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

2024 INTERIM REPORT

* For identification purposes only

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CHINA MAPLE LEAF EDUCATIONAL SYSTEMS LIMITED
2024 INTERIM REPORT

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Shu Liang Sherman Jen
*(Chairman and Chief Executive Officer ("**CEO**"))*
Ms. Jingxia Zhang*
*(Co-Chief Financial Officer ("**Co-CFO**"))*
Mr. King Pak Lau**
(Co-CFO)
Mr. James William Beeke

Non-executive Director

Dr. Kem Hussain

Independent Non-executive Directors

Mr. Peter Humphrey Owen
Ms. Wai Fong Wong
Mr. Ming Sang Chow***

AUDIT COMMITTEE

Mr. Ming Sang Chow *(Chairman)****
Mr. Peter Humphrey Owen
Ms. Wai Fong Wong

REMUNERATION COMMITTEE

Mr. Peter Humphrey Owen *(Chairman)*
Mr. James William Beeke
Ms. Wai Fong Wong

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

Mr. Shu Liang Sherman Jen *(Chairman)*
Mr. Peter Humphrey Owen
Ms. Wai Fong Wong

COMPANY SECRETARY

Ms. Shu Ling Jen

AUTHORIZED REPRESENTATIVES

Mr. King Pak Lau **
Ms. Shu Ling Jen

AUDITORS

ZHONGHUI ANDA CPA Limited
Certified Public Accountants

LEGAL ADVISORS

As to Hong Kong law
LCH Lawyers LLP

As to PRC law
Jingtian & Gongcheng

As to Cayman Islands law
Maples and Calder (Hong Kong) LLP

* *resigned with effect from 1 March 2024*
** *re-designated from an independent non-executive Director to an executive Director with effect from 1 March 2024*
*** *appointed with effect from 1 March 2024*

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN CHINA

No. 13, Baolong First Road
Baolong Street, Longgang District
Shenzhen, Guangdong Province 518116
China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 702, 7/F, Admiralty Centre, Tower One
18 Harcourt Road, Admiralty
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

STOCK CODE

1317

COMPANY WEBSITE

www.mapleleaf.cn

CORPORATE PROFILE

With over 29 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 and bilingual education, combining the merits of both Western and Eastern educational philosophies. We also operate international schools in Malaysia, Singapore and Canada.

Maple Leaf World School Program ("**World School Program**" or "**MLWSP**") is the first international program with oriental cultural characteristics in the world. It cooperates with two of the world's largest educational institutions, benchmarked by ECCTIS and accredited by Cognia. ECCTIS has completed the benchmarking of the World School Program which marks that World School Program has become a globally certified course after A-Level and International Baccalaureate (the "**IB**") programs, and has filled the gap in China's international education program.

Our overseas school, Kingsley International School ("**KIS**") offers A-Level program from preschool to Year 12 students ("**K-12**") in Malaysia. KIS targets mainly local students as well as international students primarily from Asian countries. Canadian International School ("**CIS**") offers IB curriculum for K-12 students in Singapore. 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 the United States, India and other Asian countries. 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. As at 29 February 2024, the Group employed 279 IB certified teachers (as at 28 February 2023: 293 IB certified teachers).

FINANCIAL AND OPERATIONAL HIGHLIGHTS

RESULTS

	Six months ended			
	29 February 2024 RMB'000 (Unaudited)	28 February 2023 RMB'000 (Unaudited)	**Change** RMB'000	**Percentage change**
Revenue	**657,987**	574,925	+83,062	+14.4%
PRC	**237,474**	208,965	+28,509	+13.6%
Overseas	**420,513**	365,960	+54,553	+14.9%
Gross profit	**331,626**	241,189	+90,437	+37.5%
(Loss)/profit for the period	**(42,232)**	15,479	-57,711	-372.8%
EBITDA (Non-IFRS measure)#	**221,199**	233,547	-12,348	-5.3%
Adjusted EBITDA (Non-IFRS measure)#	**249,379**	262,423	-13,044	-5.0%
Profitability Margins				
Gross profit margin	**50.4%**	42.0%	+8.4%	+20.0%
Net (loss)/profit margin	**-6.4%**	2.7%	-9.1%	-337.0%
EBITDA margin	**33.6%**	40.6%	-7.0%	-17.2%
Adjusted EBITDA margin	**37.9%**	45.6%	-7.7%	-16.9%
(Loss)/earnings per share (RMB cents)				
Basic	**-1.42**	0.52	-1.94	-373.1%
Diluted	**-1.42**	0.52	-1.94	-373.1%

For definitions of EBITDA and adjusted EBITDA, please refer to the section headed "Calculation of EBITDA and Adjusted EBITDA – Non-IFRS measures".

CALCULATION OF EBITDA AND ADJUSTED EBITDA

The following table reconciles (loss)/profit for the period to EBITDA and adjusted EBITDA for both periods:

	Six months ended	
	29 February 2024 RMB'000	28 February 2023 RMB'000
(Loss)/profit for the period	**(42,232)**	15,479
Add:		
Finance costs	**146,876**	97,498
Taxation	**30,532**	26,729
Depreciation of property, plant and equipment	**54,323**	49,982
Amortisation of other intangible assets	**25,217**	37,433
Depreciation of right-of-use assets	**3,952**	5,686
Depreciation of investment properties	**2,514**	497
Amortisation of books for lease	**17**	243
EBITDA	**221,199**	233,547
Change in fair value of the Convertible Bonds *(Note 1)*	**28,174**	26,931
Share-based payments *(Note 2)*	**6**	1,945
Adjusted EBITDA	**249,379**	262,423

Notes:

1. *Change in fair value of the Convertible Bonds is measured at fair value through profit or loss, which is non-cash in nature and non-indicative to the Group's operating performances.*

2. *Share-based payments recognised for share options granted to directors and employees are non-cash in nature and non-indicative to the Group's operating performances.*

Non-IFRS measures

To supplement the Group's consolidated financial statements which are presented in accordance with the International Financial Reporting Standards (the "**IFRS**"), the Company also uses earnings before interest, taxes, depreciation and amortisation ("**EBITDA**"), and EBITDA adjusted by items which are non-cash in nature and non-indicative to the Group's operating performance ("**Adjusted EBITDA**") as additional financial measures, which are not required by, or presented in accordance with, IFRS. The Company believes that these non-IFRS measures facilitate comparisons of operating performance from period to period by eliminating potential impacts of items that the management does not consider to be indicative of the Group's operating performance. The Company believes that these measures provide useful information to the shareholders of the Company (the "**Shareholders**") and potential investors in understanding and evaluating the Group's consolidated results of operations in the same manner as they help the Group's management.

However, the use of these non-IFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, the Group's results of operations or financial condition as reported under IFRS. In addition, the non-IFRS measures do not have standardised meaning and may be defined differently from similar terms used by other issuers and therefore may not be comparable to similar measures presented by other issuers.

In the financial reports and results announcements for prior periods, the Company used Adjusted Net Profit as non-IFRS measure which was calculated as profit for the period, taking into account (i) the amortisation of other intangible assets and depreciation of properties arising from acquisition; (ii) change in fair value of the Convertible Bonds; (iii) share-based payments; and (iv) change in fair value of financial assets at fair value through profit or loss. The Company considers the change of the non-IFRS measures from the Adjusted Net Profit and Adjusted Net Profit margin in the prior period financial reports to EBITDA and Adjusted EBITDA in the current period will provide more information to investors about results of our operations.

OPERATIONAL DATA

	As at the end of			
	29 February 2024	28 February 2023	**Change**	**Percentage Change**
Total student enrolment	**9,475**	10,209	-734	-7.2%
PRC	**5,006**	5,832	-826	-14.2%
Overseas	**4,469**	4,377	+92	+2.1%
Total number of schools	**31**	33	-2	-6.1%
PRC	**22**	23	-1	-4.3%
Overseas	**9**	10	-1	-10.0%

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's Market Position

With over 29 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 and bilingual education, combining the merits of both Western and Eastern educational philosophies. We also operate international schools in Malaysia, Singapore and Canada.

World School Program is the first international program with oriental cultural characteristics in the world. It cooperates with two of the world's largest educational institutions, benchmarked by ECCTIS, and accredited by Cognia. ECCTIS has completed the benchmarking of the World School Program which marks that the World School Program has become a globally certified course after A-Level and IB programs and has filled the gap in China's international education program.

World School Program is in line with the national strategy in education, namely, Opinions of eight government departments including the Ministry of Education on accelerating and expanding the opening-up of education in the new era* (《教育部等八部門關於加快和擴大新時代教育對外開放的意見》) issued by the Ministry of Education in June 2020.

Our high schools in China have provided World School Program since the commencement of the 2020/2021 school year. The unique programs and systems are designed to cultivate elite talents with a global perspective and proficiency in Chinese culture and wisdom. The combination of "Chinese language curriculum" and "English academic curriculum" is a set of "curricula for Chinese plus high school subjects" which happens to be suitable for international students in China and students around the globe preparing for undergraduate study in China from a multi-dimensional perspective.

The Group relocated its headquarters to Shenzhen in March 2021. Shenzhen headquarters was officially launched at the commencement of 2022/2023 school year. The relocation of the Group's headquarters to Shenzhen is a strategic move intended to bolster the Group's further development and ensure the success of the Group's sixth five-year plan (from 2020/2021 to 2024/2025 school years) (the "**Sixth Five-Year Plan**") and strengthen its ability to recruit and retain talents for its expansions in China and overseas. Moreover, the new headquarters will increase the brand awareness of the "Maple Leaf" brand and accelerate our business development in first-tier cities in China, especially in the Greater Bay Area.

Our overseas school, KIS, offers A-Level program to K-12 students in Malaysia. KIS targets mainly local as well as international students primarily from Asian countries. CIS offers IB curriculum for K-12 students in Singapore. 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 the United States, India and other Asian countries. 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.

University Placements

The quality of Maple Leaf education is reflected in the achievements of our students. For the six months ended 29 February 2024, 802 Maple Leaf high school students of the class of 2024 ("**Class 2024 Students**") received over 2,681 offer letters from universities in 11 countries. Moreover, 17 of our Class 2024 Students received offer letters from Quacquarelli Symonds ("**QS**") Top 10 universities including prestigious University College London and Imperial College London in the United Kingdom. In addition, 674 students, representing approximately 84.0% of our Class 2024 Students, received at least one offer letter from the Maple Leaf Educational Systems Global Top 100 universities.

In April 2023, the Group entered into an agreement with Arizona State University ("**ASU**") to facilitate ASU's delivery of two first-year higher education experiences, including the New College of Interdisciplinary Arts and Sciences, focusing on Humanities and Mathematics and Sciences, for Maple Leaf graduates in the PRC (the "**1+3 Program**"). The 1+3 Program was welcomed by Maple Leaf graduates, as at the date of this report, we have enrolled about 52 Maple Leaf graduates for the 2024/2025 school year.

In order to provide Maple Leaf graduates with a wider range of further education opportunities, the Group has entered into cooperation agreements with more than 23 well-known domestic universities, such as the Beijing Foreign Studies University, Central University of Finance and Economics, and Southwest University of Political Science & Law, 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. Since then, Maple Leaf has been offering domestic and international "Dual Graduation Exit" to its high school students for pursuing higher education.

Maple Leaf maintains long-term relationships with a significant number of universities and colleges around the world. Various universities and colleges have memoranda of understanding with us to facilitate the admission process for our high school graduates. Our Group provides consulting services to assist our students in making informed decisions about the universities and colleges they choose to attend. Maple Leaf has held annual university and college recruitment fairs on our campuses since November 2005. 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.

The Group officially launched Honorary Zhou Enlai class* (榮譽周恩來班) ("**Honorary Class**") in the PRC in February 2024 aiming to enhance the competitiveness of Maple Leaf brand and nurture elite talents. This program customised a high-end high school curriculum presenting Maple Leaf graduates a smooth pathway to the world's leading universities, such as University of Oxford and University of Cambridge in the United Kingdom; Harvard University and Yales University in the United States; and Tsinghua University, Peking University and University of Hong Kong in China. The first cohort of Honorary Class will be graduated at the end of 2026/2027 school year. To ensure the success of the program, an advisory committee, an admission committee and execution team were established which consist of experienced global educational experts and senior managements, including chairman of the board (the "**Board**") of directors (the "**Directors**"), superintendent of MLWSP, principal, etc, of the Group.

