枫叶教育

China Maple Leaf Educational Systems Limited
中國楓葉教育集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1317)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 AUGUST 2024

The board ("**Board**") of directors ("**Directors**") of China Maple Leaf Educational Systems Limited (the "**Company**" or "**Maple Leaf**", together with its subsidiaries and consolidated affiliated entities, the "**Group**") is pleased to announce the audited consolidated annual results of the Group for the year ended 31 August 2024.

KEY FINANCIAL HIGHLIGHTS

	Year ended 31 August		
	2024	2023	**Percentage**
	RMB'000	*RMB'000*	**Change**
Revenue	**1,228,462**	1,151,162	**+6.7%**
PRC	**472,308**	465,580	**+1.4%**
Overseas	**756,154**	685,582	**+10.3%**
Gross Profit	**592,979**	503,282	**+17.8%**
Profit for the year	**15,513**	5,120	**+203.0%**
Basic earnings per share *(RMB cents)*	**0.52**	0.17	**+205.9%**
EBITDA *(Non-IFRS measure)*#	**468,634**	472,081	**-0.7%**
Adjusted EBITDA *(Non-IFRS measure)*#	**497,527**	529,862	**-6.1%**

Note:

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

Calculation of EBITDA and Adjusted EBITDA

The following table reconciles profit for the year to EBITDA and adjusted EBITDA for both years:

	Year ended 31 August	
	2024	2023
	(RMB'000)	*(RMB'000)*
Profit for the year	**15,513**	5,120
Add:		
Finance costs	**213,062**	220,711
Taxation	**65,099**	47,347
Depreciation of property, plant and equipment	**114,552**	107,405
Amortisation of other intangible assets	**48,464**	75,874
Depreciation of right-of-use assets	**7,171**	14,579
Depreciation of investment properties	**4,274**	905
Amortisation of books for lease	**499**	140
EBITDA	**468,634**	472,081
Loss arising from fair value changes of Convertible Bonds *(Note 1)*	**28,174**	55,828
Share-based payments *(Note 2)*	**719**	1,953
Adjusted EBITDA	**497,527**	529,862

Notes:

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

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

Non-IFRS measures

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's Market Position

With over 29 years of experience in operating international schools in China, the Group is one of the leading international school operators in China in terms of student enrolment, offering high-quality and bilingual education, combining the merits of both Western and Eastern educational philosophies. We also operate international schools in Malaysia and Singapore.

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

World School Program is in line with the national strategy in education, namely, Opinions of Eight Government Departments Including the Ministry of Education on Accelerating and Expanding the Opening-up of Education in the New Era* (《教育部等八部門關於加快和擴大新時代教育對外開放的意見》) ("**Opinion**") issued by the Ministry of Education in June 2020. In this Opinion, it is clearly proposed to establish an upgraded version of the educational action along "Belt and Road". In particular, it is determined to establish an international curriculum development and promotion system with Chinese characteristics at national level.

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

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

Our overseas school, Kingsley International School ("**KIS**") offers A-Level program to students from preschool to year 12 ("**K-12**") in Malaysia. KIS targets mainly local as well as international students primarily from Asian countries. Canadian International School ("**CIS**") offers IB curriculum for K-12 students in Singapore. CIS is one of the largest for-profit premium international schools in Singapore in terms of revenue and student enrolment, and targets expatriate families employed in Singapore, especially those from the United States of America (the "**United states**" or "**USA**"), India and other Asian countries. CIS is well known for its highly acclaimed bilingual English/Chinese program where students are fully immersed culturally and taught by qualified native English speakers who are also IB certified.

University Placements

The quality of Maple Leaf education is reflected in the achievements of our students. At the end of 2023/2024 school year, 802 Maple Leaf high school graduates of the class of 2024 ("**Class 2024 Students**") received over 3,411 letters of acceptance from 177 universities and colleges in 16 countries and regions, including but not limited to Canada, the United States, the United Kingdom ("**UK**"), Australia and China. Approximately 91.7% of Class 2024 Students received letters of acceptance from Quacquarelli Symonds ("**QS**") Top 100 universities including prestigious University College London and Imperial College London in the UK. This is the second batch of Maple Leaf students graduated under World School Program who received Maple Leaf Group graduate certificate.

