枫叶教育

China Maple Leaf Educational Systems Limited

中國楓葉教育集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1317)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 AUGUST 2023

The board ("**Board**") of directors ("**Directors**") of China Maple Leaf Educational Systems Limited (the "**Company**" or "**Maple Leaf**", together with its subsidiaries and consolidated affiliated entities, the "**Group**") is pleased to announce the audited consolidated annual results of the Group for the year ended 31 August 2023.

KEY FINANCIAL HIGHLIGHTS

	Year ended 31 August		
	2023	2022	**Percentage**
	RMB'000	*RMB'000*	**Change**
Revenue	**1,151,162**	989,795	**+16.3%**
PRC	**465,580**	431,140	**+8.0%**
Overseas	**685,582**	558,655	**+22.7%**
Gross Profit	**503,282**	426,253	**+18.1%**
Profit for the year	**5,120**	57,125	**(91.0)%**
Adjusted Net Profit *(Note)*	**135,550**	45,516	**+197.8%**

Note:

The Adjusted Net Profit for the year ended 31 August 2023 is calculated as profit for the year, 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 (as defined below); (iii) share-based payments; and (iv) dividend income from financial assets at fair value through profit or loss. Please see the table headed "Calculation of the Adjusted Net Profit" below for further details.

Non-IFRS measures

To supplement the Group's consolidated financial statements which are presented in accordance with the International Financial Reporting Standards ("**IFRS**"), the Company also uses Adjusted Net Profit and other adjusted figures 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 ("**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.

Calculation of the Adjusted Net Profit

	Year ended 31 August	
	2023	2022
	(RMB'000)	*(RMB'000)*
Profit for the year	**5,120**	57,125
Add:		
Amortisation of other intangible assets and depreciation of properties arising from acquisition	**73,254**	80,457
Change in fair value of the convertible bonds	**55,828**	(26,352)
Share-based payments (including discontinued operations)	**1,953**	7,501
Change in fair value of contingent consideration	**–**	(24,139)
Dividend income from financial assets at fair value through profit or loss ("**FVTPL**")	**(605)**	(578)
Gain on disposal of an investment property	**–**	(74,674)
Gain on bargain purchase of acquisition of a subsidiary	**–**	(73,029)
Compensation of Hong Kong Zhixin Financial News Agency Ltd. ("**Zhixin**") case ("**Zhixin Case**")	**–**	99,205
Adjusted Net Profit for the year	**135,550**	45,516

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's Market Position

With over 28 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 the World School Program has become a globally certified course after A-Level and International Baccalaureate ("**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 at 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 the 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.

* *For identification purpose only*

Our overseas school, Kingsley International School ("**KIS**") offers A-Level program from preschool to Year 12 ("**K-12**") students in Malaysia. KIS targets mainly local as well as international students primarily from Asian countries. Canadian International School ("**CIS**") offers IB curriculum for K-12 students across two campuses, the Tanjong Katong campus and the Lakeside campus, 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. At the end of 2022/2023 school year, 1,145 Maple Leaf high school graduates of the class of 2023 ("**Class 2023 Students**") received over 4,282 letters of acceptance from 236 universities in 18 countries and regions, including but not limited to Canada, the United States of America ("**USA**"), United Kingdom ("**UK**"), Australia and China. Approximately 80.2% of Class 2023 Students received letters of acceptance from Quacquarelli Symbols ("**QS**") Top 100 universities including prestigious University College London and Imperial College London in the United Kingdom. This is the first batch of Maple Leaf students graduated under World School Program who received Maple Leaf Group graduate certificate.

In April 2023, the Group entered into 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, Mathematics and Sciences, for Maple Leaf graduates in the PRC (the "**1+3 Program**"). The 1+3 Program was welcomed by Maple Leaf graduates, we have enrolled 14 Maple Leaf graduates for the 2023/2024 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 mainly for overseas participants 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.

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》) ("**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 superior law – 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 agreements 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-established 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 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.

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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 ("**Mixed High Schools**") to high schools that have their own operating licences in the PRC ("**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. 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 the financial position 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 in China. 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 gradual lifting of Covid-19 restrictions, our schools in China resumed face-to-face teaching since the commencement of the 2022/2023 school year. Before the opening of schools, Maple Leaf has thoroughly cleaned and disinfected all campuses and ensured that various pandemic prevention supplies were sufficient to improve campus safety and safeguard the health and safety of all students and employees. For the year ended 31 August 2023, as small scale of Covid-19 outbreak took place in different areas in China from time to time in 2022, we provided mixed mode of learning classes comprising face-to-face and online teaching during the first half of the 2022/2023 school year.

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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 year ended 31 August 2023, CIS mainly delivered face-to-face teaching, while KIS conducted hybrid teaching by both face-to-face and online teaching due to the continuous lockdowns regulated by the Malaysian government in order to curb the Covid-19 pandemic. Two overseas schools were temporarily closed, including a high school in Australia and a high school in Canada due to the tight travel restrictions and visa conditions. With the widespread vaccination and the stabilisation of the pandemic, 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**") has 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 has 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 has completed the IC Review with a review period from 1 September 2021 to 31 August 2022 ("**First Review**"). The IC Consultant has 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 has issued a report in respect of the findings of the IC Review ("**IC Review Report**") on 20 June 2023 and concluded that the Group has 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 committees

With effect from 1 January 2023, Ms. Wai Fong Wong has been appointed as an independent non-executive Director and a member of the IBC and Dr. Kem Hussain has been appointed as a non-executive Director.

Mr. Lap Tat Arthur Wong ("**Mr. Wong**") retired as an independent non-executive Director with effect from 28 February 2023 immediately after the conclusion of the annual general meeting of the company held on 28 February 2023 ("**AGM**") due to his intention to devote more time to his family and pursue other business opportunities. Mr. Wong also ceased to be (i) the chairman of the Audit Committee; and (ii) the chairman of the IBC.

Mr. King Pak Lau has been appointed as an independent non-executive Director and the chairman of each of the Audit Committee and the IBC, with effect from 28 February 2023 immediately after the conclusion of the AGM.

Mr. Alan Shaver resigned as an independent non-executive Director with effect from 31 August 2023 to pursue personal non-business activities and ceased to be a member of each of the Audit Committee, the remuneration committee of the Board ("**Remuneration Committee**"), the nomination and corporate governance committee of the Board ("**Nomination Committee**") and the IBC. Following the above resignation, Ms. Wai Fong Wong, an independent non-executive Director, was appointed as a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee with effect from 31 August 2023.

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 the end of school year			
	2022/2023	**% of Total**	2021/2022	% of Total
PRC				
High schools	**3,496**	**28.9**	2,737	30.0
Preschools	**2,103**	**17.4**	2,021	22.1
Foreign national schools	**294**	**2.4**	266	2.9
	5,893	**48.7**	5,024	55.0
Overseas				
High schools	**626**	**5.2**	610	6.7
Middle schools	**1,544**	**12.8**	1,092	12.0
Elementary schools	**3,292**	**27.2**	1,946	21.3
Preschools	**736**	**6.1**	458	5.0
	6,198	**51.3**	4,106	45.0
Total number of students enrolled	**12,091**	**100**	9,130	100

The total number of students enrolled increased by 2,961 or 32.4% from 9,130 at the end of the 2021/2022 school year to 12,091 at the end of the 2022/2023 school year, which was primarily due to the increase in number of students in high schools in the PRC and the increase in number of students in middle schools and elementary schools in Malaysia and Singapore.