Update on the Regulations for the Implementation of the Private Education Promotion Law of the People's Republic of China

On 14 May 2021, the PRC State Council announced the Regulations for the Implementation of the Private Education Promotion Law of the People's Republic of China* (《中華人民共和國民辦教育促進法實施條例》) (the "**Implementation Regulations**"), which came into effect on 1 September 2021. The Implementation Regulations lay down a concrete measure to implement the top-level design of the classification management system of the Private Education Promotion Law of the People's Republic of China and help regulate and promote the policies of "classification management", "classification support" and "classification development" of private education in China. It will help realise the development of private education with distinctive characteristics and high quality, and meet the diversified and selective needs of different families for education in the new era.

The restrictions in the Implementation Regulations on the prohibition of foreign participation in private schools that provide compulsory education and not-for-profit preschools by means of mergers and acquisitions, contractual arrangements and related party transactions. The restrictions are intended to ensure the legitimate rights and interests of not-for-profit schools, especially to protect the property rights and interests of not-for-profit schools and to avoid the improper transfer of proceeds from the operation of not-for-profit schools.

The Implementation Regulations strengthen the supervision of compulsory education schools, and at the same time, specify that private education enjoys preferential taxation policies stipulated by the Chinese government. The Implementation Regulations grant for-profit schools the autonomy to charge fees, and encourage and support private schools to use internet technology to implement online education, grant private schools, which carry out higher education and secondary vocational and technical education, the autonomy to self-establish majors, designing courses and other greater autonomy, enriching the operation of and expanding student sources of private schools and facilitating the development of private schools.

The Implementation Regulations impose significant uncertainties and restrictions on the Group's control over the affiliated entities operating private schools offering compulsory education and not-for-profit preschools in the PRC. As the Implementation Regulations have been in effect for a relatively short period of time, and local governments have not yet issued corresponding classifications management regulations and rules for the Implementation Regulations, there are uncertainties concerning the validity and enforceability of the contractual arrangements between the Group and the private schools that provide compulsory education consisting of six years of primary school education and three years of middle school education to PRC residents and not-for-profit schools that provide preschool education in the PRC ("**Affected Schools**") and therefore it could not be concluded that they are legally binding and enforceable upon the Implementation Regulations becoming effective on 1 September 2021. Consequently, the Affected Schools were deconsolidated from the consolidated financial statements of the Company for the year ended 31 August 2021. Please refer to the 2021 annual report of the Company for further details of the deconsolidation of the Affected Schools. The Group has determined to take measures to optimise its operating structure to mitigate the impact of the Implementation Regulations. Such measures include, among others, transferring current students from high schools which are under the same operating licences with private schools providing compulsory education and/or not-for-profit preschools in the PRC (the "**Mixed High Schools**") to high schools that have their own operating licences in the PRC (the "**Independent High Schools**") and making registration and filings with the relevant local government departments in the PRC for individual operating licences for the eight Mixed High Schools.

Subsequently, Xi'an Maple Leaf School* (西咸新區空港楓葉學校) ("**Xi'an School**") obtained a private school operating license as an Independent High School and a registration certificate for private non-enterprise entities to operate as the Independent High School in August 2022 and January 2023 respectively. The financial results and financial positions of Xi'an School were re-consolidated since and, as the case may be, as at 10 August 2022 ("**Date of Re-consolidation**"). The Group has also registered four for-profit preschools in Dalian, China during the year ended 31 August 2022 and one preschool in Chongqing, China at the commencement of the 2022-2023 school year.

The Group has adjusted its enrolment strategy from the pyramid structure to inverted pyramid structure in the Sixth Five-Year Plan, which focuses on its development of high schools providing World School Program. We will expand online education offering World School Program, English as a second language ("**ESL**") curriculum and Chinese as a second language ("**CSL**") curriculum as well as certificate examination training or other new educational products to domestic and overseas learners.

We will continue to monitor the implementation of the Implementation Regulations in different regions and continue to assess its subsequent impact on the Company and will make further announcement(s) as and when appropriate.

The Impact of COVID-19

With the widespread vaccination and the stabilisation of the pandemic, our Group's schools in China resumed face-to-face teaching since the commencement of the 2023/2024 school year.

Our overseas school, KIS, targets both local students and international students. CIS targets expatriate families employed in Singapore as well as international students. For the six months ended 29 February 2024, both CIS and KIS delivered face-to-face teaching. Overseas countries have gradually lifted travel restrictions and relaxed visa conditions, which will increase the student enrolment in our overseas schools, and benefit both domestic and overseas Maple Leaf schools.

Suspension of Trading, Resumption Guidance and Resumption

On 13 May 2022, the Company received a letter from the former auditor of the Company ("**Letter**") regarding significant matters in relation to certain transactions of the Group ("**Relevant Matters**") identified during the course of its review of the unaudited interim results for the six months ended 28 February 2022 ("**2022 Interim Results**"). 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 of Hong Kong Limited ("**Stock Exchange**") had been suspended with effect from 9:00 a.m. on 3 May 2022 due to the delay in publication of the 2022 Interim Results.

On 27 May 2022, the Company was notified by the Stock Exchange of the following resumption guidance ("**Resumption Guidance**") for the Company: (i) publish all outstanding financial results required under the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") and address any audit modifications; (ii) demonstrate the Company's compliance with Rule 13.24 of the Listing Rules; (iii) conduct an appropriate independent forensic investigation into the matters identified in the Letter, announce the findings and take appropriate remedial actions; (iv) 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; (v) 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; and (vi) announce all material information for the Shareholders and investors to appraise its position.

As disclosed in the announcement of the Company dated 23 May 2022, the Board resolved to establish the independent board committee of the Board ("**IBC**") to conduct the independent investigation of the Relevant Matters and the internal control over financial reporting ("**Independent Investigation**"). As disclosed in the announcement of the Company dated 14 June 2022, the IBC 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. In late August 2022, the Company appointed RSM Consulting (Hong Kong) Limited ("**IC Consultant**") to conduct an independent review of the existing internal controls and procedures of the Company and make recommendations of remedial measures ("**IC Review**").

On 20 June 2023, the Independent Investigator completed the Independent Investigation and issued the investigation report on the findings of the Independent Investigation and provided recommendations in respect of the Relevant Matters ("**Investigation Report**") to the IBC. Having reviewed the findings and results of the Independent Investigation, the IBC presented the Investigation Report together with the recommendations to the Board for consideration and approval on 20 June 2023. The Board concurred with the IBC that the content and findings of the Independent Investigation are reasonable and acceptable and the Board believed that (i) there was no reasonable regulatory concern regarding the integrity of the management or any individuals with substantial influence over the Company's management and operations, which could potentially put investors at risk and undermine market confidence; and (ii) the enhanced internal control measures adopted by the Company were sufficient and effective in fulfilling the Company's obligations and protecting its interests as per the Listing Rules. The Board accepted the IBC's recommendations in their entirety and has resolved to (i) adopt the findings of the Investigation Report and (ii) implement the recommendations of the IBC.

The IC Consultant had completed the IC Review with a review period from 1 September 2021 to 31 August 2022 ("**First Review**"). The IC Consultant had identified certain key findings and made certain recommendations in the First Review and completed the follow-up review with a review period from the date of implementation of remedial measures by the Group to 20 June 2023 ("**Follow-up Review**"). The IC Consultant issued a report in respect of the findings of the IC Review ("**IC Review Report**") on 20 June 2023 and concluded that the Group had implemented recommended remedial measures to rectify the deficiencies identified in the First Review. No material deficiencies in the Company's internal controls and procedures were noted in the Follow-up Review.

Following the fulfillment of all the Resumption Guidance, the 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 resumed with effect from 9:00 a.m. on 2 November 2023.

For more details regarding the Relevant Matters, the Resumption Guidance, the Independent Investigation, the Investigation Report, the IC Review Report and the resumption of trading, please refer to the announcements of the Company dated 27 April 2022, 16 May 2022, 23 May 2022, 30 May 2022, 14 June 2022, 2 August 2022, 1 November 2022, 1 February 2023, 28 April 2023, 4 July 2023, 1 August 2023 and 1 November 2023.

Change of Directors and change in composition of Board committees

With effect from 1 March 2024, Ms. Jingxia Zhang ("**Ms. Zhang**") resigned as an executive Director and Co-CFO. Ms. Zhang also resigned from all positions within the Group, i.e. the positions of director of each of Canadian International School Pte. Ltd., Star Readers Pte. Ltd. and Canadian School of Advanced Learning Pte. Ltd. and all such resignations took effect from 1 March 2024. Following her resignation as an executive Director, the Co-CFO and all other positions within the Group, Ms. Zhang now serves the Company as a consultant to the Board. Following the resignation of Ms. Zhang with effect from 1 March 2024, Mr. King Pak Lau ("**Mr. Lau**") was re-designated from an independent non-executive Director to an executive Director.

Upon the re-designation which took effect on 1 March 2024, Mr. Lau (i) ceased to be the chairman of each of the audit committee of the Board ("**Audit Committee**") and the IBC established for, among other matters, conducting the Independent Investigation (as defined in the announcement of the Company dated 23 May 2022); and (ii) was appointed as the Co-CFO.

With effect from 1 March 2024, Mr. Ming Sang Chow ("**Mr. Chow**") was appointed as an independent non-executive Director and the chairman of the Audit Committee.

BUSINESS REVIEW

The Group offers high-quality and bilingual education in the PRC under Maple Leaf brand and in southeast Asia under CIS and KIS brands. In addition to the provision of academic education service, we also develop education industry chain business including, sales of ancillary products and provision of catering service to our students.

Student Enrolment

	At 29 February 2024	**% of Total**	At 28 February 2023	% of Total
PRC				
High schools	**3,071**	**32.4**	3,504	34.3
Preschools	**1,588**	**16.8**	2,055	20.1
Foreign national schools	**347**	**3.6**	273	2.7
	5,006	**52.8**	5,832	57.1
Overseas				
High schools	**746**	**7.9**	627	6.2
Middle schools	**1,279**	**13.5**	1,224	12.0
Elementary schools	**2,028**	**21.4**	2,065	20.2
Preschools	**416**	**4.4**	461	4.5
	4,469	**47.2**	4,377	42.9
Total number of students enrolled	**9,475**	**100**	10,209	100

The total number of students enrolled decreased by 734 or 7.2% from 10,209 as at 28 February 2023 to 9,475 as at 29 February 2024, which was primarily due to the combined effect of (i) the decrease in high school students in the PRC, as the COVID-19 pandemic has just ended, some parents still have a wait-and-see attitude towards studying abroad; (ii) the decrease in preschool students due to the declining birth rate year by year in the PRC; and (iii) the increase in high school students in overseas schools. We believe that with the liberalization of cross-border exchanges and the study abroad market, number of our high school students will be expected to gradually resume growth in the future.

The Group has adjusted its enrolment strategy from the pyramid structure to inverted pyramid structure in the Sixth Five-Year Plan. Maple Leaf will focus on its development of high schools providing World School Program, with moderate development of regular high schools whereby students are sitting for the National College Entrance Examination ("**Gaokao**").

The Group's Schools

The following table shows a summary of the Group's schools by category as at the end of the two periods:

	At 29 February 2024	At 28 February 2023
PRC		
High schools	7	7
Preschools	12	13
Foreign national schools	3	3
	22	23
Overseas		
High schools	3	3
Middle schools	2	2
Elementary schools	2	3
Preschools	2	2
	9	10
Total	31	33

As at the end of 2023/2024 school year, one preschool in Pinghu, China ceased operation, and one elementary school campus, Tanjong Katong campus, in Singapore was returned to the government of Singapore as the lease agreement expired in August 2023.

The Group has no intention to re-open the suspended overseas schools as we foresee the market conditions and visa policies in Canada and Australia are still uncertain within one or two years.

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 globally 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.

The Group has forged strategic cooperation with University of Alberta in Canada and University of South Australia in Australia. Every year, a certain number of outstanding Maple Leaf STEM (Science, Technology, Engineering and Mathematics) graduates are selected to major in pedagogy in these universities, who will return to Maple Leaf to teach after obtaining overseas teacher certification and receive the same benefit as a foreign teacher. In addition, Maple Leaf provides internships and job opportunities for outstanding graduates majoring in pedagogy from these universities.

In the meantime, the Group encourages and attracts Maple Leaf graduates who work overseas after graduating from foreign universities and are excellent in mathematics and other science subjects to pass the teacher certification examination in Canada, the United States and other countries, and then return to Maple Leaf to work as teachers with overseas qualification and experience.

FUTURE DEVELOPMENT

Following the promulgation of the Implementation Regulations, Maple Leaf has adjusted its development strategy from the pyramid structure to inverted pyramid structure and our high schools carry on a dual development scheme in China. We will focus on the development of high schools providing World School Program, with moderate development of regular high schools whereby students are sitting for Gaokao.