In April 2023, the Group entered into agreement with Arizona State University ("**ASU**") to facilitate ASU's delivery of two first-year higher education experiences, including the New College of Interdisciplinary Arts and Sciences focusing on Humanities, Mathematics and Sciences, for Maple Leaf graduates in the People's Republic of China (the "**PRC**" or "**China**") (the "**1+3 Program**"). The 1+3 Program was welcomed by Maple Leaf graduates, and we have enrolled 59 Maple Leaf graduates for the 2024/2025 school year.

In order to provide Maple Leaf graduates with a wider range of further education opportunities, the Group has entered into cooperation agreements with more than 23 well-known domestic universities and colleges, such as the Beijing Foreign Studies University, Central University of Finance and Economics, and Southwest University of Political Science & Law, etc. These universities offer programs in various disciplines in cooperation with overseas universities. We will continue to increase cooperation with Chinese domestic universities and offer a variety of options to our high school graduates. Since then, Maple Leaf has been offering domestic and international "Dual Graduation Exit" to its high school students for pursuing higher education.

Maple Leaf maintains long-term relationships with a significant number of universities and colleges around the world. Various universities and colleges have memoranda of understanding with us to facilitate the admission process for our high school graduates. Our Group provides consulting services to assist our students in making informed decisions about the universities and colleges they choose to attend. Maple Leaf has held annual university and college recruitment fairs on our campuses mainly for overseas participants since November 2005. In addition, we assist our students with respect to admissions, visas and scholarships, preparing them to study abroad. We believe that our services ensure a smooth transition for our students from our high schools to higher education.

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

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

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

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

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

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

Subsequent to the effective date of the Implementation Regulations on 1 September 2021, Xi'an Maple Leaf School* (西咸新區空港楓葉學校) ("**Xi'an School**") obtained a private school operating license as an Independent High School and a registration certificate for private non-enterprise entities to operate as the Independent High School in August 2022 and January 2023 respectively. The financial results and the financial position of Xi'an School were re-consolidated since and, as the case may be, as at 10 August 2022. The Group has also registered four for-profit preschools in Dalian, China during the year ended 31 August 2022 and one preschool in Chongqing, China at the commencement of the 2022/2023 school year.

The Group has adjusted its enrolment strategy from the pyramid structure to inverted pyramid structure in the Sixth Five-Year Plan following the promulgation of the Implementation Regulations, which focuses on its development of high schools providing World School Program in China.

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

Post-COVID-19

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

Our overseas school, KIS, targets both local students in Malaysia and international students. CIS targets expatriate families employed in Singapore as well as international students. For the year ended 31 August 2024, both CIS and KIS delivered face-to-face teaching. Overseas countries have gradually lifted travel restrictions and relaxed visa conditions, which would increase the student enrolment in our overseas schools, and benefit both domestic and overseas Maple Leaf schools.

Suspension of trading, Resumption Guidance and Resumption

On 13 May 2022, the Company received a letter from the former auditor of the Company ("**Letter**") regarding significant matters in relation to certain transactions of the Group ("**Relevant Matters**") identified during the course of its review of the unaudited interim results for the six months ended 28 February 2022 ("**2022 Interim Results**"). Trading in the shares of the Company (Stock Code: 1317) and the debt securities of the Company (Debt Securities Stock Code: 40564) on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") has been suspended with effect from 9:00 a.m. on 3 May 2022 due to the delay in publication of the 2022 Interim Results.

