THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Circular, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **China Maple Leaf Educational Systems Limited**, you should at once hand this circular and the accompanying forms of proxy to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

MLES
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)

MAJOR TRANSACTION
IN RELATION TO THE ACQUISITION OF
THE ENTIRE ISSUED SHARE CAPITAL
OF STAR READERS PTE. LTD.

Sole Financial Adviser to the Company

BNP PARIBAS

Capitalised terms used on this cover page shall have the same meanings as defined in the section headed "Definitions" to this Circular.

A letter from the Board is set out on pages 10 to 29 of this Circular.

The Sale and Purchase Agreement and the transactions contemplated thereunder have been approved by way of written shareholders' approval obtained from the Closely Allied Group pursuant to Rule 14.44 of the Listing Rules in lieu of a general meeting of the Company. This Circular is being despatched to the Shareholders for information only.

* *For identification purposes only*

30 September 2020

CONTENTS

In this Circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"Academic Year"	with reference to a year, means the 12 month period commencing from 1 August of the immediately preceding year to 31 July of the year of reference. For example, Academic Year 2021 means the period commencing 1 August 2020 to 31 July 2021;
"Acceptance Shares"	the Kingsley Shares assented to the Offer pursuant to the valid acceptances for Kingsley Shares (which are not, if permitted, withdrawn) received under the Offer;
"Acquisition"	the purchase of the Sales Shares by the Purchaser from the Seller pursuant to the Sale and Purchase Agreement;
"Adjusted EBITDA"	in relation to the Academic Year 2021 and the Academic Year 2022, the net profit after tax of CIS Pte Ltd for such period based on its management accounts prepared by the management based on accounting policies normally adopted by CIS Pte Ltd, which are generally consistent with FRS, which shall be adjusted for the following items in the following manner:

(i) income tax shall be added back;

(ii) net interest expense shall be added back;

(iii) depreciation and amortisation (including, for the avoidance of doubt, amortisation of right-of-use assets recognised as a result of implementation of the FRS 116 accounting standard) shall be added back;

(iv) any rental payments which would have been recognised in the net profit before tax of CIS Pte Ltd had the FRS 116 accounting standard not been implemented shall be subtracted;

(v) loan-related fees shall be added back;

(vi) professional consultancy fees incurred for the Proposed Project shall be added back;

(vii) any gains or losses from disposal of fixed assets, or write-offs of fixed assets shall be added back or subtracted as the case may be;

(viii) any gains or losses from fair value change of financial derivatives or unrealised gains or losses from foreign exchange shall be added back or subtracted as the case may be; and

(ix) all other extraordinary and non-recurring items not captured in the above items, including non-operating income and non-operating expenses, shall be added back or subtracted as the case may be;

"Assumed Interest Cost"	350 basis points plus the 24-month average of the monthly 1-month floating Singapore Swap Offer Rate (as at the last Business Day of each month) (or any substitute rate stipulated by the Monetary Authority of Singapore) for Academic Year 2021 and Academic Year 2022;
"Ballas Capital"	Ballas Capital Limited, being a licensed corporation licensed to carry out Type 1 (Dealing in Securities) and Type 6 (Advising on Corporate Finance) regulated activities as defined under the SFO, the financial adviser to the Maple Leaf Asia Pacific and the Company in relation to the Offer;
"Bank"	Oversea-Chinese Banking Corporation Limited;
"Bank Debt"	the amount payable by CIS Pte Ltd to Oversea-Chinese Banking Corporation Limited for full settlement of CIS Pte Ltd's borrowings, liabilities and obligations (including the cost to terminate and/or settle any interest rate swap) under or pursuant to the facility agreement between CIS Pte Ltd and Oversea-Chinese Banking Corporation Limited, as amended and restated under the amended and restatement agreement dated 7 June 2019 between the same parties. As of the First Closing Date, the amount of Bank Debt was approximately SGD220.3 million;
"BNPP"	BNP Paribas Securities (Asia) Limited, the sole financial adviser of the Company;
"Board"	the board of Directors of the Company;
"Business Day"	a day which is not a Saturday, Sunday or public holiday in Singapore;
"Cash Capex"	cash capex paid by CIS Pte Ltd (excluding any cash capex relating to the Proposed Project);

"Cash Profits"	an amount to be determined based on the following: (i) sum of Adjusted EBITDA for Academic Year 2021 and Adjusted EBITDA for Academic Year 2022; less (ii) sum of Cash Capex for Academic Year 2021 and Cash Capex for Academic Year 2022, capped at a total of SGD6,900,000; less (iii) 2 x Assumed Interest Cost x SGD225 million; less (iv) sum of Cash Taxes paid for Academic Year 2021 and Cash Taxes paid for Academic Year 2022;
"Cash Taxes"	in the relevant Academic Year means (i) actual cash taxes paid by CIS Pte Ltd if the average bank borrowings on CIS Pte Ltd's balance sheet across the 12-month period in the relevant Academic Year is SGD200 million or more; or (ii) actual cash taxes paid by CIS Pte Ltd less (17.0% x SGD109 million x Assumed Interest Cost), if the average bank borrowings on CIS Pte Ltd's balance sheet across the 12-month period in the relevant Academic Year is less than SGD200 million;
"Cayman Court"	The Grand Court of the Cayman Islands;
"Circular"	this circular, including the appendices hereto;
"CIS"	Canadian International School, a premium for-profit international school offering the International Baccalaureate Primary, Middle Years and Diploma programs to students from Nursery/Pre-Kindergarten to Grade 12;
"CIS Pte Ltd"	Canadian International School Pte Ltd, a company incorporated under the laws of Singapore and a wholly owned subsidiary of the Target Company;
"Closely Allied Group"	has the meaning as ascribed thereto in the section headed "IMPLICATIONS OF THE ACQUISITION UNDER THE LISTING RULES" in the Letter from the Board in this Circular;
"Closing Adjustment"	the sum of (i) the Net Working Capital Adjustment and (ii) the Net Cash Adjustment, which shall be derived from the closing statements as determined pursuant to the Sale and Purchase Agreement;
"Closing Statement Date"	31 May 2020;
"Company"	China Maple Leaf Educational Systems Limited;

"Completion"	completion of the Acquisition in accordance with the terms of the Sale and Purchase Agreement;
"Compulsory Acquisition"	the compulsory acquisition rights to which Maple Leaf Asia Pacific is entitled to acquire the Remaining Shares at the Offer Price (less seller's ad valorem stamp duty);
"connected person"	has the meaning ascribed to it under Chapter 14A of the Listing Rules;
"Consideration"	the total consideration payable for the Acquisition pursuant to the Sale and Purchase Agreement;
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules;
"CSAL"	Canadian School of Advanced Learning Pte. Ltd., a company incorporated under the laws of Singapore and a wholly owned subsidiary of CIS Pte Ltd.;
"Deloitte"	Deloitte Touche Tohmatsu, the reporting accountant of the Company;
"Director(s)"	director(s) of the Company;
"Enlarged Group"	The Group and the Target Group;
"Expert(s)"	BNPP and Deloitte;
"First Closing"	closing of the acquisition of 90% of the issued share capital of the Target Company;
"First Closing Date"	26 August 2020;
"First Tranche Consideration"	approximately SGD634.0 million, the aggregate of (i) the amount for full settlement of the Bank Debt and (ii) the amount equivalent to the Closing Amount minus the amount for the full settlement of the Bank Debt x 90%;
"FRS"	the Singapore Financial Reporting Standards as prescribed by the Accounting Standards Council, as may be amended from time to time by the Accounting Standards Council;
"GEM"	the GEM of the Stock Exchange;
"Group"	the Company and its subsidiaries;
"HK$"	Hong Kong dollar(s);

"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;
"IB"	international baccalaureate;
"Independent Third Party(ies)"	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules;
"Intercompany Receivables"	all outstanding amounts owing by (i) any member of the Seller's Group (excluding any member of the Target Group) to (ii) any member of the Target Group, as at the First Closing Date;
"Kingsley"	Kingsley Edugroup Limited, a company incorporated in the Cayman Islands with limited liability on 12 January 2017, the Kingsley Shares of which were listed on GEM with the stock code of 8105 and the listing of the Kingsley Shares on the GEM was withdrawn on 24 July 2020;
"Kingsley Board"	the board of directors of Kingsley;
"Kingsley Group"	collectively, Kingsley and its subsidiaries;
"Kingsley Shareholders"	Holders of Kingsley Shares;
"Kingsley Shares"	the ordinary share(s) of HK$0.01 each in the issued share capital of Kingsley;
"Latest Practicable Date"	23 September 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
"Leakage"	(a) any dividend or other similar distribution (cash or non-cash) declared, made or paid (whether actual or deemed) by any member of the Target Group to any person or the issue or sale or any securities of any member of the Target Group to any person, save for any Permitted Leakage; (b) any payments made or assets transferred to or for the benefit of the Seller or any of its related persons by any member of the Target Group;

(c) any payments or distribution of assets made by any member of the Target Group in respect of (i) any share capital or other securities of any member of the Target Group being issued, redeemed, purchased or repaid or any other return of capital by any member of the Target Group or (ii) any loan, save for any payment or repayment of the Bank Debt;

(d) any other payments paid, made or agreed to be made by any member of the Target Group to or for the benefit of any person, save in the ordinary course of business;

(e) any liabilities of any kind (including any guarantee or security) of any person is incurred by, guaranteed by, assumed by or prepaid, or waived, deferred or released, by any member of the Target Group, save in the ordinary course of business;

(f) the transfer of any assets below or above market price, as the case may be, by any member of the Target Group, save in the ordinary course of business;

(g) any expenses in relation to the transactions contemplated under Sale and Purchase Agreement to the extent paid, payable, assumed, indemnified or incurred by any member of the Target Group but not including any amounts paid prior to the Closing Statement Date;

(h) any bonus payments, compensation, remuneration and/or directors' fees paid to any present or past directors, employees and/or consultants of any member of the Target Group other than payment of emoluments to managers or employees of any member of the Target Group in the usual and ordinary course of business consistent with past practice; and

(i) the payment or agreement to pay by any member of the Target Group of any fees, costs or tax or other amounts as a result of those matters set out in paragraphs (a) to (h) above.

For the avoidance of doubt, "**Leakage**" does not include any payments made by CIS Pte Ltd in respect of the Bank Debt (including payment of interest);

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Long Stop Date"	the date falling four months after the date of the Sale and Purchase Agreement (or such other date as may be agreed in writing between the Parties);
"Maple Leaf Asia Pacific"	Maple Leaf Education Asia Pacific Limited, a company incorporated in Hong Kong with limited liability, and is a wholly-owned subsidiary of the Company;
"MYR"	Malaysian Ringgit, the lawful currency of Malaysia;
"Net Cash Adjustment"	Difference between the actual net cash / (debt) of the Target Group as at the Closing Statement Date and the estimated net debt of the Target Group of SGD49,600,000. The actual net cash / (debt) of the Target Group includes certain debt-like items as agreed between the parties of the Sale and Purchase Agreement including the contract liabilities relating to Academic Year 2021 and the following Academic Years, outstanding capital expenditure in respect of the Proposed Project and accrued bonus expenses relating to the accrued bonus for long service award granted to teaching staff but exclude the Bank Debt;
"Net Working Capital Adjustment"	Difference between the actual net working capital of CIS Pte Ltd and the target net working capital of negative 6.50% of the total aggregate revenue of CIS Pte Ltd for the 12 calendar months immediately preceding the Closing Statement Date. The net working capital comprises the sum of the trade working capital (being inventories minus trade payables) and other working capital (being prepayments plus deposits and other receivables minus advanced billings and accrued operating expenses) taking into account certain adjustments to avoid double counting of items included in the definition of net cash/debt;
"Offer"	the voluntary conditional general cash offer made by Ballas Capital on behalf of Maple Leaf Asia Pacific to acquire all the Offer Shares;
"Offer Document"	The offer document dated 19 February 2020 issued by Maple Leaf Asia Pacific to all shareholders of Kingsley in connection with the Offer in accordance with the Takeovers Code;

"Offer Price"	the offer price for the Offer Shares, being HK$0.54 per Offer Share;
"Offer Shares"	all the Kingsley Shares (other than those already owned or agreed to be acquired by Maple Leaf Asia Pacific and parties acting concert with it);
"percentage ratio"	has the meaning ascribed to it under the Listing Rules;
"Permitted Leakage"	any dividend made by CIS Pte Ltd to the Seller for the sole purpose of the payment or repayment of the Bank Debt and the settlement of Intercompany Receivables in connection with, and in order to effect, First Closing on the terms of the Sale and Purchase Agreement;
"Proposed Project"	the proposed construction of a new four-storey educational institution block, basketball court, outer field and play area on the lakeside campus;
"Purchaser"	Maple Leaf CIS Holdings Pte. Limited, a limited company incorporated in Singapore and an indirect wholly-owned subsidiary of the Company;
"Remaining Shares"	the Offer Shares not acquired by Maple Leaf Asia Pacific (by virtue of the acceptances of the Offer or otherwise) within the period of four months after posting the initial Offer Document;
"RMB"	Renminbi, the lawful currency of the People's Republic of China;
"Sale and Purchase Agreement"	the conditional sale and purchase agreement dated 19 June 2020 entered into between the Company, the Purchaser and the Seller in relation to the Sale Shares;
"Sale Shares"	the entire issued and paid-up share capital of the Target Company, comprising 78,649,493 ordinary shares;
"Second Closing"	subject to First Closing, completion of the acquisition of the remaining 10% of the Sale Shares;

"Second Closing Date"	subject to First Closing, 70 Business Days after the end of Academic Year 2022, provided that if the Seller gives a notice to dispute the computation statement for the purpose of determining the EBITDA Adjustment Amount or the Second Tranche Consideration, it shall be 10 Business Days after the date on which the process for the determination of statement for the calculation of the Second Tranche Consideration is complete;
"Second Tranche Consideration"	consideration payable for the remaining 10% of the Sale Shares;
"Seller"	Rainbow Readers Pte. Ltd., a limited company incorporated in Singapore;
"Seller's Group"	the Seller and its related corporations from time to time;
"SFO"	Securities and Futures Ordinance (Cap. 571);
"SGD"	Singapore dollar(s), the lawful currency of Singapore;
"Share(s)"	the ordinary share(s) of the Company;
"Shares Consideration"	has the meaning as ascribed thereto in the section headed "Consideration" in the Letter from the Board in this Circular;
"Shareholder(s)"	the holder(s) of the Share(s);
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"subsidiary"	has the meaning ascribed to it under the Listing Rules;
"Takeovers Code"	The Code on Takeovers and Mergers;
"Target Company"	Star Readers Pte. Ltd., a limited company incorporated in Singapore;
"Target Group"	the Target Company, CIS Pte Ltd and CSAL;
"Unaudited Pro Forma Financial Information"	The unaudited pro forma statement of assets and liabilities of the Enlarged Group as if the First Closing had been completed on 29 February 2020, as set out in Appendix IV to this Circular;
"USD"	United States dollars, the lawful currency of the United States of America; and
"%"	per cent.

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)

Executive Directors:
Dr. Shu Liang Sherman Jen
(Chairman and Chief Executive Officer)
Ms. Jingxia Zhang *(Co-Chief Financial Officer)*
Mr. James William Beeke

Independent Non-Executive Directors:
Mr. Peter Humphrey Owen
Dr. Alan Shaver
Mr. Lap Tat Arthur Wong

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

Head Office:
Maple Leaf Educational Park
6 Central Street
Jinshitan National Tourist Area
Dalian, Liaoning Province 116650
China

Principal Place of Business in Hong Kong:
Room 1302, 13/F., Tai Tung Building
8 Fleming Road, Wanchai
Hong Kong

30 September 2020

To the Shareholders and for information purposes only

Dear Sir or Madam,

**MAJOR TRANSACTION
IN RELATION TO THE ACQUISITION OF
THE ENTIRE ISSUED SHARE CAPITAL
OF STAR READERS PTE. LTD.**

1. INTRODUCTION

Reference is made to the announcements of the Company dated 22 June 2020, 15 July 2020, 17 August 2020, 20 August 2020 and 27 August 2020 in relation to the Acquisition of the entire issued share capital of Star Readers Pte. Ltd.

* *For identification purposes only*

The Company announced on 22 June 2020 (before trading hours) that the Company, the Purchaser and the Seller entered into the Sale and Purchase Agreement, pursuant to which the Seller has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares, pursuant to the terms and conditions of the Sale and Purchase Agreement.

The Target Company is the sole shareholder of CIS Pte Ltd, the operator of CIS, a leading private education institution and one of the largest for-profit premium international schools in Singapore in terms of revenue and student enrolment.

First Closing of the Acquisition took place on 26 August 2020, the Purchaser acquired 90% of the issued share capital of Target Company and Target Company became a subsidiary of the Purchaser.

The Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules as one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceeds 25% but are all less than 100%.

The purpose of this Circular is to provide you with (i) further details of the Acquisition; (ii) financial information of the Group; (iii) financial information of the Target Group; (iv) unaudited pro forma financial information on the Enlarged Group; and (v) other information as required under the Listing Rules.

2. THE SALE AND PURCHASE AGREEMENT

Date

19 June 2020

Parties

(1) the Company;

(2) the Seller; and

(3) the Purchaser (collectively, the "parties", each a "party").

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Seller and its ultimate beneficial owners are Independent Third Parties.

Interest to be acquired

Pursuant to the Sale and Purchase Agreement, the Seller has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares, representing the entire issued share capital of the Target Company.

Consideration

Subject to the possible adjustments to the Consideration as set out in the sections below headed "Closing Adjustment", "EBITDA Adjustment Amount", "Enrolment Adjustment Amount" and "Earn-out Amount", the aggregate consideration payable for the Sale Shares and the settlement of the Bank Debt is SGD680,000,000 ("**Closing Amount**") which shall be settled by cash in two tranches:

First Tranche Consideration

Subject to Closing Adjustment, the First Tranche Consideration as set out below was settled in cash in the following manner on the First Closing Date:

(i) an amount for the full settlement of the Bank Debt as at the First Closing Date was paid by the Purchaser to the Bank or such other person as directed by the Seller to facilitate the full settlement of the Bank Debt; and

(ii) an amount equivalent to the Closing Amount minus the amount for the full settlement of the Bank Debt ("**Shares Consideration**") x 90% was paid by the Purchaser to the Seller or such other person(s) as directed by the Seller.

As of the First Closing Date, the outstanding amount of Bank Debt was approximately SGD220.3 million and the First Tranche Consideration paid was approximately SGD634.0 million.

Second Tranche Consideration

The Second Tranche Consideration shall be settled in cash on the Second Closing Date and shall be determined depending on the Adjusted EBITDA for Academic Year 2022.

If the Adjusted EBITDA for Academic Year 2022 is SGD51,400,000 or more:

Second Tranche Consideration = A + B + C + D – E – F

where:

A = 10% x Shares Consideration

B = 10% of the Closing Adjustment (i.e. B is 10% of the absolute value of the Closing Adjustment if the Closing Adjustment is a positive figure, and B is negative 10% of the absolute value of the Closing Adjustment if the Closing Adjustment is a negative figure)

C = 10% x 14 x (Adjusted EBITDA for Academic Year 2022 minus SGD51,400,000), provided that such amount "C" shall be capped at a maximum of SGD8,400,000

D = 10% x Cash Profits, provided that such amount "D" shall be capped at a maximum of SGD20,000,000

E = Dividends received by the Seller (if any) between First Closing and Second Closing

F = 10% x Leakage as determined in accordance with the terms of the Sale and Purchase Agreement

If the Adjusted EBITDA of Academic Year 2022 is less than SGD51,400,000:

Second Tranche Consideration = A + B – C – D

where:

A = 10% x Shares Consideration

B = 10% of the Closing Adjustment (i.e. B is 10% of the absolute value of the Closing Adjustment if the Closing Adjustment is a positive figure, and B is negative 10% of the absolute value of the Closing Adjustment if the Closing Adjustment is a negative figure)

C = Dividends received by the Seller (if any) between First Closing and Second Closing

D = 10% x Leakage as determined in accordance with the terms of the Sale and Purchase Agreement

The Consideration is to be settled through a combination of debt financing and internal resources of the Group.

Closing Adjustment

The First Tranche Consideration will be adjusted by the Closing Adjustment, which shall be derived based on the closing statements of the Target Group as determined at close of business on the Closing Statement Date pursuant to the Sale and Purchase Agreement. No later than 45 Business Days following the First Closing, the Purchaser shall deliver to the Seller the draft Closing Statements together with other supporting documents prescribed in the Sale and Purchase Agreement. If the Seller does not dispute within 30 days of the presentation of the draft Closing Statements, the draft Closing Statements shall be binding with respect to the Seller's Purchaser's obligations pursuant to the Sale and Purchase Agreement. If the Seller gives a disagreement notice (the "**Disagreement Notice**") in the manner prescribed in the Sale and Purchase Agreement within the above 30 days period, the Seller and Purchaser shall attempt to reach agreement in respect of the draft Closing Statements, and if the Purchaser and the Seller are unable to reach agreement on the draft Closing Statements within 14 days after the issuance of the Disagreement Notice, the draft Closing Statements shall be referred to the reporting accountants to be agreed between the Purchaser and Seller for determination.

Payments made pursuant to the Closing Adjustment in respect of the First Tranche Consideration shall be made on or before 10 Business Days after the date on which the closing statements are determined pursuant to the Sale and Purchase Agreement.

If the Closing Adjustment:

- is a negative figure, the Seller shall repay to the Purchaser an amount equal to 90% of the absolute value of the Closing Adjustment as a reduction in the First Tranche Consideration.
- is a positive figure, the Purchaser shall pay to the Seller an additional amount equal to 90% of the absolute value of the Closing Adjustment as an increase in the First Tranche Consideration.
- is zero, there shall be no adjustment in the First Tranche Consideration.

Earn-out Amount

The Purchaser shall pay to the Seller the earn-out amount within 10 Business Days after the date on which the earn-out enrolment statement is determined pursuant to the Sale and Purchase Agreement.

The earn-out amount shall be determined as follows:

$$\textbf{Earn-Out Amount} = \{[(A \div 11) - 3{,}250)] \div (3{,}500 - 3{,}250)\} \times B$$

where:

A = The aggregate number of fee-paying students of CIS in each of the 11 months from 1 August 2020 to 30 June 2021 (both months inclusive). The number of fee-paying students in a month shall be the number of individual student identification numbers against which tuition fee revenue has been recognised.