The Group has adjusted its enrolment strategy from the pyramid structure to inverted pyramid structure in the Sixth Five-Year Plan for its development in the PRC. 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 financial years:

	As at 31 August	
	2023	2022
PRC		
High schools	**7**	6
Preschools	**12**	12
Foreign national schools	**3**	3
	22	21
Overseas		
High schools	**4**	4
Middle schools	**2**	2
Elementary schools	**3**	3
Preschools	**2**	2
	11	11
Total	**33**	32

As at 31 August 2023, Xi’an School was added to the Group’s school network in China. 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 the financial position of Xi’an School were re-consolidated since the Date of re-consolidation and as at the Date of re-consolidation, respectively.

As at 31 August 2023, one overseas high school in Canada was temporarily closed, due to the tight travel restrictions and visa conditions implemented in the country as a result of the Covid-19 pandemic. The Group will assess the possibility to re-open that school when the pandemic ends and market conditions improve 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 ("**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. As at 31 August 2023, the Group employed 297 IB certified teachers (as at 31 August 2022: 293 IB certified teachers).

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 expects 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. We strive to forge Maple Leaf brand to a professional catering and professional uniforms brand and contribute additional income for the Group. 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 a one-stop small group meal customized catering brand 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 Maple Leaf brand to a professional catering and professional uniforms brand and generate additional income for the Group.

* *For identification purpose only*

Standard Implementation Strategy

Under the Standard Implementation Strategy, during the Sixth Five-Year Plan period, the Group implemented the World School Program in China, 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 standard, which will get students well equipped for entering into the world's top ranked universities. The World School Program has been 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 and colleges across the globe seamlessly.

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. The Group's first batch of graduates from the World School Program received Maple Leaf Group graduate certificate in June 2023.

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, 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 ("**Subscription Agreement**") with UBS AG Hong Kong Branch ("**Manager**"), under which the Manager agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, convertible bonds ("**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 will be convertible into approximately 383,881,188 new Shares (subject to adjustments) which will 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, is approximately HK$2.487.

The new Shares (if any) are 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 is not subject to the specific approval of the Shareholders.

The Convertible Bonds bear interest on their outstanding principal amount from and including 27 January 2021 at the rate of 2.25% per annum, payable semi-annually in arrears on 27 January and 27 July in each year until 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 2022, all the proceeds had been applied for the repayment of the existing 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. For the year ended 31 August 2023, in accordance with the then prevailing terms and conditions of the Convertible Bonds, on 3 February 2023, the Company redeemed (on a pro rata basis) 40 per cent. of the aggregate principal amount of the Convertible Bonds then outstanding (being an amount of US$50.0 million), together with interest accrued but unpaid. As at 31 August 2023, the Convertible Bonds issued by the Company in an aggregate principal amount of US$75.0 million remained outstanding.

Assuming there is full conversion of the Convertible Bonds at the initial conversion price of HK$2.525 per Share, the Convertible Bonds will be convertible into approximately 230,328,713 new Shares (subject to adjustment), representing approximately 7.7% of the total number of Shares in issue as at 31 August 2023 and approximately 7.1% of the total number of Shares in issue as enlarged by the allotment and issue of the new Shares (assuming no other change in the issued share capital of the Company). Such allotment and issue of the new Shares will result in the respective shareholdings of the Shareholders being diluted by approximately 7.1%.

References are made to the announcement of the Company dated 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, 14 April 2023, 18 April 2023, 19 June 2023, 28 June 2023, 7 July 2023, 18 August 2023 and 12 September 2023 (collectively, the "**CB Announcements**"). Unless otherwise defined, capitalised terms used in this section shall have the same meanings as those defined in the CB Announcements. The updates regarding relevant events in relation to the Convertible Bonds after the reporting period are as follows:

First occurrence of the relevant event on 23 May 2022

As disclosed in the announcement of the Company dated 1 June 2022, a relevant event ("**Applicable Relevant Event**") occurred on 23 May 2022 on the basis that, the Shares has been suspended from trading on the Stock Exchange for a period equal to or exceeding 14 consecutive trading days. On 1 June 2022, a notice in relation to the occurrence of the Applicable Relevant Event was given by the Company to the Bondholders, regarding the Bondholders' right under Condition 8(E) (Redemption for Relevant Event) of the Bond Conditions to require the Company to redeem all or some of each such holder's convertible Bonds on the Relevant Event Redemption Date at the Early Redemption Amount together with interest accrued but unpaid to (but excluding) such date, by delivering a Relevant Event Redemption Notice to the Paying Agent in accordance with the Bond Conditions.

As disclosed in the announcement of the Company dated 5 October 2022, notwithstanding the occurrence of the Applicable Relevant Event, on 15 August 2022, the Consenting Bondholders entered into the First Standstill Agreement which set out, among other things, the parties' in-principle agreement to implement and otherwise give effect to the original "Proposal" as defined in the notice of meeting from the Company to the Bondholders dated 1 September 2022. The First Standstill Agreement was automatically terminated in accordance with its terms on 14 September 2022, following which the Company and the Consenting Bondholders entered into further negotiations, including in relation to the Escrow Agreement.

Second occurrence of the relevant event on 17 April 2023

(a) as disclosed in the announcement of the Company dated 14 April 2023, despite the Company's best efforts to comply with Condition 8(E) (Redemption for Relevant Event) of the Convertible Bonds, trading in the Shares on the Stock Exchange continued to remain suspended on 17 April 2023 resulting in the occurrence of a Relevant Event;

(b) as disclosed in the announcement of the Company dated 18 April 2023, a Relevant Event occurred on 17 April 2023 on the basis that the Shares continued to remain suspended from trading on the Stock Exchange;

(c) upon the occurrence of a Relevant Event, the holder of each Bond would have the right, at such holder's option, to exercise the Bondholder Put Option;

(d) as also disclosed in the announcement of the Company dated 14 April 2023, the Company shall not exercise the CIS Encumbrance Option pursuant to Condition 4(C) (Second Ranking CIS Encumbrance) of the Convertible Bonds on the basis that the creation of the Second Ranking CIS Encumbrance would trigger an 'event of default' under the New SGD Loan. Consequently, on 27 June 2023, under Condition 8(F)(ii) (Mandatory redemption) of the Convertible Bonds, the Company is required to make the Second Mandatory Redemption. However, due to the prevailing controls of the State Administration of Foreign Exchange of the PRC and other related PRC policies and regulations which are currently preventing the Company and its applicable Subsidiaries from remitting sufficient funds out of the PRC, regrettably, the Company will not have sufficient offshore funds to make the Second Mandatory Redemption on 27 June 2023, resulting in the occurrence of an Event of Default under Conditions 10(A)(i) and (v) of the Convertible Bonds;

(e) as disclosed in the announcement of the Company dated 19 June 2023, the Exercise Period expired on 17 June 2023. As at 17 June 2023, the aggregate outstanding principal amount of the Convertible Bonds was USD75,000,000 and the aggregate principal face value of the Convertible 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 USD20,200,000; and

(f) as disclosed in the announcement of the Company dated 18 August 2023, the Company issued and disseminated to Bondholders a notice of meeting dated 18 August 2023 to request Bondholders to consider and, if thought fit, approve and pass the Extraordinary Resolution at a meeting of the Bondholders to be held on 11 September 2023, which will provide for certain amendments and waivers in relation to the Convertible Bonds.

Please refer to the announcements of the Company dated 13 January 2021, 27 January 2021, 28 January 2021, 17 January 2022 and 1 June 2022 and the offering circular of the Company dated 22 January 2021 for further details. For the relevant events after the reporting period and the updates in relation to the Convertible Bonds, please refer to the CB Announcements and the section "Subsequent Events after the Reporting Period" of this announcement for further details.