On 27 May 2022, the Company was notified by the Stock Exchange of the following resumption guidance ("**Resumption Guidance**") for the Company: (i) publish all outstanding financial results required under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and address any audit modifications; (ii) demonstrate the Company's compliance with Rule 13.24 of the Listing Rules; (iii) conduct an appropriate independent forensic investigation into the matters identified in the Letter, announce the findings and take appropriate remedial actions; (iv) demonstrate that there is no reasonable regulatory concern about the management integrity and/or the integrity of any persons with substantial influence over the Company's management and operations, which may pose a risk to investors and damage market confidence; (v) conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meet its obligations under the Listing Rules; and (vi) announce all material information for the Shareholders and investors to appraise its position.

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

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

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

Following the fulfillment of all the Resumption Guidance, the trading in the shares of the Company (Stock Code: 1317) and the debt securities of the Company (previous Debt Securities Stock Code: 40564) on the Stock Exchange resumed with effect from 9:00 a.m. on 2 November 2023.

For details, please refer to the announcements of the Company dated 27 April 2022, 16 May 2022, 23 May 2022, 30 May 2022, 14 June 2022, 2 August 2022, 1 November 2022, 1 February 2023, 28 April 2023, 4 July 2023, 1 August 2023 and 1 November 2023.

Change of Directors and change in composition of Board committees

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

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

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

BUSINESS REVIEW

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

Student Enrolment

	At the end of school year			
	2023/2024	**% of Total**	2022/2023	% of Total
PRC				
High schools	**3,195**	**34.0**	3,496	34.2
Preschools	**1,752**	**18.7**	2,103	20.6
Foreign national schools	**344**	**3.7**	294	2.8
	5,291	**56.4**	5,893	57.6
Overseas				
High schools	**732**	**7.8**	634	6.2
Middle schools	**1,322**	**14.0**	1,282	12.5
Elementary schools	**1,774**	**18.9**	2,044	19.9
Preschools	**271**	**2.9**	380	3.8
	4,099	**43.6**	4,340	42.4
Total number of students enrolled	**9,390**	**100**	10,233	100

The total number of students enrolled decreased by 843 or 8.2% from 10,233 at the end of the 2022/2023 school year to 9,390 at the end of the 2023/2024 school year, which was primarily due to the decrease in number of students in high schools and preschools as a consequence of the lower birth rate in the PRC and the decrease in number of students in elementary schools in Singapore as a result of the closure of Tanjong Katong campus of CIS.

Aiming to buttress the growth in student enrolment number, CIS will strengthen its student enrolment strategies and elevate the school's influence in the international education market by strengthening its global marketing efforts, holding more multinational education exhibitions, and launching online and offline marketing activities. CIS will also focus on promotion of the high quality aspect of its education, including the IB curriculum system, introducing more bilingual education options and specific academic programmes to attract more international families from different backgrounds.

In addition, the Group has taken continuous effort to apply for approval for the registration and filings with the relevant local government departments in the PRC for individual operating licences for our eight Mixed High Schools in order to increase the number of our Independent High Schools and student enrolment of the Group.

We believe that with the liberalisation of cross-border exchanges and the study abroad market, it is expected that the number of our high school students will gradually resume growth in the future.

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

The Group's Schools

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

	As at 31 August	
	2024	2023
PRC		
High schools	**7**	7
Preschools	**12**	12
Foreign national schools	**3**	3
	22	22
Overseas		
High schools	**3**	4
Middle schools	**2**	2
Elementary schools	**2**	3
Preschools	**2**	2
	9	11
Total	**31**	33

During the year ended 31 August 2024, one of the elementary school campus, Tanjong Katong campus, in Singapore was returned to the government of Singapore as the lease agreement had expired in August 2023. One more overseas high school in Canada was temporarily closed, due to the market conditions and visa policies implemented in the country.

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

The Group's Teachers

Teachers are the key to maintaining high-quality educational programs and services as well as maintaining our brand and reputation. Our globally certified teachers form a core group within our teaching staff, allowing us to maintain the quality of our educational services while undergoing expansion. Our Group has established a global recruitment office ("**Global Recruitment Office**") to recruit high school foreign teachers and English as a second language ("**ESL**") foreign teachers worldwide. The establishment of the Global Recruitment Office ensures both the quality and quantity of Maple Leaf foreign teachers and satisfies the development needs of the Group's Sixth Five-Year Plan.