We will expand online education offering the World School Program, ESL curriculum and CSL curriculum as well as certificate examination training or other new educational products to domestic and overseas learners. Chinese Testing International Company Limited* ("**CTI**", 漢考國際教育科技(北京)有限公司), a professional education and examination institution directly under the Ministry of Education of the PRC, has benchmarked Maple Leaf CSL course and certified Maple Leaf Chinese textbooks and recommended it to be used by Chinese language learners in primary and secondary schools in all countries. CTI has established over 1,208 Chinese exam sites across 155 countries and regions and have served for more than 30 million learners in the world. Five HSK Chinese Proficiency Test centres have been set up in Maple Leaf campuses in the PRC. The Company is looking forward to the cooperation with Center for Language Education and Cooperation* (中外語言交流合作中心) of the Ministry of Education of the PRC to publish Maple Leaf Chinese textbooks at the end of 2023/2024 school year.

In addition to providing the academic education services, the Group also plans to further develop education industry chain business which previously provided services only to Maple Leaf students internally. We plan to offer professional catering services for universities, boarding schools, institutions, and corporate canteens; and provide services of supplies of school uniforms and professional uniforms for various schools, institutions and corporate customers. The Group launched a pilot canteen which provides dine-in and take-away catering services to the public in June 2023 in Shenzhen, the PRC. This is an all-round catering service customized for small group meals and we plan to develop it to become a catering service platform serving tens of thousands of urban elites in the future. We strive to forge the Maple Leaf brand to a professional catering and professional uniforms brand and generate additional income for the Group.

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 2020/2021 school year. The World School Program was developed by Maple Leaf curriculum experts and meets high academic and curriculum standards, which get students well equipped for entering into the world's top ranked universities. The World School Program was benchmarked by ECCTIS and has acquired accreditation from 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. The Group's first batch of graduates from the World School Program received Maple Leaf High School Graduation Diplomas in June 2023, endorsed by Cognia.

In May 2023, ECCTIS announced the key summary conclusions from its benchmarking of the World School Program stating that: holders of the World School Program grade 12 diploma may be considered to meet the general entry requirements of undergraduate admission in the UK, Canada, and the USA. MLWSP is comparable to the Canada (British Columbia) and United States (New York) Certificates of Graduation. And MLWSP is also comparable to the overall GCE A-Level standard in the UK system when the required number of academic grade 12 courses are taken. Therefore, the World School Program has become globally certified course after A-Level and IB programs and has filled the gap in China's international education program.

Since November 2023, King's College London, one of the Golden Triangle universities of the UK, a member of Russell Group University and ranked 40th globally by the QS, marked on its official website that (i) the admission standards for MLWSP are comparable with those for A-Level and IB programs; and (ii) the benchmarking of MLWSP with A-Level were specified. The Group also received a confirmation letter from University of Technology Sydney ("**UTS**") which is ranked 90th globally by the QS. UTS stated in the confirmation letter that graduates of MLWSP are eligible to apply for UTS directly with MLWSP graduate certificate and school transcripts.

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 recognise that Maple Leaf is able to offer a broader array of educational opportunities for their children. In fact, the demand for bilingual English and Chinese education is growing not only in China but also along the Belt and Road countries, such as Southeast Asia, and around the world, such as the North America. Accordingly, the Group believes that with its unique advantages in having both English and Chinese curricula, and both ESL and CSL curricula, 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 KIS 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 student enrolment, increasing tuition fee rate, acquiring schools with synergy to the Group, and expanding our established schools to achieve the growth targets in both China and overseas, and strive to become one of the largest international school operators in the world.

OTHER INFORMATION

Issuance of US$125.0 million 2.25% Convertible Bonds due 2026

On 12 January 2021, the Company entered into a subscription agreement (the "**Subscription Agreement**") with UBS AG Hong Kong Branch (the "**Manager**"), under which the Manager agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, convertible bonds (the "**Convertible Bonds**") due 2026 in an aggregate principal amount of US$125.0 million. The Manager informed the Company that it intended to offer and sell the Convertible Bonds to no less than six independent placees (who would be independent individual, corporate and/or institutional investors). The closing price of the ordinary shares of par value US$0.0005 each in the share capital of the Company (the "**Shares**") quoted on the Stock Exchange on the date of the Subscription Agreement, i.e. 12 January 2021, was HK$2.020 per Share. The net proceeds from the subscription of the Convertible Bonds, after deduction of underwriting commission and expenses, amounted to approximately US$123.1 million. The issue of the Convertible Bonds can provide the Company with additional funds at lower funding cost. Among the total net proceeds from the issuance of the Convertible Bonds, the Company intended to use the net proceeds for the repayment of existing borrowings as to approximately US$119.0 million and, acquisitions related expenses and general corporate purposes as to approximately US$4.1 million.

Based on the initial conversion price (subject to adjustments) of HK$2.525 per Share and assuming full conversion of the Convertible Bonds, the Convertible Bonds would be convertible into approximately 383,881,188 new Shares (subject to adjustments) which would have an aggregate nominal value of approximately US$191,940.59. The net price of each new Share, based on the net proceeds of US$123.1 million and assuming the full conversion of the Convertible Bonds at the initial conversion price, was approximately HK$2.487.

The new Shares (if any) were to be issued under the general mandate granted to the Directors pursuant to an ordinary resolution of the Shareholders passed on 22 January 2020 to allot, issue and deal with, among other securities, up to 599,064,184 Shares. The issue of the Convertible Bonds was not subject to the specific approval of the Shareholders.

The Convertible Bonds bore 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 27 January 2026, being the maturity date. Subject to the conditions as stipulated in the Subscription Agreement, each Convertible Bond shall entitle the bondholder to convert such Convertible Bond into new Shares credited as fully paid at any time on or after 9 March 2021 up to the close of business on the seventh day prior to the maturity date (i.e. 27 January 2026) (both days inclusive) (unless previously redeemed, converted or purchased or cancelled). On 27 January 2021, with the fulfilment of all conditions required for the Convertible Bonds under the Subscription Agreement, the Company issued the Convertible Bonds with an aggregate principal amount of US$125.0 million for the repayment of existing borrowings, acquisitions and general corporate purposes. Permission for the listing of, and dealing in, the Convertible Bonds and the new Shares upon conversion of the Convertible Bonds on the Stock Exchange became effective on 28 January 2021.

As at 31 August 2021, all the proceeds had been applied for the repayment of the then borrowings as to approximately US$119.0 million, and general corporate purposes as to approximately US$4.1 million. The net proceeds from the issuance of the Convertible Bonds were used according to the intentions previously disclosed by the Company.

As disclosed in the announcement of the Company dated 12 September 2023, on 11 September 2023, the requisite majority of Bondholders duly passed the extraordinary resolution as set out in the Notice of Meeting the Proposed Waivers and Amendments in relation to the Convertible Bonds.

All the outstanding Convertible Bonds were fully redeemed by the Company on 9 February 2024 in accordance with the terms and conditions of such Second Amended and Restated Trust Deed. All interest accrued but unpaid to (but excluding) such date has also been paid in full. The Company has applied to the Stock Exchange for the withdrawal of the listing of the Convertible Bonds. Such withdrawal of listing came into effect upon the close of business on 26 February 2024.

As such, as at 29 February 2024 and as of the date of this report, no Convertible Bonds remained outstanding.

Please refer to the announcements of the Company dated 13 January 2021, 27 January 2021, 28 January 2021, 17 January 2022, 1 June 2022, 1 August 2022, 16 August 2022, 1 September 2022, 16 September 2022, 5 October 2022, 27 October 2022, 20 January 2023, 3 February 2023, 18 August 2023, 12 September 2023 and 19 February 2024 and the offering circular of the Company dated 22 January 2021 for further details.

FINANCIAL REVIEW

Overview

The revenue of the Group was RMB658.0 million and RMB574.9 million for the six months ended 29 February 2024 and 28 February 2023 respectively. The loss for the six months ended 29 February 2024 was RMB42.2 million and the profit for the six months ended 28 February 2023 was RMB15.5 million.

Revenue

The Group derives revenue from tuition and boarding fees from the Group's high schools, middle schools, elementary schools, preschools and foreign national schools, summer and winter camps, sales of textbooks, sales of goods and materials, catering services income, extracurricular activities and others.

The total revenue of the Group increased by RMB83.1 million, or 14.4%, from RMB574.9 million for the six months ended 28 February 2023 to RMB658.0 million for the six months ended 29 February 2024. The increase in revenue was primarily due to the increase in tuition fee income which has remained as the principal source of revenue of the Group, in particular the increase in the revenue contribution from the operations overseas as a result of (i) the increase in tuition fee rate of CIS and (ii) appreciation of Singapore dollars against RMB. Amongst the revenue of the Group for the six months ended 29 February 2024, RMB237.5 million (approximately 36.1%) was contributed by the operations in the PRC, and RMB420.5 million (approximately 63.9%) was contributed by the operations overseas.

Cost of Revenue

The Group's cost of revenue primarily consists of (i) staff costs; (ii) depreciation and amortisation; and (iii) other costs. Cost of revenue decreased by RMB7.4 million, or 2.2%, from RMB333.7 million for the six months ended 28 February 2023 to RMB326.4 million for the six months ended 29 February 2024. The decrease in cost of revenue was largely due to the decrease in amortisation of certain intangible assets arising from acquisitions, which were fully amortised during the period.

Gross Profit and Gross Profit Margin

Gross profit increased by 37.5% from RMB241.2 million for the six months ended 28 February 2023 to RMB331.6 million for the six months ended 29 February 2024. Gross profit margin increased from 42.0% for the six months ended 28 February 2023 to 50.4% for the six months ended 29 February 2024, primarily due to the higher gross profit margin generated by increase in revenue and good cost control.

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 29.7% from RMB9.1 million for the six months ended 28 February 2023 to RMB11.8 million for the six months ended 29 February 2024. Bank interest income increased by 9.3% from RMB4.3 million for the six months ended 28 February 2023 to RMB4.7 million for the six months ended 29 February 2024. Rental income from investment properties increased by 300.0% from RMB1.2 million for the six months ended 28 February 2023 to RMB4.8 million for the six months ended 29 February 2024 due to lease of additional properties. Government grant remained at similar level for the six months ended 28 February 2023 and for the six months ended 29 February 2024.

Other Gains and Losses

Other gains and losses consist primarily of (i) net foreign exchange (loss)/gain; (ii) changes in fair value of the Convertible Bonds; (iii) gain on disposal of property, plant and equipment and others; and (iv) reversal of other payables. Other gains and losses changed from a gain of RMB38.9 million for the six months ended 28 February 2023 to a loss of RMB55.5 million for the six months ended 29 February 2024. Such change was mainly attributable to (i) a decrease of gain on disposal of property, plant and equipment from RMB6.0 million for the six months ended 28 February 2023 to RMB1.5 million for the six months ended 29 February 2024; and (ii) the change of the net foreign exchange (loss)/gain from a gain of RMB57.9 million for the six months ended 28 February 2023 to a loss of RMB31.5 million for the six months ended 29 February 2024.

Marketing Expenses

Marketing expenses consist mainly 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 46.7% from RMB7.5 million for the six months ended 28 February 2023 to RMB11.0 million for the six months ended 29 February 2024. Marketing expenses as a percentage of revenue increased from 1.3% for the six months ended 28 February 2023 to 1.7% for the six months ended 29 February 2024, primarily due to CIS incurring more marketing, advertising and promotional expenses for the six months ended 29 February 2024 due to the resumption of the economic activities in the post-pandemic of COVID-19.

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 remained at the similar level for the six months ended 28 February 2023 and for the six months ended 29 February 2024.

Finance Costs

For the six months ended 29 February 2024, finance costs mainly represented (i) interest expenses and related bank arrangement fees for secured bank and other borrowings; (ii) interest expenses for the Convertible Bonds; and (iii) other finance cost. Finance costs increased from RMB97.5 million for the six months ended 28 February 2023 to RMB146.9 million for the six months ended 29 February 2024 primarily due to the increase in interest expenses for the secured bank borrowings and the Convertible Bonds.

(Loss)/Profit before Taxation

The Group recorded a loss before taxation of RMB11.7 million for the six months ended 29 February 2024, compared to a profit before taxation of RMB42.2 million for the six months ended 28 February 2023. Loss before taxation as a percentage of revenue of the Group was 1.8% for the six months ended 29 February 2024 and profit before taxation as a percentage of revenue was 7.3% for the six months ended 28 February 2023. The change from profit before taxation for the six months ended 28 February 2023 to loss before taxation for the six months ended 29 February 2024 is mainly due to the substantial increase in finance costs and net foreign exchange loss for the current period as opposed to net foreign exchange gain for the six months ended 28 February 2023.