ADOPTION OF NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

In order to be in line with the latest legal and regulatory requirements, including (i) the Companies Ordinance (Chapter 622 of the Laws of Hong Kong); and (ii) the amendments made to Appendix 3 to the Listing Rules, which took effect on 1 January 2022, Introducing a common set of core shareholder protection standards applicable to all listed issuers in Hong Kong, the Board has put forward to the Shareholders a special resolution to adopt a new memorandum and articles of association of the Company ("**New M&A**") in substitution for, and to the exclusion of, the then constitution of the Company ("**Existing M&A**"). On 28 February 2023, a special resolution for adopting the New M&A in substitution for and to the exclusion of the Existing M&A was passed by the Shareholders at the AGM. For details of the New M&A, please refer to the announcements of the Company dated 31 January 2023 and 28 February 2023 and the circular of the Company dated 3 February 2023.

FINANCIAL REVIEW

Overview

The revenue of the Group was RMB1,151.2 million and RMB989.8 million for the financial year ended 31 August 2023 and 31 August 2022 respectively. The profit for the financial year ended 31 August 2023 and for the financial year ended 31 August 2022 was RMB5.1 million and RMB57.1 million respectively.

Revenue

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

The total revenue of the Group increased by RMB161.4 million, or 16.3%, from RMB989.8 million for the financial year ended 31 August 2022 to RMB1,151.2 million for the financial year ended 31 August 2023. The increase in revenue was primary due to the increase in student enrollment as well as demand for summer and winter camps due to less impact of the Covid-19 in the PRC during the school year 2022/2023. Amongst the revenue of the Group for the financial year ended 31 August 2023, RMB465.6 million (approximately 40.4%) was contributed by the operations in the PRC, and RMB685.6 million (approximately 59.6%) 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 increased by RMB84.4 million, or 15.0%, from RMB563.5 million for the financial year ended 31 August 2022 to RMB647.9 million for the financial year ended 31 August 2023. The increase was largely due to the increase in staff costs and related costs of winter and summer camps in the PRC.

Gross Profit and Gross Profit Margin

Gross profit increased by RMB77.0 million, or 18.1% from RMB426.3 million for the financial year ended 31 August 2022 to RMB503.3 million for the financial year ended 31 August 2023. Gross profit margin increased slightly from 43.1% for the financial year ended 31 August 2022 to 43.7% for the financial year ended 31 August 2023, primarily due to the higher gross profit generated by CIS as a result of good cost control.

Investment and Other Income

For the year ended 31 August 2023, 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 decreased by 83.9% from RMB140.2 million for the financial year ended 31 August 2022 to RMB22.6 million for the financial year ended 31 August 2023. Bank interest income decreased by 77.0% from RMB33.0 million for the financial year ended 31 August 2022 to RMB7.6 million for the financial year ended 31 August 2023. Gain on disposal of investment property was RMB74.7 million for the financial year ended 31 August 2022, and gain on disposal of investment property was absent for the financial year ended 31 August 2023. Rental income decreased from RMB14.6 million for the financial year ended 31 August 2022 to RMB2.6 million for the financial year ended 31 August 2023.

Other Gains and Losses

For the year ended 31 August 2023, other gains and losses consist primarily of (i) net foreign exchange gain/loss; (ii) changes in fair value of the Convertible Bonds, (iii) reversal of other payables, (iv) gain on disposal of property, plant and equipment, and (v) change in fair value of financial assets measured at fair value through profit or loss. Other gains and losses increased from RMB23.9 million for the financial year ended 31 August 2022 to RMB65.6 million for the financial year ended 31 August 2023. The increase was mainly attributable to the combined effect of the increase in net foreign exchange gain of RMB129.3 million for the financial year ended 31 August 2023, loss on fair value of convertible bonds of RMB55.8 million for the financial year ended 31 August 2023 and the absence of compensation of Zhixin Case and bargain purchase of acquisition of a subsidiary for the financial year ended 31 August 2023.

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 1.4% from RMB14.0 million for the financial year ended 31 August 2022 to RMB14.2 million for the year ended 31 August 2023. Marketing expenses as a percentage of revenue decreased from 1.4% for the financial year ended 31 August 2022 to 1.2% for the financial year ended 31 August 2023, primarily due to CIS conducting less marketing activities for the financial year ended 31 August 2023.

Administrative Expenses

Administrative expenses consist primarily of (i) salaries and other benefits for general and administrative staff; (ii) depreciation of property, plant and equipment and right-of-use assets; (iii) amortization of intangible assets; (iv) employee share-based payments; and (v) certain professional expenses. Administrative expenses increased by 5.8% from RMB286.4 million for the financial year ended 31 August 2022 to RMB303.1 million for the financial year ended 31 August 2023, mainly due to the increase in staff costs in CIS.

Finance Costs

For the year ended 31 August 2023, finance costs mainly represented (i) interest expenses for secured bank borrowings and other borrowings, and (ii) interest expenses for the Convertible Bonds. Finance costs increased from RMB206.2 million for the financial year ended 31 August 2022 to RMB220.7 million for the financial year ended 31 August 2023 primarily due to the net effect of the increase in interest expenses for secured bank borrowings and other borrowings and the decrease in interest expense for Convertible Bonds for the year ended 31 August 2023.

Profit before Taxation

The Group recorded a profit before taxation of RMB52.5 million for the financial year ended 31 August 2023, compared to profit before taxation of RMB84.1 million for the financial year ended 31 August 2022. Profit before taxation as a percentage of revenue of the Group was 4.6% for the financial year ended 31 August 2023 and profit before taxation as a percentage of revenue of the Group was 8.5% for the financial year ended 31 August 2022. Amongst the profit before taxation for the financial year ended 31 August 2023, before allocating Director's and chief executive's fee and headquarters expenses, profit of RMB90.5 million was contributed by the operations in the PRC, and loss of RMB6.1 million was expended by the operations overseas.

Taxation

Income tax expense of the Group increased from RMB27.0 million for the year ended 31 August 2022 to RMB47.3 million for the year ended 31 August 2023, mainly because the deferred tax assets of RMB20.7 million were recognized for the year ended 31 August 2022 and the Company utilized the deferred tax assets of RMB4.5 million during the year ended 31 August 2023.

Profit for the Year

As a result of the above factors, the Group recorded a profit of RMB5.1 million and a profit of RMB57.1 million for the financial years ended 31 August 2023 and 31 August 2022 respectively.

Capital Expenditures

For the year ended 31 August 2023, the Group paid RMB119.1 million primarily related to the construction of Shenzhen headquarters and campus expansion of CIS. For the year ended 31 August 2022, the Group paid RMB351.8 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 31 August 2023, the Group's bank balances and cash amounted to RMB528.0 million, which were mainly denominated in United States dollars ("**USD**"), Singapore dollars ("**SGD**") and Malaysian ringgit ("**MYR**"). Bank balances and cash was RMB805.9 million as at 31 August 2022. Net cash used in financing activities amounted to RMB214.4 million, which were primarily due to the repayment of bank borrowings by the Group during the year ended 31 August 2023.

As at 31 August 2023, the Group's secured bank borrowings amounted to RMB1,101.0 million were mainly denominated in SGD and MYR with variable interest rates with reference to Singapore Interbank Offered Rate and with variable profit rate with reference to Malaysian bank's cost of fund. Of the Group's total borrowings as at 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 of the Group's bank deposits and assets (including shares of certain subsidiaries of the Company and assets of certain subsidiaries of the Company).