B = SGD40,000,000

3,250 Represents the minimum enrolment of fee-paying students of CIS for the Academic Year 2021

3,500 Represents the target enrolment of fee-paying students of CIS for the Academic Year 2021

For the purpose of determining the Earn-out Amount, the minimum and target enrolment of fee-paying students of CIS expected to be enrolled for the Academic Year 2021 starting in August 2020 were negotiated on an arms-length basis between the Parties taking into account the actual number of fee-paying students enrolled as at 31 August 2019 of approximately 3,230 students, the actual number of fee-paying students enrolled as at 31 January 2020 of approximately 3,310 students and the historical growth rate of actual student enrolment of approximately 7% between August 2018 and August 2019.

The Earn-Out Amount shall be capped at a maximum of SGD40,000,000. For the avoidance of doubt, if the Earn-Out Amount is zero or a negative number, no amount shall be paid to the Seller.

In the event that the Second Closing fails to occur for any reason other than the Purchaser's default in the performance of its obligations to pay the Second Tranche Consideration, the Seller shall pay 10% of the earn-out amount to the Purchaser within 10 Business Days after Second Closing Date.

EBITDA Adjustment Amount

In the event that the Adjusted EBITDA for Academic Year 2020 is less than SGD51,400,000, the Seller shall pay to the Purchaser the EBITDA adjustment amount ("**EBITDA Adjustment Amount**") calculated pursuant to the formula below. Such payment shall be made within 10 Business Days after the date on which the EBITDA computation statement is determined pursuant to the Sale and Purchase Agreement.

The EBITDA Adjustment Amount shall be determined as follows:

EBITDA Adjustment Amount = (A – B) x 14

where:

A = SGD51,400,000

B = Adjusted EBITDA for Academic Year 2020

Solely for the purpose of calculating the EBITDA Adjustment Amount, "**Adjusted EBITDA**" means in relation to the Academic Year 2020, the net profit after tax of CIS Pte Ltd for such period based on its management accounts prepared by the management based on accounting policies normally adopted by CIS Pte Ltd, which are generally consistent with FRS, which shall be adjusted for the following items in the following manner:

(i) income tax shall be added back;

(ii) net interest expense shall be added back;

(iii) depreciation and amortisation (including, for the avoidance of doubt, amortisation of right-of-use assets recognised as a result of implementation of the FRS 116 accounting standard) shall be added back;

(iv) any rental payments which would have been recognised in the net profit before tax of CIS Pte Ltd had the FRS 116 accounting standard not been implemented shall be subtracted;

(v) loan-related fees shall be added back;

(vi) professional consultancy fees incurred for the Proposed Project shall be added back;

(vii) any gains or losses from disposal of fixed assets, or write-offs of fixed assets shall be added back or subtracted as the case may be;

(viii) any gains or losses from fair value change of financial derivatives or unrealised gains or losses from foreign exchange shall be added back or subtracted as the case may be; and

(ix) 75% of the one-off payment made to a former executive of CIS Pte Ltd in April 2020 shall be added back.

If the EBITDA Adjustment Amount is zero or a negative number, no amount shall be paid to the Purchaser.

In the event that the Second Closing fails to occur solely by reason other than the Seller's default in the performance of its closing obligations in respect of the Second Closing, the Purchaser shall pay 10% of the EBITDA Adjustment Amount to the Seller within 10 Business Days after Second Closing Date.

Enrolment Adjustment Amount

In the event that the total student enrolment at CIS (including non-fee-paying students) is less than 3,000 both:

(a) as at 31 August 2020; and

(b) as at 31 January 2021,

the Seller shall pay to the Purchaser an enrolment adjustment amount ("**Enrolment Adjustment Amount**") calculated pursuant to the formula below within 10 Business Days after the date on which the enrolment adjustment statement is determined pursuant to the Sale and Purchase Agreement.

The Enrolment Adjustment Amount shall be determined as follows:

Enrolment Adjustment Amount = 0.1 x (A + B – C)

where:

A = Shares Consideration

B = Closing Adjustment (i.e. B is the absolute value of the Closing Adjustment if the Closing Adjustment is a positive figure, and B is negative of the absolute value of the Closing Adjustment if the Closing Adjustment is a negative figure)

C = 10% x Leakage as determined in accordance with the terms of the Sale and Purchase Agreement

If the Enrolment Adjustment Amount is zero or a negative number, no amount shall be paid to the Purchaser.

In the event that the Second Closing fails to occur solely by reason other than the Seller's default of its closing obligations in respect of the Second Closing, the Purchaser shall pay 10% of the Enrolment Adjustment Amount to the Seller within 10 Business Days after Second Closing Date.

Basis of Consideration

The Consideration was determined after arm's length negotiations between the Parties on normal commercial terms after taking into consideration, among other things, (i) the historical business operation and financial performance of the Target Group including but not limited to the Adjusted EBITDA for the Academic Year 2019 of approximately SGD46.6 million, and Adjusted EBITDA for the financial year ended 31 December 2019 of approximately SGD49.7 million; (ii) the Adjusted EBITDA for Academic Year 2020; (iii) the future business prospects of the Target Group; (iv) the enterprise value to EBITDA multiples of recent comparable transactions involving companies operating K-12 schools in the Southeast Asia region as detailed hereinafter; and (v) the reasons for the Acquisition as described under the section headed "Reasons for the Acquisition and Benefits to the Group".

The recent comparable transactions which the Company has taken into account include[1]:

- The acquisition of Star Readers Pte. Ltd. and its subsidiary Canadian International School Pte Ltd by Rainbow Readers Pte Ltd, ultimately controlled by Southern Capital Group Private Limited and HPEF Capital Partners Limited, in December 2014 for SGD460 million. Canadian International School operates 2 campuses in Singapore;

- The acquisition of a 90% stake in The British International School Company Limited ("**BIS**") by Nord Anglia Education Inc in March 2015 for USD166.5 million. BIS operates 4 schools in Vietnam;

- The acquisition of a majority stake in Vietnam Australia International School ("**VAS**") by TPG Capital LP in April 2017 for USD125 million. VAS operates 7 schools in Vietnam; and

- The acquisitions of 80% stakes in R.E.A.L Education Group Sdn Bhd, Paramount Education (Klang) Sdn Bhd and Sri KDU Sdn Bhd each, from Paramount Corporation Berhad and Character First Sdn. Bhd. by Prestigion Education Sdn Bhd in January 2020 for MYR540.5 million. R.E.A.L Education Group Sdn Bhd, operates 37 schools and Sri KDU operates 2 schools in Malaysia.

The enterprise value to EBITDA multiples of the transaction above range from 10x to 16x. Based on an estimated Adjusted EBITDA for Academic Year 2020 of SGD51.4 million and a net debt of approximately SGD4.0 million as at 31 December 2019, the enterprise value to Adjusted EBITDA for the Acquisition (excluding any Earn-out Amount and before any Closing Adjustment) is between 13.3x and 13.9x, depending on the determination of the Second Tranche Consideration.

After taking into account the above factors, the Directors (including the independent non-executive Directors) are of the view that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions Precedent

The First Closing of the Sale and Purchase Agreement was conditional upon the satisfaction of all of the following conditions:

(i) the Seller having obtained the consent by the Government of the Republic of Singapore under the tenancy agreements made between the Government of the Republic of Singapore (as landlord) and CIS Pte Ltd (as tenant) on terms (if any) reasonably satisfactory to the Purchaser; and

[1] Source: Rainbow Readers Pte Ltd Financial Statements, Paramount Corporation Berhad shareholders circular dated 28 August 2019, research report from an European investment bank, M&A database

(ii) the requisite shareholders' approval of the Company for the purchase of the Sale Shares on the terms and conditions of the Sale and Purchase Agreement having been obtained in accordance with the requirements of the Listing Rules.

If any of the conditions is not satisfied on or before the Long Stop Date, the Sale and Purchase Agreement shall terminate (other than the surviving provisions as specified in the Sale and Purchase Agreement which shall continue to have full force and effect) and none of the parties of the Sale and Purchase Agreement shall have any claim against the other under the Sale and Purchase Agreement, save for any claim arising from a breach of the terms thereof.

The conditions precedent have been fulfilled and the First Closing took place on 26 August 2020.

Completion

Pursuant to the Sale and Purchase Agreement, First Closing shall take place on the 5th Business Day after notification of the satisfaction of the last of the conditions as set out in the paragraph headed "Conditions Precedent" above, or at such other date as may be agreed in writing between the Purchaser and the Seller.

Subject to the First Closing pursuant to the Sale and Purchase Agreement, the Second Closing shall take place 70 Business Days after the end of Academic Year 2022, provided that if the Seller gives a notice to dispute the computation statement for the purpose of determining the Second Tranche Consideration, it shall be 10 Business Days after the date on which the process for the determination of the statement for the calculation of the Second Tranche Consideration is complete.

First Closing of the Acquisition took place on 26 August 2020, the Purchaser acquired 90% of the issued share capital of Target Company and Target Company became a subsidiary of the Purchaser.

Upon the Second Closing, the Target Company will become an indirect wholly-owned subsidiary of the Company.

During the period commencing on the First Closing Date to the date ending on the Second Closing Date, the Seller shall be entitled to one board seat on the CIS Pte Ltd's board and appoint one observer to the CIS Pte Ltd's board who shall have no voting right in relation to decision of the CIS Pte Ltd's board.

Guarantee

The Company shall unconditionally guarantee to the Seller the due and punctual performance and observance by the Purchaser of all its obligations, commitments, undertakings and warranties under or pursuant to the Sale and Purchase Agreement.

Non-Competition of the Seller

The Seller undertakes to the Purchaser that it will not, and shall procure that no member or director of any member of the Seller's group which is a corporation shall, in any relevant capacity during the period commencing on the calendar day immediately following the First Closing Date and for a period of 30 months thereafter:

(i) save as permitted under the Sale and Purchase Agreement or except as duly authorised by the Target Company, reveal to any person, firm or company any of the trade secrets, secret or confidential operations, processes or dealings or confidential information of the Target Group or any information concerning the organisation, business, finances, transactions or affairs of the Target Group which may come to his/her knowledge during his/her/its engagement or disclose any confidential information entrusted to him/her/its and shall not use or attempt to use any such information in any manner which may injure or cause loss either directly or indirectly to the members of the Target Group. This restriction shall cease to apply to information or knowledge, which may come into the public domain; and

(ii) induce or seek to induce the former chief executive officer of CIS Pte Ltd, the chief executive officer of any members of the Target Group and/or any person who is a member of the key management team to become employed or provide services, whether as employee, consultant or otherwise, by the Seller's group.

3. INFORMATION OF THE TARGET GROUP

The Target Company is a limited company incorporated in Singapore and is an investment holding company. It is the sole shareholder of CIS Pte Ltd, a limited company incorporated in Singapore and the operator of CIS. Established in 1990, CIS is one of the largest for-profit premium international schools in Singapore in terms of revenue and student enrolment.

Operating under the Canadian International School brand, CIS delivers the International Baccalaureate curriculum to Nursery/Pre-Kindergarten up to grade 12 students, with approximately 3,500 students as at 31 May 2020 across two campuses, the Tanjong Katong campus located in eastern portion of the Central Region of Singapore and the Lakeside campus, located in the West Region Singapore and which is undergoing expansion.

CIS's students consistently achieve strong IB Diploma Programme results with pass rates and average scores that are significantly above the global average. It is a fully accredited education institution by IB World School, Edutrust and Western Association of Schools and Colleges. CIS is well known for its culturally diverse community represented by over 74 nations across its students and faculty staff, and its highly acclaimed bilingual English/Chinese program where students are fully immersed culturally and taught by qualified native speakers who are also IB trained.

CIS Pte Ltd is also the sole shareholder of Canadian School of Advanced Learning Pte Ltd, a limited company incorporated in Singapore with the principal business of operating commercial school. It is currently dormant.

Set out below is a summary of the consolidated audited financial information of the Target Group for the three financial years ended 31 December 2017, 31 December 2018 and 31 December 2019, respectively:

	For the financial year ended 31 December 2017 (audited) *(approximately SGD million)*	**For the financial year ended 31 December 2018** (audited) *(approximately SGD million)*	**For the financial year ended 31 December 2019** (audited) *(approximately SGD million)*
Revenue	96.6	107.1	118.0
Profit before tax	16.0	22.1	27.2
Profit after tax	10.4	16.0	20.6

	As at 31 December 2017 (audited) *(approximately SGD million)*	**As at 31 December 2018** (audited) *(approximately SGD million)*	**As at 31 December 2019** (audited) *(approximately SGD million)*
Total assets	437.3	440.0	423.4
Net assets	57.6	72.3	92.8

The Bank Debt as at 31 December 2019 was approximately SGD236.8 million.

4. PROFIT FORECAST

In the event that the Adjusted EBITDA for Academic Year 2020 is less than SGD51,400,000, the Consideration will be adjusted by the EBITDA Adjustment Amount. The Adjusted EBITDA is derived from the projected net profit of CIS Pte Ltd for Academic Year 2020, which is regarded as a profit forecast under Rule 14.61 of the Listing Rules. Accordingly, the requirements under Rules 14.60A and 14.62 of the Listing Rules are applicable to the Acquisition. For the purpose of complying with Rule 14.62 of the Listing Rules, the principal assumptions upon which the profit forecast is based are as follows:

- CIS Pte Ltd will continue to be principally engaged in the provision of K-12 education services. CIS Pte Ltd will be able to continue its business in the foreseeable future and will not be adversely interrupted by any force majeure events or unforeseeable factors, including, fire, disease, epidemics other than COVID-19, and labour disputes;

- There will be no material changes in existing government policies, or political, legal (including changes in legislation or regulations or rules), fiscal, market or economic conditions in Singapore during the forecast period;

- CIS Pte Ltd's operations will not be significantly affected by interruptions caused by failing to obtain the relevant approvals and permits relating to operations in the education industry or from any Singapore government authority;

- There will be no safety or liability claim, nor any negative publicity to CIS's brand;

- The tuition fees that CIS Pte Ltd has received in advance prior to April 2020 will be fully recognised as revenue over the remaining period in the forecast period;

- It is assumed that the conversion ratio of the number of new applications for student enrollment will remain consistent to its historical record;

- It is assumed that the level of confirmation fee to be received by CIS Pte Ltd will remain constant to the level of confirmation fee it has previously received;

- CIS Pte Ltd will be able to retain its key personnel or obtain adequate replacements to support its ongoing operations; and

- There will be no further material adverse impact associated with the COVID-19 outbreak to the operation of CIS Pte Ltd.

BNPP, the sole financial adviser of the Company, has reviewed the principal assumptions upon which the profit forecast was based on and is satisfied that the profit forecast has been made by the Directors after due and careful enquiry. Deloitte, the reporting accountant of the Company, has reviewed the accounting policies and calculations for the profit forecast. A letter from BNPP and a letter from Deloitte are included in the appendix V to this circular for the purpose of Rules 14.62(2) and 14.62(3) of the Listing Rules.

5. REASONS FOR THE ACQUISITION AND BENEFITS TO THE GROUP

The Company targets to be a leading global education group operating premium international schools. The Acquisition can benefit the Company and its shareholders in the long term for the following reasons:

A. Expand into the attractive international school sector in South East Asia in line with the Company's Sixth Five-Year Plan

The Acquisition is in line with the Company's sixth five-year plan from 2020/21 to 2024/25 academic year (the "**Sixth Five-Year Plan**") to expand internationally and is the second transaction by the Company in the ASEAN region following the acquisition of Kingsley Edugroup Limited in Malaysia in March 2020. The Company's goal is to establish 10 educational school districts in the PRC and 2 educational school districts in North America and Asia Pacific areas with an estimated overall target enrolment of 110,000 students by the end of the Sixth Five-Year Plan.

Singapore's position as the economic and financial hub for ASEAN as well as its stable political environment, well-educated and English-speaking workforce, high quality of living, excellent infrastructure and low crime rate, have attracted many foreign multinational corporations, investment and foreign talent. The country has a growing non-resident population of 1.7 million. In addition, Singapore has a sound and fairly conservative fiscal management policy enabling it to withstand recessionary shocks better than many economies in Asia. This has made Singapore one of the most attractive K-12 markets in the world given its long-term predictability and resilience and has attracted international K-12 education groups.

B. Acquire one of the leading, sizeable education institutions in Singapore

CIS is the one of the largest players in the for-profit premium international school segment in Singapore with strong brand equity and scarcity value. It is widely trusted by students, parents and faculty staff as evidenced by high parent satisfaction rate in Singapore. CIS offers unique curriculum and is particularly well known in the market for its acclaimed English/Chinese bilingual programme which was a key driver in the student enrolment increase from approximately 2,900 students in August 2016 to approximately 3,500 students in May 2020. CIS has a growing market share of approximately 20% in terms of student enrolment in the for-profit premium international schools segment. CIS operates best-in-class academic facilities located in popular expatriates family areas in the eastern part of the Central Region in Singapore (Tanjong Katong) and the emerging Jurong Lake District, which is positioned as Singapore's second central business district.

Upon completion of the Acquisition, CIS will add a capacity of over 4,100 students to MLES's current total capacity of approximately 67,200 students (inclusive of Kingsley Edugroup), bringing the enlarged group's total student capacity to over 71,300, an increase of 6%. The total student enrolment will increase by approximately 3,500 students from 43,500 students (inclusive of Kingsley Edugroup) to 47,000, an increase of 8%.

C. Enhance the Company's market positioning with one of the most renowned brands in Singapore

CIS's well-established brand name and high market visibility are expected to facilitate MLES's further expansion in ASEAN. In particular, CIS Pte Ltd has registered the CIS trademarks in Indonesia, Philippines, Myanmar and Thailand and is in the process of registering its trademark in Vietnam. The Company believes that by combining both the Company's and CIS Pte Ltd's brands, it would be in a position to tap into the other regional markets to establish new campuses and offer bilingual programmes.

D. Strengthen the Group's international operations and diversify revenue stream geographically

The Acquisition is in line with the objective of building a leading multinational K-12 education group. It will strengthen the Company's international operations and gradually diversify the revenue stream generated from outside PRC.

E. Create potential synergies from combination of complementary expertise and exchange programs

The Acquisition will allow the Company to tap the excellent academic track record, strong IB program and differentiated interdisciplinary programmes of CIS, including specifically the English/Chinese bilingual programme which the Company aims at further enhancing and promoting, leveraging on its resources and expertise of operating international schools in the PRC.

Given the growing economic influence of the PRC in the ASEAN region, it is expected that Singapore will continue to witness further investments from Chinese companies and increasing immigration of PRC nationals. With a presence in 22 cities in the PRC, the Company is ideally positioned to promote the global network of schools it operates in various geographies, including CIS in Singapore and would be able to leverage on its existing marketing channels to source prospective students as well as to recruit native Chinese academic staff. The Company may also benefit from CIS's 30-year track record in Singapore in establishing and promoting a new campus at Hillside Drive in Singapore, which the Company acquired in 2016. The Hillside Drive school has a capacity of 800 students and is currently leased to Hillside World Academy until 31 October 2020, subject to renewal by the parties.

In combination with the acquisition of Kingsley Edugroup Limited, CIS Pte Ltd will provide the Company with a solid and stable platform for further expansion and growth in the ASEAN region through potential bolt-on acquisitions as well as organic growth.

6. CONSIDERATION BY THE BOARD

The Board considers that the terms of the Sale and Purchase Agreement are fair and reasonable. Given the potential synergies and efficiencies expected to be created by the addition of the Target Group to the business of the Group, the Board believes that the Acquisition will enhance the long term interests of the Group and its Shareholders as a whole.

7. FINANCIAL EFFECTS OF THE COMPLETION ON THE GROUP

Upon Completion, the Target Group will become indirect wholly-owned subsidiaries of the Company, and their results will be consolidated into the consolidated financial statements of the Group.

According to the unaudited consolidated financial information of the Group as contained in the interim report of the Group for the six months ended 29 February 2020, the unaudited total assets and liabilities of the Group as at 29 February 2020 were approximately RMB6,059.6 million and RMB1,694.9 million, respectively.

The Unaudited Pro Forma Financial Information is set out in the Appendix IV to this Circular for illustrative purposes. The Unaudited Pro Forma Financial Information was prepared based on the unaudited pro forma statements of assets and liabilities of the Enlarged Group as if the Completion been completed on 29 February 2020. According to the Unaudited Pro Forma Financial Information, the financial effects of the Acquisition on the Group is summarised as follows:

a. Assets

As at 29 February 2020, the unaudited consolidated total assets of the Group were approximately RMB6,059,563,000. According to the Unaudited Pro Forma Financial Information, the unaudited pro forma total assets of the Enlarged Group would have increased to approximately RMB8,195,379,000.

b. Liabilities

As at 29 February 2020, the unaudited consolidated total liabilities of the Group were approximately RMB1,694,880,000. According to the Unaudited Pro Forma Financial Information, the unaudited pro forma total liabilities of the Enlarged Group would have increased to approximately RMB3,847,700,000.

c. Earnings

For the year ended 31 August 2019, the audited consolidated profit attributable to shareholders of the Company was approximately RMB656,756,000, and for the six months ended 29 February 2020, the unaudited consolidated profit attributable to shareholders of the Company was approximately RMB261,674,000. According to the financial information of the Target Group as set out in Appendix II to this Circular, the audited consolidated net profit of the Target Group for the year ended 31 December 2019 was approximately SGD20.6 million, it is expected that after the Completion, the Target Group would make a positive contribution to the profit of the Group.

8. SPECIFIC PERFORMANCE OBLIGATION OF THE CONTROLLING SHAREHOLDER

In connection with the Acquisition, the Company announced on 17 August 2020 that the following financing agreements were entered into by:

1. the Company (as a guarantor), the Purchaser (as a borrower) and a subsidiary of the Company (as a guarantor) have entered into a facility agreement dated 16 August 2020 (the "**Term Loan Facility Agreement**") with certain lenders pursuant to which the lenders agreed to make available a term loan facility in an aggregate amount up to SGD225,000,000 with a final maturity date being the date which is three years after the utilisation date of the term loan (the "**Term Loan Facility**"); and

2. the Company (as a borrower), the Purchaser (as a guarantor) and certain subsidiaries of the Company (each as a guarantor) have entered into a facility agreement dated 16 August 2020 (the "**Bridge Loan Facility Agreement**", together with the Term Loan Facility Agreement, the "**Facility Agreements**") with certain lenders pursuant to which the lenders agreed to make available a bridge loan facility in an aggregate amount up to SGD158,000,000 with a final maturity date being the date which is 350 days after the utilization date of the bridge loan facility ("**Bridge Loan Utilisation Date**") assuming the extension option is being exercised pursuant to the Bridge Loan Facility Agreement (or six months after the Bridge Loan Utilisation Date if the extension option is not exercised) (the "**Bridge Loan Facility**", together with the Term Loan Facility, the "**Facilities**").