Taxation

Income tax expense of the Group increased from RMB26.7 million for the six months ended 28 February 2023 to RMB30.5 million for the six months ended 29 February 2024, mainly because overseas enterprise income tax increased from RMB19.8 million for the six months ended 28 February 2023 to RMB25.6 million for the six months ended 29 February 2024 by the operation overseas.

(Loss)/Profit for the Period

As a result of the above factors, loss for the period changed from a profit of RMB15.5 million for the six months ended 28 February 2023 to a loss of RMB42.2 million for the six months ended 29 February 2024. The change from profit to loss for the six months ended 29 February 2024 was mainly due to the net effect of the increase in revenue outweighed by the impact of (i) net foreign exchange loss; and (ii) the increase in finance costs for the current period.

Capital Expenditures

For the six months ended 29 February 2024, the Group paid RMB7.5 million primarily related to the campus expansion of CIS. For the six months ended 28 February 2023, the Group paid RMB95.5 million primarily related to the construction of new buildings in Shenzhen headquarters and Hainan and campus expansion of CIS.

Liquidity, Financial Resources and Capital Structure

As at 29 February 2024, the Group's bank balances and cash amounted to RMB599.7 million (31 August 2023: RMB528.0 million), which were mainly denominated in RMB and Singapore dollars ("**SGD**").

As at 29 February 2024, the Group's secured bank and other borrowings were RMB1,682.4 million (31 August 2023: RMB1,144.3 million) which were mainly denominated in SGD and Malaysian ringgit ("**MYR**"), with variable interest rates with reference to Singapore Overnight Rate Average and with variable interest rate with reference to Malaysian bank's cost of fund. Of the Group's bank borrowings as at 29 February 2024, 97.0% (31 August 2023: 94.8%) will mature within one year or on demand and the remaining will mature after one year. These bank borrowings were secured by certain properties and shares of certain offshore entities of the Group and carried certain financial covenants.

As at 29 February 2024, the Convertible Bonds have been fully redeemed and no Convertible Bonds remained outstanding (31 August 2023: USD75 million, equivalent to RMB515.9 million). The Company has applied to the Stock Exchange for the withdrawal of the listing of the Convertible Bonds. Such withdrawal of listing came into effect upon the close of business on 26 February 2024.

The Group expects that its future capital expenditures will primarily be financed by bank borrowings and its internal resources. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Gearing Ratio

The gearing ratio of the Group was calculated as total borrowings including secured bank and other borrowings and outstanding balance of the Convertible Bonds divided by total equity as at the end of the relevant financial year/period. Gearing ratio increased from 1.11 as at 31 August 2023 to 1.16 as at 29 February 2024 primarily due to the increase in secured bank and other borrowings by the Group at end of the period.

Foreign Exchange Exposure

The functional currency of the Company is the RMB. Certain expenditures and liabilities of the Group are denominated in foreign currencies such as HKD, USD, Canadian dollars ("**CAD**"), MYR and SGD. As at 29 February 2024, 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

As at 29 February 2024, the Group had no contingent liabilities.

Pledge of Assets and Charges on Group Assets

As at 29 February 2024, the Group pledged debt service reserve account, certain properties and shares of certain offshore entities of the Group to certain licenced banks for certain banking facilities. As at 29 February 2024, a bank borrowing of the Group was secured by, among others, certain fixed and floating charge and joint control and monitoring rights over cash accounts of certain subsidiaries of the Group and fixed and floating charge over all assets of certain subsidiaries of the Group.

Future Plans for Material Investments and Capital Assets

Save as disclosed in this report, the Group does not have other plans for material investments and capital assets.

Material Acquisition and Disposal

Save as disclosed in this report, the Group had no other material acquisition and disposal during the six months ended 29 February 2024.

Significant Investment Held

As at 29 February 2024, no significant investment was held by the Group.

Employee Benefits

As at 29 February 2024, the Group had 2,022 (as at 28 February 2023: 1,917) 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 Group's 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 employees' remuneration (including directors' remuneration) for the six months ended 29 February 2024 amounted to RMB267.5 million (for the six months ended 28 February 2023: RMB264.0 million). Mr. Shu Liang Sherman Jen, an executive Director and the chairman of the Board ("**Mr. Jen**"), voluntarily reduced his annual remuneration by HK$1.0 million during the period from 1 January 2023 to 31 December 2023 to tide the Company over amidst the challenges.

Pension Plan

To ensure the smooth implementation of the Sixth Five-Year Plan, the Group has devised incentive plans aiming 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 the pension plan, every month a sum amounting to 3.0% 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.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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ZHONGHUI

TO THE BOARD OF DIRECTORS OF
CHINA MAPLE LEAF EDUCATIONAL SYSTEMS LIMITED
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial statements of China Maple Leaf Educational Systems Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 22 to 47 which comprises the condensed consolidated statement of financial position of the Company as at 29 February 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the interim financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial statements to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("**IAS 34**") issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of this interim financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial statements based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2 to the notes to the interim financial statements which mentions that for the six months ended 29 February 2024, the Group incurred loss for the period attributable to owners of the Company of approximately RMB42,232,000. As at 29 February 2024, the Group had net current liabilities of approximately RMB1,795,984,000. The Group's total secured bank and other borrowings amounted to approximately RMB1,682,411,000 as of 29 February 2024; while its cash and cash equivalents amounted to approximately RMB599,749,000 as of 29 February 2024.

These conditions indicate a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Wan Ho Yuen
Audit Engagement Director
Practising Certificate Number P04309
Hong Kong, 29 April 2024

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 29 February 2024

		Six months ended	
	Notes	**29 February 2024 RMB'000 (Unaudited)**	28 February 2023 RMB'000 (Unaudited)
Revenue	4	**657,987**	574,925
Cost of revenue		**(326,361)**	(333,736)
Gross profit		**331,626**	241,189
Investment and other income	5	**11,823**	9,067
Other gains and losses	6	**(55,530)**	38,900
Marketing expenses		**(11,004)**	(7,544)
Administrative expenses		**(141,739)**	(141,906)
Finance costs	7	**(146,876)**	(97,498)
(LOSS)/PROFIT BEFORE TAXATION		**(11,700)**	42,208
Taxation	8	**(30,532)**	(26,729)
(Loss)/Profit for the period	9	**(42,232)**	15,479
(LOSS)/PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(42,232)**	15,479
Other comprehensive (expenses)/income:			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**(5,939)**	9,409
Other comprehensive (expenses)/income for the period, net of tax		**(5,939)**	9,409
TOTAL COMPREHENSIVE (EXPENSES)/INCOME FOR THE PERIOD		**(48,171)**	24,888
(LOSS)/EARNINGS PER SHARE (RMB cents)	11		
– Basic		**(1.42)**	0.52
– Diluted		**(1.42)**	0.52

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 29 February 2024

	Notes	29 February 2024 RMB'000 (Unaudited)	31 August 2023 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	12	**2,152,386**	2,233,548
Right-of-use assets		**90,272**	96,022
Investment properties		**140,658**	143,391
Goodwill	13	**2,088,504**	2,122,393
Other intangible assets		**753,611**	792,433
Prepayments for acquisition of property and equipment		**–**	1,042
Books for lease		**505**	521
Deferred tax assets		**15,514**	16,192
		5,241,450	5,405,542
CURRENT ASSETS			
Inventories		**10,724**	11,950
Deposits, prepayments, trade and other receivables	14	**68,127**	79,783
Financial assets at fair value through profit or loss		**20,764**	7,266
Bank balances and cash		**599,749**	528,041
Amount due from related parties	21	**179,184**	182,305
		878,548	809,345
CURRENT LIABILITIES			
Contract liabilities	15	**417,378**	513,559
Other payables and accrued expenses	16	**235,289**	243,786
Lease liabilities		**3,421**	5,596
Income tax payable		**75,699**	68,687
Borrowings	17	**1,632,365**	1,084,279
Convertible bonds	18	**–**	227,078
Amount due to related parties	21	**310,380**	135,188
		2,674,532	2,278,173
NET CURRENT LIABILITIES		**(1,795,984)**	(1,468,828)
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,445,466**	3,936,714

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 29 February 2024

	Notes	29 February 2024 RMB'000 (Unaudited)	31 August 2023 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**236,334**	247,667
Borrowings	17	**50,046**	60,013
Lease liabilities		**19,297**	21,816
Convertible bonds	18	**–**	288,843
Amount due to related parties	21	**1,690,438**	1,820,859
		1,996,115	2,439,198
NET ASSETS		**1,449,351**	1,497,516
EQUITY			
Equity attributable to owners of the Company			
Share capital		**9,309**	9,309
Reserves		**1,440,042**	1,488,207
TOTAL EQUITY		**1,449,351**	1,497,516

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 29 February 2024

	Attributable to owners of the Company								
	Share capital RMB'000	Share premium RMB'000	Other reserve RMB'000	Shares held for restricted share award scheme RMB'000 (Note a)	Translation reserve RMB'000	Statutory surplus reserve RMB'000 (Note b)	Share-based payment reserve RMB'000	Retained profits RMB'000	Total equity RMB'000
At 1 September 2022 (Audited)	9,309	1,013,030	10,742	(22,280)	(12,407)	184,477	61,446	212,496	1,456,813
Profit for the period	–	–	–	–	–	–	–	15,479	15,479
Other comprehensive income for the period	–	–	–	–	9,409	–	–	–	9,409
Total comprehensive income for the period	–	–	–	–	9,409	–	–	15,479	24,888
Share-based payments	–	–	–	–	–	–	1,945	–	1,945
At 28 February 2023 (Unaudited)	9,309	1,013,030	10,742	(22,280)	(2,998)	184,477	63,391	227,975	1,483,646
At 1 September 2023 (Audited)	**9,309**	**1,013,030**	**10,742**	**(22,280)**	**21,223**	**184,477**	**63,399**	**217,616**	**1,497,516**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(42,232)**	**(42,232)**
Other comprehensive expenses for the period	**–**	**–**	**–**	**–**	**(5,939)**	**–**	**–**	**–**	**(5,939)**
Total comprehensive expenses for the period	**–**	**–**	**–**	**–**	**(5,939)**	**–**	**–**	**(42,232)**	**(48,171)**
Transfer upon deregistration of subsidiaries	**–**	**–**	**–**	**–**	**–**	**(914)**	**–**	**914**	**–**
Share-based payments	**–**	**–**	**–**	**–**	**–**	**–**	**6**	**–**	**6**
At 29 February 2024 (Unaudited)	**9,309**	**1,013,030**	**10,742**	**(22,280)**	**15,284**	**183,563**	**63,405**	**176,298**	**1,449,351**

Note:

a. *Shares held for restricted share award scheme is comprised of shares purchased from open market that are to be used for the share award scheme approved by the directors of the Company on 10 November 2014 (the "**Share Award Scheme**").*

b. *Pursuant to the relevant laws in the People's Republic of China (the "**PRC**"), the Company's subsidiaries in the PRC shall make appropriations from after-tax profit to non-distributable reserve funds as determined by the board of the directors of the relevant PRC subsidiaries. These reserves include (i) general reserve of the limited liability companies and (ii) the development fund of schools.*

   (i) *For PRC subsidiaries with limited liability, each subsidiary is required to make annual appropriations to general reserve of 10% of after-tax profits as determined under the PRC laws and regulations at each year-end until the balance reaches 50% of the relevant PRC entity's registered capital.*

   (ii) *According to the relevant PRC laws and regulations, a private school that does not require for reasonable return is required to appropriate to development fund of not less than 25% of the annual increase in net assets of the relevant school as determined in accordance with generally accepted accounting principles in the PRC. The development fund is for the construction or maintenance of the school or procurement or upgrading of educational equipment.*

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 29 February 2024

	For the six months ended	
	29 February 2024	28 February 2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net cash generated from/(used in) operating activities	**236,371**	(54,852)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(7,549)**	(95,512)
Purchase of financial assets at fair value through profit or loss	**(12,487)**	–
Proceeds from disposal of items of property, plant and equipment	**2,848**	18,047
Interest received	**4,685**	4,076
Payment of consideration payable	**–**	(219,591)
Net cash used in investing activities	**(12,503)**	(292,980)
CASH FLOWS FROM FINANCING ACTIVITIES		
New borrowings	**1,588,787**	940,469
Repayment of borrowings	**(1,050,668)**	(687,859)
Repayment of convertible bonds	**(532,770)**	(351,080)
Repayment of lease liabilities	**(4,810)**	(5,298)
Interest paid	**(146,600)**	(46,456)
Net cash used in financing activities	**(146,061)**	(150,224)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**77,807**	(498,056)
Cash and cash equivalents at beginning of period	**528,041**	805,876
Effect of foreign exchange	**(6,099)**	1,703
Cash and cash equivalents at end of period	**599,749**	309,523

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 29 February 2024

1. GENERAL INFORMATION

China Maple Leaf Educational Systems Limited (the "**Company**", together with its subsidiaries, collectively referred to as the "**Group**") was incorporated in the Cayman Islands as an exempted company with limited liability under Companies Law Chapter 22 of the Cayman Islands on 5 June 2007. Its shares are listed on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its parent is Sherman Investment Holdings Limited incorporated in the British Virgin Islands ("**BVI**") and its ultimate controlling party is Mr. Shu Liang Sherman Jen, who is also the Chairman of the board and Chief Executive Officer of the Company. The address of the registered office of the Company is Maples Corporate Services Limited, PO Box 309, Ugland House, the Grand Cayman, KY1-1104, Cayman Islands and the address of principal place of business of the Company is No.13, Baolong First Road, Baolong Street, Longgang District, Shenzhen, Guangdong Province 518116, the People's Republic of China ("**PRC**" or "**China**").