As at 31 August 2023, the Convertible Bonds issued by the Company in an aggregate principal amount of USD75.0 million originally due in 2026 remained outstanding. The Convertible Bonds bear interest on their outstanding principal amount from and including 27 January 2021 at the rate of 2.25% per annum, payable semi-annually in arrears on 27 January and 27 July in each year until 27 January 2026.

For the relevant events after the reporting period and the updates in relation to the Convertible Bonds, please refer to the section "Subsequent Events after the Reporting Period" and "Other Information – Issuance of US$125.0 million 2.25% Convertible Bonds due 2026" of this announcement for further details.

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 divided by total equity as at the end of the relevant financial year. Gearing ratio increased from 1.06 for the year ended 31 August 2022 to 1.11 for the year ended 31 August 2023 primarily due to the increase in borrowings by the Group.

Foreign Exchange Exposure

The majority of the Group's revenue and expenditures are denominated in RMB, the functional currency of the Company, except that certain expenditures and liabilities are denominated in foreign currencies such as HKD, USD, Canadian dollars ("**CAD**"), MYR and SGD. As at 31 August 2023, 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 31 August 2023, the Group had no contingent liabilities.

Zhixin Case

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

In December 2016, Zhixin took out an application for summary judgment against the Company. The hearing of the summary judgment application took place on 25 October 2017 in which Zhixin's application was dismissed. The case proceeded to the main trial stage.

On 29 January 2018, Zhixin filed its amended statement of claim to allege that it is entitled to 17,500,000 shares of the Company by virtue of an option provided in the Agreement. The date of hearing at the Court of First Instance of the Court for the Zhixin Case was fixed on 16 May 2022.

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

As at 31 August 2021, the Company had not made any provision in respect of the Zhixin Case, in view of the uncertainty of the outcome of the Judgment. The Company disclosed contingent liabilities in respect of Zhixin Case for the year ended 31 August 2021.

In late August 2022, the Company received the judgment on the Zhixin Case ("**Judgment**") dated 31 August 2022 from the Court. For details of the Judgment, please refer to the announcement of the Company dated 5 September 2022.

Pursuant to the Judgment, it was ruled in favour of Zhixin and held that, among others, (1) the Company was ordered to pay damages in the amount of HK$70,840,000 together with interest; (2) the counterclaims of the Company for misrepresentation, declaratory relief and/or restitution against Zhixin were dismissed; and (3) a costs order nisi was made that costs of the proceedings be paid by the Company to Zhixin, with certificate for two counsel, to be taxed if not agreed. Subsequent to the end of the reporting period, the Court made a further order on 23 September 2022 ("**Order of 23 September 2022**") in relation to the amount payable in connection with the proceedings of the Zhixin Case. In accordance with the Order of 23 September 2022, the sum paid into court by the Company of approximately HK$17.6 million were paid out forthwith to Zhixin in part satisfaction of the judgment sum in November 2022. Subsequently, Zhixin and the Company reached an agreement to settle all sums payable in connection with the Judgment and the Order of 23 September 2022 ("**Settlement**"). On 5 January 2023, in light of the Settlement reached by the parties, Zhixin and the Company jointly applied to the Court for an order to stay the enforcement of the Judgment and the Order of 23 September 2022. Pursuant to the terms of the Settlement, on 6 January 2023, a settlement sum of approximately HK$100.6 million was paid by the Company to Zhixin (which has acknowledged receipt of such payment) to fully settle the Company of its payment obligations owed to Zhixin in respect of the Judgment inclusive of damages, costs and interests as set out in the Judgment and the Order of 23 September 2022. On 25 May 2023, the Court made an order that the full payment of approximately HK$100.6 million paid by the Company on 6 January 2023 shall fully settle the Company's outstanding payment obligations owed to Zhixin in respect of the judgment sum inclusive of damages, costs and accrued interests as set out in the Judgment and the Order of 23 September 2022.

Pledge of Assets and Charges on Group Assets

As at 31 August 2023, the Group pledged debt service reserve account, certain properties and shares of the offshore Group to certain licenced banks as collateral security for certain banking facilities. As at 31 August 2023, a borrowing of the Company 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

As at 31 August 2023, the Group did not have any plans for material investments and capital assets.

Material Acquisition and Disposal

The Group had no other material acquisition and disposal during the year ended 31 August 2023.

Significant Investment Held

As at 31 August 2023, no significant investment was held by the Group.

Employee Benefits

As at 31 August 2023, the Group had 1,832 (as at 31 August 2022: 1,873) 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 year ended 31 August 2023 amounted to RMB483.7 million (for the year ended 31 August 2022: RMB440.6 million). Mr. Shu Liang Sherman Jen, an executive Director and the chairman of the Board, voluntarily reduced his annual remuneration by HKD1 million for the period covering 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.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2023

	Notes	**2023** **RMB'000**	2022 RMB'000
Revenue	*4*	**1,151,162**	989,795
Cost of revenue		**(647,880)**	(563,542)
Gross profit		**503,282**	426,253
Investment and other income	*6*	**22,625**	140,242
Other gains and losses	*7*	**65,630**	23,856
Impairment losses under expected credit loss model, net of reversal		**(1,037)**	364
Marketing expenses		**(14,215)**	(13,963)
Administrative expenses		**(303,107)**	(286,422)
Finance costs		**(220,711)**	(206,190)
PROFIT BEFORE TAXATION		**52,467**	84,140
Taxation	*8*	**(47,347)**	(27,015)
PROFIT FOR THE YEAR	*9*	**5,120**	57,125
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**33,630**	3,330
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**38,750**	60,455
Profit for the year attributable to:			
Owners of the Company		**5,120**	57,125
Non-controlling interests		**–**	–
		5,120	57,125
Total comprehensive income for the year attributable to:			
Owners of the Company		**38,750**	60,455
Non-controlling interests		**–**	–
		38,750	60,455
Earnings per share	*11*		
– basic (RMB cents)		**0.17**	1.92
– diluted (RMB cents)		**0.17**	1.47

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2023

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**2,233,548**	2,285,196
Right-of-use assets		**96,022**	80,992
Investment properties		**143,391**	17,748
Goodwill	*12*	**2,122,393**	1,949,551
Other intangible assets	*13*	**792,433**	803,961
Prepayments for acquisition of property and equipment		**1,042**	1,780
Books for lease		**521**	652
Deferred tax assets		**16,192**	20,704
		5,405,542	5,160,584
CURRENT ASSETS			
Inventories		**11,950**	13,968
Deposits, prepayments, trade and other receivables	*14*	**79,783**	99,546
Financial assets at fair value through profit or loss		**7,266**	31,705
Bank balances and cash	*15*	**528,041**	805,876
Amount due from related parties	*21*	**182,305**	245,103
		809,345	1,196,198
CURRENT LIABILITIES			
Contract liabilities	*16*	**513,559**	501,550
Other payables and accrued expenses	*17*	**243,786**	412,627
Lease liabilities		**5,596**	9,352
Income tax payable		**68,687**	82,405
Borrowings	*18*	**1,084,279**	691,592
Consideration payable	*19*	**–**	219,591
Convertible bonds	*20*	**227,078**	506,131
Amount due to related parties	*21*	**135,188**	40,223
		2,278,173	2,463,471
NET CURRENT LIABILITIES		**(1,468,828)**	(1,267,273)
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,936,714**	3,893,311

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**247,667**	242,738
Borrowings	*18*	**60,013**	71,544
Lease liabilities		**21,816**	8,701
Convertible bonds	*20*	**288,843**	272,532
Amount due to related parties	*21*	**1,820,859**	1,840,983
		2,439,198	2,436,498
NET ASSETS		**1,497,516**	1,456,813
EQUITY			
Share capital		**9,309**	9,309
Reserves		**1,488,207**	1,447,504
Equity attributable to owners of the Company		**1,497,516**	1,456,813
Non-controlling interests		**–**	–
TOTAL EQUITY		**1,497,516**	1,456,813

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

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**").