On the First Closing Date, the proceeds of the Term Loan Facility were used for the full settlement of the Bank Debt whereas the proceeds of the Bridge Loan Facility were for partial payment of the First Tranche Consideration.

Pursuant to the Facility Agreements, the Facilities must be prepaid (among other matters) if:

(i) Dr. Shu Liang Sherman Jen, chairman and executive director of the Company, does not or ceases to own beneficially at least 45% of each class of the issued share capital of the Company excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital (or at least 40% after a permitted issue of shares pursuant to the Facility Agreements);

(ii) Dr. Shu Liang Sherman Jen does not or ceases to have the power to:

  a. cast or control of the casting of at least 45% of the maximum number of vote that might be cast at a general meeting of the Company (or at least 40% after a permitted issue of shares pursuant to the respective Facility Agreement);

  b. appoint or remove all or majority of the directors or other equivalent officers of the Company; or

c. give directions with respect to the operating and financial policies of the Company;

(iii) Dr. Shu Liang Sherman Jen is not or ceases to be the single largest owner of each class of the issued share capital of the Company; and

(iv) Dr. Shu Liang Sherman Jen is not or ceases to be the chairman of the Board of the Company, and in such event the Facilities will be terminated and all outstanding loans under the Facilities may immediately become payable on demand.

9. IMPLICATIONS OF THE ACQUISITION UNDER THE LISTING RULES

As one or more of the applicable ratios (as defined in the Listing Rules) in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules, and is subject to reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval may be obtained by written Shareholders' approval without the need of convening a general meeting if (i) no Shareholder is required to abstain from voting if the Company were to convene a general meeting of the Acquisition; and (ii) written approval has been obtained from a Shareholder or a Closely Allied Group of Shareholders who together hold more than 50% of the voting rights at that general meeting of the Company to approve the Acquisition.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition.

Dr. Shu Liang Sherman Jen and Sherman Investment Holdings Limited (collectively, "**Closely Allied Group**"), together hold 1,547,926,668 Shares, representing approximately 51.67% of the total issued Shares having the right to attend and vote at a general meeting of the Company, details of which are set out below:

Name of beneficial owners	Name of registered owners	No. of Shares
Dr. Shu Liang Sherman Jen	Dr. Shu Liang Sherman Jen	64,286,850
Dr. Shu Liang Sherman Jen	Sherman Investment Holdings Limited	1,483,639,818

On 14 July 2020, the Closely Allied Group has agreed to give its written approval for the Acquisition and the transaction contemplated thereunder upon the fulfillment of the following conditions ("**Written Approval Conditions**"): (1) execution of a facility agreement to be entered into, among others, the Company and certain lenders in relation to a term loan facility ("**Facility Agreement**"); and (2) fulfillment of all conditions precedents set out in the Facility Agreement.

On 20 August 2020, the Written Approval Conditions were waived and thereby the written approval became unconditional, Accordingly, pursuant to Rule 14.44 of the Listing Rules, no general meeting of the Company will be convened for the purpose of the Acquisition.

Pursuant to Rule 14.41(a) of the Listing Rules, where the Acquisition was to be approved by way of written shareholders' approval in lieu of holding a general meeting of the Company, the Company would have been required to despatch the Circular to the Shareholders within 15 business days after the publication of the Announcement. The Company has applied for, and the Stock Exchange has granted on 15 July 2020, a waiver from strict compliance with Rule 14.41(a) of the Listing Rules if this Circular could be despatched before 30 September 2020.

10. INFORMATION ON THE PARTIES

The Company

The Company's first school was established in 1995 in Dalian in the PRC. It operates the largest network of private international schools in the PRC. As at 31 March 2020, the Company operates over 100 schools including high schools, middle schools, elementary schools, preschools and foreign national schools located in the PRC, Australia, Canada and Malaysia with more than 43,500 students enrolled in total.

The Company has introduced the new Maple Leaf World School Program ("**World School Program**"). Implementation of the World School Program will take place over a 3-year period commencing from September 2020. The Company's first batch of graduates from the World School Program will receive the Maple Leaf High School Graduation Diplomas in June 2023, endorsed by Cognia (formerly known as AdvancED), which is the largest, globally recognised school accrediting agency in the world. The Maple Leaf World School Program is a result of a process of optimisation and refinement based on the Canadian BC Program, which has been successfully implemented over the past 25 years. The Maple Leaf World School Program has obtained respectively the agreement with UK NARIC and accreditation of Cognia — two of the world's main authoritative certification institutions — providing further assurance that Maple Leaf graduates will be able to transition seamlessly into universities across the globe.

The Purchaser

The Purchaser is a newly setup limited company incorporated in Singapore and is a wholly-owned indirect subsidiary of the Company. It is principally engaged in holding investment activities.

The Seller

The Seller is a limited company incorporated in Singapore and is principally an investment holding company. It is ultimately controlled by Southern Capital Fund III L.P., HPEF6 L.P. and HPEF6 Parallel L.P.

Southern Capital Fund III L.P. (the "**SC Fund**") is a private equity fund registered in the Cayman Islands as an exempted limited partnership. The general partner of the SC Fund is Southern Capital Partners III Limited ("**SC Fund GP**"), which is incorporated in Cayman Islands as an exempted company. The investment manager of the SC Fund is Southern Capital Group Private Limited ("**SCG**"), based in Singapore and licensed and regulated by Monetary Authority of Singapore. The SC Fund GP and SCG are wholly owned subsidiaries of Southern Capital Equity Limited, which is incorporated in Cayman Islands as an exempted company and is controlled by Tan Tiong Hian, Kenneth Tan Jhu Hwa, Eugene Paul Lai Chin Look, Jennivine Yuwono, Ong Guan Hin and Wong Chin Toh. The limited partners of the SC Fund are numerous passive investors, and the management and control over the investments of the SC Fund are fully delegated to the SC Fund GP and SCG. There is no limited partner of the SC Fund which is interested in more than 25% of the Seller.

HPEF6 L.P. and HPEF6 Parallel L.P. (collectively, the "**HPEF Funds**") are private equity funds established as exempted limited partnerships under the laws of the Cayman Islands. The HPEF Funds have a common and sole general partner, HPEF Private Equity GP 6 L.P. ("**GP6**"), which is an exempted limited partnership established under the laws of the Cayman Islands. The general partner of GP6 is HPEF Private Equity Management 6 Limited ("**HPEF Management**"), which is a company incorporated in the Cayman Islands, and ultimately controlled by Mr. Marcus Peter Strutt Thompson and Mr. Vincent Koon Huat Low. The limited partners of the HPEF Funds are numerous passive investors, and the management and control over the investments of the HPEF Funds are fully delegated to GP6. HPEF Management, in its capacity as the general partner of GP6, makes investment decisions on behalf of the HPEF Funds. There is no limited partner of the HPEF Funds which is interested in more than 25% of the Seller.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Rainbow Readers and its ultimate beneficial owner are Independent Third Parties.

11. ADDITIONAL INFORMATION

Your attention is also drawn to the information set out in the appendices to this Circular.

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

1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for each of the three financial years ended 31 August 2017, 2018 and 2019, and the six months ended 29 February 2020 is set out in the following documents which have been published on the HKEXnews website at www.hkexnews.hk and the Company's corporate website at www.mapleleaf.cn:

- Annual report of the Company for the year ended 31 August 2017:

  https://www1.hkexnews.hk/listedco/listconews/sehk/2017/1215/ltn20171215367.pdf

- Annual report of the Company for the year ended 31 August 2018:

  https://www1.hkexnews.hk/listedco/listconews/sehk/2018/1217/ltn20181217281.pdf

- Annual report of the Company for the year ended 31 August 2019:

  https://www1.hkexnews.hk/listedco/listconews/sehk/2019/1217/2019121700513.pdf

- Interim report of the Company for the six months ended 29 February 2020:

  https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0525/2020052500543.pdf

2. INDEBTEDNESS OF THE ENLARGED GROUP

As at the close of business on 26 August 2020, being the latest practicable date of the Enlarged Group, for the purpose of this statement of indebtedness, the Enlarged Group had approximately RMB3,870 million outstanding indebtedness comprising the following:

(A) Bank Borrowings

(i) approximately RMB2,876 million bank borrowings were unguaranteed, and were secured by the Enlarged Group's shares in certain of its subsidiaries, property, asset and undertaking, bank deposits;

(ii) approximately RMB798 million bank borrowings were guaranteed by the Chairman of the Company and were secured by the Enlarged Group's shares in certain of its subsidiaries;

(B) Lease Liabilities

(i) approximately RMB131 million lease liabilities were unguaranteed and unsecured relating to certain premises leased by the Enlarged Group as lessee; and

(ii) approximately RMB65 million lease liabilities were unguaranteed, and were secured by the Enlarged Group's certain rental deposits relating to certain premises leased by the Enlarged Group as lessee.

(C) Contingent Liabilities

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. The management believes that there was no basis for Zhixin's claim against the Company.

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 proceeds 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 consultancy agreement. Zhixin Case is still in the process of filing pleadings by both parties.

The management and the in-house legal counsel considered that it is not possible to estimate the financial effect of the Zhixin Case based on information currently available to the Company. As at 26 August 2020, the Company had not made any provision in respect of the Zhixin Case.

Save as aforesaid or otherwise as disclosed herein, and apart from intra-group liabilities and normal trade and other payables in the normal course of business, the Enlarged Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, or any material outstanding loan capital, bank overdrafts, loans, mortgages, charges or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments, guarantees or other contingent liabilities as at the close of business on 26 August 2020.

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

3. SUFFICIENCY OF WORKING CAPITAL

The Directors were of the opinion that, after taking into account the effect of the Acquisition, the cash flows generated from the operating activities of the Enlarged Group, and the financial resources available to the Enlarged Group, including internally generated funds, the existing bank borrowings and available banking facilities, and in the absence of unforeseeable circumstances, the Enlarged Group has sufficient working capital for its present requirements for at least the next twelve months from the date of this Circular.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 August 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

With over twenty five 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, bilingual preschool to grade 12 education combining merits of both Western and Chinese educational philosophies. As at 31 March 2020, the Group operates over 100 schools including high schools, middle schools, elementary schools, preschools and foreign national schools located in the PRC, Australia, Canada and Malaysia with more than 43,500 students enrolled in total.

The Group continue to adopt multiple expansion strategies and has announced its Sixth Five-Year Plan for the period from September 2020 to August 2025 on 24 June 2020. The Sixth Five-Year Plan contains two main strategies, namely the ‘‘School District Development Strategy’’ and the ‘‘Standard Implementation Strategy’’.

As part of the School District Development Strategy, the Group intends to establish 10 school districts within the PRC with target enrolment of 100,000 students, and two offshore school districts with target enrolment of at least 10,000 students over the next five years. The Group aims to build Maple Leaf World Schools in approximately 50 cities worldwide, with around 150 campuses within and outside of the PRC and a total target enrolment of around 110,000 students to enable the Group to become one of the largest international school operators in the global K-12 education sectors.

As disclosed in the section of ‘‘Letter from the Board — 5. Reasons for the Acquisition and Benefits to the Group’’ the Acquisition will provide a solid platform for the Group to expand into the attractive international school sector in Singapore and South East Asia in line with the Group's Sixth Five-Year plan. In addition, the Group believe that the presence of Maple Leaf brand school in the Singapore market, which is known for its academic excellence, will help in its student recruitment in China as Chinese parents recognise that Maple Leaf is able to offer a broader array of educational opportunities for their children. Furthermore, the demand for bilingual English and Chinese education is growing not only in China but also in other regions of the world such as Southeast Asia and North America and CIS's acclaimed bilingual programme will complement and enhanced the development of the Group's World Schools programme. The Directors are confident that the combination of CIS and the Group will enhance the competitive position of the Group and support the Group's long-term growth and business prospects.

6. MATERIAL ACQUISITION AFTER 31 AUGUST 2019 BEING THE DATE ON WHICH THE LATEST PUBLISHED AUDITED CONSOLIDATED ACCOUNTS OF THE GROUP WERE MADE UP

Reference is made to the announcements of the Company dated 29 January 2020, 19 February 2020, 25 February 2020, 26 February 2020, 28 February 2020, 18 March 2020, 27 May 2020, 22 June 2020, 17 July 2020, 23 July 2020 and 24 July 2020 and the offer document dated 19 February 2020 in respect of the voluntary conditional general cash offer by Ballas Capital on behalf of Maple Leaf Asia Pacific to acquire the entire issued share capital of Kingsley.

On 24 January 2020 (after trading hours), Ballas Capital, on behalf of Maple Leaf Asia Pacific, made a voluntary conditional general cash offer to acquire all the Kingsley Shares (other than those already owned or agreed to be acquired by the Maple Leaf Asia Pacific and the concerted parties of Maple Leaf Asia Pacific) at the price of HK$0.54 per Offer Share.

The Offer closed at 4.00 p.m. on 18 March 2020. Maple Leaf Asia Pacific has received valid acceptances in respect of an aggregate of 779,280,000 Acceptance Shares, representing approximately 97.41% of the entire issued share capital of Kinsley as of 18 March 2020.

On 22 June 2020, the Maple Leaf Asia Pacific issued the notices for the Compulsory Acquisition to the Kingsley Shareholders holding Kingsley Shares which were the subject of the Offer and which were not acquired by Maple Leaf Asia Pacific under the Offer ("**Remaining Shares**"). The notice period during which Kingsley Shareholders holding the Remaining Shares could apply to the Cayman Court to request the Cayman Court to order otherwise in relation to the exercise of the right to compulsorily acquire the Remaining Shares expired at 12:00 a.m. on 22 July 2020 (Cayman Islands time).

Based solely on the search of the Register of Writs and Other Originating Process of the Cayman Court maintained by the Clerk of the Court of the Cayman Court conducted by Maple Leaf Asia Pacific, as of 21 July 2020 (Cayman Islands time), no such application has been made to the Cayman Court by any Kingsley Shareholders holding Remaining Shares. Since no Kingsley Shareholders holding Remaining Shares has made such application by 12:00 a.m. on 22 July 2020 (Cayman Islands time), Maple Leaf Asia Pacific has become entitled and bound to acquire the Remaining Shares on the same terms as the Offer. Procedures to complete the Compulsory Acquisition has been completed and all the Remaining Shares have been transferred to Maple Leaf Asia Pacific. As a result of and with effect from the completion of the Compulsory Acquisition, Kingsley has become a wholly-owned subsidiary of Maple Leaf Asia Pacific.

On the basis of the Offer Price and 800,000,000 Kingsley Shares in issue, the entire issued share capital of Kingsley is valued under the Offer at HK$432 million. Accordingly, the total consideration payable by Maple Leaf Asia Pacific would be HK$432 million. Payment in cash in respect of the acceptances of the Offer will be made as soon as possible but in any event within 7 business days of the later of the date the Offer becomes or is declared unconditional and the date of receipt of a duly completed acceptance pursuant to Rule 20.1(a) of the Takeovers Code.

Kingsley is incorporated in the Cayman Islands with limited liability, the shares of which have been listed on the GEM since 16 May 2018. The Kingsley Group is a private education service provider based in Subang Jaya, Selangor, Malaysia which principally offers courses ranging from nursery to A-levels courses primarily based on curriculum developed by University of Cambridge International Examinations and England National Curriculum through the School (K12 services), and tertiary education programmes through the Kingsley Tertiary Institutions (comprising Kingsley Skills College, Kingsley Professional Centre and Kingsley College).

The financial information of Kingsley for each of three financial years ended 30 June 2017, 2018 and 2019, and the six months ended 31 December 2019 is set out in the following documents which have been published on the HKEXnews website at www.hkexnews.hk and Kingsley's website at https://www.kingsley.edu.my/:

- Prospectus of Kingsley

  https://www1.hkexnews.hk/listedco/listconews/gem/2018/0430/gln20180430013.pdf

- Annual Report of Kingsley for the year ended 30 June 2018

  https://www1.hkexnews.hk/listedco/listconews/gem/2018/0928/gln20180928045.pdf

- Annual Report of Kingsley for the year ended 30 June 2019

  https://www1.hkexnews.hk/listedco/listconews/gem/2019/0930/2019093000399.pdf

- Interim report of Kingsley for the six months ended 31 December 2019

  https://www1.hkexnews.hk/listedco/listconews/gem/2020/0213/2020021300503.pdf

The following is the text of a report set out on pages II-1 to II-63, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

Deloitte. 德勤

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF STAR READERS PTE. LTD. AND ITS SUBSIDIARIES TO THE DIRECTORS OF CHINA MAPLE LEAF EDUCATIONAL SYSTEMS LIMITED

Introduction

We report on the historical financial information of Star Readers Pte. Ltd. (the "**Target Company**") and its subsidiaries (together, the "**Target Group**") set out on pages II-4 to II-63, which comprises the consolidated statements of financial position of the Target Group as at 31 December 2017, 2018, 2019 and 31 March 2020, the statements of financial position of the Target Company as at 31 December 2017, 2018, 2019 and 31 March 2020, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Target Group for each of the three years ended 31 December 2019 and the three months ended 31 March 2020 (the "**Relevant Periods**") and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages II-4 to II-63 forms an integral part of this report, which has been prepared for inclusion in the circular of China Maple Leaf Education Systems Limited (the "**Company**") dated 30 September 2020 (the "**Circular**") in connection with the acquisition of the entire issued share capital of the Target Company.

Directors' responsibility for the Historical Financial Information

The directors of the Target Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Target Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of this Circular in which the Historical Financial Information of the Target Group is included, and such information is prepared based on accounting policies materially consistent with those of the Company.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified

Public Accountants (the "**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Target Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Target Group's financial position as at 31 December 2017, 2018, 2019 and 31 March 2020, of the Target Company's financial position as at 31 December 2017, 2018, 2019 and 31 March 2020 and of the Target Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the three months ended 31 March 2019 and other explanatory information (the "**Stub Period Comparative Financial Information**"). The directors of the Target Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period

Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-4 have been made.

Dividends

We refer to Note 31 to the Historical Financial Information which states that no dividend was paid or declared by the Target Company in respect of the Relevant Periods.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

30 September 2020

HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Target Group for the Relevant Periods, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards ("**IFRSs**") issued by International Accounting Standards Board (the "**IASB**") and were audited by Deloitte Touche Tohmatsu, certified public accountants registered in Hong Kong in accordance with International Standards on Auditing issued by International Auditing and Assurance Standards Board ("**Underlying Financial Statements**").

The Historical Financial Information is presented in Singapore dollars ("**SGD**") except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Three months ended 31 March	
		2017	2018	2019	2019	2020
	NOTES	*SGD*	*SGD*	*SGD*	*SGD*	*SGD*
					(unaudited)	
Revenue	6	96,593,524	107,062,258	118,007,791	34,026,117	34,871,290
Staff costs		(44,797,285)	(47,652,212)	(51,599,818)	(14,040,676)	(15,260,270)
Gross profit		51,796,239	59,410,046	66,407,973	19,985,441	19,611,020
Other operating income	7	4,181,235	854,817	908,867	357,951	289,497
Other operating expenses	8	(15,453,185)	(16,668,827)	(17,613,380)	(4,490,638)	(3,515,636)
Depreciation and amortisation expense		(8,446,554)	(7,129,075)	(8,506,356)	(2,059,543)	(2,148,798)
Finance costs	9	(16,066,956)	(14,375,505)	(14,028,846)	(3,692,735)	(2,866,811)
Profit before taxation		16,010,779	22,091,456	27,168,258	10,100,476	11,369,272
Income tax	10	(5,655,325)	(6,120,268)	(6,616,911)	(1,977,017)	(2,397,828)
Profit for the year/period	11	10,355,454	15,971,188	20,551,347	8,123,459	8,971,444
Total comprehensive income for the year/period		10,355,454	15,971,188	20,551,347	8,123,459	8,971,444

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 31 March
		2017	2018	2019	2020
	NOTES	*SGD*	*SGD*	*SGD*	*SGD*
Non-current Assets					
Property and equipment	*12*	114,950,793	109,864,434	107,534,467	107,895,503
Right-of-use assets	*13*	—	—	1,777,179	3,272,980
Intangible assets	*14*	8,864,059	8,864,059	8,864,059	8,864,059
Goodwill	*15*	7,461,985	7,461,985	7,461,985	7,461,985
Derivative financial instruments	*26*	—	239,259	—	—
		131,276,837	126,429,737	125,637,690	127,494,527
Current Assets					
Inventories	*16*	117,062	93,617	76,414	74,371
Other receivables, deposits, and prepayments	*17*	4,093,931	3,366,432	3,688,354	4,880,395
Trade receivables	*18*	2,952,632	3,269,228	2,510,464	458,405
Loan receivable from immediate holding company	*21*	250,250,302	250,250,302	250,250,302	250,250,302
Pledged bank deposits	*19*	8,410,751	8,427,587	8,444,458	8,448,669
Bank balances and cash	*20*	40,216,887	48,150,602	32,763,129	7,416,196
		306,041,565	313,557,768	297,733,121	271,528,338
Current Liabilities					
Contract liabilities	*23*	—	57,397,275	61,482,823	30,626,095
Lease liabilities	*24*	—	—	1,199,004	1,141,337
Other payables, deposits and accrued expenses	*25*	66,704,767	16,787,350	17,773,295	16,139,226
Income tax payable		5,717,082	6,189,298	7,522,418	10,039,202
Derivative financial instruments	*26*	—	—	111,703	334,189
Borrowings	*27*	20,000,000	20,000,000	20,000,000	20,000,000
		92,421,849	100,373,923	108,089,243	78,280,049
Net current assets		213,619,716	213,183,845	189,643,878	193,248,289
Total assets less current liabilities		344,896,553	339,613,582	315,281,568	320,742,816