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

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

FUTURE DEVELOPMENT

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

Chinese Testing International Company Limited* ("**CTI**", 漢考國際教育科技（北京）有限公司), a professional education and examination institution directly under the Ministry of Education of the PRC, has benchmarked Maple Leaf Chinese as a second language ("**CSL**") course and certified Maple Leaf Chinese textbooks and recommended it to be used by Chinese language learners in primary and secondary schools in all countries. CTI has established over 1,208 Chinese exam sites across 155 countries and regions and have served for more than 30 million learners in the world. Five HSK Chinese Proficiency Test centres have been set up in Maple Leaf campuses in the PRC. The Company expects the cooperation with Center for Language Education and Cooperation* (中外語言交流合作中心) of the Ministry of Education of the PRC to publish Maple Leaf Chinese textbooks at the end of 2023/2024 school year. Maple Leaf series of Chinese textbooks have been renamed as "K12 Standard Chinese" and published by Beijing Language and Culture University Press* ("**BLCUP**" 北京語言大學出版社). In light of the above, the Group started to operate a pilot Chinese learning and testing centre in the campus of Kwantlen Polytechnic University, Canada, at the beginning of the 2024/2025 school year. This will further enhance and strengthen the Group's status and reputation in the field of Chinese language education and contribution to the international Chinese language education of the PRC.

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

Standard Implementation Strategy

Under the standard implementation strategy, the Group implemented the World School Program, China's first internationally accredited curriculum with self-developed intellectual property, at the commencement of 2020/2021 school year. The World School Program was developed by Maple Leaf curriculum experts and meets high academic and curriculum standard, which get students well equipped for entering into the world's top ranked universities. The World School Program was benchmarked by ECCTIS and has acquired accreditation from Cognia – two of the world's most recognised certification institutions – providing further assurance that Maple Leaf graduates will be able to transit to universities and colleges across the globe seamlessly. The Group's first two batches of graduates from the World School Program received Maple Leaf High School Graduation Diplomas endorsed by Cognia.

During the year ended 31 August 2024, ECCTIS has completed a thorough review of the Grade 10-12 MLWSP in terms of entry requirements, duration, structure, content, modes of learning, student assessment, learning outcomes, and graduation (diploma) standards. ECCTIS compared the MLWSP to Grade 10-12 programs and diploma standards in the UK, Canada (British Columbia), and the United States (New York).

The overall conclusion of ECCTIS' independent review and benchmarking of MLWSP and diploma reads as follows:

"*Overall conclusion: ECCTIS' independent review has found the MLWSP High School Diploma, awarded by Maple Leaf Educational Systems (MLES), comparable to:*

- *Overall GCE A Level standard in the UK system, when five Grade 12 MLWSP subjects have been passed (in addition to the Personal and Global Leadership and Creative Thinking and Problem-Solving courses)*

- *British Columbia Certificate of Graduation standard*

- *US High School Graduation Diploma standard*

Holders of the MLWSP Grade 12 diploma may be considered to meet the general entry requirements of undergraduate admission in the UK, Canada, and US."

ECCTIS is the UK National Information Centre for global qualifications and skills. It offers official UK national agency services on behalf of the UK government in global qualifications. While UK-based, ECCTIS provides independent evaluation and benchmarking services to education providers, governmental agencies, and professional bodies across the globe.

Therefore, the World School Program has become globally certified course after A-Level and IB programs and has filled the gap in China's international education program.

After the completion of the benchmarking of the MLWSP, our Group set up an authorisation office to develop external schools authorised to offer MLWSP. At the end of the 2023/2024 school year, we have successfully entered into an authorisation agreement with a Turkish school to implement MLWSP at Grade 10 students starting from 2024/2025 school year. Turkey plays an important role in the "Belt and Road" initiatives. Another agreement was also entered into with a private school located in Taizhou, Jiangsu province, China to use our ESL curriculum starting from 1 September 2024.