The Group operates a network of bilingual private schools and preschools in the 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 condensed consolidated interim financial statements ("**Interim Financial Statements**") are presented in thousands of Renminbi (the "**RMB'000**"), unless otherwise stated.

2. GOING CONCERN BASIS

For the six months ended 29 February 2024, the Group incurred loss for the period attributable to owners of the Company of approximately RMB42,232,000. As at 29 February 2024, the Group had net current liabilities of approximately RMB1,795,984,000. The Group's total secured bank and other borrowings amounted to approximately RMB1,682,411,000 as of 29 February 2024; while its cash and cash equivalents amounted to approximately RMB599,749,000 as at 29 February 2024.

On 24 January 2024 (the "**Utilisation Date**"), Canadian International School Pte Ltd. ("**CIS**"), an indirectly wholly-owned subsidiary of the Company, entered into the Bridge Term Loan Facility Agreement (the "**New CIS Loan**" or "**Bridge Facilities**") pursuant to which the Lenders agreed to make available the Bridge Facilities in an aggregate amount up to SGD300,000,000 (approximately RMB1,588,110,000) with a final maturity date being the date falling six months from the Utilisation Date, i.e. 23 July 2024, subject to an extension option solely on Lender's approval, which the final maturity date may be extended by up to further six months, i.e. 23 January 2025. The proceeds of the Bridge Facilities had been used for fully refinancing the existing indebtedness of the CIS amounted to USD143,000,000 (equivalent to approximately RMB1,036,750,000) (the "**Original CIS Loan**")(as explained in Note 17), payment of costs and expenses in connection with the Bridge Facilities and the full redemption of the Convertible Bonds (as explained in Note 18).

The above conditions indicate the existence of material uncertainties which cast significant doubt regarding the Group's ability to continue as a going concern. In view of such circumstances, the Directors of the Company considered that even in the unlikely event that the New CIS Loan may default in the future, it will not affect the continuity of the business of the Company as well as the Group's PRC segment, as there is no corporate guarantee nor any other means of shares pledged on the Company or the PRC segments on the New CIS Loan.

2. GOING CONCERN BASIS (Continued)

In addition to the Bridge Facilities obtained during the period, the Directors have also undertaken a number of plans and measures to improve the Group's liquidity and financial position, including: (i) exercising the right to apply for further extension of the Bridge Facilities in accordance with the New CIS Loan agreement which will be subjected to the approval from the lender of the New CIS Loan; (ii) negotiating a new long-term loan of SGD300,000,000 to replace the Bridge Facilities; (iii) in discussions with local government departments to comply with implementation regulations of the PRC for the law for promoting of private education (the"**Implementation Regulations**"); and (iv) adjusting the strategy to focus on development of high schools and overseas schools which are not affected by the Implementation Regulations.

The Directors of the Company consider that the Group can continue as a going concern based on the consideration that (i) the Group had net cash generated from operating activities for the six months ended 29 February 2024 of approximately RMB236,371,000, and therefore would be in a good position to refinance the repayment of the Bridge Facilities; (ii) the probability for the New CIS Loan to be further renewed is high; and (iii) no further rules and interpretation from the government will adversely affect the continuing operations.

Should the Group be unable to continue as a going concern, adjustments would have to be made to the Interim Financial Statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the Interim Financial Statements.

3. BASIS OF PREPARATION

Contractual Arrangements

Due to regulatory restrictions on foreign ownership in the schools in the PRC, the Group conducts a substantial portion of the business through Dalian Maple Leaf Educational Group Co., Ltd ("**Dalian Educational Group**"), Shenzhen Maple Leaf Educational Group Co., Ltd ("**Shenzhen Educational Group**"), Dalian Maple Leaf Foreign National School ("**Dalian Foreign School**") and Wuhan Maple Leaf Foreign National School ("**Wuhan Foreign School**") (collectively referred to as "**Consolidated Affiliated Entities**") in the PRC. The wholly-owned subsidiaries, Dalian Beipeng Educational Software Development Inc. ("**Dalian Beipeng Software**"), Shenzhen Beipeng Educational Software Development Inc. ("**Shenzhen Beipeng Software**") (collectively referred to as "**Beipeng Software**"), have entered into the contractual arrangements (the "**Contractual Arrangements**") with the Consolidated Affiliated Entities and their respective equity holders, which enable Beipeng Software and the Group to:

– exercise effective financial and operational control over the Consolidated Affiliated Entities;

– exercise equity holders' voting rights of the Consolidated Affiliated Entities;

– receive substantially all of the economic interest returns generated by the Consolidated Affiliated Entities in consideration for the business support, technical and consulting services provided by Beipeng Software;

– obtain an irrevocable and exclusive right to purchase all or part of equity interests in the Consolidated Affiliated Entities from the respective equity holders at nil consideration or a minimum purchase price permitted under PRC laws and regulations. Beipeng Software may exercise such options at any time until it has acquired all equity interests and/or all assets of the Consolidated Affiliated Entities. In addition, the Consolidated Affiliated Entities are not allowed to sell, transfer, or dispose any assets, or make any distributions to their equity holders without prior consent of Beipeng Software; and obtain a pledge over the entire equity interest of Dalian Educational Group and Shenzhen Educational Group from their equity holders as collateral security for all of Dalian Educational Group and Shenzhen Educational Group's payments due to Beipeng Software and to secure performance of Dalian Educational Group, Shenzhen Educational Group and their respective subsidiaries obligations under the Contractual Arrangements.

3. BASIS OF PREPARATION (Continued)

Contractual Arrangements (Continued)

There are no pledge agreements for Dalian Foreign School and Wuhan Foreign School due to the PRC law restriction. To further enhance the Company's security over Dalian Foreign School and Wuhan Foreign School, the Company segregated the duties of different people and functions to ensure that the company seals of Dalian Foreign School and Wuhan Foreign School are properly secured, are within the full control of the Company and cannot be used without its permission.

The Group does not have any equity interest in the Consolidated Affiliated Entities. However, as a result of the Contractual Arrangements, the Group has power over the Consolidated Affiliated Entities, has rights to variable returns from its involvement with the Consolidated Affiliated Entities and has the ability to affect those returns through its power over the Consolidated Affiliated Entities and is considered to have control over the Consolidated Affiliated Entities. Consequently, the Company regards the Consolidated Affiliated Entities as indirect subsidiaries. The Group has consolidated the assets and liabilities and income and expenses of the Consolidated Affiliated Entities (other than the Affected Schools, see below) in the consolidated financial statements of the Group.

The Interim Financial Statements have been prepared in accordance with the applicable disclosure requirements of Appendix D2 (formerly known as 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.

The Interim Financial Statements should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 August 2023. The accounting policies and methods of computation used in the preparation of the Interim Financial Statements are consistent with those used in the annual consolidated financial statements for the year ended 31 August 2023.

4. REVENUE AND SEGMENT INFORMATION

4A. Disaggregation of revenue from contracts with customers:

	Six months ended	
	29 February 2024 RMB'000 (Unaudited)	28 February 2023 RMB'000 (Unaudited)
Types of goods or services		
Tuition and boarding fees	**515,073**	452,169
Sales of textbooks	**12,453**	15,864
Sales of goods and materials	**27,052**	24,496
Summer and winter camps	**13,932**	632
Catering services income	**30,206**	25,351
Extracurricular activities	**15,396**	19,892
Others	**43,875**	36,521
	657,987	574,925
Geographical markets		
PRC	**237,474**	208,965
Overseas	**420,513**	365,960
	657,987	574,925
Timing of revenue recognition		
Over time	**565,964**	490,915
At a point in time	**92,023**	84,010
	657,987	574,925

4B. 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. ("**STAR**") in Singapore on 26 August 2020, the Group's international school education business in overseas starts to contribute significant portion of revenue and profits. Discrete segment information as reported to the CODM under IFRS 8 are as follows:

1. PRC Segment

2. Overseas Segment

4. REVENUE AND SEGMENT INFORMATION (Continued)

4B. Operating Segments (Continued)

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 29 February 2024 (unaudited)			
Segment revenue	237,474	420,513	657,987
Segment profit	73,088	125,754	198,842
Unallocated items:			
Other gains and losses			(55,530)
Finance costs			(146,876)
Directors' and chief executives' emoluments			(3,949)
Headquarter administrative expense			(4,187)
Group's loss before income tax			(11,700)

	PRC Segment RMB'000	Overseas Segment RMB'000	Total RMB'000
For the six months ended 28 February 2023 (unaudited) (restated)#			
Segment revenue	208,965	365,960	574,925
Segment profit	35,438	77,432	112,870
Unallocated items:			
Other gains and losses			38,900
Finance costs			(97,498)
Directors' and chief executives' emoluments			(3,784)
Headquarter administrative expense			(8,280)
Group's profit before income tax			42,208

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment (loss)/profit represents the (loss)/profit earned by each segment without allocation of other gains and losses, finance costs, headquarter 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.

The comparative information including segment profit and certain unallocated items for the six months ended 28 February 2023 have been restated or re-classified to be in line with the current period presentation.

4. REVENUE AND SEGMENT INFORMATION (Continued)

4B. Operating Segments (Continued)

Segment assets and liabilities

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

	At 29 February 2024 RMB'000 (Unaudited)	At 31 August 2023 RMB'000 (Audited)
Segment assets		
PRC Segment	**1,764,001**	1,769,691
Overseas Segment	**4,355,997**	4,445,196
Consolidated assets	**6,119,998**	6,214,887

	At 29 February 2024 RMB'000 (Unaudited)	At 31 August 2023 RMB'000 (Audited)
Segment liabilities		
PRC Segment	**2,393,358**	2,930,545
Overseas Segment	**2,277,289**	1,786,826
Consolidated liabilities	**4,670,647**	4,717,371

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 for consistency in disclosure.

5. INVESTMENT AND OTHER INCOME

	Six months ended	
	29 February 2024 RMB'000 (Unaudited)	28 February 2023 RMB'000 (Unaudited)
Bank interest income	**4,685**	4,337
Government grant	**1,599**	1,554
Rental income from investment properties	**4,831**	1,180
Others	**708**	1,996
	11,823	9,067

6. OTHER GAINS AND LOSSES

	Six months ended	
	29 February 2024	28 February 2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Reversal of other payables	**2,828**	2,469
Net foreign exchange (loss)/gain	**(31,464)**	57,924
Gain/(loss) arising from changes in fair value of financial assets measured at fair value through profit or loss ("**FVTPL**")	**1,011**	(129)
Loss arising from fair value changes of convertible bonds	**(28,174)**	(26,931)
Gain on disposal of property, plant and equipment	**1,505**	5,962
Others	**(1,236)**	(395)
	(55,530)	38,900

7. FINANCE COSTS

	Six months ended	
	29 February 2024	28 February 2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank loans and other borrowings	**123,501**	86,516
Interest on convertible bonds	**23,104**	10,598
Leases interests	**271**	384
	146,876	97,498

8. TAXATION

	Six months ended	
	29 February 2024	28 February 2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Taxation comprises:		
Current tax		
PRC enterprise income tax	**10,946**	12,017
Overseas enterprise income tax	**25,551**	19,808
Deferred tax	**(5,965)**	(5,096)
	30,532	26,729

9. (LOSS)/PROFIT FOR THE PERIOD

	Six months ended	
	29 February 2024	28 February 2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
(Loss)/profit for the period has been arrived at after charging/(crediting):		
Staff costs, including directors' remuneration		
– salaries and other allowances	**259,387**	259,905
– retirement benefit scheme contributions	**8,093**	2,140
– share-based payments	**6**	1,945
Total staff costs	**267,486**	263,990
Gross rental income from investment properties	**(4,831)**	(1,180)
Less:		
Direct operating expenses incurred for investment properties (included in administrative expenses)	**207**	39
	(4,624)	(1,141)
Depreciation of property, plant and equipment	**54,323**	49,982
Loss arising from fair value changes of convertible bonds	**28,174**	26,931
Amortisation of other intangible assets (included in cost of revenue)	**25,217**	37,433
Depreciation of right-of-use assets	**3,952**	5,686
Depreciation of investment properties	**2,514**	497
Amortisation of books for lease	**17**	243

10. DIVIDENDS

No dividends were paid, declared or proposed during the six months ended 29 February 2024 (28 February 2023: Nil). The directors of the Company have determined that no dividend will be paid in respect of the six months ended 29 February 2024.