		As at 31 December			As at 31 March
		2017	**2018**	**2019**	**2020**
	NOTES	*SGD*	*SGD*	*SGD*	*SGD*
Non-Current Liabilities					
Deferred tax liabilities	*28*	7,343,877	7,343,877	6,838,201	6,713,201
Lease liabilities	*24*	—	—	622,315	2,237,119
Borrowings	*27*	280,000,000	260,000,000	215,000,000	210,000,000
		287,343,877	267,343,877	222,460,516	218,950,320
Net Assets		57,552,676	72,269,705	92,821,052	101,792,496
Capital and Reserves					
Share capital	*29*	104,526,172	104,526,172	104,526,172	104,526,172
Capital reserves		(66,295,904)	(66,295,904)	(66,295,904)	(66,295,904)
Retained profits		19,322,408	34,039,437	54,590,784	63,562,228
Total Equity		57,552,676	72,269,705	92,821,052	101,792,496

STATEMENTS OF FINANCIAL POSITION OF THE TARGET COMPANY

		As at 31 December			As at 31 March
		2017	**2018**	**2019**	**2020**
	NOTE	*SGD*	*SGD*	*SGD*	*SGD*
Non-current Assets					
Investments in subsidiaries		104,506,000	104,506,000	104,506,000	104,506,000
		104,506,000	104,506,000	104,506,000	104,506,000
Current Assets					
Bank balances and cash		12,161	12,100	12,001	12,022
		12,161	12,100	12,001	12,022
Current Liabilities					
Other payables and accruals		74,184	90,002	94,105	110,809
		74,184	90,002	94,105	110,809
Net current assets		(62,023)	(77,902)	(82,104)	(98,787)
Net Assets		104,443,977	104,428,098	104,423,896	104,407,213
Capital and Reserves					
Share capital	*29*	104,526,172	104,526,172	104,526,172	104,526,172
Retained earnings		(82,195)	(98,074)	(102,276)	(118,959)
Total Equity		104,443,977	104,428,098	104,423,896	104,407,213

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Target Company			
	Share capital	**Capital reserve** *(note a)*	**Retained profits**	**Total**
	SGD	*SGD*	*SGD*	*SGD*
At 1 January 2017	104,526,172	(66,295,904)	8,966,954	47,197,222
Profit and other comprehensive income for the year	—	—	10,355,454	10,355,454
At 31 December 2017	104,526,172	(66,295,904)	19,322,408	57,552,676
Effect arising from initial application of IFRS 15 *(note b)*	—	—	(1,254,159)	(1,254,159)
At 1 January 2018	104,526,172	(66,295,904)	18,068,249	56,298,517
Profit and other comprehensive income for the year	—	—	15,971,188	15,971,188
At 31 December 2018	104,526,172	(66,295,904)	34,039,437	72,269,705
Profit and other comprehensive income for the year	—	—	20,551,347	20,551,347
At 31 December 2019	104,526,172	(66,295,904)	54,590,784	92,821,052
Profit and other comprehensive income for the period	—	—	8,971,444	8,971,444
At 31 March 2020	104,526,172	(66,295,904)	63,562,228	101,792,496
At 1 January 2019	104,526,172	(66,295,904)	34,039,437	72,269,705
Profit and other comprehensive income for the period	—	—	8,123,459	8,123,459
At 31 March 2019 (unaudited)	104,526,172	(66,295,904)	42,162,896	80,393,164

Notes:

a. The capital reserve represents effects of change in ownership interest in subsidiaries when there is no change in control.

b. Upon the adoption of IFRS 15 *Revenue from Contracts with Customers* on 1 January 2018, an accumulated impact of SGD1,254,159 was recorded as an adjustment to the retained profits at 1 January 2018. Details of the adjustment are set out in Note 3.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 December			Three months ended 31 March	
	2017	2018	2019	2019	2020
	SGD	*SGD*	*SGD*	*SGD*	*SGD*
				(unaudited)	
OPERATING ACTIVITIES					
Profit before taxation	16,010,779	22,091,456	27,168,258	10,100,476	11,369,272
Adjustments for:					
Depreciation of property and equipment	8,446,554	7,129,075	7,321,570	1,763,347	1,808,568
Depreciation expense of right-of-use assets	—	—	1,184,786	296,196	340,230
Loss allowance (reversal of loss allowance) for trade receivables	343,984	102,651	3,804	(43,193)	(216,939)
(Reversal of) allowance for inventories	(611)	6,182	(550)	(451)	11
Loss (gain) on disposal of property and equipment	81,395	(10,845)	115,740	—	(1,224)
Interest expenses	15,917,595	14,330,355	13,936,196	3,683,416	2,832,832
Interest income	(246,762)	(155,985)	(171,040)	(96,965)	(77,456)
Gain from settlement of interest rate swap	—	—	(171,386)	(43,060)	(9,273)
(Gain) loss from fair value adjustments on interest rate swap	(1,325,300)	(239,259)	350,962	(78,682)	222,486
Operating cash flows before movements in working capital	39,227,634	43,253,630	49,738,340	15,581,084	16,268,507
Increase (decrease) in contract liabilities	—	4,366,867	4,085,548	(29,345,362)	(30,856,728)
(Increase) decrease in other receivables, deposits and prepayments	(402,435)	727,499	(337,575)	494,800	(1,192,041)
(Increase) decrease in inventories	(108,395)	17,263	17,753	17,787	2,032
(Decrease) increase in other payables, deposits and accrued expenses	(1,096,734)	1,897,458	1,356,727	(1,300,774)	(587,887)
(Increase) decrease in trade receivables	(660,159)	(419,247)	754,960	2,930,986	2,268,998
Cash generated (used) by operations	36,959,911	49,843,470	55,615,753	(11,621,479)	(14,097,119)
Income tax paid	(4,432,965)	(5,634,134)	(5,759,211)	—	—
Withholding tax paid	(12,184)	(13,918)	(30,256)	(21,263)	(6,044)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	32,514,762	44,195,418	49,826,286	(11,642,742)	(14,103,163)

	Year ended 31 December			Three months ended 31 March	
	2017	2018	2019	2019	2020
	SGD	*SGD*	*SGD*	*SGD*	*SGD*
				(unaudited)	
INVESTING ACTIVITIES					
Proceeds from disposal of property and equipment	—	11,800	36,535	—	1,963
Purchase of property and equipment	(998,034)	(2,043,671)	(5,143,878)	(768,451)	(2,170,343)
Advances made to immediate holding company	(126,490,093)	—	—	—	—
Interest received	246,762	155,985	171,040	96,965	77,456
NET CASH USED IN INVESTING ACTIVITIES	(127,241,365)	(1,875,886)	(4,936,303)	(671,486)	(2,090,924)
FINANCING ACTIVITIES					
Placement of pledged bank deposits	(8,410,751)	(16,836)	(16,871)	(4,157)	(4,211)
Repayments of borrowings	(187,087,725)	(20,000,000)	(45,000,000)	(5,000,000)	(5,000,000)
Interest paid	(15,290,486)	(14,368,981)	(14,190,024)	(3,676,683)	(3,843,508)
Proceeds from bank loan	300,000,000	—	—	—	—
Settlement of interest rate swap	—	—	187,039	27,762	9,273
Repayment of lease liabilities	—	—	(1,257,600)	(314,400)	(314,400)
Repayment of finance leases	(46,658)	—	—	—	—
NET CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES	89,164,380	(34,385,817)	(60,277,456)	(8,967,478)	(9,152,846)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(5,562,223)	7,933,715	(15,387,473)	(21,281,706)	(25,346,933)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/ PERIOD	45,779,110	40,216,887	48,150,602	48,150,602	32,763,129
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD REPRESENTED BY BANK BALANCES AND CASH	40,216,887	48,150,602	32,763,129	26,868,896	7,416,196

1. GENERAL

The Target Company was incorporated in Singapore with its principal place of business and registered office at 7 Jurong West Street 41, Singapore 649414.

The Target Company is an investment holding company. The principal activities of the Target Group are those relating to operators of a private school and the nature of the Group's operations are set out in Note 6.

The immediate holding shareholder of the Target Company is Rainbow Readers Pte. Ltd., a company incorporated in Singapore, and the intermediate holding company of the Target Company, Iris Two Holding Limited, was incorporated in the Cayman Islands, the ultimate controlling shareholder of whom is Southern Capital Fund III L.P..

The Historical Financial Information is presented in Singapore dollars ("**SGD**"), which is also the functional currency of the Target Company and its primary subsidiaries in Singapore.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies set out in Note 4 which conform with International Financial Reporting Standards ("**IFRSs**").

The statutory financial statements of the Target Company for the year ended 31 December 2017, 2018 and 2019 were prepared in accordance with Financial Reporting Standards in Singapore and were audited by Deloitte & Touche LLP, certified public accountants registered in Singapore.

3. ADOPTION OF NEW AND AMENDMENTS TO IFRSs

For the purpose of preparing the Historical Financial Information for the Relevant Periods, the Target Group has consistently applied the accounting policies which conform with IFRSs, which are effective for the accounting period beginning on 1 January 2020 throughout the Relevant Periods, except that the Target Group applied IFRS 9 and IFRS 15 from 1 January 2018 and applied IFRS 16 from 1 January 2019. The accounting policies for financial instruments under IFRS 9, revenue from contracts with customers under IFRS 15 and leases under IFRS 16 are set out in Note 4 below.

New and Amendments to IFRSs that are mandatorily effective for the Relevant Periods

3.1 IFRS 15 Revenue from Contracts with Customers ("IFRS 15")

The Target Group has applied IFRS 15 for the first time in the accounting period beginning on 1 January 2018. IFRS 15 superseded IAS 18 *Revenue* ("**IAS 18**"), IAS 11 *Construction Contracts* ("**IAS 11**") and related interpretations.

The Target Group has applied IFRS 15 using the modified retrospective method with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated. Furthermore, in accordance with the transition provisions in IFRS 15, the Target Group has elected to apply the Standard retrospectively only to contracts that are not completed at the date of initial application. Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 11, IAS 18 and the related interpretations.

The Target Group recognises revenue from the following major sources which arise from contracts with customers:

- Tuition and other fees
- Confirmation fees
- Application fees
- Sales of inventories
- Revenue from extracurricular activities, excursion and field trips

Information about the Target Group's performance obligations and the significant accounting policies resulting for its revenue streams from application of IFRS 15 are disclosed in Notes 6 and 4, respectively. Apart from providing more extensive disclosures on the Target Group's revenue transactions, the amount of adjustment for each financial statement line items affected by the application of IFRS 15 is disclosed below.

Summary of effects arising from initial application of IFRS 15

(A) The following reclassification adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported 31 December 2017	**Reclassification**	**Carrying amounts under IFRS 15 at 1 January 2018**
	SGD	*SGD*	*SGD*
Current Liabilities			
Other payables, deposits received and accrued expenses *(note a)*	66,704,767	(51,776,249)	14,928,518
Contract liabilities *(notes a and b)*	—	51,776,249 1,254,159	53,030,408
Capital and reserves			
Retained profits *(note b)*	19,322,408	(1,254,159)	18,068,249

Note: For the purposes of reporting cash flows from operating activities under indirect method for the year ended 31 December 2018, movements in working capital have been computed based on opening statement of financial position as at 1 January 2018 as disclosed above.

(B) The following tables summarise the impacts of applying IFRS 15 on the Target Group's consolidated statement of financial position as at 31 December 2018 for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

	Amounts under IFRS 15	Adjustments	Amounts under previous IFRS
	SGD	*SGD*	*SGD*
Current Liabilities			
Contract liabilities *(notes a and b)*	57,397,275	57,397,275	—
Other payables, deposits received and accrued expenses *(note a)*	16,787,350	(56,067,275)	72,854,625
Capital and reserves			
Retained profits *(note b)*	34,039,437	(1,330,000)	35,369,437

(C) The following tables summarise the impacts of applying IFRS 15 on the Target Group's consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2018.

	Amounts under IFRS 15	Adjustments	Amounts under previous IFRS
	SGD	*SGD*	*SGD*
Revenue *(notes b and c)*	107,062,258	2,576,415	104,485,843
Other operating income *(note c)*	854,817	(2,652,256)	3,507,073

(D) Impact of IFRS 15 on the consolidated statement of cash flows for the year ended 31 December 2018 is summarized below:

The adoption of IFRS 15 did not have a material impact on the Target Group's operating, investing and financing cash flows.

Notes:

a. The tuition service fee is received in advance as part of the initial sales transaction and whereas revenue is recognised over the period of the academic year. There has been an adjustment to the revenue to reflect the change in accounting and the amount previously recognised as deferred revenue has been reclassified as contract liabilities.

b. The Target Group previously recorded confirmation fees at the date when the student's placement is confirmed by the school. Under IFRS 15, confirmation fees are recognised over the estimated average student stay in the school.

c. Sale of inventories and revenue from extracurricular activities, excursions and field trips were reclassified as revenue upon application of IFRS 15, for which amounts were previously recognised as other income.

3.2 IFRS 9 Financial Instruments

The Target Group has applied IFRS 9 *Financial Instruments* ("**IFRS 9**") and the related consequential amendments to other IFRSs with an initial application date of 1 January 2018. IFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses ("**ECL**") for financial assets and (3) general hedge accounting.

The Target Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits, if any, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 39 *Financial Instruments: Recognition and Measurement*.

The significant accounting policies resulting from application of IFRS 9 are disclosed in Note 4.

Summary of effects arising from initial application of IFRS 9

(A) Classification and measurement of financial assets and financial liabilities

The Target Group has applied the requirements of IFRS 9 to instruments that have not been derecognised as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The classification of financial assets is based on two criteria: the Target Group's business model for managing the assets and whether the instruments' contractual cash flows represent solely payments of principal and interest on the principal amount outstanding.

There are no changes in classification and measurement of the group financial assets and financial liabilities.

(B) Impairment under ECL model

IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Target Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. It is no longer necessary for a credit event to have occurred before credit losses are recognised. Directors consider that there are no material impact on the loss allowance due to adoption of IFRS 9 and no adjustments to the loss allowance provided by the Target Company due to the adoption of IFRS 9.

3.3 IFRS 16 Leases

The Target Group has applied IFRS 16 (as issued by the IASB in January 2016) using modified retrospective approach for the first time with an initial application date of 1 January 2019, whereby the liabilities are calculated as the present value of the outstanding lease payments, discounted using the Group relevant entities' incremental borrowing rate at the date of initial application. The right-of-use assets are then adjusted by prepaid or accrued lease payments. IFRS 16 superseded IAS 17 *Leases* ("**IAS 17**"), and the related interpretations. Comparative amounts are not restated and continued to be presented under IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease* ("**IFRIC-Int 4**").

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in Note 4. The impact of the adoption of IFRS 16 on the Group's consolidated financial statements is described below.

(A) Impact of the new definition of a lease

The Target Group has made use of the practical expedient available on transition to IFRS 16 not to apply reassess whether a contact is or contains a lease that already existed prior to the date of initial application. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those contacts entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on "risks and rewards" in IAS 17 and IFRIC 4.

The Target Group applies the definition of a lease and related guidance set out in IFRS 16 to all contracts entered into or changed on or after 1 January 2019. The project has shown that the new definition in IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Target Group.

(B) Impact on Lessee Accounting

Former operating leases

IFRS 16 changes how the Target Group accounts for leases previously classified as operating leases under IAS 17, which were off-balance-sheet.

Applying IFRS 16, for all leases (except as noted below), the Target Group:

(a) Recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with IFRS 16.C8(b)(ii);

(b) Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss; and

(c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of cash flows.

Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expenses generally on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 *Impairment of Assets* ("**IAS 36**").

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as tablet and personal computers, small items of office furniture and telephones), the Target Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within other operating expenses in the consolidated statement of profit or loss.

The Target Group recognized lease liabilities of SGD2,961,965 and right-of-use assets of SGD2,961,965 at 1 January 2019. No difference at the date of initial application is recognized in the opening retained profits.

When applying the modified retrospective approach under IFRS 16 at transition, the Target Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on a lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. elected not to recognize right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

iii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment; and

iv. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Target Group's leases with extension and termination options.

(C) Financial impact of initial application of IFRS 16

When recognising the lease liabilities for leases previously classified as operating leases, the Target Group has applied incremental borrowing rate of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied to the lease liabilities recognised in the statement of financial position on 1 January 2019 is 5.0%.

The following table shows the operating lease commitments disclosed applying IAS 17 at 31 December 2018, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

	At 1 January 2019 *SGD*
Operating lease commitments disclosed as at 31 December 2018	3,443,832
Less: Effect from discounting the above amount at the incremental borrowing rate	(182,035)
Less: Recognition exemptions — short-term leases and leases of low value assets	(299,832)
Lease liabilities recognised as at 1 January 2019	2,961,965
Analysed as	
Current	1,129,178
Non-current	1,832,787
	2,961,965

The group has assessed that there is no tax impact arising from the application of IFRS 16.

Consequential amendments were also made to various standards as a result of these new and revised standards.

New and amendments to IFRSs and interpretations in issue but not yet effective

The Target Group has not early applied the following new and amendments to IFRSs and interpretations that have been issued but are not yet effective:

IFRS 17	Insurance Contracts and the related Amendments[1]
Amendment to IFRS 16	COVID-19-Related Rent Concessions[4]
Amendments to IFRS 3	Reference to the Conceptual Framework[2]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform — Phase 2[5]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use[2]
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract[2]
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018–2020[2]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 June 2020
5 Effective for annual periods beginning on or after 1 January 2021

The directors of the Target Company anticipate that the application of all other new and amendments to IFRSs and interpretations will have no material impact on the Target Group's consolidated financial statements in the foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for revaluation of certain properties and certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Target Company and entities controlled by the Target Company and its subsidiaries made up to 31 December each year. Control is achieved when the Target Company:

(i) has power over the investee;

(ii) is exposed, or has rights, to variable returns from its involvement with the investee; and

(iii) has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Investments in subsidiaries

A subsidiary is a company which is controlled by the Target Company. Control is achieved when the Target Company:

- has power over the investee;
- is exposed, or has rights, to variable returned from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Target Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Investments in subsidiaries are stated in the statements of financial position of the Target Company at cost less any identified impairment loss in net recoverable value that has been recognised in profit or loss.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

(i) deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;

(ii) liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and

(iii) assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

Revenue from contracts with customers (upon application of IFRS 15)

Under IFRS 15, the Target Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Target Group's performance as the Target Group performs;

- the Target Group's performance creates and enhances an asset that the customer controls as the Target Group performs; or

- the Target Group's performance does not create an asset with an alternative use to the Target Group and the Target Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A receivable represents the Target Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations, the Target Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Target Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Target Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Target Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

The progress towards complete satisfaction of a performance obligation in tuition and boarding services are measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Target Group's performance in transferring control of goods or services.

The group recognises revenue from the following major sources:

- Tuition and other fees, including confirmation fees and application fees;
- Sales of inventories; and
- Revenue from extracurricular activities, excursion and field trips

Revenue is measured based on the consideration to which the group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the group satisfies a performance obligation by transferring a promised good or service to the customer, which the customer obtains control of the good or service. A performance obligation may be satisfies at a point in time or overtime. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Tuition and other fees

The Target Group provides education services to students from ages 2 to 18. Revenue from tuition fees is recognised over the period of the academic year on a straight line basis. Tuition and other fees received relating to future periods of the academic year are included in the contract liability.

The Target Group charges non-refundable confirmation fees to new students who register with the school. Confirmation fees revenue is recognised over the estimated average student stay in the school. The group charges non-refundable application fees to students who applied with the school. Application fees revenue is recognised at point-in-time when the applications are processed.

Sales of inventories

Revenue from sales of inventories on the school premises is recognised upon the transfer control of goods to the customer which generally coincides with delivery and acceptance of the goods sold.

Revenue from extracurricular activities, excursion and field trips

Revenue from extracurricular activities, excursion and field trips which are of short duration is recognised when services are rendered.

Revenue recognition (prior to 1 January 2018)

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Target Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable. Revenue is reduced for estimated customer rebates and other similar allowances.

Tuition and other fees

Tuition and other fees are recognised over the period of the academic year on a straight line basis. Tuition and other fees received relating to future periods of the academic year are included in deferred revenue.

Other operating income

Revenue from the sale of inventories is recognised upon delivery and acceptance by customers, net of sales discount.

Revenue from extracurricular activities, excursion and field trips which are of a short duration are recognised when the services are rendered.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income

Dividend income from investments is recognised when the Group's right to receive payment has been established.

Leases

Definition of a lease (upon application of IFRS 16)

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee (upon application of IFRS 16)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of land and buildings that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognizes right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be paid under residual value guarantees;

- the exercise price of a purchase option reasonably certain to be exercised by the Group; and

- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review/ expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group as a lessee (prior to 1 January 2019)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments, including the cost of acquiring land held under operating leases, are recognized as an expense on a straight-line basis over the lease term.

Lease incentives relating to operating leases are considered as integral part of lease payments and recognized as a liability, the aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis.

Foreign currency transactions and translation

The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the group are presented in Singapore dollars.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as a deduction from the carrying amount of the relevant asset in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service after deducting any amount already paid.

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employee rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires to permits the inclusion of the benefit in the cost of an asset.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Target Group's obligation under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Employee Leave Entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Target Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property and equipment

Property and equipment, other than construction in progress, are stated in the consolidated statements of financial position at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property and equipment other than properties under construction less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Construction in progress is carried out at cost, less any recognised impairment loss. Construction in progress is classified to the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property and equipment, commences when the assets are ready for their intended use.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Inventories

Inventories, consisting mainly of uniforms, are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to be incurred in marketing, selling and distribution. Provision is made where necessary for obsolete, slow-moving and defective inventories.

Impairment on property and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Target Group reviews the carrying amounts of its property and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Target Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In addition, the Target Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an assets is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero.

The amount of impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of these cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset as if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets

Intangible assets acquired in a business combination are identified and recognised separately from goodwill. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated impairment losses, on the same basis as intangible assets acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Student population, curriculum and trademarks acquired in a business combination are identified and recognised separately from goodwill. The cost of such intangible assets is their fair value at the acquisition date. Subsequent to initial recognition, the intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses. The trademark acquired in a business combination and is considered by the management of the Target Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. Trademarks are not amortised, but is reviewed for impairment at least annually. The intangible assets are amortised on straight line-method, on the following bases:

Student population	4 years
Curriculum	4 years
Trademarks	Not amortised

Financial instruments upon application of IFRS 9

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 since 1 January 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liabilities and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognized in profit or loss and is included in the "other operating income" line item.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("**FVTOCI**"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application of IFRS 9/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

In addition, the Group may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost and debt instruments subsequently measured at FVOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI or designated as FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of the reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other income" line item.

(iii) Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial assets measured at amortized cost, exchange differences are recognized in profit or loss and are included in the "other gains and losses" line item.

