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

ISSUED BY



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: 01317)

(the “Company”)

(the “Bonds”)

(Stock Code: 40564)

MEETING OF BONDHOLDERS

This announcement does not contain the full terms of the Extraordinary Resolution (as defined below), which are contained in the Notice of Meeting (as defined below). Bondholders may obtain the Notice of Meeting (including the form of the Second Amended and Restated Trust Deed) from the Tabulation Agent, the contact details for which are set out below. In order to access a copy of the Notice of Meeting, a Bondholder will be required to provide confirmation as to such person’s status as a Bondholder.

OVERVIEW

This announcement is made by the Company, together with its subsidiaries and consolidated affiliated entities, the “**Group**”, pursuant to Rules 13.09(2), 37.47E(a), 37.47B, and 37.47E(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**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 amended and restated trust deed in relation to the Bonds dated 27 October 2022 between the Company as Issuer and Citicorp International Limited as Trustee (the “**Trust Deed**”).

Reference is also made to the announcements of the Company dated 14 April 2023, 18 April 2023, 19 June 2023, 28 June 2023 and 7 July 2023 respectively (collectively, the “**Announcements**”).

Capitalised terms used but not otherwise defined herein shall have the meanings ascribed to them in the Notice of Meeting (as defined below) and the Announcements (as applicable).

The Company has today issued and disseminated to Bondholders a notice of meeting (dated 18 August 2023) (the “**Notice of Meeting**”) in accordance with Condition 17 of the Bonds, to request Bondholders to consider and, if thought fit, approve and pass the Extraordinary Resolution (as defined in the Notice of Meeting), at a meeting of the Bondholders (the “**Meeting**”), which will provide for certain amendments and waivers in relation to the Bonds, as more fully described in the Notice of Meeting.

BACKGROUND

Occurrence of Relevant Event under the Bonds

Since May 2022, the Company issued notices to Bondholders and made announcements on the Hong Kong Stock Exchange in relation to, among other matters, (i) the delay in publication of the Interim Results; (ii) the suspension of trading in the securities of the Company since 9:00 a.m. on 3 May 2022; (iii) the establishment of the independent board committee of the board of directors of the Company and the appointment of the independent investigator; (iv) the letter from the Stock Exchange setting out the guidance for the resumption of trading in the Company’s shares; (v) the quarterly updates on the resumption progress; and (vi) the delay in publication of the audited annual results of the Group for the year ended 31 August 2022.

In light of the abovementioned delay, trading of the Company’s shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 3 May 2022, and despite the Company’s best efforts to comply with Condition 8(E) (Redemption for Relevant Event) of the Bonds, the Company’s shares continue to remain suspended from trading on the Stock Exchange and a Relevant Event occurred on 17 April 2023 (the “**Applicable Relevant Event**”).

On 18 April 2023, a notice in relation to the occurrence of the Applicable Relevant Event and an announcement on the Stock Exchange were made by the Company to the Bondholders, advising the Bondholders of their right under Condition 8(E) (*Redemption for Relevant Event*) of the Bonds to require the Company to redeem all or some of each such holder's Bonds on the Relevant Event Redemption Date at the Early Redemption Amount together with interest accrued but unpaid to (but excluding) such date by delivering a Relevant Event Redemption Notice to the Paying Agent in accordance with the Conditions.

The Bondholders holding approximately 27 per cent. of the aggregate principal face value of the Bonds have delivered Relevant Event Redemption Notices in connection with the Applicable Relevant Event within the applicable exercise period.

The Relevant Event Redemption Date in respect of the Applicable Relevant Event fell on 1 July 2023, which was a non-business day, meaning that payment in respect of the Relevant Event Redemption Date (the "**Applicable Relevant Event Put Option Payment**") was required to be made on the next business day, being 3 July 2023.

Second Ranking CIS Encumbrance and Second Mandatory Redemption

On 14 April 2023, the Company issued a notice to Bondholders and made an announcement on the Stock Exchange to give notice to the Bondholders that the Company would 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, under Condition 8(F)(ii) (*Mandatory redemption*) of the Bonds, the Company was required, on 27 June 2023, to redeem (on a pro rata basis), 25 per cent. of the aggregate principal amount of the Bonds originally issued as at the Issue Date, being U.S.\$31,250,000 at their principal amount together with interest accrued but unpaid to (but excluding) such date (the "**Second Mandatory Redemption**").