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

Overseas Expansion

Overseas expansion is an important part of the Group's long-term growth strategy. The Group believes that a global presence of Maple Leaf branded schools will help the Group's student recruitment in China as Chinese parents recognise that Maple Leaf is able to offer a broader array of educational opportunities for their children. In fact, the demand for bilingual English and Chinese education is growing not only in China but also along the Belt and Road countries, for instance, Southeast Asia, and around the world, such as the North America. Accordingly, the Group believes that with its unique advantages in having both English and Chinese curricula, and both ESL and CSL curricula, it is precisely positioned to meet the demand for quality international K-12 education along the Belt and Road countries, where there is a demand for blending the best of Western and Eastern cultures. The Group will further expand its school network under the brand of CIS and KIS in the Southeast Asian countries.

Conclusion

Pursuant to the Sixth Five-Year Plan, the Group will continue to adopt multiple expansion strategies including, but not limited to, increasing our student enrolment, increasing tuition fee rate, and expanding our established schools to achieve the growth targets in both China and overseas, and strive to become one of the largest international school operators in the world.

OTHER INFORMATION

Full redemption of US$125.0 million 2.25% Convertible Bonds due 2026

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

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

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

The Convertible Bonds bear interest on their outstanding principal amount from and including 27 January 2021 at the rate of 2.25% per annum, payable semi-annually in arrears on 27 January and 27 July in each year until 27 January 2026, being the maturity date. Subject to the conditions as stipulated in the Subscription Agreement, each Convertible Bond shall entitle the bondholder to convert such Convertible Bond into new Shares credited as fully paid at any time on or after 9 March 2021 up to the close of business on the seventh day prior to the maturity date (i.e. 27 January 2026) (both days inclusive) (unless previously redeemed, converted or purchased or cancelled). On 27 January 2021, with the fulfilment of all conditions required for the Convertible Bonds under the Subscription Agreement, the Company issued the Convertible Bonds with an aggregate principal amount of US$125.0 million for the repayment of existing borrowings, acquisitions and general corporate purposes. Permission for the listing of, and dealing in, the Convertible Bonds and the new Shares upon conversion of the Convertible Bonds on the Stock Exchange became effective on 28 January 2021.

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

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

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

As such, as at 31 August 2024 and as of the date of this announcement, no Convertible Bonds remained outstanding.

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

ADOPTION OF NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

In order to be in line with the latest legal and regulatory requirements of the Listing Rules in respect of the expanded paperless listing regime and the mandatory electronic dissemination of corporation communications by the listed issuers which took effect on 31 December 2023, the Board has put forward to the Shareholders a special resolution to adopt a new memorandum and articles of association of the Company ("**New M&A**") in substitution for, and to the exclusion of, the then constitution of the Company ("**Existing M&A**"). On 28 August 2024, a special resolution for adopting the New M&A in substitution for and to the exclusion of the Existing M&A was passed by the Shareholders at the extraordinary general meeting ("**EGM**"). For details of the New M&A, please refer to the announcements of the Company dated 15 July 2024, 28 August 2024 and the circular of the Company dated 5 August 2024.

FINANCIAL REVIEW

Overview

The revenue of the Group was RMB1,228.5 million and RMB1,151.2 million for the financial years ended 31 August 2024 and 31 August 2023 respectively. The profit for the financial years ended 31 August 2024 and 31 August 2023 was RMB15.5 million and RMB5.1 million respectively.

Revenue

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

The total revenue of the Group increased by RMB77.3 million, or 6.7%, from RMB1,151.2 million for the financial year ended 31 August 2023 to RMB1,228.5 million for the financial year ended 31 August 2024. The increase in revenue was primary due to the increase in tuition fee income which has remained as the principal source of revenue of the Group, in particular the increase in the revenue contribution from the operations overseas as a result of (i) the increase in tuition fee rate of CIS and (ii) appreciation of Singapore dollars against RMB. Amongst the revenue of the Group for the financial year ended 31 August 2024, RMB472.3 million (approximately 38.4%) was contributed by the operations in the PRC, and RMB756.2 million (approximately 61.6%) was contributed by the operations overseas.