Impairment of financial assets (and other items subject to impairment assessment under IFRS 9)

The Group performs impairment assessment under ECL model on financial assets (including bank balances and cash, pledged bank deposits, trade receivables, other receivables, deposits, and prepayments and loan receivable from immediate holding company), which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment is done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognizes lifetime ECL for trade receivables. The ECL on these assets is estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast of future conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12m ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the original effective interest rate determined at initial recognition.

Where ECL is measure on a collective basis or cater for cases where evidence at the individual instruments level may not yet be available, the financial instruments are grouped on the nature and size of debtors basis.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortized cost of the financial asset.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments and other instruments by adjusting their carrying amount, with the exception of trade receivables, loan receivable from immediate holding company, other receivables, deposits, and prepayments, pledged bank deposits and bank balances and cash where the corresponding adjustment is recognized through a loss allowance account.

In determining the ECL for other receivables, amounts due from related parties, bank balances and cash, pledged bank deposits, and term deposits, the directors of the Target Company have taken into account the historical default experience and the future prospects of the industries and/or considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of the other receivables, amounts due from related parties, bank balances and cash, pledged bank deposits, term deposits, occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets. For the purposes of impairment assessment, other receivables, amounts due from related parties, bank balances and cash, pledged bank deposits, and term deposits are considered to have low credit risk as the counterparties to these financial assets have a high credit rating and insignificant historical default experience. Accordingly, loss allowance is measured at an amount equal to 12m ECL.

A financial asset is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Financial liabilities at amortized cost

Financial liabilities including other payables, deposits and accrued expenses, bank borrowings are subsequently measured at amortized cost, using the effective interest method.

Classification and subsequent measurement of financial assets (before application of IFRS 9 on 1 January 2018)

Financial assets are classified into the following specified categories: financial assets at FVTPL, held-to-maturity investments, AFS financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is (i) held for trading, (ii) it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets and is included in the other operating income and other operation expense line items.

AFS financial assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

Financial instruments held by the Group that are classified as AFS financial assets are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS financial instruments relating to interest income calculated using the effective interest method, and changes in foreign exchange rates are recognised in profit or loss. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables (including trade receivables, loan receivable from immediate holding company, other receivables, deposits, and prepayments, pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy in respect of impairment of financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at amortised cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, loan receivable from immediate holding company, other receivables, deposits, and prepayments, pledged bank deposits and bank balances and cash, where the carrying amount is reduced through the use of an allowance account. When other receivables are considered uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on AFS debt investments will be subsequently reversed through profit or loss if an increase in the fair value of investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Target Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Target Company's own equity instruments.

Financial liabilities

Financial liabilities including other payables and borrowings are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

The Target Group enters into interest rate swap to manage its exposure to interest rate risks. Further details of derivative financial instrument are disclosed in Note 26 to the Historical Financial Information.

Derivative is initially recognised at fair value at the date a derivative contract is entered into and is subsequently re-measured to fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative is presented as a non-current assets or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Bank balances and cash

Bank balances and cash comprise cash on hand, bank balances and fixed deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Target Group's accounting policies, which are described in Note 4, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgment

In the process of applying the group's accounting policies, management is of the opinion that any instances of application of judgement are not expected to have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Useful life and impairment of property and equipment

The Group's management determines the estimated useful lives and the depreciation method in determining the related depreciation charges for its property and equipment. This estimate is based on the management's experience of the actual useful lives of property and equipment of similar nature and functions. In addition, management assesses impairment whenever events or changes in circumstances indicate that the carrying amount of an item of property and equipment may not be recoverable. Management will increase the depreciation charge where useful lives are estimated to be shorter than previously estimated, or will write off or write down obsolete assets that have been abandoned or impaired. As at 31 December 2017, 2018 and 2019, the carrying amount of property and equipment was SGD114,950,793, SGD109,864,434 and SGD107,534,467, respectively. Any change in these estimates may have a material impact on the results of the Group.

(b) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the end of the reporting period was SGD7,461,985. No impairment of goodwill was made during the year. The carrying amount of goodwill is disclosed in Note 15.

(c) Calculation of loss allowance

When measuring ECL, the group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The carrying amount of trade and other receivables are disclosed in Notes 18 and 17, respectively, to the financial statements.

6. REVENUE AND SEGMENT INFORMATION

Revenue represents (i) service income from tuition fees, (ii) other fees, including non-refundable confirmation fees and non-refundable application fees, (iii) fees from sales of inventories, and (iv) fees from extracurricular activities, excursion and field trips.

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

(i) Performance obligations for contracts with customers

Key requirements of IFRS 15.119 include:

- when performance obligations are satisfied
- significant payment terms (including significant financing components)
- the nature of goods and services
- obligations for refunds

Tuition fees (revenue recognised over time)

For tuition services, the Target Group provides classroom education services through the Target Group's schools to customers (individual students) during the service period for a fixed fee. These services are mainly paid in advance prior to the beginning of each school academic semester. Students can also opt to pay the totality of their tuition at the beginning of the academic year. Tuition fee rates vary depending on both campus and programs and students may be enrolled at any time of the year. The service period for tuition is the related school year. A contract liability is recognised for fee received and receivable whereas revenue has yet been recognised.

The directors of the Target Company have determined that the performance obligation of providing tuition services is satisfied over time as customers simultaneously receive and consume the benefits of these services throughout the service period.

Sales of inventories (revenue recognised at a point in time)

The Target Group sells uniforms to students which are purchased from third parties. The Target Group recognises revenue from sales of inventories on the school premises at a point in time when the control of uniforms are passed to students. The Target Group considers that it is acting as the principal in the transaction as the Target Group controls the specific goods before it is transferred to the customer after taking into considerations of indicators such as whether the Target Group is primarily responsible for fulfilling the promise to provide the goods to its customers and whether it has the inventory risk. Therefore, the Target Group recognises revenue from sales of uniforms on a gross basis.

Other fees (revenue recognised at a point in time and over time)

Other fees are derived from the application fees the Target Group receives in connection with new student applications and confirmation fees.

Application fees are one-time non-refundable fees due upon a potential student submits his/her application online to the Target Group, whereas confirmation fees are due within 14 days of the confirmation of admission in the schools and such fees are also one-time non-refundable once received by the Target Group.

A contract liability is recognised upon receipt of the payment of confirmation fees and the revenue recognised from confirmation fees is recognised over time on a straight-line basis.

Application fees is recognised at a point in time when received.

(ii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2018, 31 December 2019 and 31 March 2020 is expected to be recognised within one year amounted to SGD57,397,275, SGD61,482,823 and SGD30,626,095, respectively. Management expects that full amount will be recognised as revenue during the next reporting period. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

The Group is mainly engaged in international school education in Singapore. The Group's chief operating decision maker ("**CODM**") has been identified as the Chief Executive Officer who reviews revenue analysis by services lines when making decisions about allocating resources and assessing performance of the Group.

	Year ended 31 December			**Three months ended 31 March**	
	2017	**2018**	**2019**	**2019**	**2020**
	SGD	*SGD*	*SGD*	*SGD* (unaudited)	*SGD*
Revenue	96,593,524	107,062,258	118,007,791	34,026,117	34,871,290

(iii) Disaggregation of revenue

A disaggregation of the group's revenue for the year/period is as follows:

	Year ended 31 December			Three months ended 31 March	
	2017	**2018**	**2019**	**2019**	**2020**
	SGD	*SGD*	*SGD*	*SGD*	*SGD*
				(unaudited)	
Tuition and other fees	91,844,626	99,423,512	109,827,468	31,681,372	33,264,338
Confirmation fees	2,508,318	2,584,160	2,846,777	431,776	620,596
Application fees	2,240,580	2,402,330	2,848,619	684,575	629,718
Sales of inventories	—	182,970	162,751	29,651	23,829
Revenue from extracurricular activities, excursion and field trips	—	2,469,286	2,322,176	1,198,743	332,809
	96,593,524	107,062,258	118,007,791	34,026,117	34,871,290
Timing of revenue recognition:					
At a point in time	4,748,898	5,054,586	5,333,546	1,912,969	986,356
Over time	91,844,626	102,007,672	112,674,245	32,113,148	33,884,934
Total	96,593,524	107,062,258	118,007,791	34,026,117	34,871,290

(iv) Geographical information

The Group's operations are in Singapore. All revenue from continuing operations of the Target Group and non-current assets of the Target Group are generated from and located in Singapore.

7. OTHER OPERATING INCOME

	Year ended 31 December			Three months ended 31 March	
	2017	**2018**	**2019**	**2019**	**2020**
	SGD	*SGD*	*SGD*	*SGD*	*SGD*
				(unaudited)	
Government grant	267,623	225,252	191,308	134,006	159,565
Gain from settlement of interest rate swap	—	—	171,386	43,060	9,273
Bank interest income	246,762	155,985	171,040	96,965	77,456
Forfeited deposits	53,430	3,865	4,363	—	—
Income from extracurricular activities, excursion and field trips[(i)]	2,969,378	—	—	—	—
Sales of inventories[(i)]	253,619	—	—	—	—
Others	390,423	469,715	370,770	83,920	43,203
	4,181,235	854,817	908,867	357,951	289,497

Note:

(i) Income from extracurricular activities, excursion and field trips and sales of inventories are subsequently reclassified to revenue upon adoption of IFRS 15 as at 1 January 2018.

8. OTHER OPERATING EXPENSES

	Year ended 31 December			Three months ended 31 March	
	2017	2018	2019	2019	2020
	SGD	*SGD*	*SGD*	*SGD* (unaudited)	*SGD*
Lease expenses	1,326,716	1,478,950	201,273	65,130	36,606
Office and administrative expenses	4,438,219	5,319,750	5,536,036	1,216,525	997,109
Utilities expenses	952,329	957,855	1,019,786	277,339	213,684
Staff welfare	791,424	779,136	906,092	573,185	570,954
Property tax	784,500	881,800	876,571	223,171	220,448
Advertising and promotion expenses	903,236	901,396	965,567	220,304	271,212
Staff training expenses	258,592	332,812	471,849	139,447	38,907
Legal and professional fees	1,013,932	803,841	1,546,321	38,051	253,742
Classroom accessories	320,320	258,852	239,883	65,813	72,377
Expenses for extracurricular activities, excursion and field trips	2,712,456	2,182,653	1,983,115	1,059,507	202,714
Student activities	617,873	600,127	654,010	191,061	46,959
Transportation and travelling expenses	373,112	368,872	494,592	93,138	86,274
Loss allowance (reversal of loss allowance) for trade receivables	343,984	102,651	3,804	(43,193)	(216,939)
Property, plant and equipment expensed off	293,061	211,832	427,717	71,186	84,993
(Gain) loss from fair value adjustments on interest rate swap *(Note 26)*	(1,325,300)	(239,259)	350,962	(78,682)	222,486
Loss (gain) on disposal of property and equipment	81,395	(10,845)	115,740	—	(1,224)
Others	1,567,336	1,738,404	1,820,062	378,656	415,334
	15,453,185	16,668,827	17,613,380	4,490,638	3,515,636

9. FINANCE COSTS

Finance costs mainly represent interest expenses incurred in connection with the borrowings. The Target Group recorded finance costs of approximately SGD16.1 million, SGD14.4 million, SGD14.0 million for FY2017, FY2018, FY2019 respectively and SGD3.7 million and SGD2.9 million for the three months ended 31 March 2019 and 2020 respectively.

10. INCOME TAX

	Year ended 31 December			Three months ended 31 March	
	2017	2018	2019	2019	2020
	SGD	*SGD*	*SGD*	*SGD* (unaudited)	*SGD*
The charge comprises					
Current tax:					
— Enterprise income tax	5,643,141	6,106,350	7,173,800	2,322,754	2,516,784
— Overprovision in respect of prior years	—	—	(81,469)	—	—
— Withholding tax	12,184	13,918	30,256	21,263	6,044
Deferred tax *(Note 28)*	—	—	(505,676)	(367,000)	(125,000)
	5,655,325	6,120,268	6,616,911	1,977,017	2,397,828

The total charge for the year/period can be reconciled to the accounting profit by applying the Singapore income tax rate of 17% as follows:

	Year ended 31 December			Three months ended 31 March	
	2017	**2018**	**2019**	**2019**	**2020**
	SGD	*SGD*	*SGD*	*SGD* (unaudited)	*SGD*
Profit before taxation	16,010,779	22,091,456	27,168,258	10,100,476	11,369,272
Tax at EIT rate of 17%	2,721,832	3,755,548	4,618,604	1,717,081	1,932,776
Non-deductible expenses	3,055,353	2,372,298	2,110,344	195,896	449,775
Tax concession on specific items	(106,047)	(10,000)	(15,000)	(3,750)	(3,750)
Exempt income	(25,925)	(25,925)	(17,425)	(4,356)	(4,356)
Withholding tax	12,184	13,918	30,256	21,263	6,044
Overprovision of current tax expense in prior years	—	—	(81,469)	—	—
Others	(2,072)	14,429	(28,399)	50,883	17,339
Tax charge for the year/period	5,655,325	6,120,268	6,616,911	1,977,017	2,397,828

11. PROFIT FOR THE YEAR/PERIOD

	Year ended 31 December			Three months ended 31 March	
	2017	**2018**	**2019**	**2019**	**2020**
	SGD	*SGD*	*SGD*	*SGD* (unaudited)	*SGD*
Profit for the year/period has been arrived at after charging:					
Staff costs, including directors' remuneration					
Directors' remuneration	—	—	—	—	—
Employee benefit expenses					
— salaries and other allowances	43,246,434	45,957,897	49,883,965	13,574,556	14,765,093
— cost of defined contribution plans included in staff costs	1,550,851	1,694,315	1,715,853	466,120	495,177
Total staff costs	44,797,285	47,652,212	51,599,818	14,040,676	15,260,270
Depreciation of property and equipment	8,446,554	7,129,075	7,321,570	1,763,347	1,808,568
Depreciation expense on right-of-use assets	—	—	1,184,786	296,196	340,230
Expense relating to short-term lease	—	—	201,273	65,130	36,606
Lease payments under operating lease	1,326,716	1,478,950	—	—	—
Loss allowance (reversal) for trade receivables	343,984	102,651	3,804	(43,193)	(216,939)
Bad debt written off	151	150,025	24,564	—	—
Net foreign exchange loss	8,377	12,626	12,719	1,362	9,905

12. PROPERTY AND EQUIPMENT

	Leasehold land and property *SGD*	Leasehold improvement *SGD*	Motor vehicles *SGD*	Office and school furniture and equipment *SGD*	Property under construction *SGD*	Total *SGD*
COST						
At 1 January 2017	147,361,763	9,099,088	699,888	11,501,030	—	168,661,769
Additions	204,392	118,937	130,200	544,505	—	998,034
Disposals	(13,268)	—	(33,065)	(503,834)	—	(550,167)
At 31 December 2017	147,552,887	9,218,025	797,023	11,541,701	—	169,109,636
Additions	1,209,512	54,220	—	779,939	—	2,043,671
Disposals	—	—	(62,860)	(256,826)	—	(319,686)
At 31 December 2018	148,762,399	9,272,245	734,163	12,064,814	—	170,833,621
Additions	2,951,272	9,700	136,556	1,129,999	916,351	5,143,878
Disposals	(124,884)	(33,400)	(134,220)	(256,547)	—	(549,051)
At 31 December 2019	151,588,787	9,248,545	736,499	12,938,266	916,351	175,428,448
Additions	128,903	—	—	222,545	1,818,895	2,170,343
Disposals	—	—	—	(82,027)	—	(82,027)
At 31 March 2020	151,717,690	9,248,545	736,499	13,078,784	2,735,246	177,516,764
DEPRECIATION						
At 1 January 2017	29,045,209	8,003,644	441,081	8,691,127	—	46,181,061
Provided for the year	6,768,177	357,488	65,602	1,255,287	—	8,446,554
Eliminated on disposals	(1,357)	—	(18,737)	(448,678)	—	(468,772)
At 31 December 2017	35,812,029	8,361,132	487,946	9,497,736	—	54,158,843
Provided for the year	5,862,211	274,168	79,086	913,610	—	7,129,075
Eliminated on disposals	—	—	(62,860)	(255,871)	—	(318,731)
At 31 December 2018	41,674,240	8,635,300	504,172	10,155,475	—	60,969,187
Provided for the year	5,919,420	228,791	99,787	1,073,572	—	7,321,570
Eliminated on disposals	(17,788)	(31,538)	(121,057)	(226,393)	—	(396,776)
At 31 December 2019	47,575,872	8,832,553	482,902	11,002,654	—	67,893,981
Provided for the period	1,497,482	53,930	24,988	232,168	—	1,808,568
Eliminated on disposals	—	—	—	(81,288)	—	(81,288)
At 31 March 2020	49,073,354	8,886,483	507,890	11,153,534	—	69,621,261
CARRYING VALUES						
At 31 December 2017	111,740,858	856,893	309,077	2,043,965	—	114,950,793
At 31 December 2018	107,088,159	636,945	229,991	1,909,339	—	109,864,434
At 31 December 2019	104,012,915	415,992	253,597	1,935,612	916,351	107,534,467
At 31 March 2020	102,644,336	362,062	228,609	1,925,250	2,735,246	107,895,503

The above items of property and equipment, other than construction in progress, after taking into account their estimated residual value of cost, are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and property	30 years, or remaining lease term
Office and school furniture and equipment	2 to 5 years
Leasehold improvement	4 to 5 years, or remaining lease term
Motor vehicles	5 years

13. RIGHT-OF-USE ASSETS

The group leases land and property. The average lease term is 3 years (2018 and 2017: 3 years).

	Leasehold land and property *SGD*
Cost:	
At 1 January 2019 and 31 December 2019	2,961,965
Addition for the period	1,836,031
At 31 March 2020	4,797,996
Accumulated depreciation:	
At 1 January 2019	—
Depreciation for the year	1,184,786
At 31 December 2019	1,184,786
Depreciation for the period	340,230
At 31 March 2020	1,525,016
Carrying amount:	
At 1 January 2019	2,961,965
At 31 December 2019	1,777,179
At 31 March 2020	3,272,980

14. INTANGIBLE ASSETS

	Acquired student population *SGD*	Acquired curriculum *SGD*	Trademarks *SGD*	Total *SGD*
Group				
Cost:				
At 31 December 2017, 2018, 2019 and 31 March 2020	7,652,314	541,058	8,864,059	17,057,431
Accumulated amortisation:				
At 31 December 2017, 2018, 2019 and 31 March 2020	7,652,314	541,058	—	8,193,372
Carrying amount:				
At 31 December 2017, 2018, 2019 and 31 March 2020	—	—	8,864,059	8,864,059

15. GOODWILL

Goodwill acquired in a business combination is allocated, at acquisition to the cash-generating units ("**CGUs**") that are expected to benefit from the business combination. The carrying amount of goodwill has been allocated as follows:

	As at 31 December			As at 31 March
	2017 *SGD*	2018 *SGD*	2019 *SGD*	2020 *SGD*
Commercial school				
Canadian International School Pte Ltd (single CGU)	7,461,985	7,461,985	7,461,985	7,461,985

The Target Group tests goodwill annually for impairment, or more frequently if there are indicators that goodwill might be impaired.

The recoverable amount of the CGU is based on value in use calculations determined by discounting the future cash flows to be generated from the continuing use of the CGU. The key assumptions for value in use calculations are those regarding discount rates, revenue growth and non-operating cash balances as at the assessment date.

The Target Group prepares cash flows forecasts derived from the most recent financial budgets approved by management for the next five years based on estimated revenue growth rate of 8.0%. The rate used to discount the forecast cash flows is 8.0%. The cash flows of the cash-generating units beyond the forecast period are extrapolated using a 3.0% growth rate considering the relevant industry growth rate forecast and the economic condition of the market and period which does not exceed the long-term average growth rate for the industry.

As at 31 December 2017, 2018 and 2019 and 31 March 2020, there was no recognition of impairment losses. Any reasonably possible change to the key assumptions applied are not likely to cause the recoverable amounts to be below the carrying amounts of the CGU.

16. INVENTORIES

	As at 31 December			As at 31 March
	2017	2018	2019	2020
	SGD	*SGD*	*SGD*	*SGD*
Uniforms	117,062	93,617	76,414	74,371

During the year ended 31 December 2018 and three months ended 31 March 2020, the Group recognised inventories written down of SGD6,182 and SGD11, respectively. During the year ended 31 December 2017 and 2019, the Group reversed the written down of SGD611 and SGD550, respectively, due to subsequent sales of the uniforms.

17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 December			As at 31 March
	2017	2018	2019	2020
	SGD	*SGD*	*SGD*	*SGD*
Prepayments	2,389,837	1,579,395	1,864,694	1,864,489
Immediate holding company	1,284,777	1,284,777	1,284,777	1,284,777
Grant receivables	—	—	—	1,160,000
Deposits	334,150	392,230	452,810	452,810
Other receivables	85,167	110,030	86,073	118,319
	4,093,931	3,366,432	3,688,354	4,880,395

For the purpose of impairment assessment, other receivables are considered to have low credit risk as the counterparties are mainly Singapore government with high credit rating or immediate holding company with strong capacities to meet their contractual cash flow obligations in the near term and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12m ECL.

In determining the 12m ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case. Management determines that the other receivables and deposits are subject to immaterial credit loss.

There have been no change in the estimation techniques or significant assumptions made during the current reporting period.

Previous accounting policy for impairment of other receivables (before adoption of IFRS 9 on 1 January 2018)

Other receivables are not past due and not impaired.

In determining the recoverability of other receivables, the group considers any change in its credit quality from the date credit was initially granted up to the end of the reporting period. Accordingly, the management believes that no allowance for doubtful debt is required as at 31 December 2017.

18. TRADE RECEIVABLES

	As at 31 December			As at 31 March
	2017	2018	2019	2020
	SGD	*SGD*	*SGD*	*SGD*
Outside parties	3,633,501	3,902,723	3,123,199	854,201
Less: Allowance for doubtful debts/ credit losses	(680,869)	(633,495)	(612,735)	(395,796)
Net	2,952,632	3,269,228	2,510,464	458,405

The average credit period for the sale of goods to outside parties is 30 days. No interest is charged on overdue trade receivables.

Loss allowance for trade receivables has been measured at an amount equal to lifetime 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.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

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.