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 consolidated financial statements are presented in thousands of Renminbi ("**RMB'000**"), unless otherwise stated.

2. GOING CONCERN BASIS

As of 31 August 2023, the Group had net current liabilities of approximately RMB1,468,828,000. The Group's total secured bank borrowings and other borrowings and convertible bonds amounted to approximately RMB1,144,292,000 and RMB515,921,000 respectively as of 31 August 2023; while its cash and cash equivalents amounted to approximately RMB528,041,000 as of 31 August 2023.

Certain of the convertible bonds amounted to USD31,250,000 (equivalent to approximately RMB227,078,000) were agreed to be repaid in January 2024 (the "**Outstanding Bonds**"), while certain of secured bank borrowing amounted to USD143,000,000 (equivalent to RMB1,038,995,000) is repayable in July 2024 (the "**CIS Loan**"). The detailed information on the Group's convertible bonds and secured bank borrowings and other borrowings is illustrated in Notes 20 and 18 respectively to the annual results announcement.

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 CIS Loan will 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 CIS Loan. And even though the default of CIS Loan will trigger a cross-default terms over the convertible bonds, the Directors of the Company believe that the Group can raise and possess sufficient cash and cash equivalents for the repayment of the convertible bonds in case the cross-default terms had been triggered.

In addition to the above, the Directors also have undertaken a number of plans and measures to improve the Group's liquidity and financial position, including: (i) negotiating a new bank loan of SGD300,000,000 (equivalent to approximately RMB1,613,880,000) (the "**New Negotiating Loan**") to replace the CIS Loan and repay the convertible bonds; (ii) exercising the right to apply an extension of 12 months on the CIS Loan in accordance with the CIS Loan agreement which will be subjected to the approval from the lender of the CIS Loan; (iii) remitting and maintaining sufficient offshore fund to repay the convertible bonds from subsidiaries of the People's Republic of China (the "**PRC**"); (iv) 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 (v) 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 assumptions that (i) the Group can raise and possess sufficient cash and cash equivalents for the repayment of the convertible bonds; (ii) the above financing plan can be successfully completed; 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 consolidated financial statements to adjust 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 consolidated financial statements.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**") that are relevant to its operations and effective for its accounting year beginning on 1 September 2022. IFRSs comprise International Financial Reporting Standards ("**IFRS**"); International Accounting Standards ("**IAS**"); and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new IFRSs that have been issued but are not yet effective. The application of these new IFRSs will not have material impact on the consolidated financial statements of the Group.

4. REVENUE

Revenue represents (i) service income from tuition fees and boarding fees, (ii) fees from summer and winter camps provided to students, (iii) fees from selling educational books to students, (iv) fees from sales of goods and educational materials to students, (v) catering services income, and (vi) other fees and income.

The revenues attributable to the Group's service lines are as follows:

Disaggregation of revenue from contracts with customers

	2023	2022
	RMB'000	*RMB'000*
Types of goods or services		
Tuition and boarding fees	**884,456**	776,541
Sales of textbooks	**21,598**	19,428
Sales of goods and materials	**40,664**	49,590
Summer and winter camps	**23,296**	2,662
Catering services income	**50,567**	51,358
Others	**130,581**	90,216
	1,151,162	989,795
Timing of revenue recognition		
Over time	**978,634**	860,542
At a point in time	**172,528**	129,253
	1,151,162	989,795

5. 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 started to contribute significant portion of revenue and profits. Starting from that period, discrete segment information is developed and reported to the CODM. Specifically, the Group's reportable segments under IFRS 8 are as follows:

(i) PRC Segment

(ii) Overseas Segment

The Group is mainly engaged in international school education in the PRC and Southeast Asia. The CODM reviews revenue analysis by services lines when making decisions about allocating resources and assessing performance of the Group.

Segment revenues and results

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

For the year ended 31 August 2023

	PRC Segment *RMB'000*	**Overseas Segment** *RMB'000*	**Total** *RMB'000*
Revenue from external customers	**465,580**	**685,582**	**1,151,162**
Segment profit/(loss)	**90,545**	**(6,072)**	**84,473**
Unallocated items:			
Directors' and chief executive's emoluments			**(7,544)**
Corporate administrative expense			**(24,462)**
Group's profit before income tax			**52,467**

For the year ended 31 August 2022

	PRC Segment *RMB'000*	Overseas Segment *RMB'000*	Total *RMB'000*
Revenue from external customers	431,140	558,655	989,795
Segment profit	21,832	97,048	118,880
Unallocated items:			
Directors' and chief executive's emoluments			(7,261)
Corporate administrative expense			(27,479)
Group's profit before income tax			84,140

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

Segment assets and liabilities

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

	2023	2022
	RMB'000	*RMB'000*
Segment assets		
PRC Segment	**1,769,691**	2,177,186
Overseas Segment	**4,445,196**	4,179,596
Consolidated assets	**6,214,887**	6,356,782
Segment liabilities		
PRC Segment	**2,930,545**	3,238,569
Overseas Segment	**1,786,826**	1,661,400
Consolidated liabilities	**4,717,371**	4,899,969

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

Major customers

No single customer contributed 10% or more of total revenue of the Group for the years ended 31 August 2023 and 2022.

Geographical information

The Group primarily operates in the PRC and Southeast Asia. Information about the Group's revenue from external customers and non-current assets is presented based on the location of the assets.

	Revenue from external customers		**Non-current assets**	
	2023	2022	**2023**	2022
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
PRC	**465,580**	431,140	**1,139,211**	1,154,936
Singapore	**625,970**	517,085	**3,760,918**	3,481,454
Malaysia	**56,387**	38,686	**421,368**	433,213
Others	**3,225**	2,884	**67,853**	70,277
	1,151,162	989,795	**5,389,350**	5,139,880

6. INVESTMENT AND OTHER INCOME

	2023	2022
	RMB'000	*RMB'000*
Bank interest income	**7,610**	33,018
Government grant	**9,487**	9,868
Rental income	**2,610**	14,573
Interest income from short-term loan to a third party	**–**	1,730
Dividend income from financial assets at fair value through profit or loss ("**FVTPL**")	**605**	578
Gain on disposal of an investment property	**–**	74,674
Others	**2,313**	5,801
	22,625	140,242

7. OTHER GAINS AND LOSSES

	2023	2022
	RMB'000	*RMB'000*
(Loss)/gain arising from fair value changes of convertible bonds	**(55,828)**	26,352
Reversal of other payables	**9,057**	15,561
Loss arising from changes in fair value of financial assets measured at FVTPL	**(961)**	(915)
Gain on disposal of property, plant and equipment	**7,332**	16,232
Net foreign exchange gain/(loss)	**105,373**	(23,904)
Gain arising from fair value changes of contingent consideration	**–**	24,139
Gain on bargain purchase of acquisition of a subsidiary	**–**	73,029
Compensation of Zhixin Case *(Note)*	**–**	(99,205)
Others	**657**	(7,433)
	65,630	23,856

Note:

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

In December 2016, Zhixin took out an application for summary judgment against the Company. The hearing of the summary judgment application took place on 25 October 2017 in which Zhixin's application was dismissed. The case now has proceeded to the main trial stage.