Cost of Revenue

The Group's cost of revenue primarily consists of (i) staff costs; (ii) depreciation and amortisation; and (iii) other costs. Cost of revenue decreased by RMB12.4 million, or 1.9%, from RMB647.9 million for the financial year ended 31 August 2023 to RMB635.5 million for the financial year ended 31 August 2024. The decrease in cost of revenue was largely due to (i) the decrease in amortisation of certain intangible assets arising from acquisitions, which were fully amortised during the year and (ii) good cost control.

Gross Profit and Gross Profit Margin

Gross profit increased by RMB89.7 million, or 17.8% from RMB503.3 million for the financial year ended 31 August 2023 to RMB593.0 million for the financial year ended 31 August 2024. Gross profit margin increased from 43.7% for the financial year ended 31 August 2023 to 48.3% for the financial year ended 31 August 2024, primarily due to the higher gross profit as a result of an increase in revenue and decrease in cost of revenue due to the factors stated in the paragraph above.

Investment and Other Income

Investment and other income consist mainly of (i) interest income from our bank deposits, (ii) rental income from investment properties, and (iii) government grants. Investment and other income increased by 15.5% from RMB22.6 million for the financial year ended 31 August 2023 to RMB26.1 million for the financial year ended 31 August 2024. Bank interest income increased by 26.3% from RMB7.6 million for the financial year ended 31 August 2023 to RMB9.6 million for the financial year ended 31 August 2024. Rental income increased from RMB2.6 million for the financial year ended 31 August 2023 to RMB10.4 million for the financial year ended 31 August 2024 due to lease of additional properties. Government grant decreased from RMB9.5 million for the financial year ended 31 August 2023 to RMB3.8 million for the year ended 31 August 2024.

Other Gains and Losses

Other gains and losses consist primarily of (i) net foreign exchange gain; (ii) loss arising from fair value changes of Convertible Bonds, (iii) reversal of other payables, (iv) gain on disposal of property, plant and equipment, and (v) change in fair value of financial assets measured at fair value through profit or loss. Other gains and losses changed from a gain of RMB65.6 million for the financial year ended 31 August 2023 to a loss of RMB4.0 million for the financial year ended 31 August 2024. Such a change was mainly attributable to (i) the decrease in net foreign exchange gain from RMB105.4 million for the financial year ended 31 August 2023 to RMB14.6 million for the financial year ended 31 August 2024 and (ii) the decrease in loss arising from fair value changes of Convertible Bonds from RMB55.8 million for the financial year ended 31 August 2023 to RMB28.2 million for the financial year ended 31 August 2024.

Marketing Expenses

Marketing expenses consist mainly of (i) commercials and expenses for producing, printing and distributing advertising and promotional materials; and (ii) salaries and benefits for personnel engaged in selling and marketing activities. Marketing expenses increased by 61.3% from RMB14.2 million for the financial year ended 31 August 2023 to RMB22.9 million for the year ended 31 August 2024. Marketing expenses as a percentage of revenue increased from 1.2% for the financial year ended 31 August 2023 to 1.9% for the financial year ended 31 August 2024, primarily due to CIS incurring more marketing, advertising and promotional expenses for the financial year ended 31 August 2024 due to the resumption of the economic activities in the post-pandemic of COVID-19.

Administrative Expenses

Administrative expenses consist primarily of (i) salaries and other benefits for general and administrative staff; (ii) depreciation of property, plant and equipment and right-of-use assets; (iii) amortisation of other intangible assets; (iv) employee share-based payments; and (v) certain professional expenses. Administrative expenses decreased by 4.7% from RMB303.1 million for the financial year ended 31 August 2023 to RMB289.0 million for the financial year ended 31 August 2024, mainly due to the decrease in professional fee after the resumption of trading of Shares of the Company.