	Not past due	< 30 days	31–60 days	61–90 days	> 90 days	Total
	SGD	*SGD*	*SGD*	*SGD*	*SGD*	*SGD*
As at 31 March 2020						
Estimated total gross carrying amount at default	198,820	34,474	36,729	126	584,052	854,201
Lifetime ECL	—	—	—	—	(395,796)	(395,796)
						458,405
As at 31 December 2019						
Estimated total gross carrying amount at default	1,236,857	157,708	99,934	1,300,736	327,964	3,123,199
Lifetime ECL	—	—	—	(281,462)	(331,273)	(612,735)
						2,510,464

	Not past due	< 30 days	31–60 days	61–90 days	> 90 days	Total
	SGD	*SGD*	*SGD*	*SGD*	*SGD*	*SGD*
As at 31 December 2018						
Estimated total gross carrying amount at default	1,101,590	513,206	95,819	1,790,011	402,097	3,902,723
Lifetime ECL	—	(12,600)	(1,712)	(307,938)	(311,245)	(633,495)
						3,269,228

The movements in the credit loss allowance are as follows:

	As at 31 December 2017
	SGD
Balance at beginning of year	337,036
Charge to profit or loss during the year	343,984
Write-off during the year	(151)
Balance at end of year	680,869

Movement in lifetime ECL that has been recognized for trade receivables in accordance with the simplified approach set out in IFRS 9 for the year ended 31 December 2019 and 2018 and three months ended 31 March 2020 are as follows:

	Total
	SGD
At 1 January 2018	680,869
Allowance on trade receivables	106,955
Reversal of trade receivables	(4,304)
Written-off as uncollectible	(150,025)
At 31 December 2018	633,495
Allowance on trade receivables	229,401
Reversal of trade receivables	(225,597)
Written-off as uncollectible	(24,564)
At 31 December 2019	612,735
Reversal of trade receivables	(216,939)
At 31 March 2020	395,796

Previous accounting policy for impairment of trade receivables (before adoption of IFRS 9 on 1 January 2018)

In 2017, an allowance of SGD680,869 has been made for the estimated irrecoverable amounts at the end of the reporting period. This allowance has been determined by reference to past default experience. The group reviews the recoverable amount of each individually significant trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amount.

Included in the group's trade receivables balance are debtors with a carrying amount of SGD1,838,833 which is past due at the end of the reporting period for which the Target Company has not made provision as there has not been significant changes in credit quality and the amounts are still considered recoverable. The Target Group does not hold any collateral over these balances.

The table below is an analysis of trade receivables at the end of the reporting period:

	As at 31 December 2017 *SGD*
Not past due and not impaired	1,113,799
Past due but not impaired[i]	1,838,833
	2,952,632
Impaired receivables — individually assessed	680,869
Less: Loss allowance	(680,869)
Total trade receivables, net	2,952,632

Note:

(i) Aging of receivables that are past due but not impaired:

	As at 31 December 2017 *SGD*
< 90 days	1,755,502
90 days and above	83,331
	1,838,833

The movements in the allowance for doubtful debts are as follows:

	As at 31 December 2017 *SGD*
Balance at beginning of year	337,036
Charge to profit or loss during the year	343,984
Write-off during the year	(151)
Balance at end of year	680,869

19. PLEDGED BANK DEPOSITS

	As at 31 December			As at 31 March
	2017	2018	2019	2020
	SGD	*SGD*	*SGD*	*SGD*
Deposits pledged for banking facilities	8,410,751	8,427,587	8,444,458	8,448,669

The amount represents bank deposits pledged to banks as security for certain banking facilities and borrowings (Note 27) granted to the Target Group.

20. BANK BALANCES AND CASH

	As at 31 December			As at 31 March
	2017	2018	2019	2020
	SGD	*SGD*	*SGD*	*SGD*
Cash on hand and at bank	18,627,638	21,578,189	16,207,587	15,864,865
Fixed deposits	30,000,000	35,000,000	25,000,000	—
	48,627,638	56,578,189	41,207,587	15,864,865
Less: Pledged bank deposits *(Note 19)*	(8,410,751)	(8,427,587)	(8,444,458)	(8,448,669)
Cash and cash equivalents in the statement of cash flows	40,216,887	48,150,602	32,763,129	7,416,196

As at 31 December 2017, 2018 and 2019, fixed deposits bear interest at 0.86%, 1.10% to 1.40%, and 0.75% to 1.37% respectively per annum and for a tenure at one to three months during the Relevant Period.

Bank balances and cash are substantially all dominated in SGD during the Relevant Period.

For the Relevant Period, the Group performed impairment assessment on bank balances and cash and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided.

21. HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The Target Company is a wholly owned subsidiary of Rainbow Readers Pte. Ltd., incorporated in Singapore. The Target Company's intermediate holding company is Iris Two Holding Limited, incorporated in the Cayman Islands. The ultimate controlling shareholder of Iris Two Holding Limited is Southern Capital Fund III L.P. Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

Some of the Target Company's transactions and arrangements are between members of the group and the effect of these on the basis determined between the parties is reflected in these financial statements.

The intercompany balances are unsecured, interest-free, non-trade in nature, repayable on demand unless otherwise stated.

Loan receivable from immediate holding company is as follows:

	As at 31 December			As at 31 March
	2017	2018	2019	2020
	SGD	*SGD*	*SGD*	*SGD*
Current	250,250,302	250,250,302	250,250,302	250,250,302

The fair value of the group's loan receivable from immediate holding company approximates its carrying amount.

For purpose of impairment assessment, the loan receivable is considered to have low credit risk as the timing of payment is controlled by ultimate holding company taking into account cash flow management within the ultimate holding company's group of companies and there has been no significant increase in the risk of default on the amount due from immediate holding company since initial recognition. Accordingly, for the purpose of impairment assessment of these receivables, the loss allowances measured at an amount equal to 12m ECL.

In determining the 12m ECL, management has taken into account the financial position of the immediate holding company, adjusted for factors that are specific to the immediate holding company and general economic conditions of the industry in which the immediate holding company operate, in estimating the probability of default of the loan receivables as well as the loss upon default. Management determines that the loan receivable due from immediate holding company are subject to immaterial credit loss.

There have been no change in the estimation techniques or significant assumptions made during the current reporting period.

The amount of SGD250,250,302 loan receivable from immediate holding company was subsequently received on 26 August 2020.

22. OTHER RELATED PARTY TRANSACTIONS

Some of the group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements.

Compensation of directors and key management personnel

No directors, including those who are the members of key management, received remuneration from the group during the Relevant Periods.

23. CONTRACT LIABILITIES

This relates to tuition and other fees, including confirmation fees received in advance to render education services in future periods.

Tuition and other fees are paid upfront as part of the initial sales transaction whereas revenue is recognised over the period of the corresponding academic year on a straight line. A contract liability is recognised for revenue relating to the services at the time of the initial sales transaction and is released over the academic year.

A contract liability is recognised for revenue relating to the confirmation fees received from new students who register with the school and is released over the average student stay in the school.

For the year ended 31 December 2018 and 2019, and three months ended 31 March 2020, the amount of revenue recognised which relates to brought-forward contract liabilities is SGD53,030,408, SGD57,397,275 and SGD33,884,934, respectively.

24. LEASE LIABILITIES

	As at 31 December 2019 *SGD*
Maturity analysis:	
Year 1	1,257,600
Year 2	628,800
Lease liabilities recognised as at 31 December 2019	1,886,400
Less: unearned interest	(65,081)
	1,821,319
Analysed as	
Current	1,199,004
Non-current	622,315
	1,821,319

	As at 31 March 2020 *SGD*
Maturity analysis:	
Year 1	1,257,600
Year 2	2,298,400
Lease liabilities recognised as at 31 March 2020	3,556,000
Less: unearned interest	(177,544)
	3,378,456
Analysed as	
Current	1,141,337
Non-current	2,237,119
	3,378,456

The total cash outflow for lease amount to SGD351,006 for three months ended 31 March 2020 (2019: SGD1,458,873; 2018: SGD1,478,950; 2017: SGD1,326,716).

25. OTHER PAYABLES, DEPOSITS AND ACCRUED EXPENSES

	As at 31 December			As at 31 March
	2017	**2018**	**2019**	**2020**
	SGD	*SGD*	*SGD*	*SGD*
Accrued operating expenses	9,586,451	10,096,736	11,881,540	12,705,232
Goods and services tax payables	3,200,557	3,523,697	3,705,947	—
Refundable deposits	2,128,907	1,930,632	1,758,862	1,758,862
Deferred grant receivables	—	—	—	1,160,000
Due to immediate holding company	11,603	11,633	11,615	11,696
Due to ultimate holding company	1,000	1,000	1,000	1,000
Deferred revenue(i)	51,776,249	—	—	—
Others	—	1,223,652	414,331	502,436
Total	66,704,767	16,787,350	17,773,295	16,139,226

Note:

(i) Deferred revenue as at 31 December 2017 represents tuition and other fees received in advance that will subsequently be recognised as revenue over the academic year.

27. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 31 December			As at 31 March
	2017	**2018**	**2019**	**2020**
	SGD	*SGD*	*SGD*	*SGD*
Interest rate swap not designated in hedge accounting relationships	—	239,259	(111,703)	(334,189)

The group entered into an interest rate swap to manage its exposure to interest rate risks. The interest rate swap is valued using discounted cash flow. Future cash flows are derived from forward interest rates (from observable yield curves at the end of the reporting period) and the contract interest rates.

In 2018, the group entered into a new interest rate swap to manage its exposure to interest rate movements on its bank borrowings by swapping 25% of the principal amounts on senior secured term loan facility from floating rates to a fixed rate (Note 27). The interest rate swap is for a period of 3 years and settles on a quarterly basis. The group will settle the difference between the fixed of 1.58% per annum and floating interest rate of 3 months Singapore Swap Offer Rate computed on the principal amount of senior secured term loan facility on a net basis.

The group does not adopt hedge accounting for the interest rate swap. During the year ended 31 December 2017 and 2018, the changes in the fair value of non-hedging interest rate swap amounted to a gain of SGD1,325,300 and SGD239,259, respectively. During the three months ended 31 March 2020 and the year ended 31 December 2019, the changes in the fair value of non-hedging interest rate swap amounted to a loss of SGD222,486 and SGD350,962 respectively.

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at the end of the reporting period:

Outstanding contract	Contracted fixed interest rate				Notional principal amount				Fair value (loss) gain			
	As at 31 March	As at 31 December			As at 31 March	As at 31 December			As at 31 March	As at 31 December		
	2020	2019	2018	2017	2020	2019	2018	2017	2020	2019	2018	2017
					SGD	*SGD*	*SGD*	*SGD*	*SGD*	*SGD*	*SGD*	*SGD*
Less than 1 year (2019: Less than 1 year, 2018 : More than 1 year; 2017: Nil)	1.58%	1.58%	1.58%	–	63,750,000	65,000,000	70,000,000	–	(222,468)	(350,962)	239,259	1,325,300

27. BORROWINGS

	As at 31 December			As at 31 March
	2017	2018	2019	2020
	SGD	*SGD*	*SGD*	*SGD*
Senior secured term loan facilities	300,000,000	280,000,000	235,000,000	230,000,000
Less: Current portion	(20,000,000)	(20,000,000)	(20,000,000)	(20,000,000)
Non-current portion	280,000,000	260,000,000	215,000,000	210,000,000
The carrying amounts of the above borrowings are repayable:				
Within one year	20,000,000	20,000,000	20,000,000	20,000,000
Within a period of more than one year but not exceeding two years	80,000,000	80,000,000	80,000,000	80,000,000
Within a period of more than two years but not exceeding five years	200,000,000	180,000,000	135,000,000	130,000,000
	300,000,000	280,000,000	235,000,000	230,000,000

In 2017, the Target Group obtained a senior secured term loan facility of SGD300,000,000 which are repayable in 39 quarterly instalments of SGD5,000,000 and a final instalment of SGD105,000,000 payable on 9 November 2027. The loan carry interest at interest margin of 3.5% plus Singapore Dollar Swap Offer Rate corresponding to the interest period.

The senior secured term loan and the SGD20,000,000 revolving loan facility is secured by:

a. Legal mortgage over the leasehold land and property;

b. Rights, titles and interest under the insurance policies and leases, tenancies and licences in respect of the leasehold land and property;

c. Restricted bank deposits and the cash and cash equivalents of its subsidiary, Canadian International School Pte Ltd;

d. Shares in its subsidiary, Canadian International School Pte Ltd;

e. All future loans and advances made to the subsidiary, Canadian International School Pte Ltd by its related companies; and

f. Fixed and floating charge over all present and future assets of the subsidiary, Canadian International School Pte Ltd.

The fair value of the bank loans approximate the carrying amount as the loans bear interest at floating rates.

28. DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities provided and movements thereon during the current and prior years:

	SGD
At 1 January 2017, 31 December 2017 and 2018	7,343,877
Credit to profit or loss *(Note 10)*	(505,676)
At 31 December 2019	6,838,201
Credit to profit or loss *(Note 10)*	(125,000)
At 31 March 2020	6,713,201

The deferred tax liabilities arose from the excess of capital allowance claimed under depreciation charged on those assets which qualify for tax allowance.

29. SHARE CAPITAL

	Number of ordinary shares				Share capital			
	As at 31 December			As at 31 March	As at 31 December			As at 31 March
	2017	2018	2019	2020	2017	2018	2019	2020
					SGD	*SGD*	*SGD*	*SGD*
Issued and paid up:								
At beginning and end of year	78,649,493	78,649,493	78,649,493	78,649,493	104,526,172	104,526,172	104,526,172	104,526,172

The Target Company has one class of ordinary shares which carry one vote per share, has no par value and carries a right to dividend as and when declared by the Target Company.

30. EARNINGS PER SHARE

No earnings per share information is presented for the purpose of this report as its inclusion is not considered meaningful.

31. DIVIDENDS

No dividend was paid or declared by the Target Company in respect of the Relevant Periods.

32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

	Borrowings	**Lease Liabilities**	**Total**
	SGD	*SGD*	*SGD*
At 1 January 2017	187,087,725	—	187,087,725
Financing cash flows(i)	112,912,275	—	112,912,275
At 31 December 2017	300,000,000	—	300,000,000
Financing cash flows(i)	(20,000,000)	—	(20,000,000)
At 31 December 2018	280,000,000	—	28,000,000
Adoption of IFRS 16	—	2,961,965	2,961,965
At 1 January 2019	280,000,000	2,961,965	282,961,965
Financing cash flows(i)	(45,000,000)	(1,257,600)	(46,257,600)
Other changes(ii)	—	116,954	116,954
At 31 December 2019	235,000,000	1,821,319	236,821,319
At 1 January 2020	235,000,000	1,821,319	236,821,319
Financing cash flows(i)	(5,000,000)	(314,400)	(5,314,400)
Non-cash (lease modification)	—	1,836,031	1,836,031
Other changes(ii)	—	35,506	35,506
At 31 March 2020	230,000,000	3,378,456	233,378,456

Notes:

(i) The cash flows make up the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.

(ii) Other changes include interest accruals and payments.

33. CAPITAL RISK MANAGEMENT

The Target Group manages its capital to ensure that entities in the Target Group will be able to continue as a going concern while maximising the return to shareholders through the optimization of the debt and equity balance. The Target Group's overall strategy remains unchanged over the Relevant Periods.

The capital structure of the Target Group consists of bank balance and cash, borrowings and equity attributable to equity holders of the Target Company, comprising share capital, capital reserve and retained profits.

The directors review the capital structure on a continuous basis taking into account the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Target Group will balance its overall capital structure through repurchase of shares or issuance of new shares.

34. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at 31 December			As at 31 March
	2017	2018	2019	2020
	SGD	*SGD*	*SGD*	*SGD*
Financial assets				
Financial assets at amortised cost	303,534,666	311,884,756	295,792,013	268,429,478
Derivative financial instruments	—	239,259	—	—
Financial liabilities				
Derivative financial instruments	—	—	111,703	334,189
Lease liabilities	—	—	1,821,319	3,378,456
Financial liabilities at amortised cost	311,727,961	292,040,001	248,653,017	244,476,790

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, loan receivable from immediate holding company, other receivables, deposits, and prepayments, pledged bank deposits, bank balances and cash, other payables, deposits and accrued expenses and borrowings. Details of these financial instruments are disclosed in the respective notes. These risks include market risk (interest rate risk), credit risk and liquidity risk. Management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

Market risk

(i) Interest rate risk

The group is exposed to interest rate risk as the group itself has loans from bank which bear interest at variable rates. The loans to immediate holding company and subsidiary are interest free. The interest rates and terms of repayment of the loan to immediate holding company and subsidiary and bank loans are disclosed in the Notes 21 and 27 respectively.

As part of the mechanism to manage interest rate risk, the group may enter into interest rate swaps not designated in hedge accounting relationships against future increase in interest rates, which have the economic effect of converting borrowings from floating rates to fixed rates. The interest rate swap allow the group to raise long-term borrowings at floating rates and swap them into fixed rates which are lower than those available if the group borrowed at fixed rates directly. Under the interest rate swaps, the group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts. Further details of the interest rate swap can be found in Note 26.

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rate for non-derivative instruments at the end of the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates on borrowings had been 50 basis points higher/lower and all other variables were held constant, the group's profit for the year ended 2017, 2018 and 2019 and three months ended 31 March 2020 would decrease/increase by SGD1,500,000, SGD1,400,000, SGD1,175,000 and SGD1,150,000, respectively, assuming a full year impact. Details of the Target Company's loan are disclosed in Note 27.

The group's sensitivity to interest rate cash flow risks has decreased during the Relevant Periods mainly due to the increase in interest rate swaps. The carrying amounts of financial assets and financial liabilities, classified as current assets and current liabilities, approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

Some of the group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined.

Finance assets/ Financial liabilities	Fair value as at 31 March 2020	31 December 2019	31 December 2018	31 December 2017	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input(s)
Derivative financial instrument *(Note 26)*							
Interest rate swap not designated in hedge accounting relationships.	(334,189)	(111,703)	239,259	—	Level 2	Discounted cash flow-future cash flow are estimated based on observable prevailing spot rate and strike rate, discounted at a rate that reflects the credit risk of various counterparty.	N/A

Credit risk and impairment assessment

Credit risk refers to the risk that counterparties will default on their contractual obligations to repay the amounts owing to the group, resulting in a loss to the group. The group has adopted procedures in extending credit terms to customers and in monitoring its credit risk.

The group has no significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The group defines counterparties as having similar characteristics if they are related entities or if they operate within the same industry. The group has established policies to minimise customer credit risk. The maximum exposure to credit risk is represented by the carrying amount of financial assets recorded in the financial statements.

The group's current credit risk grading framework comprises the following categories (trade receivables are excluded):

Category	Description	Basis for recognising expected credit loss
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL (not credit impaired)
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL (credit impaired)
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the group has no realistic prospect of recovery.	Amount is written off

The table below details the credit quality of the group's financial assets as well as maximum exposure to credit risk by credit risk rating grades:

	Notes	Internal credit rating	12m ECL or life-time ECL	Gross carrying amount *SGD*	Loss allowance *SGD*	Net carrying amount *SGD*
As at 31 March 2020						
Bank balances and cash	*20*	Performing	12m ECL	7,416,196	—	7,416,196
Pledged bank deposits	*19*	Performing	12m ECL	8,448,669	—	8,448,669
Trade receivables	*18*	(i)	Lifetime ECL (simplified approach)	854,201	(395,796)	458,405
Other receivables	*17*	Performing	12m ECL	118,319	—	118,319
Deposits	*17*	Performing	12m ECL	452,810	—	452,810
Receivables from immediate holding company	*17*	Performing	12m ECL	1,284,777	—	1,284,777
Loan receivables from immediate holding company	*21*	Performing	12m ECL	250,250,302	—	250,250,302
				268,825,274	(395,796)	268,429,478

	Notes	Internal credit rating	12m ECL or life-time ECL	Gross carrying amount *SGD*	Loss allowance *SGD*	Net carrying amount *SGD*
2019						
Bank balances and cash	*20*	Performing	12m ECL	32,763,129	—	32,763,129
Pledged bank deposits	*19*	Performing	12m ECL	8,444,458	—	8,444,458
Trade receivables	*18*	(i)	Lifetime ECL (simplified approach)	3,123,199	(612,735)	2,510,464
Other receivables	*17*	Performing	12m ECL	86,073	—	86,073
Deposits	*17*	Performing	12m ECL	452,810	—	452,810
Receivables from immediate holding company	*17*	Performing	12m ECL	1,284,777	—	1,284,777
Loan receivables from immediate holding company	*21*	Performing	12m ECL	250,250,302	—	250,250,302
				296,404,748	(612,735)	295,792,013
2018						
Bank balances and cash	*20*	Performing	12m ECL	48,150,602	—	48,150,602
Pledged bank deposits	*19*	Performing	12m ECL	8,427,587	—	8,427,587
Trade receivables	*18*	(i)	Lifetime ECL (simplified approach)	3,902,723	(633,495)	3,269,228
Other receivables	*17*	Performing	12m ECL	110,030	—	110,030
Deposits	*17*	Performing	12m ECL	392,230	—	392,230
Receivables from immediate holding company	*17*	Performing	12m ECL	1,284,777	—	1,284,777
Loan receivables from immediate holding company	*21*	Performing	12m ECL	250,250,302	—	250,250,302
				312,518,251	(633,495)	311,884,756

(i) The group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience and based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

Cash at bank are held with creditworthy institutions and is subject to immaterial credit loss.

Further details of credit risks on trade and other receivables are disclosed in Notes 18 and 17, respectively.

Liquidity risk

The Group manages liquidity risk by maintaining adequate bank balance and cash, monitoring forecast and actual cash flows.

