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## **CHINA MAPLE LEAF EDUCATIONAL SYSTEMS LIMITED**

**中國楓葉教育集團有限公司\***

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

**(Stock Code: 1317)**

### **QUARTERLY UPDATE ON RESUMPTION PROGRESS**

This announcement is made by China Maple Leaf Educational Systems Limited (“**Company**”, together with its subsidiaries and consolidated affiliated entities, the “**Group**”) pursuant to Rule 13.24A 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).

References are made to the announcements of the Company dated 27 April 2022, 16 May 2022, 23 May 2022, 30 May 2022, 14 June 2022, 18 July 2022, 25 July 2022, 2 August 2022, 1 November 2022, 30 November 2022, 1 February 2023, 14 April 2023, 18 April 2023 and 28 April 2023 (collectively, the “**Announcements**”) in relation to, among other matters, (i) the delay in publication of the unaudited interim results of the Group for the six months ended 28 February 2022 (“**2022 Interim Results**”); (ii) the suspension of trading in the securities of the Company (“**Suspension**”); (iii) the establishment of the independent board committee of the Board and the appointment of the independent investigator; (iv) the Resumption Guidance; (v) the resignation of auditor of the Company; (vi) the appointment of auditor of the Company (“**Auditor**”); (vii) the quarterly update on resumption progress; (viii) the delay in publication of the audited annual results of the Group for the year ended 31 August 2022 (“**2022 Annual Results**”); (ix) the update in relation to compliance with certain conditions of the convertible bonds due 2026 (“**Bonds**”); (x) the relevant event in relation to the Bonds; and (xi) the delay in publication of the unaudited interim results of the Group for the six months ended 28 February 2023 (“**2023 Interim Results**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

Pursuant to Rule 13.24A of the Listing Rules, the Board wishes to update the Shareholders and potential investors that as at the date of this announcement, the latest development of the Company and the progress of fulfilling the Resumption Guidance are as follows:

## UPDATE ON BUSINESS OPERATIONS

The Group operates a network of bilingual private schools and preschools in the People's Republic of China ("PRC") under the "Maple Leaf" brand and in the Southeast Asia under the brand "Canadian International School" and "Kingsley International School", focusing on high schools that offer World School Program and bilingual education mainly within the PRC and Southeast Asia.

The Company would like to inform the Shareholders and potential investors of the followings:

- (a) as disclosed in the announcement of the Company dated 14 April 2023, despite the Company's best efforts to comply with Condition 8(E) (*Redemption for Relevant Event*) of the Bonds, trading in the Company's shares on the Stock Exchange continued to remain suspended on 17 April 2023 resulting in the occurrence of a Relevant Event;
- (b) as disclosed in the announcement of the Company dated 18 April 2023, a Relevant Event occurred on 17 April 2023 on the basis that, the Shares of the Company continue to remain suspended from trading on the Stock Exchange;
- (c) upon the occurrence of a Relevant Event, the holder of each Bond will have the right, at such holder's option, to exercise the Bondholder Put Option;
- (d) as also disclosed in the announcement of the Company dated 14 April 2023, the Company shall not exercise the CIS Encumbrance Option pursuant to Condition 4(C) (*Second Ranking CIS Encumbrance*) of the Bonds on the basis that the creation of the Second Ranking CIS Encumbrance would trigger an 'event of default' under the New SGD Loan. Consequently, on 27 June 2023, under Condition 8(F)(ii) (*Mandatory redemption*) of the Bonds, the Company is required to make the Second Mandatory Redemption. However, due to the prevailing controls of the State Administration of Foreign Exchange of the PRC and other related PRC policies and regulations which are currently preventing the Company and its applicable Subsidiaries from remitting sufficient funds out of the PRC, regrettably, the Company will not have sufficient offshore funds to make the Second Mandatory Redemption on 27 June 2023, resulting in the occurrence of an Event of Default under Conditions 10(A)(i) and (v) of the Bonds; and
- (e) the Company will continue to engage Ashurst Hong Kong as its legal advisor in relation to the Bonds with a view to assisting the Company to facilitate a transparent dialogue between the Company and the Bondholders. In this regard, the Company shall seek to engage with an ad hoc group of Bondholders in order to facilitate discussions regarding feasible proposals and options to achieve a consensual resolution in relation to the Bonds as soon as possible. The Company will make further announcement(s) in relation to the above matters as and when appropriate.

Save as disclosed above, as at the date of this announcement, the business operations of the Group are continuing as usual in all material aspects notwithstanding the Suspension. The Group has adjusted its development strategy by focusing on the development of high schools and has made great progress on the accreditation and benchmarking of the World School Program.