Finance Costs

Finance costs mainly represented (i) interest expenses for secured bank borrowings and other borrowings, and (ii) interest expenses for the Convertible Bonds. Finance costs decreased from RMB220.7 million for the financial year ended 31 August 2023 to RMB213.1 million for the financial year ended 31 August 2024 primarily due to the net effect of the decrease in interest expenses for secured bank borrowings and other borrowings and the increase in interest expense for Convertible Bonds for the year ended 31 August 2024.

Profit before Taxation

The Group recorded a profit before taxation of RMB80.6 million for the financial year ended 31 August 2024, compared to profit before taxation of RMB52.5 million for the financial year ended 31 August 2023. Profit before taxation as a percentage of revenue of the Group was 6.6% for the financial year ended 31 August 2024 and profit before taxation as a percentage of revenue of the Group was 4.6% for the financial year ended 31 August 2023. The increase in profit before taxation for the current year is mainly attributable to the increase in gross profit of the Group.

Taxation

Income tax expense of the Group increased from RMB47.3 million for the year ended 31 August 2023 to RMB65.1 million for the year ended 31 August 2024, mainly because overseas enterprise income tax increased from RMB32.2 million for the financial year ended 31 August 2023 to RMB46.7 million for the year ended 31 August 2024.

Profit for the Year

As a result of the above factors, the Group recorded a profit of RMB15.5 million and a profit of RMB5.1 million for the financial years ended 31 August 2024 and 31 August 2023 respectively.

Capital Expenditures

For the year ended 31 August 2024, the Group incurred RMB7.3 million primarily related to the campus expansion of CIS. For the year ended 31 August 2023, the Group incurred RMB106.5 million primarily related to the construction of Shenzhen headquarters and campus expansion of CIS.

Liquidity, Financial Resources and Capital Structure

As at 31 August 2024, the Group's bank balances and cash amounted to RMB564.8 million, which were mainly denominated in RMB, United States dollars ("**USD**"), Singapore dollars ("**SGD**") and Malaysian ringgit ("**MYR**"). Bank balances and cash was RMB528.0 million as at 31 August 2023. Net cash used in financing activities amounted to RMB285.3 million, which were primarily due to the repayment of certain bank borrowings and full redemption of the Convertible Bonds by the Group during the year ended 31 August 2024.

As at 31 August 2024, the Group's secured bank borrowings amounted to RMB1,602.4 million were mainly denominated in SGD and MYR with variable interest rates with reference to Singapore Interbank Offered Rate and with variable profit rate with reference to Malaysian bank's cost of fund. Of the Group's total borrowings as at 31 August 2024, RMB28.6 million or 1.8% (31 August 2023: RMB1,084.3 million or 94.8%) will mature within one year or on demand and the remaining will mature after one year. These bank borrowings were secured by certain properties and shares of certain offshore entities of the Group and carried certain financial covenants.

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

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

Gearing Ratio

The gearing ratio of the Group was calculated as total borrowings including secured bank and other borrowings and any outstanding balance of the Convertible Bonds divided by total equity as at the end of the relevant financial year. Gearing ratio decreased from 1.11 for the year ended 31 August 2023 to 1.03 for the year ended 31 August 2024 primarily due to the decrease in total borrowings as a results of full redemption of the Convertible Bonds and increase in total equity.

Foreign Exchange Exposure

The functional currency of the Company is RMB. Certain expenditures and liabilities of the Group are denominated in foreign currencies such as HKD, USD, Canadian dollars ("**CAD**"), MYR and SGD. As at 31 August 2024, certain bank balances and cash and liabilities were denominated in HKD, USD, CAD and SGD. The Group did not enter into any financial arrangement for hedging purposes as it is expected that its foreign exchange exposure will not be significant. However, the management of the Company monitors foreign exchange exposure of the Group and will consider to hedge significant foreign currency exposure when the need arises.

Contingent liabilities

As at 31 August 2024, the Group had no contingent liabilities.