Liquidity and interest risk analyses

Non-derivative financial liabilities and lease liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average interest rate	On demand or less than 1 year	Within 2 to 5 years	After 5 years	Discounted	Total
	%	*SGD*	*SGD*	*SGD*	*SGD*	*SGD*
As at 31 March 2020						
Non-interest bearing	—	14,442,680	—	—	—	14,442,680
Lease liabilities (fixed rate)	5.00	1,257,600	2,298,400	—	(177,544)	3,378,456
Loans from bank (variable rate)	5.33	24,242,571	119,491,717	152,665,366	(66,399,654)	230,000,000
At 31 March 2020		39,942,851	121,790,117	152,665,366	(66,577,198)	247,821,136
As at 31 December 2019						
Non-interest bearing	—	13,653,017	—	—	—	13,653,017
Lease liabilities (fixed rate)	5.00	1,257,600	628,800	—	(65,081)	1,821,319
Loans from bank (variable rate)	5.33	32,568,436	119,491,717	152,665,366	(69,725,519)	235,000,000
At 31 December 2019		47,479,053	120,120,517	152,665,366	(69,790,600)	250,474,336
As at 31 December 2018						
Non-interest bearing	—	12,040,001	—	—	—	12,040,001
Loans from bank (variable rate)	5.24	34,030,161	125,630,804	207,535,830	(87,196,795)	280,000,000
At 31 December 2018		46,070,162	125,630,804	207,535,830	(87,196,795)	292,040,001
As at 31 December 2017						
Non-interest bearing	—	11,727,961	—	—	—	11,727,961
Loans from bank (variable rate)	4.53	33,036,802	123,078,130	232,308,598	(88,423,530)	300,000,000
At 31 December 2017		44,764,763	123,078,130	232,308,598	(88,423,530)	311,727,961

Non-derivative financial assets

All the non-derivative financial assets are non-interest bearing and the expected maturity is on demand or within 1 year, except as disclosed in Note 19.

Derivative financial instrument

The group enters into interest rate swap to manage its exposure to interest rate risks. Further details of derivative financial instrument are disclosed in Note 26.

The following table details the liquidity analysis for derivative financial instrument. The table has been drawn up based on the undiscounted net cash inflows (outflows) on the derivative instruments that settle on a net basis. When the amount payable or receivable is not fixed, the amount disclosed is determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period.

	On demand or Within 1year	**Within 2 or 3 years**	**After 5 years**
	SGD	*SGD*	*SGD*
As at 31 March 2020			
Net settled:			
— Interest rate swap	(334,189)	—	—
As at 31 December 2019			
Net settled:			
— Interest rate swap	(111,703)	—	—
As at 31 December 2018			
Net settled:			
— Interest rate swap	—	239,259	—
As at 31 December 2017			
Net settled:			
— Interest rate swap	—	—	—

35. COMMITMENTS

Operating lease commitments as at 31 December 2017 and 2018

At 31 December 2017 and 2018, the Target Group's commitments for future minimum lease payments under non-cancellable operating leases fall due as follows:

	As at 31 December	
	2017	**2018**
	SGD	*SGD*
Within one year	1,374,584	1,392,984
In the second to fifth year inclusive	2,745,112	2,050,848
	4,119,696	3,443,832

Operating lease payments represent rentals payable by the Target Group for the lease of school premises and lease of office equipment. Leases are negotiated and rentals are fixed for terms ranging from one to five years and three to five years as at 31 December 2017 and 2018, respectively.

36. PARTICULARS OF SUBSIDIARIES OF THE TARGET COMPANY

Details of the Target Company's subsidiaries at the end of the Relevant Periods are set out below:

Name of subsidiary/ school	Date and place of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Proportion of ownership interests and voting power held by the Target Group				Principal activities
			As at 31 March 2020	As at 31 December 2019	2018	2017	
Canadian International School Pte Ltd	12 May 1990 Singapore	SGD300,000	100%	100%	100%	100%	Operators of a commercial school
Canadian School of Advanced Learning Pte. Ltd.(i)	28 January 2005 Singapore	SGD2	100%	100%	100%	100%	Inactive

The above table lists all subsidiaries and schools of the Target Company.

Note:

(i) No audited financial statements for the year ended 31 December 2017, 2018 and 2019 have been prepared as the subsidiary is exempted from statutory audit requirement due to the size of operation under Singapore Companies Acts.

None of the subsidiaries had issued any debt securities at the end of the Relevant Periods.

All companies now comprising the Target Group have adopted 31 December as their financial year-end.

The statutory financial statements of the above subsidiary, Canadian International School Pte Ltd, established in Singapore were prepared in accordance with relevant accounting principles and financial regulations applicable to these enterprises in Singapore and were audited by Deloitte & Touche LLP, certified public accountants registered in Singapore.

37. SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed elsewhere in the Historical Financial Information, subsequent to the end of the Relevant Periods, the following significant events took place:

(a) On 19 June 2020, a sale and purchase agreement was entered into between the Target Company, the purchaser (Maple Leaf CIS Holdings Pte. Limited) and the seller (Rainbow Readers Pte. Ltd.). Subsequently, an announcement was made public relating to the acquisition on 22 June 2020. Pursuant to the fulfillment of all the conditions precedent under the sale and purchase agreement, the First Closing took place on 26 August 2020. Upon First Closing, the purchaser has successfully acquired 90% of the issued share capital of the Target Company.

(b) The outbreak of the 2019 Novel Coronavirus ("**COVID-19**") in Singapore and the subsequent quarantine measures imposed by the Singapore government in early 2020 have had a certain temporary impact on the operations of the Target Group since January 2020. This included a mandatory physical campus closure with a switch to home-based learning for all students between late March 2020 and 2 June 2020. The degree of the impact depends on the progress and duration of pandemic prevention and control and the implementation of local prevention and control policies.

After campus reopening in June and until summer break, the Target Group's operations were generally stable with a mix of online and on-campus course offerings. The management has decided to offer a special tuition fee rebate of SGD1,200 per student to all students from Canadian International School Pte Ltd in a form of cash rebate to students leaving the school after the current academic semester ended in June 2020 and in a form of credit note against the tuition fees payable for the next academic year to students continuing studying with the school. The directors of the Target Company will continue to pay close attention to the development of the COVID-19 pandemic situation, assess and react actively to its impacts on the financial position and operating results of the Target Group.

38. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Target Group, the Target Company or any of its subsidiaries have been prepared in respect of any period subsequent to the end of the Relevant Periods.

*Set out below is the management discussion and analysis of the Target Group for each of the financial years ended 31 December 2017, 2018 and 2019, and each of the three-month periods ended 31 March 2019 and 2020 (the "**Relevant Periods**").*

1. FINANCIAL ANALYSIS

The following table sets forth the consolidated results of the Target Group for each of the financial years ended 31 December 2017 ("**FY2017**"), 31 December 2018 ("**FY2018**") and 31 December 2019 ("**FY2019**"), three months period ended 31 March 2019 ("**3M2019**") and 31 March 2020 ("**3M2020**"), which are extracted from, and should be read together with, the financial information prepared in accordance with the basis of preparation and presentation as set out in the Financial Information of the Target Group in Appendix II to this Circular.

	FY2017	**FY2018**	**FY2019**	**3M2019**	**3M2020**
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*
	Audited	Audited	Audited	Unaudited	Audited
Revenue	96,593	107,062	118,008	34,026	34,871
Staff costs	(44,797)	(47,652)	(51,600)	(14,041)	(15,260)
Gross profit	51,796	59,410	66,408	19,985	19,611
Other operating income	4,181	855	908	358	289
Other operating expenses	(15,453)	(16,669)	(17,613)	(4,490)	(3,515)
Depreciation and amortisation expense	(8,447)	(7,129)	(8,506)	(2,060)	(2,149)
Finance costs	(16,067)	(14,376)	(14,029)	(3,693)	(2,867)
Profit before taxation	16,010	22,091	27,168	10,100	11,369
Income tax	(5,655)	(6,120)	(6,617)	(1,977)	(2,398)
Profit for the year/period	10,355	15,971	20,551	8,123	8,971

2.1 REVENUE

The following table sets forth the breakdown of the revenue for the Target Group:

	FY2017	FY2018	FY2019	3M2019	3M2020
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*
	Audited	Audited	Audited	Unaudited	Audited
Tuition and other fees	91,844	99,424	109,827	31,681	33,264
Confirmation fees	2,508	2,584	2,847	432	621
Application fees	2,241	2,402	2,849	685	630
Sales of inventories	—	183	163	30	24
Revenue from extracurricular activities, excursion and field trips	—	2,469	2,322	1,198	332
Total Revenue	96,593	107,062	118,008	34,026	34,871

The revenue of the Target Group mainly comprises tuition and other fees, confirmation fees, application fees, sales of inventories and revenue from extracurricular activities, excursion and field trips. For FY2017, FY2018 and FY2019, the Target Group recorded revenue of SGD96.6 million, SGD107.1 million and SGD118.0 million respectively, representing an increase of 10.8% in FY2018 compared to FY2017 and 10.2% in FY2019 compared to FY2018 mainly due to the increase in student enrolment and tuition fees. For 3M2019 and 3M2020, the Target Group recorded revenue of SGD34.0 million and SGD34.9 million respectively, representing an increase of 2.5% in 3M2020 compared to 3M2019 mainly due to the increase in student enrolment and tuition fees.

For FY2018 and subsequent Relevant Periods, the revenue from sales of inventories and extracurricular activities, excursion and field trips were reclassified from other operating income to revenue upon adoption of IFRS 15 as at 1 January 2018.

2.2 STAFF COSTS, OTHER OPERATING EXPENSES, AND DEPRECIATION AND AMORTISATION EXPENSES

The following table sets forth the breakdown of staff costs, other operating and depreciation and amortisation expenses for the Target Group:

	FY2017	FY2018	FY2019	3M2019	3M2020
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*
	Audited	Audited	Audited	Unaudited	Audited
Staff costs	(44,797)	(47,652)	(51,600)	(14,041)	(15,260)
Other operating expenses	(15,453)	(16,669)	(17,613)	(4,490)	(3,515)
Depreciation and amortisation expenses	(8,447)	(7,129)	(8,506)	(2,060)	(2,149)
Total	(68,697)	(71,450)	(77,719)	(20,591)	(20,924)

Total staff costs, other operating expenses and depreciation and amortisation expenses of the Target Group have generally increased in the Relevant Periods in line with the increase in student enrolment and revenue.

For FY2017, FY2018 and FY2019, the Target Group recorded staff costs of SGD44.8 million, SGD47.7 million, and SGD51.6 million respectively, representing an increase of 6.4% in FY2018 compared to FY2017 and 8.3% in FY2019 compared to FY2018 mainly due to the increase in academic staff headcount. For 3M2019 and 3M2020, the Target Group recorded staff costs of SGD14.0 million and SGD15.3 million respectively, representing an increase of 8.7% for 3M2020 mainly due to the increase in academic staff headcount.

The staff costs make up 46.4%, 44.5%, 43.7% of the revenue for FY2017, FY2018, FY2019 and 41.3% and 43.8% of the revenue for 3M2019 and 3M2020 respectively, and represent the main operating cost for each Relevant Period.

For FY2017, FY2018 and FY2019, the Target Group recorded other operating expenses of SGD15.5 million, SGD16.7 million and SGD17.6 million respectively, representing an increase of 7.9% in FY2018 compared to FY2017 and 5.7% in FY2019 compared to FY2018, mainly in line with the increase in revenue. The lower increase in FY2019 was mainly due to the decrease in operating lease expenses of SGD1.3 million in FY2019 following the adoption of IFRS 16 since 01 January 2019 as indicated in the Financial Information of the Target Group in Appendix II to this Circular. Following the adoption of IFRS 16, the lease on the Tanjong Katong campus is recognised as right-of-use assets and lease liabilities at the present value of the remaining lease payments. The right-of-use assets and the operating lease payable will be recognised as depreciation of right-of-use assets and interest expenses in relation to lease liabilities, respectively in the statement of profit or loss over the remaining lease period.

For 3M2019 and 3M2020, the Target Group recorded other operating expenses of SGD4.5 million and SGD3.5 million respectively, representing a decrease of 21.7% for 3M2020 mainly due to the cancellation of extracurricular activities, excursion and field trips following COVID-19 outbreak in Singapore and the implementation of social distancing measures as well as travel restrictions.

For FY2017, FY2018 and FY2019, the Target Group recorded depreciation and amortisation expenses of SGD8.4 million, SGD7.1 million, and SGD8.5 million respectively, representing a decrease of 15.6% for FY2018 and an increase of 19.3% for FY2019. The increase in FY2019 was mainly due to the implementation of IFRS 16, which resulted in the recognition of depreciation of right-of-use assets. The depreciation and amortisation expenses for 3M2020 remained relative stable compared to 3M2019.

2.3 OTHER OPERATING INCOME

Other operating income of the Target Group mainly comprises government grants received, interest income from bank, gain from interest rate swap and other income such as room rental, report card fee, yearbook fee, and postage fee. In FY2018, the other operating income of the Target Group amounting to SGD0.9 million decreased by 79.6% compared to FY2017, mainly due to income from extracurricular activities, excursion and field trips and sale of inventories being reclassified as revenue following the adoption of IFRS15. The other operating income for FY2019 and 3M2020 remained relatively stable compared to FY2018 and 3M2019 respectively.

2.4 FINANCE COSTS

Finance costs mainly represent interest expenses incurred in connection with the bank loans. The Target Group recorded finance costs of approximately SGD16.1 million, SGD14.4 million, SGD14.0 million for FY2017, FY2018, FY2019 respectively and SGD3.7 million and SGD2.9 million for 3M2019 and 3M2020 respectively.

The decrease of finance costs was mainly attributable to a decrease in total borrowings during the periods compared to the same period in the previous years.

2.5 INCOME TAX

The Target Group recorded income tax expenses of approximately SGD5.7 million, SGD6.1 million, SGD6.6 million for FY2017, FY2018, FY2019 respectively and SGD2.0 million and SGD2.4 million in 3M2019 and 3M2020 respectively. The increase in income tax expenses was mainly attributable to the increase in profit before taxation.

2.6 PROFIT FOR THE YEAR OR PERIOD

For FY2017, FY2018 and FY2019, the Target Group recorded profit for the year of SGD10.4 million, SGD16.0 million, and SGD20.6 million respectively, representing an increase of 54.2% for FY2018 and 28.7% for FY2019. For 3M2019 and 3M2020, the Target Group recorded profit for the period of SGD8.1 million and SGD9.0 million respectively, representing an increase of 10.4% for 3M2020.

2.7 CAPITAL COMMITMENTS

As at the end of all Relevant Periods, the Target Group did not have any capital commitments authorised but not contracted for.

2.8 OPERATING LEASE COMMITMENTS

As at 31 December 2017 and 2018, the Target Group had future committed aggregate minimum lease payments under non-cancellable operating leases in respect of school premises and office equipment of approximately SGD4.1 million and SGD3.4 million respectively, which are not recognised as lease liabilities.

2.9 LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Target Group mainly financed its operations and capital expenditure by the internally generated funds from operations and bank borrowings.

As at 31 December 2017, 31 December 2018, 31 December 2019, and 31 March 2020, the Target Group's bank balances and cash amounted to SGD40.2 million, SGD48.2 million, SGD32.8 million and SGD7.4 million respectively. The bank balances and cash are denominated in Singapore Dollar and exclude restricted bank deposits. Bank balances and cash decreased in FY2019, mainly due to the repayment of the bank loan amounting to SGD45.0 million and purchase of property and equipment of SGD5.1 million during that financial year.

The bank balances and cash of the Target Group as at March are lower as compared to December. This is mainly due to seasonal variation in cash balance as invoicing for prepaid tuition fees are done twice a year in mid-April and early October.

As at 31 December 2017, 31 December 2018, 31 December 2019, and 31 March 2020, the Target Group's bank borrowings were SGD300.0 million, SGD280.0 million, SGD235.0 million and SGD230.0 million respectively. The bank borrowings were denominated in Singapore Dollar, which is the functional currency of the Target Group. As such, the Target Group does not have any material exposure to currency risk. The bank borrowings carried a variable interest rate with reference to Singapore Dollar Swap Offer Rate. To manage this interest rate risk, the Target Group entered into interest rate swaps arrangement by swapping 25% of the principal amount of its bank debt from floating rate to fixed rates.

Upon completion of the acquisition of the 90% stake in Star Readers by Maple Leaf CIS Holdings Pte. Limited on 26 August 2020, the outstanding bank loan including principal, accrued interest and financial derivatives was fully settled through a new term loan facility of SGD225 million ("**Term Loan Facility**"). The Term Loan Facility are secured by legal mortgage over the leasehold land and property, rights, titles and interest under the insurance policies and leases, tenancies and licences in respect of the leasehold land and property, restricted bank deposits and the cash and cash equivalents, share capital, all future loans and advances made to CIS Pte Ltd by its shareholders and related companies, and fixed and floating charge over all present and future assets of CIS Pte Ltd.

3. GEARING RATIO

Gearing ratio is computed as total borrowings divided by total equity. The overall gearing ratio of the Target Group was 521.3%, 387.4%, 253.2% as at 31 December 2017, 31 December 2018, 31 December 2019 respectively and 225.9% as at 31 March 2020, respectively. The gearing ratio of the Target group has been decreasing during the Relevant Periods, mainly due to the repayment of the bank loans as well as the accumulation of profit after tax generated during the Relevant Periods.

4. CONTINGENT LIABILITIES

As at the end of all Relevant Periods, the Target Group did not have any material contingent liabilities, guarantees, litigations or claims pending or threatened against any member of the Target Group.

5. MATERIAL ACQUISITION AND DISPOSAL

During the Relevant Periods, the Target Group did not conduct any material acquisition or disposal of subsidiaries, associates and joint ventures.

6. INVESTMENT

During the Relevant Periods, the Target Group did not have any significant investment.

7. EMPLOYEE AND REMUNERATION POLICY

The total staff costs of the Target Group increased from SGD44.8 million in FY2017 to SGD47.7 million in FY2018 and SGD51.6 million in FY2019 mainly due to the increase in the number of employees from 508 as at 31 December 2017, to 546 as at 31 December 2018 and 586 as at 31 December 2019 respectively. The total staff costs of the Target Group increased from SGD14.0 million in 3M2019 to SGD15.3 million in 3M2020, respectively, mainly due the increase in the number of employees from 562 as at 31 March 2019 to 597 as at 31 March 2020.

The Target Group recruits, employs and promotes its employees and makes remuneration payments to them in accordance with the employees' qualifications, experience, skills, performance and contributions. In order to nurture motivated and skilled working teams, the Target Group provides employees with on-the-job training and market competitive remuneration, including salaries and bonus.

8. CHARGE ON ASSETS

Save as disclosed above, as at the end of all Relevant Periods, the Target Group did not have any other charge on its assets.

9. FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Saved for the ongoing construction of an extension block in Lakeside campus, which commenced in December 2019 and continuous addition of other property, plant and equipment for operations, as at the Latest Practicable Date, the Target Group has no plan for material investments or capital assets.

A. INTRODUCTION

The following is the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group (the "**Unaudited Pro Forma Consolidated Statement of Assets and liabilities**") which has been prepared by the directors of the Company in accordance with paragraph 4.29 of the Listing Rules for the purpose of illustrating the financial effect of the proposed acquisition of 100% equity interest in Star Readers Pte. Ltd. (the "**Target Group**") (the "**Acquisition**") on the Group as if the Acquisition had been completed on 29 February 2020.

The Unaudited Pro Forma Consolidated Statement of Assets and Liabilities of the Group is prepared based on (i) the unaudited condensed consolidated statement of financial position of the Group as at 29 February 2020 which has been extracted from the published interim report of the Company for the six months ended 29 February 2020 and (ii) the audited consolidated statement of financial position of the Target Group as at 31 March 2020 as extracted from the accountants' report thereon set out in Appendix II to this circular, after making unaudited pro forma adjustments that are (i) directly attributable and (ii) factually supportable, as if the Acquisition had been completed at 29 February 2020.

The Unaudited Pro Forma Consolidated Statement of Assets and Liabilities has been prepared by the Directors of the Company based on a number of assumptions, estimates and uncertainties for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group upon completion of the Acquisition as at 29 February 2020, or at any future dates.

* All capitalised terms herein have the same meaning as those defined in the Circular, unless otherwise indicated.

B. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

Unaudited Pro Forma Consolidated Statement of Assets and Liabilities of the Enlarged Group as at 29 February 2020

	The Group as at 29 February 2020	The Target Group as at 31 March 2020	The Target Group as at 31 March 2020	Pro forma Adjustments			The Enlarged Group as at 29 February 2020
	RMB'000	*SGD'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	
ASSETS							
Non-current Assets							
Property, plant and equipment	2,511,572	107,896	536,500			273,452	3,321,524
Right-of-use assets	459,053	3,273	16,275				475,328
Investment properties	349,067	—	—				349,067
Goodwill	252,848	7,462	37,104			2,427,643	2,717,595
Other intangible assets	38,041	8,864	44,076			796,235	878,352
Deposit paid for acquisition of property and equipment	9,964	—	—				9,964
Books for lease	1,875	—	—				1,875
Pledged bank deposits	137,613	—	—				137,613
	3,760,033	127,495	633,955			3,497,330	7,891,318
Current Assets							
Inventories	11,456	74	370				11,826
Trade receivable	—	458	2,279				2,279
Loan receivable from immediate holding company	—	250,250	1,244,345	(1,244,345)			—
Deposits, prepayments and other receivables	132,068	4,881	24,267	(6,388)			149,947
Financial assets at fair value through profit or loss	10,451	—	—				10,451
Restricted cash	50,672	8,449	42,010				92,682
Bank balances and cash	2,094,883	7,416	36,876		(17,004)	(2,077,879)	36,876
	2,299,530	271,528	1,350,147	(1,250,733)	(17,004)	(2,077,879)	304,061
Total Assets	6,059,563	399,023	1,984,102	(1,250,733)	(17,004)	1,419,451	8,195,379

	The Group as at 29 February 2020	The Target Group as at 31 March 2020	The Target Group as at 31 March 2020	Pro forma Adjustments			The Enlarged Group as at 29 February 2020
	RMB'000	*SGD'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	
LIABILITIES							
Current Liabilities							
Contract liabilities	712,437	30,626	152,285			(2,615)	862,107
Lease liabilities	17,282	1,141	5,675				22,957
Other payables and accrued expenses	357,970	16,140	80,251	(2,959)		1,074,787	1,510,049
Income tax payable	63,997	10,039	49,919				113,916
Borrowings	123,941	20,000	99,448	(99,448)			123,941
Derivative financial instrument	—	334	1,662	(1,662)			—
Contingent Consideration Payable — current	—	—	—			198,896	198,896
	1,275,627	78,280	389,240	(104,069)		1,271,068	2,831,866
Non-Current Liabilities							
Deferred tax liabilities	49,632	6,713	33,381			182,293	265,306
Borrowings	200,707	210,000	1,044,204	(1,044,204)			200,707
Contingent Consideration Payable	—	—	11,124			369,783	369,783
Lease liabilities	168,914	2,237	11,124				180,038
	419,253	218,950	1,088,709	(1,044,204)		552,076	1,015,834
Total Liabilities	1,694,880	297,230	1,477,949	(1,148,273)		1,823,144	3,847,700
NET ASSETS	4,364,683	101,793	506,153	(102,460)	(17,004)	(403,693)	4,347,679

Notes to the Unaudited Pro Forma Consolidated Statement of Assets and Liabilities

1. The amounts are extracted from the unaudited condensed consolidated statement of assets and liabilities of the Group as set out in the published interim report of the Group for the six months ended 29 February 2020, dated 28 April 2020.