Non-payment Events of Default under the Bonds

Due to the prevailing controls of the State Administration of Foreign Exchange of the People's Republic of China (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 did not have sufficient offshore funds to make the Second Mandatory Redemption on 27 June 2023 and the Applicable Relevant Event Put Option Payment on 3 July 2023, resulting in the occurrence of certain Events of Default under the Conditions.

Proposal in relation to the Bonds

Notwithstanding the above, the Company and an ad hoc group of holders of the Bonds who collectively hold or are economically entitled to approximately 80 per cent. of the principal amount of the Bonds (the "**AHG**" and each member thereof, an "**AHG Member**") have agreed, subject to the satisfaction of certain conditions, to implement and otherwise give effect to the Proposal.

AHG Fee Pay Letters

As compared to Bondholders who are not members of the AHG, each AHG Member has, since approximately April 2023, devoted considerable time, energy and resources in negotiating and agreeing the Proposal with the Company, which the Company and the AHG consider to be the best outcome in relation to the Bonds achievable in the circumstances.

In this regard, the AHG have been required to, amongst other things, engage in numerous discussions with advisors and principals, negotiate the commercial and legal requirements of the Proposal and review the documents necessary to implement the Proposal.

In consideration of the above, the Company and each AHG Member have entered into a work, and legal, fee pay letter dated 18 August 2023 (the “**AHG Fee Pay Letter**” and collectively, the “**AHG Fee Pay Letters**”) pursuant to which the Company has agreed to pay, among other things, the AHG Fee – First Tranche and the AHG Legal Fees (in each case as defined in the AHG Fee Pay Letters) (collectively, the “**AHG Fees**”) as a condition to the effectiveness of the Proposed Waivers and the Proposed Amendments. In addition, the Company shall pay or procure the payment of the outstanding fees and fees in relation to the Proposal of the Trustee (the “**Trustee Fees**”) and its counsel as agreed in writing between the Trustee and the Issuer (the “**Trustee Fees Agreement**”) before the Voting Deadline.

The Company shall, as soon as reasonably practicable following the payment of the AHG Fees and the Trustee Fees in accordance with the terms of the AHG Fee Pay Letters and the Trustee Fees Agreement (respectively), inform the Trustee and the Bondholders of the same in accordance with Condition 17 (*Notices*) of the Bonds (such notice, the “**Fee Pay Notice**”) of the Bonds, and the date of the Fee Pay Notice shall be the “**Fee Pay Effective Date**”. The Fee Pay Notice shall be conclusive and binding on the Issuer, the Trustee and the Bondholders save in the case of manifest error.

For the avoidance of doubt, the Company will not pay the Fees nor issue the Fee Pay Notice until after the passing of the Extraordinary Resolution. For the avoidance of doubt, the Company shall pay the Trustee Fees before the Voting Deadline whether or not the Extraordinary Resolution has been passed.

Against this background, the Company seeks consent from the Bondholders to sanction the Proposal as set out in the Extraordinary Resolution.

MEETING OF BONDHOLDERS

The Meeting will be held on 11 September 2023 at 10:00 a.m. (Hong Kong time) at the office of Ashurst Hong Kong at 11/F, Jardine House, 1 Connaught Place, Central, Hong Kong.

IMPLEMENTATION OF EXTRAORDINARY RESOLUTION

The implementation of the Extraordinary Resolution is conditional upon the passing of the Extraordinary Resolution and the occurrence of the Fee Pay Effective Date. Accordingly, if the Extraordinary Resolution is not passed, the AHG Fees are not paid according to the terms of the AHG Fee Pay Letters, or the Trustee Fees are not paid according to the Trustee Fees Agreement, the Extraordinary Resolution will not be implemented.

If, and only if, the Extraordinary Resolution is passed, and the AHG Fees and the Trustee Fees are paid in accordance with the terms of the AHG Fee Pay Letters and the Trustee Fees Agreement (respectively), the Extraordinary Resolution may be implemented.

The Company will, as soon as reasonably practicable after the Meeting, announce:

- i. the results of the Meeting; and
- ii. if the Extraordinary Resolution is passed, and the AHG Fees and the Trustee Fees are paid in accordance with the terms of the AHG Fee Pay Letters and the Trustee Fees Agreement (respectively), the effectiveness of the Proposed Waivers and the Implementation Date in relation to the Proposed Amendments.

The Proposed Waivers will be effective upon the passing of the Extraordinary Resolution and the occurrence of the Fee Pay Effective Date.