## RESUMPTION PLAN AND PROGRESS

The following table sets forth the Company's resumption plan and the relevant progress in fulfilling the Resumption Guidance:

<b>Resumption Guidance</b>	<b>Progress</b>
(a) publish all outstanding financial results required under the Listing Rules and address any audit modifications	<p>As at the date of this announcement, the Independent Investigation is still ongoing, and additional time is required by the Auditor to take into account the findings of the Independent Investigation before the finalisation and publication of the 2022 Interim Results. The Auditor has commenced the review work for the 2022 and 2023 Interim Results and the audit work of the Group for the year ended 31 August 2022. Further, due to the delay in the publication of the 2022 Interim Results and the ongoing Independent Investigation, the publication of the 2022 Annual Results and the 2023 Interim Results will be postponed to a later date after the publication of the 2022 Interim Results. The expected publication timeframe of the above results is subject to the progress of the Independent Investigation.</p> <p>The Company will continue to work closely with the Auditor to prepare, finalise and publish (i) the 2022 Interim Results and the report for the six months ended 28 February 2022; (ii) the 2022 Annual Results and the annual report for the year ended 31 August 2022; and (iii) the 2023 Interim Results and the report for the six months ended 28 February 2023 as soon as practicable.</p>
(b) demonstrate the Company's compliance with Rule 13.24 of the Listing Rules	<p>The Group is principally engaged in the operation of international schools in the PRC and Southeast Asia. Since the Suspension and up to the date of this announcement, the Group has continued its normal business operations with a focus on the development of high schools that offer the World School Program and bilingual education.</p> <p>The Company's compliance with Rule 13.24 of the Listing Rules will be assessed after the publication of the 2022 and 2023 Interim Results and the 2022 Annual Results.</p>

## Resumption Guidance

- (c) conduct an appropriate independent forensic investigation into the matters identified in the Letter, announce the findings and take appropriate remedial actions

## Progress

As disclosed in the announcement of the Company dated 14 June 2022, the IBC has appointed RSM Corporate Advisory (Hong Kong) Limited as an independent forensic accountant (“**Independent Investigator**”) to conduct an independent forensic accounting review into the Relevant Matters and prepare an independent forensic accounting report on the findings of the Independent Investigation and provide recommendations to the IBC in respect of the Relevant Matters.

As at the date of this announcement, the Independent Investigator is finalising their findings on the Independent Investigation. The IBC is aiming to conclude the Independent Investigation in or around May or June 2023.

The Company will announce the relevant findings of the Independent Investigation as soon as practicable in accordance with the requirements under the Listing Rules, and will, if necessary, take appropriate remedial actions.

- (d) demonstrate that there is no reasonable regulatory concern about the management integrity and/or the integrity of any persons with substantial influence over the Company’s management and operations, which may pose a risk to investors and damage market confidence

It is currently expected that upon completion of the Independent Investigation by the Independent Investigator, the Company will be in a position to make its assessment about whether there is any reasonable regulatory concern about the management integrity and/or the integrity of any persons with substantial influence over the Company’s management and operations, which may pose a risk to investors and damage market confidence.

## **Resumption Guidance**

## **Progress**

- (e) conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meet its obligations under the Listing Rules

The IC Consultant has been appointed to conduct an independent IC Review. The Company will consider and adopt recommendations by the IC Consultant to improve its internal control systems and procedures (if necessary) as far as practicable in order to ensure that the Company has in place adequate internal controls and procedures to meet its obligations under the Listing Rules.

As at the date of this announcement, the IC Review is being finalised, pending the completion of the Independent Investigation. The Company will continue to provide all necessary assistance to the IC Consultant to expedite the IC Review.

- (f) announce all material information for the Shareholders and investors to appraise its position

Since the Suspension and up to the date of this announcement, the Company has kept the Shareholders and potential investors informed of all material information in relation to the Relevant Matters, the Resumption Guidance and any relevant updates and progress by way of announcements.

The Company will continue to keep the Shareholders and potential investors informed of any relevant material development by making further announcement(s) as and when appropriate in accordance with the requirements under the Listing Rules.

## **CONTINUED SUSPENSION OF TRADING**

Trading in the shares of the Company (Stock Code: 1317) and the debt securities of the Company (Debt Securities 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 2022 Interim Results and will remain suspended until the Company fulfils the Resumption Guidance imposed by the Stock Exchange on the Company as described in the announcement of the Company dated 30 May 2022.

The Company will publish further announcement(s) to inform the Shareholders and potential investors of its progress in complying with the Resumption Guidance as and when appropriate, as well as quarterly updates on its development pursuant to Rule 13.24A of the Listing Rules.

**Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.**

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

Hong Kong, 28 April 2023

*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; Dr. Kem Hussain as a non-executive director; and Mr. Peter Humphrey Owen, Mr. Alan Shaver, Ms. Wai Fong Wong and Mr. King Pak Lau as independent non-executive directors.*

*\* For identification purposes only*