2. The pro forma adjustment represents 100% of assets and liabilities of the Target Group for consolidation into the Group's unaudited consolidated statement of financial position as if the Acquisition had been completed on 29 February 2020. The audited consolidated statement of assets and liabilities of the Target Group as at 31 March 2020 is extracted from the accountants' report of the Target Group as set out in Appendix II to this circular.

3. The audited consolidated statement of assets and liabilities of the Target Group is translated into RMB at an exchange rate of SGD1=RMB4.9724 as at 31 March 2020. No representation is made that SGD denominated amounts have been, could have been, or could be converted to RMB, or vice versa, at that rate or at any other rates or at all.

4. The adjustment represents settlement of all outstanding amounts owing by the Seller and its related corporations excluding the Target Group (the ''Seller's Group'') (the ''**Intercompany Receivables**'') and the full settlement of Bank Debt (which include principal amount of the bank borrowing, accrued interest and related financial derivatives in the Target Group, collectively the ''Full Settlement Amount'') as at the First Closing Date.

   The First Tranche Consideration, as defined in the circular, will be paid by the Company to the Seller, who will settle the Intercompany Receivables, with the Full Settlement Amount, to the Target Group which will then repay the Bank Debt to the bank, and the difference will be settled by dividends to the Seller.

5. The adjustment is made to reflect the estimated transaction expenses, such as legal and professional fees of approximately RMB17,004,000 incurred directly attributable to the Acquisition and settled by cash.

6. The Acquisition is to be completed in two tranches. The First Closing, as defined in the circular, took place on 26 August 2020 and the Group acquired 90% equity interest in the Target Company whereas the Second Closing is to be completed in 70 business days after the end of Academic Year 2022, as defined in the circular, the Target Company will become the wholly-owned subsidiary of the Group. The pro forma financial information illustrates the financial outcome as if the Second Closing has been completed on 29 February 2020.

   For the purpose of preparing the unaudited pro forma financial information, the Directors assumed that with the exception of goodwill, other intangible assets, property, plant and equipment and contract liabilities (details set out below), the pro forma fair value of identifiable assets and liabilities of the Target Group are the same as their respective carrying amounts as at 31 March 2020.

The Group has applied the acquisition method in accordance with IFRS 3 "Business Combinations" to account for the Acquisition as if the Acquisition had been completed on 29 February 2020 and the calculation of pro forma goodwill is as follows:

	RMB'000
First Tranche Consideration *(Note i)*	3,152,666
Add: maximum Earn-out amount *(Note ii)*	198,896
Add: maximum amount of Second Tranche Consideration *(Note ii)*	369,783
Pro forma consideration for the purpose of determining pro forma goodwill	3,721,345
Net assets of the Target Group as at 31 March 2020	506,153
Add: settlement of the Bank Debt *(Note 4 above)*	1,148,273
Less: settlement of Intercompany Receivables *(Note 4 above)*	(1,250,733)
Net assets acquired after adjustment in Note 4	403,693
Fair value upward adjustment of intangible assets *(Note iii)*	796,235
Fair value upward adjustment of property, plant and equipment *(Note iv)*	273,452
Fair value downward adjustment of contract liabilities *(Note iv)*	2,615
Deferred tax liabilities *(Note v)*	(182,293)
Fair value of identifiable net assets acquired	1,293,702
Goodwill	2,427,643

Note i: First Tranche Consideration is SGD634,033,000 (equivalent to RMB3,152,666,000) as disclosed in the circular.

Note ii: The maximum Earn-out amount of SGD40,000,000 (equivalent to RMB198,896,000) and the maximum amount of the Second Tranche Consideration of SGD74,367,000 (equivalent to RMB369,783,000) (collectively the "**Contingent Consideration**") are used for the purpose of preparing the Unaudited Pro Forma Consolidated Statement of Assets and Liabilities. The amounts of the Contingent Considerations to be paid at the actual completion dates of the Acquisition could be significantly different from the estimated amounts stated herein, depending on the future profitability and operating results of the Target Group.

Furthermore, during the financial years between the First Closing and Second Closing, the Earn-out amount payable (collectively the "**Contingent Consideration Payable**") is classified as financial liabilities at fair value through profit or loss and is remeasured at fair value at the end of each reporting period. The remeasurement difference (i.e. the change in fair value) of the Earn-out amount payable is to be accounted for in profit or loss. The unaudited pro forma financial information is illustrating the financial effect of the completion of First Closing and Second Closing and therefore such accounting impact is not reflected. Also see below comment on goodwill calculation and treatment of Second Tranche Consideration.

Note iii: The pro forma fair value adjustments in relation to intangible assets mainly arise from the recognition, on a pro forma basis, of student base, trademark, and license. The pro forma fair values of the intangible assets are based on estimation by the directors of the Company with reference to the valuation carried out by an independent qualified professional valuer not connected with the Group.

The Acquisition will enable the Enlarged Group to expand its international school business in the South East Asia. The Enlarged Group will leverage on the expertise and resources of the Target Group and the well established reputation and market recognition of the Trademark, in support of future development of the international school business. Accordingly, pro forma fair values of student base, trademark and license, in aggregate, amounting to SGD160,131,000 (approximately to RMB796,235,000) are recognised.

Note iv: The fair value adjustment are based on the Company's directors' estimation with reference to the valuation carried out by an independent qualified professional valuer not connected with the Group.

Note v: The deferred tax liabilities relating to the pro forma fair value adjustments of intangible assets, property, plant and equipment and contract liabilities amounted to SGD36,661,000 (approximately RMB182,293,000), which is calculated at the Singapore income tax rate of 17%.

As indicated above, the pro forma financial information illustrates the financial outcome as if the Second Closing has been completed on 29 February 2020, as the Group has an obligation rather than an option to acquire the remaining 10% at the Second Closing Date. For the sake of simplicity, goodwill above is calculated on the same as-if basis. From actual accounting perspective, upon the First Closing, goodwill will be calculated based on First Tranche Consideration, fair value of the Target Group's net assets acquired as well as non-controlling interests of the Target Group. Subsequently, from the Enlarged Group consolidated perspective, there will be a financial liability to acquire the non-controlling interests of the Target Group, measured based on estimated Second Tranche Consideration with changes in estimates accounted for in profit or loss, which will then be settled upon Second Closing Date. Such accounting impact is not reflected in this pro forma financial information.

The pro forma fair values of the identifiable assets and liabilities and goodwill, if any, in relation to the Acquisition are subject to change upon the completion of purchase price allocation at the First Closing Date, which may be substantially different from their estimated amounts used in the preparation of this unaudited pro forma financial information.

7. No adjustments have been made to reflect any operational results or other transactions of the Group and the Target Group entered into subsequent to 29 February 2020, (including but not limited to (i) the acquisition of 100% equity interest in Kingsley Edugroup Limited with related circular dated and issued on 19 February 2020 and completed in March 2020; and (ii) bank loans including a Bridge Loan Facility of SGD158 million and a Term Loan Facility of SGD225 million raised by the Group to finance the Acquisition.

C. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this circular.

Deloitte. 德勤

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of China Maple Leaf Educational Systems Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of China Maple Leaf Educational Systems Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of assets and liabilities as at 29 February 2020 and related notes as set out on pages IV-1 to IV-6 of the circular issued by the Company dated 30 September 2020 (the "**Circular**"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages IV-1 to IV-6 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the acquisition of the entire issued share capital of Star Readers Pte. Ltd. on the Group's financial position as at 29 February 2020 as if the transaction had taken place at 29 February 2020. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the period ended 29 February 2020, on which a review report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 29 February 2020 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

30 September 2020

The following is the full text of the letter received from Deloitte Touche Tohmatsu, the reporting accountants of the Company, for the purpose of, among other things, incorporation in this Circular.

Deloitte. 德勤

22 June 2020

The Board of Directors
China Maple Leaf Educational Systems Limited
Room 1302, 13th Floor, Tai Tung Building
8 Fleming Road
Wanchai
Hong Kong

Dear Sirs,

China Maple Leaf Educational Systems Limited (the "**Company**")

Profit Forecast for the Academic Year Ending 31 July 2020

We refer to the forecast of the profit of Canadian International School Pte. Ltd. ("**CIS**") for the academic year ending 31 July 2020 (the "**Profit Forecast**") set forth in the announcement of the Company dated 22 June 2020 in connection with the Company's proposed acquisition of the entire issued and paid-up share capital of Star Readers Pte. Ltd., which holds a 100% equity interest in CIS (the "**Announcement**").

Directors' Responsibilities

The Profit Forecast has been prepared by the directors of the Company based on the unaudited results of CIS based on the management accounts of CIS for the nine months ended 30 April 2020 and a forecast of the results of CIS for the remaining three months ending 31 July 2020.

The Company's directors are solely responsible for the Profit Forecast.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion on the accounting policies and calculations of the net profit after tax set out in the Profit Forecast based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 "Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness" and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company's directors have properly compiled the net profit after tax set out in the Profit Forecast in accordance with the bases and assumptions adopted by the directors and as to whether the net profit after tax set out in the Profit Forecast is prepared on a basis consistent in all material respects with the accounting policies normally adopted by CIS in its management accounts which are generally consistent with Singapore Financial Reporting Standards. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the net profit after tax set out in the Profit Forecast has been properly compiled in accordance with the bases and assumptions adopted by the Company's directors as set out in the Announcement and is prepared on a basis consistent in all material respects with the accounting policies normally adopted by CIS in its management accounts which are generally consistent with Singapore Financial Reporting Standards.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

The following is the full text of the letter received from BNP Paribas Securities (Asia) Limited, the sole financial adviser of the Company, for the purpose of, among other things, incorporation in this Circular.

BNP PARIBAS

22 June 2020

The Board of Directors
China Maple Leaf Educational Systems Limited (the "**Company**")
Room 1302, 13th Floor, Tai Tung Building
8 Fleming Road
Wanchai
Hong Kong

Dear Sirs,

We refer to the adjusted EBITDA of CIS for the Academic Year ending 31 July 2020 (the "**Adjusted EBITDA**") as detailed in the announcement of the Company dated 22 June 2020. The Adjusted EBITDA is regarded as a profit forecast under Rule 14.61 of the Listing Rules. Capitalised terms used in this letter shall have the same meaning as those defined in the announcement dated 22 June 2020 unless the context otherwise requires.

We have reviewed the forecasts upon which the Adjusted EBITDA is based and have discussed with you the bases and assumptions upon which the forecasts have been prepared. We have also considered the letter from Deloitte Touche Tohmatsu dated 22 June 2020 addressed to you regarding the accounting policies and calculations upon which the forecasts have been made in connection with the Adjusted EBITDA. The forecasts have been prepared with reference to current market conditions and using a set of assumptions about future events and other assumptions, and, as such, the actual results and actual Adjusted EBITDA may differ from the forecasts.

On the basis of the foregoing and without giving any opinion on the reasonableness of the bases and assumptions adopted by the Company, we are satisfied that the forecasts underlying the Adjusted EBITDA, for which you as the Directors are solely responsible, have been made by you after due and careful enquiry.

The work undertaken by us in giving the above opinion has been undertaken for the purpose of reporting solely to you under Rule 14.62(3) of the Listing Rules and this letter may only be used by you for such purpose and for no other purpose. This letter may not be relied upon by any other person.

We accept no responsibility or liability whatsoever to any other person in respect of, arising out of or in connection with our work or for any loss howsoever arising from or in reliance upon this letter.

Yours faithfully,
For and on behalf of
BNP Paribas Securities (Asia) Limited

Richard GRIFFITHS	LEE Sung Kan
Managing Director	*Managing Director*

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS, CHIEF EXECUTIVES AND SUBSTANTIAL SHAREHOLDERS

(a) Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation

As at the Latest Practicable Date, the interests and short positions of the Directors and/or their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**")), as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code for the Securities Transactions by Directors of Listed Companies set out at Appendix 10 of the Listing Rules ("**Model Code**") were as follows:

Long positions in the Shares and underlying Shares of the Company

Name of Director	Capacity and Nature of Interest	Interest in Shares	Interest in underlying Shares	Total interest in Shares and underlying Shares	Percentage of the Company's issued share capital
Dr. Shu Liang Sherman Jen ("**Mr. Jen**")	Founder of a discretionary trust who can influence how the trustee exercises his discretion	1,483,639,818(1)	—	1,483,639,818	49.53%
	Beneficial interest	65,086,850	—	65,086,850	2.17%
	Interest of spouse	1,342(2)	—	1,342	0.00%
Jingxia Zhang	Beneficial interest	3,511,146	1,200,000(3)	4,711,146	0.16%
James William Beeke	Interest of controlled corporation	987,000(4)	—	987,000	0.03%
	Beneficial interest	51,342	600,000(3)	651,342	0.02%
Peter Humphery Owen	Beneficial interest	121,342	661,200(3)	782,542	0.03%
Lap Tat Arthur Wong	Beneficial interest	520,000	661,200(3)	1,181,200	0.04%

Notes:

(1) Sherman Investment Holdings Limited ("**Sherman Investment**") is a company incorporated in the British Virgin Islands, which is indirectly wholly-owned by a discretionary trust, Mr. Jen. is the founder of the discretionary trust who can influence how the trustee exercises his discretion, and is deemed to be interested in 1,483,639,818 Shares.

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

(3) These interests in underlying Shares represent the interests in outstanding options granted pursuant to the Post-IPO share option scheme approved and adopted by the Company on 10 November 2014 (the "**Post-IPO Share Option Scheme**") to subscribe for the relevant number of Shares.

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

Long positions in shares of associated corporation

Name of Director	Name of associated corporation	Capacity	Total interest in Shares and underlying Shares	Percentage of total issued shares of the associated corporation
Mr. Jen	Sherman Investment	Founder of a discretionary trust who can influence how the trustee exercises his discretion[(6)]	50,000	100%

Note:

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

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which, (a) were required to be notified to the Company and the Stock Exchange pursuant to provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors have taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

(b) Directors' right to acquire share or debentures

Save as disclosed under paragraph 2(a) of this Appendix, at no time during the year was the Company, its subsidiaries, its fellow subsidiaries or its holding companies a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

(c) Discloseable interests and short positions of substantial Shareholders under the SFO

At the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to any Directors or chief executives of the Company, the following persons had, or were deemed or taken to have, an interest or short position in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

Name of Shareholder	Capacity	Total interest in Shares and underlying Shares	Approximate percentage of interest in the Company
Mr. Jen[(1)]	Founder of a discretionary trust who can influence how the trustee exercises his discretion	1,483,639,818	49.53%
	Beneficial interest	65,086,850	2.17%
	Interest of spouse	1,342	0.00%
Sherman Investment[(2)]	Beneficial interest	1,483,639,818	49.53%
Sherman Int'l[(3)]	Interest of controlled corporation	1,483,639,818	49.53%
HSBC International Trustee Limited ("**HSBC Trustee**")[(4)]	Trustee	1,483,639,818	49.53%
Ms. Yan[(5)]	Interest of spouse	1,548,726,668	51.7%
	Beneficial interest	1,342	0.00%

Notes:

(1) Sherman Investment is a company incorporated in the British Virgin Islands, which is indirectly wholly owned by a discretionary trust, Mr. Jen is the founder of the discretionary trust who can influence how the trustee exercises his discretion, and is deemed to be interested in 1,483,639,818 Shares. Mr. Jen also holds interests in 53,922,850 Shares. Mr. Jen is the spouse of Ms. Yan who is interested in 1,342 Shares. Mr. Jen is therefore also deemed to be interested in all the Shares in which Ms. Yan is interested by virtue of the SFO.

(2) Sherman Investment is indirectly wholly-owned by a discretionary trust, Mr. Jen is the founder of the discretionary trust, who can influence how the trustee exercises his discretion. Sherman Investment has a direct beneficial interest in 49.53% of the shareholding of the Company.

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

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

(5) Ms. Yan is the spouse of Mr. Jen and, therefore, Ms. Yan is deemed to be interested in all the Shares in which Mr. Jen is interested or deemed to be interested by virtue of the SFO. Mr. Jen is interested in: (i) 65,086,850 Shares, and (ii) 1,483,639,818 Shares held by a discretionary trust.

Save as disclosed above, the Directors are not aware of any person had or were deemed or taken to have, an interest or short position in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

3. MATERIAL LITIGATION

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. 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 Zhixin Case is still at the stage of filing of pleadings by both parties.

Save as disclosed above, as at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, no member of the Enlarged Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Enlarged Group that would have a material adverse effect on the results of operations or financial conditions of the Enlarged Group.

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

4. SERVICE CONTRACTS OF DIRECTORS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Enlarged Group which did not expire or was not determinable by the Enlarged Group within one year without payment of compensation (other than statutory compensation).

5. MATERIAL ADVERSE CHANGE

The Directors confirm that there was no material adverse change in the financial or trading position of the Company since 31 August 2019, being the date to which the latest published audited financial statements of the Company were made up.

6. CONTRACTS OR ARRANGEMENT AND COMPETING BUSINESSES

As at the Latest Practicable Date, none of the Directors and his/her associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

None of the Directors has any direct or indirect interest in any assets which had been acquired, disposed of or leased to, or which are proposed to be acquired, disposed of or leased to, the Company or any member of the Group since 31 August 2019 (the date to which the latest published audited financial statements of the Company were made up).

As at the Latest Practicable Date, there was no contract or arrangement entered into by any member of the Group subsisting in which any Director was materially interested and which was significant in relation to the business of the Group.

7. QUALIFICATIONS AND CONSENTS OF EXPERTS

The following are the qualifications of the experts who have given an opinion or advice contained in and referred to in this circular:

Name	Qualification
BNP Paribas Securities (Asia) Limited	A licensed corporation under the SFO to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities (as defined in the SFO)
Deloitte Touche Tohmatsu	Certified Public Accountants

As at 21 September 2020, BNP Paribas S.A. Group, where BNPP is one of its subsidiaries, was interested in 186,000 shares of the Company. BNP Paribas, a public limited company (société anonyme) incorporated in the Republic of France, where BNPP is one of its subsidiaries, is one of the lenders of the Facilities, and has first priority security right to charge over (i) all assets (including shares) of certain (direct or indirect) subsidiaries of the Company; (ii) 90% of the issued share capital of the Target Company; and (iii) all assets of the Target Group (except the shares of the Target Company).

Save as disclosed above, none of the experts had any shareholding, directly or indirectly, in any member of the Enlarged Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group as at 21 September 2020.

Each of the experts has given and has not withdrawn its written consent to the issue of this circular, with the inclusion of the references to its name and/or its opinion in the form and context in which they are included.

Saved as disclosed above, none of the above experts has any direct or indirect interest in any assets which had been acquired, or disposed of by, or leased to any member of the Enlarged Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Enlarged Group since 31 August 2019, the date to which the latest published audited consolidated financial statements of the Group were made up.

The letters and report from each of the above experts are given as of 22 June 2020 for incorporation herein.

8. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by members of the Enlarged Group within the two years immediately preceding the date of this circular:

(i) the Sale and Purchase Agreement;

(ii) an offer document dated 19 February 2020 pursuant to which Maple Leaf Education Asia Pacific Limited ("**Maple Leaf Asia**"), a wholly owned subsidiary of the Company, made a voluntary conditional general cash offer to acquire the entire share capital of Kingsley Edugroup Limited, a company whose shares are listed on the GEM board of the Stock Exchange (stock code: 8105, "**Kingsley**") at a price of HK$0.54 per share (the "**Offer**") for a total consideration of approximately HK$432 million;

(iii) irrevocable undertakings dated 24 January 2020 given by Star Shine, DGMK Investment and Eduking Investment which then collectively held 75% issued shares of Kingsley in favour of Maple Leaf Asia to accept, or procure the acceptance of the Offer; and

(iv) a sale and purchase agreement dated 10 December 2018 and a supplemental sale and purchase agreement dated 23 January 2019 pursuant to which Dalian Maple Leaf Educational Group Co., Ltd., a wholly owned subsidiary of the Company agreed to purchase from Sichuan Wangshi Group a total of 75% equity interest in Luzhou No. 7 Jiade Education Investment Co., Ltd for a total consideration of RMB177 million (equivalent to approximately HK$201,302,100).

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours (public holidays excepted) at the principal place of business of the Company in Hong Kong at Room 1302, 13/F., Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong from the date of this circular up to and including 16 October 2020:

(a) the amended and restated memorandum and articles of association of the Company;

(b) the annual reports of the Company for each of the three years ended 31 August 2017, 31 August 2018 and 31 August 2019;

(c) the interim report of the Company for the six months ended 29 February 2020;

(d) the accountants' reports on the Target Group, the text of which is set out in Appendix II to this circular;

(e) the letter from Deloitte in respect of the pro forma financial information of the Enlarged Group, the text of which is set out in Appendix IV to this circular;

(f) the original comfort letters from Deloitte and BNPP, the text of which is set out in Appendix V to this circular;

(g) the letters of consents referred to under the paragraph headed ''Expert's Qualifications And Consents'' in this appendix;

(h) the material contracts referred to under the paragraph headed ''Material Contracts'' in this appendix; and

(i) a copy of each circular of the Company issued pursuant to the requirements set out in Chapters 14 of the Listing Rules since 31 August 2019 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

10. MISCELLANEOUS

(a) The company secretary of the Company is Ms. Wan Mun Yee, Sabine, who is a Chartered Secretary and a member of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom.

(b) The registered office of the Company is located at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

(c) The head office of the Company is located at Maple Leaf Educational Park, 6 Central Street, Jinshitan National Tourist Area, Dalian, Liaoning Province 116650, China.

(d) The principal place of business of the Company in Hong Kong is at Room 1302, 13/F, Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong.

(e) The principal share registrar and transfer office of the Company is Maples Fund Services (Cayman) Limited, P.O. Box 1093, Boundary Hall, Cricket Square Grand Cayman, KY1–1102, Cayman Islands.

(f) The branch share registrar of the Company in Hong Kong is Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(g) The English text of this circular shall prevail over its Chinese text in the event of any inconsistency.