On 29 January 2018, Zhixin filed its amended statement of claim to allege that it is entitled to 17,500,000 shares of the Company by virtue of an option (the "**Option**") provided in the Agreement. The date of hearing at the Court of First Instance of the High Court for the Zhixin Case was heard on 16 May 2022.

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

In late August 2022, the Company received the judgment on the Zhixin Case ("**Judgment**") dated 31 August 2022 from the Court. Pursuant to the Judgment, it was ruled in favour of Zhixin and held that, among others, (1) the Company was ordered to pay damages in the amount of HKD70,840,000 together with interest; (2) the counterclaims of the Company for misrepresentation, declaratory relief and/or restitution against Zhixin were dismissed; and (3) a costs order nisi was made that costs of the proceedings be paid by the Company to Zhixin, with certificate for two counsel, to be taxed if not agreed. The Court made a further order on 23 September 2022 ("**Order of 23 September 2022**") in relation to the amount payable in connection with the proceedings of the Zhixin Case. Subsequently, Zhixin and the Company reached an agreement to settle all sums payable in connection with the Judgment and the Order of 23 September 2022 ("**Settlement**"). On 5 January 2023, in light of the Settlement reached by the parties, Zhixin and the Company jointly applied to the Court for an order to stay the enforcement of the Judgment and the Order of 23 September 2022. Pursuant to the Settlement, on 6 January 2023, a settlement sum of approximately HKD118.2 million (equivalent to RMB99,205,000) was partially covered by a deposit made to the Court, and the rest was paid by the Company to Zhixin (which has acknowledged receipt of such payment) to fully settle the Company of its payment obligations owed to Zhixin in respect of the Judgment inclusive of damages, costs and interests as set out in the Judgment and the Order of 23 September 2022. On 25 May 2023, the Court made an order that the full payment of approximately HK$100.6 million paid by the Company on 6 January 2023 shall fully settle the Company's outstanding payment obligations owed to Zhixin in respect of the judgment sum inclusive of damages, costs and accrued interests as set out in the Judgment and the Order of 23 September 2022.

As of the day of this announcement, the compensation payable had been settled.

8. TAXATION

	2023	2022
	RMB'000	*RMB'000*
Enterprise income tax ("**EIT**")		
Provision for the year	**22,101**	56,165
Singapore enterprise income tax		
Provision for the year	**37,659**	2,402
(Over-provision)/under-provision in prior years	**(5,436)**	6,648
Deferred tax	**(6,977)**	(38,200)
	47,347	27,015

The income tax expense for the year can be reconciled to the profit before taxation as follows:

	2023	2022
	RMB'000	*RMB'000*
Profit before taxation	**52,467**	84,140
Tax at PRC EIT rate of 25%	**13,117**	21,035
Tax effect of preferential tax rate granted	**(15,995)**	(6,445)
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	**(35,932)**	4,875
Tax effect of tax loss not recognised	**18,401**	5,705
Tax effect of deductible temporary differences not recognised	**–**	80
Tax effect of recognised and utilisation of deferred tax assets	**–**	(20,704)
Utilisation of tax loss previously not recognised	**(452)**	(5,710)
Tax effect of income not taxable for tax purposes	**(21,965)**	(49,821)
Tax effect of expenses not deductible for tax purposes	**95,609**	71,352
Tax effect of (over-provision)/under-provision in prior years	**(5,436)**	6,648
Tax charge for the year	**47,347**	27,015

The Company was incorporated in the Cayman Islands and Maple Leaf Educational Systems Limited ("**Maple BVI**") was incorporated in the BVI, both are tax exempted as no business is carried out in the Cayman Islands or the BVI under the tax laws of the Cayman Islands or the BVI, respectively.

No provision for Hong Kong Profits Tax has been made as the Group's operation in Hong Kong had no assessable profit for the years ended 31 August 2022 and 2021. On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HKD2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HKD2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The Inland Revenue Board, an agency of the Ministry of Finance in Malaysia, is responsible for the administration of direct taxes enacted under the Income Tax Act. The standard corporate tax rate in Malaysia is 24%.

The standard corporate tax rate in Singapore is 17% and Singapore follows a single-tier corporate tax system.

Dalian Beipeng Software is entitled to High and New Technology Enterprise ("**HNTE**") status starting from the calendar year of 2017. Dalian Beipeng Software is eligible for a preferential enterprise income tax rate of 15% starting from the calendar year of 2017. The HNTE status is valid for three years, and is renewed on 14 December 2022.

According to the Implementation Regulations for the Law for Promoting Private Education, private schools for which the sponsors do not require reasonable returns are eligible to enjoy the same preferential tax treatment as public schools, subject to review by relevant tax bureaus each year. Dalian Maple Leaf International School (the "**Dalian High School**") and Wuhan Maple Leaf International School, have been granted enterprise income tax exemption for the tuition income from relevant local tax bureaus.

Taxation arising in other jurisdictions is calculated as the rates prevailing in the relevant jurisdictions.

During the year ended 31 August 2023, non-taxable tuition income was RMB176,232,000 (2022: RMB262,079,000), and the related expense of RMB118,296,000 (2022: RMB92,669,000) was not deductible.

Under the EIT law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated undistributed profits of the PRC subsidiaries amounting to RMB1,015,405,000 at 31 August 2023 (2022: RMB872,517,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

9. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging/(crediting):

	2023 *RMB'000*	2022 *RMB'000*
Staff costs, including directors' remuneration		
– salaries and other allowances	**466,204**	422,075
– retirement benefit scheme contributions	**15,505**	10,986
– share-based payments	**1,953**	7,501
Total staff costs	**483,662**	440,562
Gross rental income from investment properties	**(2,610)**	(14,573)
Less: Direct operating expenses incurred for investment properties (included in administrative expenses)	**36**	1,314
Net rental income	**(2,574)**	(13,259)
Depreciation of property, plant and equipment	**107,405**	84,432
Amortisation of intangible assets	**75,874**	85,474
Depreciation of right-of-use assets	**14,579**	18,819
Depreciation of investment properties	**905**	2,265
Auditors' remuneration	**3,200**	4,450
Amortization of books for lease	**140**	260
Loss/(Gain) arising from fair value changes of convertible bonds	**55,828**	(26,352)
Gain arising from fair value change of contingent consideration	**–**	(24,139)

10. DIVIDENDS

No dividend in respect of the year ended 31 August 2023 and 2022 has been proposed by the Directors of the Company.

11. EARNINGS PER SHARE

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

Earnings figures are calculated as follows:

	Year ended 31 August 2023 *RMB'000*	2022 *RMB'000*
Earnings for the purpose of basic earnings per share	**5,120**	57,125
Interest expenses for convertible bonds	**–**	18,412
Gain arising from fair value changes of convertible bonds	**–**	(26,352)
Earnings for the purpose of dilutive earnings per share	**5,120**	49,185

Number of shares:

	At 31 August **2023** *'000*	2022 *'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,971,011**	2,971,011
Effect of dilution		
weighted average number of ordinary shares:		
– Convertible bonds	**–**	383,881
Weighted average number of ordinary shares for the purpose of dilutive earnings per share	**2,971,011**	3,354,892

The number of shares adopted in the calculation of the basic earnings per share for the years ended 31 August 2023 and 2022 have been arrived at after eliminating the ungranted or unvested shares of the Company held under the Share Award Scheme.