11.(LOSS)/EARNINGS PER SHARE

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

	Six months ended	
	29 February 2024	28 February 2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
(Loss)/Earnings:		
(Loss)/Earnings for the purpose of calculating basic and diluted (loss)/earnings per share	**(42,232)**	15,479

	Six months ended	
	29 February 2024	28 February 2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted (loss)/earnings per share	**2,971,011**	2,971,011

The number of shares adopted in the calculation of the basic (loss)/earnings per share for the six months ended 29 February 2024 and 28 February 2023 has been arrived after eliminating the ungranted or unvested shares of the Company held under the Share Award Scheme.

The Company did not include adjustments for the conversion of convertible bonds in calculating the diluted earnings per share for the periods ended 29 February 2024 and 28 February 2023. This decision is based on the anti-dilutive effect that these bonds have on the basic (loss)/earnings per share calculation.

The number of shares adopted in the calculation of the diluted earnings per share 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 29 February 2024 and 28 February 2023.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 29 February 2024, the Group disposed of certain property and equipment with an aggregate carrying amount of approximately RMB1,343,000 (for the six months ended 28 February 2023: RMB12,085,000) for cash proceeds of approximately RMB2,848,000 (for the six months ended 28 February 2023: RMB18,047,000), resulting in a gain on disposal of approximately RMB1,505,000 (for the six months ended 28 February 2023: RMB5,962,000).

The Group paid a net cash consideration of RMB7,549,000 to purchase property, plant and equipment during the six months ended 29 February 2024 (for the six months ended 28 February 2023: RMB95,512,000).

13. GOODWILL

	At 29 February 2024 RMB'000 (Unaudited)	At 31 August 2023 RMB'000 (Audited)
Cost and carrying values:		
At 1 September	**2,122,393**	1,949,551
Exchange adjustment	**(33,889)**	172,842
At 29 February or 31 August	**2,088,504**	2,122,393

14. DEPOSITS, PREPAYMENTS, TRADE AND OTHER RECEIVABLES

	At 29 February 2024 RMB'000 (Unaudited)	At 31 August 2023 RMB'000 (Audited)
Receivables from third parties	**15,871**	14,333
Prepaid rent and other prepaid expenses	**7,750**	17,983
Trade receivables, net of allowance for credit losses *(note)*	**9,160**	12,643
Deposits	**11,267**	10,204
Staff advances	**181**	238
Management fees receivables	**4,385**	1,865
Others	**19,513**	22,517
	68,127	79,783

Note:

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

	At 29 February 2024 RMB'000 (Unaudited)	At 31 August 2023 RMB'000 (Audited)
Not past due	**7,460**	11,787
0–30 days	**680**	603
31–60 days	**501**	11
61–90 days	**123**	–
>90 days	**396**	242
	9,160	12,643

15. CONTRACT LIABILITIES

	At 29 February 2024 RMB'000 (Unaudited)	At 31 August 2023 RMB'000 (Audited)
Tuition and boarding fees	**368,527**	463,770
Others	**48,851**	49,789
	417,378	513,559

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

16. OTHER PAYABLES AND ACCRUED EXPENSES

	At 29 February 2024 RMB'000 (Unaudited)	At 31 August 2023 RMB'000 (Audited)
Payables for purchase of property, plant and equipment	**52,621**	65,491
Miscellaneous expenses received from students *(note)*	**39,264**	41,244
Accrued payroll	**37,107**	20,452
Deposits received from students	**29,688**	25,983
Acquisition consideration payable	**9,269**	9,269
Payables for purchase of goods	**4,366**	4,275
Accrued operating expenses	**20,179**	20,653
Prepayment from lessee	**263**	6,549
Other tax payables	**–**	1,626
Others	**42,532**	48,244
	235,289	243,786
Analysed as:		
Current liabilities	**235,289**	243,786
Non-current liabilities	**–**	–
	235,289	243,786

Note:

The amount represents the miscellaneous expenses received from students which will be paid out on behalf of students.

17. BORROWINGS

	At 29 February 2024 RMB'000 (Unaudited)	At 31 August 2023 RMB'000 (Audited)
Secured bank and other borrowings	**1,682,411**	1,144,292
The carrying amounts of the above borrowings are repayable:		
Within one year	**1,632,365**	1,084,279
Within a period of more than one year but not exceeding two years	**29,816**	15,560
Within a period of more than two years but not exceeding five years	**20,230**	44,453
	1,682,411	1,144,292
Less:		
Amounts due within one year shown under current liabilities	**(1,632,365)**	(1,084,279)
Amounts shown under non-current liabilities	**50,046**	60,013

17. BORROWINGS (Continued)

Notes:

(a) *As of 31 August 2023, the outstanding principal of the borrowing amounting to approximately USD143,000,000 (equivalent to approximately RMB1,038,995,000) (the "**Original CIS Loan**") was secured by (1) Share security over 100% shares in certain subsidiaries of the Group; (2) Fixed and floating charge and joint control and monitoring rights over cash accounts of certain subsidiaries of the Group; and (3) Fixed and floating charge over all assets of certain subsidiaries of the Group. This borrowing carried interest at a floating interest rate with a base rate of 3.60%. As of the date of this report, the Original CIS Loan has been fully repaid by the Bridge Facilities.*

(b) *As of 29 February 2024, the outstanding of the borrowing amounting to approximately MYR42,578,000 (equivalent to approximately RMB63,462,000) (31 August 2023: approximately MYR47,828,000 (equivalent to approximately RMB74,403,000)) was secured by pledge of debt service reserve account held by Kingsley International Sendirian Berhad (subsidiaries owned by Kingsley Edugroup Berhad ("**Kingsley**"), an indirectly wholly-owned subsidiary of the Company) and debenture incorporating fixed and floating charge over all assets and undertakings of Kingsley. This borrowing carried interest at variable interest rates ranging from 0.75% to 5.35% (31 August 2023: 0.70% to 5.93%) per annum.*

(c) *Intended for the purpose of repaying the aforementioned borrowing in note (a) as well as the repayment of the convertible bonds as in Note 18, on Utilisation Date, an indirectly wholly owned subsidiary of the Company entered into the Bridge Facilities amounting to SGD300,000,000 (equivalent to approximately RMB1,588,110,000). According to the loan agreement, it was structured into 2 Facilities. Tranche A, which amount up to SGD191,280,000 (equivalent to approximately RMB1,012,579,000) is used to (i) fully refinance the Original CIS Loan and (ii) fund related costs and expenses under the Bridge Facilities, whilst Tranche B, which amount up to SGD108,720,000 (equivalent to approximately RMB575,531,000) is used to (i) make an intercompany loan up to USD77 million (the "**Intercompany loan**") for purposes of effecting a full redemption of the convertible bonds and (ii) reimburse the fees payable in connection with the redemption of the convertible bonds.*

*The Bridge Facilities are secured over (a) first priority security over all of the shares of Canadian International School Pte. Ltd. ("**CIS**") ; (b) all asset debenture or first priority security over all of the assets of CIS and all its bank accounts; (c) assignment of Intercompany loans extended by CIS and/or by its parent; (d) first ranking fixed charge over Lender's designated bank account (the "**Collection Account**"); and (e) first priority security over shares of Canadian School of Advanced Learning Pte. Ltd..*

*The Bridge Facilities will become repayment on demand if CIS's group (1) net debt to adjusted leverage ratio (the adjusted leverage ratio means operating profit before interest, taxes, depreciation and amortization (the "**EBITDA**") in respect to a period of last twelve months (the "**Relevant Period**") on each of 31 May, 31 August, 30 November and end of day of February (the "**Quarter Date**") being smaller than 5.75:1; (2) debt service coverage ratio, defined as cash flow available for debt service divided by the sum of scheduled principal repayment (excluding Bridge Facilities available to be withdrawn) and interest payments in respect to the Relevant Period on Quarter Date to be larger than 1.25:1; (3) minimum EBITDA in respect to the Relevant Period on Quarter Date to be S$40,000,000; and (4) to maintain minimum balance at the Collection Account on any date, the aggregate of all interest payable under the Bridge Facilities for 6 months.*

The Bridge Facilities are repayable on final maturity date being the date falling six months from the Utilisation Date, i.e. 23 July 2024, subject to an extension option solely on Lender's approval, which the final maturity date may be extended by up to further six months, i.e. 23 January 2025. As at 29 February 2024, the outstanding principal balance is SGD300,000,000 (equivalent to approximately RMB1,588,110,000). The Bridge Facilities carry at variable interest rate based on the aggregate of (i) sum of compounded Singapore Overnight Rate Average; and (ii) Interest margin of 2.1% per annum for the first three months of borrowing; and 2.35% for the subsequent three months of borrowing.

18. CONVERTIBLE BONDS

	At 29 February 2024 RMB'000 (Unaudited)	At 31 August 2023 RMB'000 (Audited)
Convertible bonds *(Note)*	–	515,921
Analysed for reporting purposes as:		
Current liabilities	–	227,078
Non-current liabilities	–	288,843
	–	515,921

Note:

*On 12 January 2021, the Company entered into a 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**" or "**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 recognised and measured as financial liabilities designated at FVTPL. The fair value as of the Issue Date was RMB808,551,000.*

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.

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.

18. CONVERTIBLE BONDS (Continued)

During the year ended 31 August 2022, pursuant to the conditions of the Convertible Bonds (the "**Bond Conditions**"), Applicable Relevant Event (being 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) occurred and the holder of each Bond will have the right, at such holder's option (the "**Bondholder Put Option**"), to require the Company to redeem all or some only of such holder's Bond on the relevant event redemption date (the "**Relevant Event Redemption Date**") at the early redemption amount together with interest accrued but unpaid to (but excluding) such date in accordance with the Bond Conditions by submitting to the specified office of the paying agent (the "**Paying Agent**") a relevant event redemption notice (the "**Relevant Event Redemption Notice**") within the applicable time period specified in Bond Conditions (the "**Exercise Period**"). Whether to exercise the Bondholder Put Option is at the discretion of the Bondholders.

In August 2022, the aggregate principal face value of the Bonds in respect of which the Paying Agent has received a Relevant Event Redemption Notice on or prior to the expiry of the Exercise Period is USD125,000,000 and the Relevant Event Redemption Date was 14 August 2022. However, the Company failed to pay the amount of principal, interest, and premium (if any) due in respect of the Bonds before the Relevant Event Redemption Date. 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 entered into a standstill and consent solicitation support agreement (the "**Standstill Agreement**") which sets out the parties' in-principle agreement to implement. The terms and conditions, including proposed waivers (the "**Proposed Waivers**"), proposed amendments (the "**Proposed Amendments**") and new undertakings (the "**New Undertakings**"), of the Standstill Agreement were agreed upon in an extraordinary meeting (the "**Extraordinary Meeting**") which was held subsequently after 31 August 2022 (being 23 September 2022).

The Proposed Waivers refers to the extraordinary resolution passed in the Extraordinary Meeting constitute a direction by the holders of the Bonds to the trustee to irrevocably and unconditionally consent to (a) a waiver of the Applicable Relevant Event; 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.

