refinancing occurs prior to the date that is nine (9) months

	from the Implementation Date, the Second Redemption Amount shall be reduced by an amount equal to the SGD Loan Refinancing Surplus.
3. General	
Responsibility for documentation	<p>The Issuer's counsel will be responsible for preparing initial drafts of the necessary documents to give effect to the transactions contemplated in this Term Sheet, including:</p> <ul style="list-style-type: none"> (i) the Standstill Agreement; (ii) all documents necessary in order to (i) facilitate the Consent Solicitation in relation to the Extraordinary Resolution and (ii) convene the Meeting; and (iii) the Supplemental Trust Deed and any documentation ancillary thereto.
Consenting Bondholder Costs and Expenses	The Company shall pay the properly incurred costs and expenses incurred by the Consenting Bondholders as a condition to the effectiveness of the Extraordinary Resolution in accordance with Clause 16.1 (<i>Consenting Bondholder costs and expenses</i>) of the Standstill Agreement.

**SCHEDULE 1
DEFINITIONS**

Unless the context otherwise requires, terms used in this Term Sheet shall have the following respective meanings:

Applicable Relevant Event	The Relevant Event which occurred on 23 May 2022 as a result of the May 2022 Suspension.
Bondholder	Has the meaning given to it in the Standstill Agreement.
Bonds	The Issuer's U.S.\$125,000,000 2.25 per cent. Convertible Bonds Due 2026 (ISIN: XS2287912880).
CIS	The Canadian International School, located at 7 Jurong West Street 41, Singapore.
Consenting Bondholders	Has the meaning given to it in the Standstill Agreement.
Consent Solicitation	The invitation to each of the Bondholders to consider and, if thought fit, to approve the Extraordinary Resolution by validly submitting applicable consent instructions prior to the stated expiration time.
Extraordinary Resolution	The extraordinary resolution to be proposed, considered and voted upon at the Meeting to approve the Proposed Waivers and Amendments.
Implementation Date	Has the meaning set out in the section of this Term Sheet entitled 'Implementation of Proposed Amendments'.
Issuer	China Maple Leaf Educational Systems Limited.
May 2022 Suspension	Has its meaning set out in the section of this Term Sheet entitled 'Proposed Amendments'.
Meeting	A meeting (or any adjournment thereof) of the Bondholders convened by the Issuer pursuant to the Notice of Meeting at which Bondholders will be asked to consider and, if thought fit, to approve the Extraordinary Resolution.
New Undertakings	Means each of the undertakings referred to in Part 2 (<i>New Undertakings</i>) of this Term Sheet.
Notice of Meeting	A notice delivered in accordance with Clause 5 (<i>Convening a Meeting</i>) of Schedule 3 (<i>Provisions for Meetings of Bondholders</i>) to the Trust Deed.
Proposed Amendments	The proposed amendments to the Trust Deed and the Conditions set out in the section of this Term Sheet entitled 'Proposed Amendments'.
Proposed Waivers	The proposed waivers set out in the section of this Term Sheet entitled 'Proposed Waivers'.
Proposed Waivers and Amendments	The Proposed Amendments and the Proposed Waivers.
SGD Loan	Has the meaning given to it in the Standstill Agreement.

Standstill Agreement	The standstill and consent solicitation support agreement dated 15 August 2022, entered into between the Company and the Original Consenting Bondholders (as defined therein).
Supplemental Trust Deed	A deed supplemental to the Trust Deed to be entered into by, inter alios, the Issuer and the Trustee, in the event that the Extraordinary Resolution is approved at the Meeting.
Trust Deed	The trust deed dated 27 January 2021 entered into by the Issuer and the Trustee constituting the Bonds, as amended and supplemented from time to time.
Trustee	Citicorp International Limited.