The number of shares adopted in the calculation of the diluted loss per share for the year ended 31 August 2023 and 2022 do 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 year ended 31 August 2023 and 2022.

The computation of diluted earning per share for the year ended 31 August 2023 does not assume the conversion of the Company's outstanding convertible bonds since their assumed exercise would result in an increase in earnings per share.

The computation of diluted earning per share for the year ended 31 August 2022 assumes the conversion of the Company's outstanding convertible bonds since their assumed exercise would result in a decrease in earnings per share.

12. GOODWILL

	2023 *RMB'000*	2022 *RMB'000*
COST AND CARRYING VALUES		
At 1 September	**1,949,551**	1,896,803
Exchange adjustment	**172,842**	52,748
At 31 August	**2,122,393**	1,949,551

13. OTHER INTANGIBLE ASSETS

	Student base	Licence	Trademark	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
COST				
At 1 September 2021	306,555	67,620	559,388	933,563
Acquire from acquisition of a subsidiary	3,854	–	–	3,854
Exchange adjustment	8,310	727	14,357	23,394
At 31 August 2022 and 1 September 2022	318,719	68,347	573,745	960,811
Exchange adjustment	27,426	3,437	48,052	78,915
At 31 August 2023	**346,145**	**71,784**	**621,797**	**1,039,726**
AMORTISATION				
At 1 September 2021	43,025	24,674	2,349	70,048
Provided for the year	63,948	21,526	–	85,474
Exchange adjustment	1,246	64	18	1,328
At 31 August 2022 and 1 September 2022	108,219	46,264	2,367	156,850
Provided for the year	56,147	19,727	–	75,874
Exchange adjustment	11,646	2,905	18	14,569
At 31 August 2023	**176,012**	**68,896**	**2,385**	**247,293**
CARRYING VALUES				
At 31 August 2023	**170,133**	**2,888**	**619,412**	**792,433**
At 31 August 2022	210,500	22,083	571,378	803,961

The trademark of Kingsley International School and Canadian International School has a legal life of 10 years and is renewable every 10 years at minimal cost. The Directors are of the opinion that the Group would renew the trademark continuously and has the ability to do so. Various studies including product life cycle studies, market, competitive and environmental trends, and brand extension opportunities have been performed by the management of the Group, which supports that the trademark has no foreseeable limit to the period over which the trademarked products are expected to generate net cash inflows for the Group.

As a result, the trademark is considered by the management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The trademark will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

All of the Group's student base, trademark and licence were acquired through business combination. Trademark has an infinite estimated useful life. Student base has a finite estimated useful life and are amortised on expected usage of the intangible assets. Licence has a finite estimated useful life of 1.75-4 years and it is amortised on the straight-line basis over the estimated useful life.

14. DEPOSITS, PREPAYMENTS, TRADE AND OTHER RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Receivable from third parties	**14,333**	13,811
Short-term loan to a third party *(Note)*	**–**	25,193
Prepaid rent and other prepaid expenses	**17,983**	11,561
Trade receivables net of allowance for credit losses	**12,643**	16,568
Deposits	**10,204**	6,040
Staff advances	**238**	328
Management fees receivables	**1,865**	–
Others	**22,517**	26,045
	79,783	99,546

Note:

As of the date of this announcement, the abovementioned short-term loan was fully settled.

Loss allowance for trade receivables has been measured at an amount equal to lifetime expected credit loss ("**ECL**"). The ECL on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast directions of conditions at the reporting date. The group has recognised a loss allowance of 100% against all receivables over 365 days past due because historical experience has indicated that these receivables are generally not recoverable.

The following table details the risk profile of trade receivables from contracts with customers based on the group's provision matrix. As the group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the group's different customer base. The following is an analysis of trade receivables by age, presented based on the dates the students were informed for payment.

	2023	2022
	RMB'000	*RMB'000*
Not past due	**11,787**	13,513
0–30 days	**603**	704
31–60 days	**11**	205
61–90 days	**–**	8
Over 90 days	**242**	2,138
	12,643	16,568

15. BANK BALANCES AND CASH

	2023	2022
	RMB'000	*RMB'000*
Bank balances and cash	**528,041**	805,876

16. CONTRACT LIABILITIES

	2023	2022
	RMB'000	*RMB'000*
Tuition and boarding fees	**463,770**	425,760
Others	**49,789**	75,790
	513,559	501,550

17. OTHER PAYABLES AND ACCRUED EXPENSES

	2023	2022
	RMB'000	*RMB'000*
Payables for purchase of property, plant and equipment	**65,491**	116,112
Miscellaneous expenses received from students *(Note)*	**41,244**	38,846
Accrued payroll	**20,452**	18,737
Deposits received from students	**25,983**	23,257
Acquisition consideration payable	**9,269**	9,272
Payables for purchase of goods	**4,275**	7,469
Accrued operating expenses	**20,653**	17,644
Prepayment from lessee	**6,549**	19,768
Compensation of Zhixin Case *(Note 7)*	**–**	84,528
Other tax payables	**1,626**	24,176
Others	**48,244**	52,818
	243,786	412,627

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

18. BORROWINGS

	2023	2022
	RMB'000	*RMB'000*
Secured bank and other borrowings	**1,144,292**	763,136
The carrying amounts of the above borrowings are repayable:		
On demand or within one year	**1,084,279**	691,592
Within a period of more than one year but not exceeding two years	**15,560**	15,060
Within a period of more than two years but not exceeding five years	**44,453**	47,492
Within a period of more than five years	**–**	8,992
	1,144,292	763,136
Less: Amounts due within one year shown under current liabilities	**(1,084,279)**	(691,592)
Amounts shown under non-current liabilities	**60,013**	71,544

Notes:

(a) As of 31 August 2022, the borrowing amounting to SGD138,750,000 (equivalent to approximately RMB678,465,000) is secured over (1) a corporate guarantee from the Company; (2) all the shares of the Offshore Group (including CIS) and Maple Leaf CIS Holdings Pte. Ltd.; (3) all the assets of the Offshore Group; (4) debt service reserve account held by CIS; (5) dividend accounts (if any), and (6) pledge over all the shares of Dalian Beipeng Software. As of the date of this announcement, the abovementioned borrowings were fully repaid.

In December 2022, the Company entered into a new borrowing agreement amounting to USD143,000,000 (equivalent to approximately RMB1,038,995,000) at a floating interest rate with a base rate of 3.60% due in July 2024 and has the right to apply an extension of 12 months which subject to an approval from the lender. Pursuant to the agreement, the borrowing is 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.

As of the date of this announcement, the outstanding principal balance is approximately USD143,000,000 (equivalent to approximately RMB1,038,995,000).

(b) As of 31 August 2023, the borrowings amounting to MYR47,828,000 (equivalent to approximately RMB74,403,000) are secured by pledge of debt service reserve account held by Kingsley International Sendirian Berhad (subsidiary owned by Kingsley Edugroup Berhad ("**Kingsley**")) and debenture incorporating fixed and floating charge over all assets and undertakings of Kingsley.

These borrowings carry interest at fixed or variable interest rates ranging from 0.70% to 5.93% (2022: 0.65% to 5.61%) per annum.

19. CONSIDERATION PAYABLE

	2023	2022
	RMB'000	*RMB'000*
Consideration payable	**–**	219,591

On 19 June 2020, the Group has entered into a sales and purchase agreement ("**the Agreement**") for the acquisition of entire equity interest of STAR. STAR is principally engaged in the operation of a K-12 boarding school located in Singapore through its wholly owned subsidiary CIS. According the Agreement, the total consideration is determined at SGD680,000,000 (equivalent to RMB3,434,204,000) subject to certain acquisition day adjustment and variation of contingent considerations.