18. CONVERTIBLE BONDS (Continued)

The New Undertakings are summarized as follows:

Mandatory Redemption Undertaking

The Company shall undertake, for the benefit of each holder of Bonds, 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 (being 27 October 2022); 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 (the "**Second Mandatory Redemption**"),

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

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

The Company announced that the Company did not have sufficient offshore funds to make the Second Mandatory Redemption on 27 June 2023 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, resulting in the occurrence of an event of default under the Bond Conditions. On 12 September 2023, the Company announced that on 11 September 2023, the bondholders passed resolutions, whereby, among other matters (1) Waived any and all Events of Default relating to the non-payment of the 25% Second Mandatory Redemption and the Relevant Event; and (2) 25% Second Mandatory Redemption pushed out to 27 January 2024.

On 9 February 2024, all the aggregate outstanding principal amount of the Bonds and relevant interest payables had been repaid upon obtaining the Bridge Facilities and Intercompany loan by the Company from CIS (Note 17(c)).

19. SHARE-BASED PAYMENTS

Employee Share Purchase Plan

The Company's Employee Share Purchase Plan (the "**ESPP**") was approved and adopted by the Company on 12 October 2020 to take effect for the purpose of providing the selected participants with the opportunity to acquire proprietary interests in the Company and to encourage the selected participants by permitting the selected participants to purchase shares of the Company and by awarding matching restricted shares, which upon vesting are settled in shares.

During the current period, no matching shares under the ESPP were granted.

Post-IPO Share Option Scheme

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

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

Movements of the Company's share options granted under the Post-IPO Share Option Scheme during the six months ended 29 February 2024 are as follows:

For the six months ended 29 February 2024

	Date of grant	Option type	Outstanding at 1 September 2023	Granted during the period	Forfeited during the period	Lapsed during the period	Exercised during the period	Outstanding at 29 February 2024
Independent non-executive director								
Peter Humphrey Owen	28 June 2019	Post-IPO-6th	60,000	–	–	(60,000)	–	–
			60,000	–	–	(60,000)	–	–
Exercisable at the end of the period								–

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

20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

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

Financial assets and financial liabilities	Fair value as at 29 February 2024 RMB'000 (Unaudited)	Fair value as at 31 August 2023 RMB'000 (Audited)	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input(s)
Financial assets at FVTPL – Listed equity securities	**8,095**	7,266	Level 1	Quoted bid prices in an active market	N/A
Financial assets at FVTPL – Wealth management products	**12,669**	–	Level 2	Discounted cash flow, future cash flows are estimated based on contractual terms of the short-term money market deposits and discounted at a rate that reflects that credit risk of the counterparties	N/A
Convertible Bonds issued by the Group and designated at FVTPL	**–**	515,921	Level 3	Binomial option pricing model and discounted cash flow method	Expected volatility of 20.0%, Risk free rate of 4.5%, Dividend yield of 0.00%, Discount rate: 8.00%

Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at the end of reporting period:

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The financial controller reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Board of Directors at least twice a year.

As at 31 August 2023, for level 3 fair value measurements, the Group engaged external valuation experts with the recognized professional qualifications and recent experience to perform the valuations. No valuation had been performed as at 29 February 2024 since the Convertible Bond had been redeemed.

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of input	Fair value 31 August 2023 RMB'000
Convertible Bonds issued by the Group and designated at FVTPL	Binomial option pricing	Discount rate	8.00%	Decrease	**515,921**

20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Reconciliation of Level 3 fair value measurements of financial liabilities

	Convertible bonds RMB'000
At 1 September 2022 (audited)	778,663
Repayment	(351,080)
Total losses:	
in profit or loss (#)	26,931
Exchange adjustments	11,457
At 28 February 2023 (unaudited)	465,971
(#) Include (gains) or losses for liabilities held at end of reporting period	26,931
At 1 September 2023 (audited)	515,921
Repayment	(532,770)
Total losses:	
in profit or loss (#)	28,174
Exchange adjustments	(11,325)
At 29 February 2024 (unaudited)	–
(#) Include (gains) or losses for liabilities held at end of reporting period	28,174

The total gains or losses recognised in profit or loss including those for liabilities held at the end of reporting period are presented in other gains and losses in the condensed consolidated statement of profit or loss and other comprehensive income.

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

There were no transfers between Level 1, Level 2 and Level 3 during the current period.

21. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in these condensed consolidated financial statements, the Group has the following transactions and balances with related parties:

(a) Balances with related parties

Balances of advances from/to the affiliated entities operating private schools that offer compulsory education consisting of six years of primary school education and three years of middle school education to PRC residents and not-for-profit schools that provide preschool education in the PRC (the "**Affected Schools**") are as follows:

Relationships	Nature of balances	At 29 February 2024 RMB'000 (Unaudited)	At 31 August 2023 RMB'000 (Audited)
The Affected Schools	Amounts due from (current)	179,184	182,305
The Affected Schools	Amounts due to (non-current)	1,690,438	1,820,859
The Affected Schools	Amounts due to (current)	310,380	135,188

The current portion of the amounts due to and amounts due from the Affected Schools represents balances which are due on demand. The non-current portion of the amounts due to Affected Schools represent long-term borrowing from Affected Schools. The original term of these borrowing were five years and interest free, the remaining term of these borrowing range from one to two years.

As of 29 February 2024 and 31 August 2023, the Affected Schools are legally owned by the affiliated entities of the Group, consequently the Affected Schools are related parties of the Group.

(b) Transaction with a related party

Save as disclosed elsewhere in this report, the Group had no other material transaction with any related party during the six months ended 29 February 2024 and 28 February 2023.

(c) Compensation of key management personnel

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

	Six months ended	
	29 February 2024 RMB'000 (Unaudited)	28 February 2023 RMB'000 (Unaudited)
Short-term benefits	4,760	3,406
Post-employment benefits	5	–
Share-based payments	6	168
	4,771	3,574

22. EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, on 4 March 2024, the Company granted share options to two eligibles participants (an executive Director and an employee of the Group) to subscribe for a total of 6,000,000 Shares under the Post-IPO Share Option Scheme.

23. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The Interim Financial Statements were approved and authorised for issue by the Board on 29 April 2024.

SPECIFIC PERFORMANCE OBLIGATION ON CONTROLLING SHAREHOLDER

2022 Term Loan Facility

On 22 December 2022, Canadian International School Pte. Ltd. (as a borrower) ("**Borrower**"), among others, and certain lenders ("**2022 Lenders**") entered into the term loan facility agreement ("**2022 Term Loan Facility Agreement**") pursuant to which the 2022 Lenders agreed to make available the term loan facility ("**2022 Term Loan Facility**") in an aggregate amount up to USD143,000,000 with a final maturity date being either (i) the date falling 18 months after the utilisation date of the 2022 Term Loan Facility or (ii) the date falling 30 months after the utilisation date of the 2022 Term Loan Facility ("**Extended Final Repayment Date**"). The Borrower may request the final maturity date be extended to the Extended Final Repayment Date by submitting a written request notice in accordance with the terms of 2022 Term Loan Facility Agreement. The proceeds of the 2022 Term Loan Facility would be used for refinancing of existing indebtedness of the Group (including the amounts outstanding under or in connection with the term loan facility agreement entered into in August 2020), financing the payment of the aggregate cash consideration payable by Maple Leaf CIS for the acquisition of the remaining 10% of the Target Company, payment of expenses in connection with the 2022 Term Loan Facility and the general working capital requirements of the Group. The 2022 Term Loan Facility Agreement imposes, among other things, specific performance obligations on the controlling shareholder of the Company. As at the date of this report, Mr. Jen and Sherman Investment Holdings Limited (indirectly wholly owned by a discretionary trust, of which Mr. Jen is the founder who can influence how the trustee exercises his discretion) ("**Sherman Investment**") are the controlling shareholders who were interested or deemed to be interested in 1,585,170,010 Shares and 1,483,639,818 Shares respectively (representing approximately 52.92% and 49.53% of the total issued share capital of the Company respectively).

Pursuant to the 2022 Term Loan Facility Agreement, a change of control event occurs (among other matters) if:

i. Mr. Jen and each of his immediate family members (taken together) do not or cease directly or indirectly to:

   a. have the power (whether by way of ownership of shares, contract, agency or otherwise) to cast, or control the casting of, more than 30% of the maximum number of votes that might be cast at a general meeting of the Company; or

   b. beneficially own and control more than 30% of the issued share capital of the Company; or

ii. any person or persons acting in concert (other than Mr. Jen and each of his immediate family members) (whether directly or indirectly and whether individually or together) beneficially owns and controls more of the issued voting share capital of the Company than Mr. Jen and each of his immediate family members (taken together).

If a change of control event abovementioned occurs:

a. the Borrower shall promptly (and in any case no later than 1 Business Day of becoming aware of that event) notify the agent; and

b. irrespective of whether the Borrower has complied with paragraph (a): (i) no Lender shall be obliged to participate in the making of the Loan; and (ii) each available commitment of each 2022 Lender will be immediately cancelled and reduced to zero and the loan drawn under the 2022 Term Loan Facility, together with accrued interest, and all other amounts accrued or outstanding under the finance documents, shall become immediately due and payable.

In January 2024, the 2022 Term Loan was fully settled. On 24 January 2024, following the full payment and discharge of the secured liabilities by the Borrower and the other obligors, the 2022 Lenders agreed to release and discharge all security documents and the parties agreed to grant the release and executed a deed of discharge, release and reassignment.

For details, please refer to the announcement of the Company dated 22 December 2022.

2024 Term Loan Facility

On 24 January 2024, Canadian International School Pte. Ltd. (as a borrower), and certain lenders ("**2024 Lenders**") have, amongst others, entered into the bridge term loan facility agreement ("**Bridge Term Loan Facility Agreement**") pursuant to which the 2024 Lenders agreed to make available the bridge term loan facilities ("**Bridge Facilities**") in an aggregate amount up to SGD300,000,000 (approximately RMB1,588,110,000) with a final maturity date being the date falling six months from the utilisation date, subject to an extension option which the final maturity date may be extended by up to six months, subject to each of the 2024 Lenders' approval. The proceeds of the Bridge Facilities will be used for fully refinancing the existing indebtedness of the Group (including the amounts outstanding under or in connection with the 2022 Term Loan Facility Agreement), payment of costs and expenses in connection with the Bridge Facilities and the full redemption of the Convertible Bonds.

The Bridge Term Loan Facility Agreement imposes, among other things, specific performance obligations on the controlling shareholder of the Company.

Pursuant to the Bridge Term Loan Facility Agreement, a change of control event occurs (among other matters) if Mr. Jen ceases to, directly or indirectly, be the single largest shareholder of the Company.

If a change of control event abovementioned occurs:

(a) a 2024 Lender shall not be obliged to fund any utilisation of a Bridge Facility; and

(b) by not less than three business day's notice to the borrower, the Bridge Facilities will whereupon be immediately cancelled and the outstanding Loans, together with accrued interest, and all other amounts accrued under the Bridge Facilities will whereupon become immediately due and payable.

For details, please refer to the announcement of the Company dated 24 January 2024.

INTERIM DIVIDENDS

The Board has resolved not to declare an interim dividend for the six months ended 29 February 2024.

CORPORATE GOVERNANCE

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders and to enhance corporate value and accountability.

Compliance with the Corporate Governance Code

During the six months ended 29 February 2024 and up to the date of this report, the Company has applied the principles as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 (formerly known as Appendix 14) to the Listing Rules and has complied with all the applicable code provisions, save and except for code provision C.2.1.

Code provision C.2.1 of Part 2 of the CG Code stipulates that the roles of chairman and CEO should be separate and should not be performed by the same individual. Mr. 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 C3 (formerly known as Appendix 10) to the Listing Rules as its own securities dealing code to regulate all dealings by Directors and relevant employees of securities in the Company and other matters covered by the Model Code.

Specific enquiry has been made of all the Directors and the relevant employees and they have confirmed that they have complied with the Model Code during the six months ended 29 February 2024.

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

All the outstanding Convertible Bonds have been fully redeemed by the Company on 9 February 2024 in accordance with the terms and conditions of the Second Amended and Restated Trust Deed (as referred to in the announcement of the Company dated 18 August 2023) dated 12 September 2023 in respect of the Convertible Bonds. All interest accrued but unpaid to (but excluding) such date has also been paid in full.