The Proposed Amendments will be effective upon the execution and delivery of the Second Amended and Restated Trust Deed (the form of which is attached to the Annex (*Form of the Second Amended and Restated Trust Deed*) to the Notice of Meeting and is available from the Tabulation Agent, as more fully set out under “*Documents Available for Inspection*” below) on the Implementation Date and are subject to the passing of the Extraordinary Resolution and the occurrence of the Fee Pay Effective Date.

DOCUMENTS AVAILABLE FOR INSPECTION

Bondholders may, from the date of this announcement up to and including the date of the Meeting (or any adjourned Meeting) (and, in each case, for 15 minutes prior thereto at the venue), request (free of charge) electronic copies of the documents set out below from the Tabulation Agent, the contact details of which are specified below subject to satisfactory proof of holding:

- (a) the Notice of Meeting;
- (b) the Trust Deed; and
- (c) the form of the Second Amended and Restated Trust Deed.

GENERAL

The attention of Bondholders is particularly drawn to the quorum required for the Meeting and for an adjourned Meeting which is summarised in the section entitled “*Voting and Quorum*” below and set out in detail in the Notice of Meeting. Having regard to such requirements, Bondholders are strongly urged either to submit valid Consent Instructions in accordance with the Notice of Meeting or to attend or to take steps to be duly represented at the Meeting in accordance with the Meeting Provisions, as soon as possible.

Only Direct Participants may submit or deliver Consent Instructions. Bondholders whose Bonds are held on their behalf by a broker, dealer, commercial bank, custodian, trust company or accountholder must contact and request such broker, dealer, commercial bank, custodian, trust company or accountholder to effect the relevant Consent Instructions on their behalf sufficiently in advance of 10.00 a.m. (Hong Kong time) on 9 September 2023 (the “**Voting Deadline**”) in order for such Consent Instructions to be delivered in accordance with any deadlines as described in the Notice of Meeting.

Bondholders wishing to attend the Meeting in person have the right to attend in accordance with the provisions set out in the Notice of Meeting and the Meeting Provisions.

If Consent Instructions are not received from or on behalf of a Bondholder in accordance with the voting instructions set out herein (and such Bondholder does not otherwise make arrangements to vote at the Meeting by appointing a proxy or to attend in person also in advance of the Voting Deadline), such Bondholder will be deemed to have declined to vote in respect of the Extraordinary Resolution.

In accordance with normal practice, none of the Trustee, the Agents relating to the Bonds or the Tabulation Agent expresses any view as to the merits of the Proposal or the Extraordinary Resolution. None of the Trustee, the Agents or the Tabulation Agent has been involved in negotiating the Proposed Waivers and Proposed Amendments or the Extraordinary Resolution or makes any representation that all relevant information has been disclosed to the Bondholders in or pursuant to the Extraordinary Resolution and the Notice of Meeting. Furthermore, none of the Trustee, the Agents or the Tabulation Agent makes any assessment of the impact of the Proposal presented to Bondholders in the Notice of Meeting on the interests of the Bondholders or makes any recommendations on the Extraordinary Resolution or whether agreement to the Proposal should be made. Accordingly, Bondholders who are unsure of the impact of the Proposal and the Extraordinary Resolution should seek their own financial, legal and tax advice.

VOTING AND QUORUM

The provisions governing the convening and holding of the Meeting are set out in the Meeting Provisions, a copy of which is included in the Trust Deed and is available for inspection as referred to above. A Bondholder who has delivered or procured the delivery of a Consent Instruction need not take further action.

Bondholders whose Bonds are held by Clearstream or Euroclear (as applicable) should contact the Tabulation Agent for further information.

The approval of the Proposal does not require the consent of all Bondholders. Once the Proposal becomes operative, the Proposed Amendments and the Proposed Waivers will be binding on all Bondholders, whether or not they were present at the Meeting and regardless of whether a Bondholder has consented to such amendments and waivers.

Bondholders who need assistance with respect to the procedures in relation to the Extraordinary Resolution should contact the Tabulation Agent at the following contact details:

Kroll Issuer Services Limited

In London

The Shard
32 London Bridge Street
London, SE1 9SG
United Kingdom
Tel: +44 20 7704 0880

In Hong Kong

3rd Floor, Three Pacific Place
1 Queen's Road East
Admiralty
Hong Kong
Tel: +852 2281 0114

Attention: Mu-yen Lo/Kevin Wong
Email: mapleleaf@is.kroll.com
Website: <https://deals.is.kroll.com/mapleleaf>

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company (stock code: 1317) and the Bonds (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 Interim Results and will remain suspended until the Company fulfils the Resumption Guidance. 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.

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

Hong Kong, 18 August 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*