The acquisition is structured in two tranches, on 26 August 2020, the acquisition of the first tranche of 90% of the equity interest of STAR was completed (the "**acquisition date**"). With effect from the closing of the first tranche acquisition, the Company has obtained control of STAR and has consolidated STAR since the acquisition date. The second tranche is for the transfer of the remaining 10% equity interest of STAR upon settlement of the second tranche consideration. It shall take place at the end of the academic year 2022 according to the Agreement. Based on the terms and arrangements of the Agreement and the structuring of the whole transaction, the Directors consider that the acquisition of the first 90% and the remaining 10% equity interest of STAR are linked transactions and therefore accounted it as a single acquisition transaction.

On 20 January 2023, the Group and the Seller signed a confirmation of second closing to confirm the second tranche amount of SGD44,438,000 (equivalent to approximately RMB219,591,000).

As of the date of this announcement, the abovementioned consideration payable were fully repaid.

20. CONVERTIBLE BONDS

	2023	2022
	RMB'000	*RMB'000*
Convertible bonds *(Note)*	**515,921**	778,663
Analysed for reporting purposes as:		
Current liabilities	**227,078**	506,131
Non-current liabilities	**288,843**	272,532
	515,921	778,663

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**").

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. The conversion price of the Convertible Bonds as at 31 August 2023 is HKD2.525 (2022: HKD2.525) per share.

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.

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.

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 People's Republic of China (the "**PRC**") and other related PRC policies and regulations which are currently preventing the Company and its applicable Subsidiaries from remitting sufficient funds out of the PRC, 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, includes, 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.

As of the date of this announcement, the aggregate outstanding principal amount of the Bonds is USD75,000,000 (equivalent to approximately RMB544,928,000). after repayment of the principal amount of USD50,000,000 (being 40 per cent. of the aggregate principal amount of the Bonds) in October 2022.

21. RELATED PARTY TRANSACTIONS AND BALANCES

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

(i) During the year, the Group entered into the following balances with related parties:

Relationships	Nature of balances	**2023** *RMB'000*	2022 *RMB'000*
The Affected Schools	Amounts due from (current)	**182,305**	245,103
The Affected Schools	Amounts due to (non-current)	**1,820,859**	1,840,983
The Affected Schools	Amounts due to (current)	**135,188**	40,223

The above amounts due to and amounts due from the Affected Schools represents balances between the Group and the Affected Schools. Prior to 31 August 2021, these balances were eliminated upon consolidation of the Affected Schools by the Group. The Group deconsolidates the Affected Schools on 31 August 2021, and these balances were no longer eliminated and shown as amounts due to or amounts due from the Affected Schools. As of 31 August 2021, the Affected Schools are legally owned by the affiliated entities of the Group, consequently the Affected Schools are related parties of the Group.

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 four years (2022: one to four years).

(ii) Compensation of key management personnel

The remuneration of Directors and other members of key management of the Group during the financial year are as follows:

	2023	2022
	RMB'000	*RMB'000*
Short-term benefits	**14,686**	9,853

22. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in the notes to the consolidated financial statements, there were no material events after the report period to be disclosed.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract from the independent auditor's report on the consolidated financial statements of the Group for the year ended 31 August 2023 which has included an emphasis of matter paragraph for material uncertainty related to going concern, but without modification of opinion.

"In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 August 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the consolidated financial statements which mentions that as at 31 August 2023, the Group had net current liabilities of approximately RMB1,468,828,000. The Group's total secured bank borrowings and other borrowings and convertible bonds amounted to approximately RMB1,144,292,000 and RMB515,921,000 respectively as of 31 August 2023; while its cash and cash equivalents amounted to approximately RMB528,041,000 as of 31 August 2023.

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

Compliance with the Corporate Governance Code

During the year ended 31 August 2023 and up to the date of this announcement, the Company has applied the principles as set out in the Corporate Governance Code ("**CG Code**") contained in 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 chief executive officer ("**CEO**") 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 ("**Model Code**") as set out in Appendix 10 to the Listing Rules as its own securities dealing code to regulate all dealings by Directors and relevant employees of securities in the Company and other matters covered by the Model Code.

Specific enquiry has been made of all the Directors and the relevant employees and they have confirmed that they have complied with the Model Code during the year ended 31 August 2023.

The Company has maintained an effective system in monitoring the dealings by Directors (including a notification mechanism) to ensure compliance with the Model Code. In particular, the Company has notified all Directors of the prohibition period before the commencement of such prohibition period. The Board is of the view that the guidelines and procedures for the director's dealings of shares in the Company are adequate and effective.

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

In accordance with the then prevailing terms and conditions of the Convertible Bonds, on 3 February 2023, the Company redeemed (on a pro rata basis) 40 per cent. of the aggregate principal amount of the Convertible Bonds then outstanding (being an amount of USD50,000,000), together with interest accrued but unpaid.

Save as disclosed above, during the year ended 31 August 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

Final Dividend

The Board has resolved not to recommend a final dividend for the year ended 31 August 2023.

Audit Committee

The Company has established an audit committee of the Board ("**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 31 August 2023, namely, Mr. King Pak Lau (Chairman) ("**Mr. Lau**"), Mr. Peter Humphrey Owen and Ms. Wai Fong Wong, all being independent non-executive Directors.

Mr. Lau is the chairman of the Audit Committee with effect from 28 February 2023. Mr. Lap Tak Arthur Wong ceased to be the chairman of the Audit Committee at the conclusion of the AGM upon his retirement as an independent non-executive Director on the same date. Mr. Alan Shaver ceased to be a member of Audit Committee with effect from 31 August 2023 upon his resignation as an independent non-executive Director on the same date. Ms. Wai Fong Wong was appointed as a member of the Audited Committee on 31 August 2023.

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 August 2023 and has met with the independent auditors, 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.

Subsequent Events after the Reporting Period

Resumption of trading

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.

Update regarding relevant events in relation to the Convertible Bonds

As disclosed in the announcement of the Company dated 12 September 2023, the Meeting was convened and held on 11 September 2023. The Extraordinary Resolution as set out in the Notice of Meeting was duly passed at the Meeting by the requisite majority of Bondholders in accordance with the terms of the Trust Deed. The Proposed Waivers in relation to the Convertible Bonds became immediately effective upon the passing of the Extraordinary Resolution and the occurrence of the Fee Pay Effective Date (being 12 September 2023). The Second Amended and Restated Trust Deed giving effect to the Proposed Amendments were duly executed by each of the parties thereto. As a result, each present and future holder of the Convertible Bonds were bound by the terms of the Second Amended and Restated Trust Deed.

For further details of the updates in relation to the Convertible Bonds after the reporting period, please refer to the CB Announcements. The Company will make further announcement(s) in relation to the above matters as and when appropriate.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 August 2023 as set out in the preliminary announcement have been agreed by the Group's auditors, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

PUBLICATION OF ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.mapleleaf.cn. The annual report of the Group for the year ended 31 August 2023 will be despatched to the Shareholders and be made available for review on the aforesaid websites in due course.

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

Hong Kong, 29 November 2023

As at the date of this announcement, the Board comprises Mr. Shu Liang Sherman Jen, Ms. Jingxia Zhang and Mr. James William Beeke as Executive Directors; Dr. Kem Hussain as a Non-executive Director; and Mr. Peter Humphrey Owen, Ms. Wai Fong Wong and Mr. King Pak Lau as Independent Non-executive Directors.

* *For identification purposes only*