Save as disclosed above, during the six months ended 29 February 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 29 February 2024, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**"), Chapter 571 of the Laws of Hong Kong) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken, or are deemed to have taken, under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register required to be kept by the Company; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

Long/short positions in Shares and underlying Shares of the Company

Name of Director/ Chief executive	Capacity	Interest in Shares	Interest in underlying Shares	Total interest in Shares and underlying Shares	Approximate percentage of shareholding as at 29 February 2024 *(Note 1)*	Long position/ Short position
Mr. Jen	Founder of a discretionary trust who can influence how the trustee exercises his discretion	1,483,639,818 *(Note 2)*	–	1,483,639,818 50,000,000 *(Notes 2 and 3)*	49.53% 1.67%	Long position Short position
	Beneficial interest	101,528,850	–	101,528,850	3.39%	Long position
	Interest of spouse	1,342 *(Note 4)*	–	1,342	0.00%	Long position
Jingxia Zhang *(resigned with effect from 1 March 2024)*	Beneficial interest	3,511,146	–	3,511,146	0.12%	Long position
James William Beeke	Interest of controlled corporation	884,000 *(Note 5)*	–	884,000	0.03%	Long position
	Beneficial interest	*51,342*	–	51,342	0.00%	Long position
Peter Humphrey Owen	Beneficial interest	121,342	–	121,342	0.00%	Long position

Notes:

1. *The total number of 2,995,320,920 Shares of the Company in issue as at 29 February 2024 has been used for the calculation of the approximate percentage.*

2. *Sherman Investment is a company incorporated in the British Virgin Islands, which is indirectly wholly owned by a discretionary trust. Mr. Jen is the founder of the discretionary trust who can influence how the trustee exercises his discretion and is deemed to be interested in the long position in 1,483,639,818 Shares and the short position in 50,000,000 Shares held by Sherman Investment.*

3. *Pursuant to the Securities Lending Agreement dated 12 January 2021, Sherman Investment has provided securities lending to UBS AG, London Branch ("**the Borrower**") with an aggregate of up to 330,000,000 Shares upon and subject to the terms and conditions stated in the Securities Lending Agreements. Sherman Investment shall deliver up to 50,000,000 Shares of the Company to the Borrower upon request.*

4. *Mr. Jen is the spouse of Ms. Meichen Amy Yan ("**Ms. Yan**") who is interested in 1,342 Shares. Mr. Jen is deemed to be interested in all the Shares in which Ms. Yan is interested by virtue of the SFO.*

5. *These Shares were held by Signum International Educational Services Inc. ("**Signum Services**"), a company which is owned as to 51% by Mr. James William Beeke and 49% by his spouse. Mr. James William Beeke is deemed to be interested in all the Shares held by Signum Services.*

Interest in shares of associated corporation

Name of Director	Name of associated corporation	Capacity	Number of issued shares	Percentage of total issued shares of the associated corporation as at 29 February 2024	Long position/ Short position
Mr. Jen	Sherman Investment	Founder of a discretionary trust who can influence how the trustee exercises his discretion*	50,000	100%	Long position

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

Save as disclosed above, as at 29 February 2024, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken, or are deemed to have taken, under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register required to be kept by the Company; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

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

As at 29 February 2024, the following persons or corporations, other than the Directors or the chief executive of the Company, had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Capacity	Total interest in Shares and underlying Shares	Approximate percentage of interest in the Company as at 29 February 2024 *(Note 1)*	Long position/ Short position
Sherman Investment *(Note 2)*	Beneficial interest	1,203,639,818	40.18%	Long position
	Other	280,000,000	9.35%	Long position
		50,000,000 *(Note 3)*	1.67%	Short position
Sherman Int'l *(Note 4)*	Interest of controlled corporation	1,483,639,818	49.53%	Long position
		50,000,000	1.67%	Short position
HSBC International Trustee Limited ("**HSBC Trustee**") *(Note 5)*	Trustee	1,484,039,818	49.55%	Long position
Ms. Yan *(Note 6)*	Interest of spouse	1,585,168,668	52.92%	Long position
		50,000,000 *(Note 3)*	1.67%	Short position
	Beneficial interest	1,342	0.00%	Long position

Notes:

(1) The total number of 2,995,320,920 Shares of the Company in issue as at 29 February 2024 has been used for the calculation of the approximate percentage.

(2) Sherman Investment is indirectly wholly owned by a discretionary trust. Mr. Jen is the founder of the discretionary trust who can influence how the trustee exercises his discretion.

(3) Pursuant to the Securities Lending Agreement dated 12 January 2021, Sherman Investment has provided securities lending to the Borrower with an aggregate of up to 330,000,000 Shares upon and subject to the terms and conditions stated in the Securities Lending Agreements. Sherman Investment shall deliver up to 50,000,000 Shares of the Company to the Borrower upon request.

(4) Sherman Int'l owns 100% shareholding in Sherman Investment and is therefore deemed to be interested in all the Shares which Sherman Investment is interested by virtue of the SFO.

(5) HSBC Trustee is the trustee of a discretionary trust, of which Mr. Jen is the founder, owns 100% shareholding in Sherman Int'l and is therefore deemed to be interested in all the Shares which Sherman Int'l is interested by virtue of the SFO.

(6) Ms. Yan is the spouse of Mr. Jen and, therefore, Ms. Yan is deemed to be interested in all the Shares and underlying Shares in which Mr. Jen is interested or deemed to be interested by virtue of the SFO.

Save as disclosed above, as at 29 February 2024, no other person or corporation, other than the Directors or the chief executive of the Company, had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE INCENTIVE SCHEMES

In order to incentivise our Directors, senior management, other employees and consultants for their contribution to the Group and to attract and retain suitable personnel to our Group, on 10 November 2014 we adopted the Post-IPO Share Option Scheme and the restricted share units scheme which was subsequently modified by the Board on 28 April 2015 and renamed as the Share Award Scheme. The Company has also adopted the employee share purchase plan on 12 October 2020. From 1 January 2023, the Company will rely on the transitional arrangements provided for the existing share incentive schemes and will comply with the new Chapter 17 of the Listing Rules accordingly (effective from 1 January 2023).

For details of the terms of the Post-IPO Share Option Scheme and the Share Award Scheme, please refer to the section headed "Share Incentive Schemes" in the report of Directors in our 2023 annual report.

1. Post-IPO Share Option Scheme

(i) Period of the Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme will remain in force for a period of 10 years from 10 November 2014. The remaining life of the scheme is approximately 7 months from the date of this report.

(ii) Outstanding Share Options

The following table discloses movements in the outstanding share options granted to all grantees under the Post-IPO Share Option Scheme as at 29 February 2024. No Option was granted or exercised under the Post-IPO Share Option Scheme during the six months ended 29 February 2024. The number of options available for grant under the Post-IPO Share Option Scheme mandate as at 1 September 2023 and the end of the reporting period are 199,637,168 and 199,637,168, respectively. There was no service provider sublimit under the Post-IPO Option Scheme.

		Number of share options								
Grantees	Date of grant	Outstanding as at 1 September 2023	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding as at 29 February 2024	Exercise period/date	Exercise price (Note)	Vesting period/date
Directors										
Peter Humphrey Owen	28 June 2019	60,000	–	–	–	(60,000)	–	1 January 2024–31 January 2024	HK$3.11	1 January 2024
Sub-total		**60,000**	**–**	**–**	**–**	**(60,000)**	**–**			

Note:

The closing price of the Share immediately before the date on which the options were granted on 28 June 2019 was HK$3.09.

The other principal terms of the Post-IPO Share Option Scheme are set out in the Prospectus of the Company.

2. Share Award Scheme

During the six months ended 29 February 2024, no share award was granted, vested, cancelled or lapsed under the Share Award Scheme. Both the number of share award available for grant under the scheme mandate as at 1 September 2023 and 29 February 2024 were 0. There was no service provider sublimit under the Share Award Scheme.

The Company did not expect to grant further Share awards under the Share Award Scheme prior to its expiry on 27 April 2025 and in order to reduce administrative cost of the Company, the Board has resolved to terminate the trust of the Share Award Scheme with effect from 17 October 2022. In accordance with the rules of the Share Award Scheme, the total of 24,309,988 Shares (representing approximately 0.81% of the issued Shares as at the date of this report) were resettled and transferred to the ESPP Trust established for Employee Share Purchase Plan on 3 November 2022.

3. Employee Share Purchase Plan ("ESPP")

The Company's ESPP was approved and adopted on 12 October 2020 which provides eligible employees with the opportunity to acquire proprietary interests in the Company and to encourage eligible employees to work towards enhancing the value of the Company and the Shares for the benefit of the Company and the Shareholders as a whole. Chinese employees in the PRC who have been employed by the Group for three years or more are eligible to participate in the ESPP. The ESPP is effective for a period of 5 years from the adoption date. Subject to renewal of the ESPP, the remaining life of the scheme is approximately 17 months from the date of this report. There was no service provider sublimit under the ESPP. Each year employees will make contributions according to their respective ranks, and a trustee will be responsible for purchasing Shares on their behalf. Under the ESPP, eligible employees of the Group may elect to purchase the Company's shares ("**Employee Contribution Share(s)**") and, through the grant of matching restricted share units ("**RSUs**"), receive one matching share ("**Matching Share(s)**") for every three shares purchased and held until the end of the vesting period. Each eligible employee's participation level is capped at RMB2,000 or RMB1,000 per calendar month for senior and middle management and RMB1,000 or RMB500 per calendar for general employees. No consideration is payable by participants on grant of Matching RSUs.

Upon vesting of the matching RSUs (i.e. three years from the first share purchase date in a plan year), those employees who are still employed with the Group will receive one Matching Share for each RSU granted to him or her. The Matching Shares can either be provided to recipients through the issuance of new shares by the Company or be purchased on market by the trustee of the ESPP.

For the six months ended 29 February 2024, no Matching Shares were granted under the ESPP, no matching RSUs were granted and no matching RSUs were vested. Since the adoption date of the ESPP, no new shares were issued under the ESPP. As at 29 February 2024, nil Shares are available for issue under the ESPP. The number of Matching RSUs available for grant under the ESPP as of 1 September 2023 and 29 February 2024 were nil and nil, respectively.

The number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the six months ended 29 February 2024 divided by the weighted average number of shares of the relevant class in issue for the six months ended 29 February 2024 is 0.

CONTINGENT LIABILITIES

As at 29 February 2024, the Group had no contingent liabilities.

AUDIT COMMITTEE

The Company has established the 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 comprised three members as at 29 February 2024, namely, Mr. Lau (Chairman), Mr. Peter Humphrey Owen and Ms. Wai Fong Wong, all being independent non-executive Directors.

The Audit Committee currently comprises three members, namely, Mr. Chow (with effect from 1 March 2024), Mr. Peter Humphrey Owen and Ms. Wai Fong Wong (with effect from 31 August 2023), all being independent non-executive Directors. Mr. Chow is the chairman of the Audit Committee with effect from 1 March 2024, Mr. Lau ceased to be the chairman of the Audit Committee and the IBC on the same date. With effect from 1 March 2024, Mr. Lau was re-designated as an executive Director.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 29 February 2024 and has met with the independent auditors, ZHONGHUI ANDA CPA Limited ("**ZHONGHUI**"). 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.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company has maintained the prescribed public float under the Listing Rules as at the date of this report.

EVENTS AFTER THE REPORTING PERIOD

Grant of Share Options

Subsequent to 29 February 2024, the Company granted share options to two eligible participants (an executive Director and an employee of the Group) to subscribe for a total of 6,000,000 Shares under the Post-IPO Share Option Scheme on 4 March 2024.

Change of Directors and change in composition of Board committees

With effect from 1 March 2024, Ms. Zhang resigned as an executive Director and Co-CFO. Ms. Zhang also resigned from all positions within the Group, i.e. the positions of director of each of Canadian International School Pte. Ltd., Star Readers Pte. Ltd. and Canadian School of Advanced Learning Pte. Ltd. and all such resignations took effect from 1 March 2024. Following her resignation as an executive Director, the Co-CFO and all other positions within the Group, Ms. Zhang now serves the Company as a consultant to the Board. Following the resignation of Ms. Zhang with effect from 1 March 2024, Mr. Lau was re-designated from an independent non-executive Director to an executive Director.

Upon the re-designation which took effect on 1 March 2024, Mr. Lau (i) ceased to be the chairman of each of the Audit Committee and the IBC established for, among other matters, conducting the Independent Investigation (as defined in the announcement of the Company dated 23 May 2022); and (ii) was appointed as Co-CFO. With effect from 1 March 2024, Mr. Chow was appointed as an independent non-executive Director and the chairman of the Audit Committee.

Save as disclosed in this report, the Group has no subsequent events after the reporting period and up to the date of this interim report which required disclosure.

CHANGES IN DIRECTOR'S INFORMATION

Please refer to the section headed "Events after the reporting period – Change of Directors and change in composition of Board committees" in this report for details of the change of Directors after the reporting period.

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

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

Hong Kong, 29 April 2024