Pledge of Assets and Charges on Group Assets

As at 31 August 2024, the Group pledged debt service reserve account, certain properties and shares of the offshore entities of the Group to certain licenced banks for certain banking facilities. As at 31 August 2024, a bank borrowing of the Group was secured by, among others, certain fixed and floating charge and joint control and monitoring rights over cash accounts of certain subsidiaries of the Group and fixed and floating charge over all assets of certain subsidiaries of the Group.

Future Plans for Material Investments and Capital Assets

As at 31 August 2024, the Group did not have any plans for material investments and capital assets.

Material Acquisition and Disposal

The Group had no other material acquisition and disposal during the year ended 31 August 2024.

Significant Investment Held

As at 31 August 2024, no significant investment was held by the Group.

Employee Benefits

As at 31 August 2024, the Group had 1,917 (as at 31 August 2023: 1,832) full-time employees. The Group provides external and internal training programs to its employees. The Group participates in various employee benefit plans, including provident fund, housing pension, medical, basic pension and unemployment benefit plans, occupational injury and maternity leave insurance. The Company also has a post-IPO share option scheme set up for its employees and other eligible persons. Salaries and other benefits of the Group's employees are generally reviewed on a regular basis in accordance with individual qualifications and performance, results and performance of the Group and relevant market conditions. Total employees' remuneration (including directors' remuneration) for the year ended 31 August 2024 amounted to RMB501.6 million (for the year ended 31 August 2023: RMB483.7 million). Mr. Shu Liang Sherman Jen, an executive Director and the chairman of the Board, voluntarily reduced his annual remuneration by HKD1 million for the period covering 1 January 2023 to 31 December 2023 to tide the Company over amidst the challenges.

Pension Plan

To ensure the smooth implementation of the Sixth Five-Year Plan, the Group has devised incentive plans aiming at encouraging employees to provide their services to the Group on a long-term basis, and to share the fruits of the Group's development.

The Group had a pension plan for foreign teachers who worked in the Group's schools operated in China. Under the pension plan, every month a sum amounting to 3.0% of the eligible employee's monthly salary had been paid by each foreign employee and by the Group respectively, as contribution to the employee's pension. The Group had entrusted a professional trustee to manage the funds under the pension plan. The leaving employees would receive part or all of the funds paid by the Group according to the number of years of service in the Group. As at 31 August 2024, in response to challenges arising from the market, the Group terminated the pension plan for foreign teachers to reserve more funds for Group's future development.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2024

	Notes	**2024**	2023
		RMB'000	*RMB'000*
Revenue	*3*	**1,228,462**	1,151,162
Cost of revenue		**(635,483)**	(647,880)
Gross profit		**592,979**	503,282
Investment and other income	*5*	**26,145**	22,625
Other gains and losses	*6*	**(3,990)**	65,630
Impairment losses under expected credit loss model, net of reversal		**(9,588)**	(1,037)
Marketing expenses		**(22,884)**	(14,215)
Administrative expenses		**(288,988)**	(303,107)
Finance costs		**(213,062)**	(220,711)
PROFIT BEFORE TAXATION		**80,612**	52,467
Taxation	*7*	**(65,099)**	(47,347)
PROFIT FOR THE YEAR	*8*	**15,513**	5,120
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**41,209**	33,630
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**56,722**	38,750
Profit for the year attributable to:			
Owners of the Company		**15,513**	5,120
Non-controlling interests		**–***	–*
		15,513	5,120
Total comprehensive income for the year attributable to:			
Owners of the Company		**56,722**	38,750
Non-controlling interests		**–***	–*
		56,722	38,750
Earnings per share	*10*		
– basic (RMB cents)		**0.52**	0.17
– diluted (RMB cents)		**0.52**	0.17

* *For identification purposes only*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2024

	Notes	**2024** **RMB'000**	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**2,146,794**	2,233,548
Right-of-use assets		**91,897**	96,022
Investment properties		**158,581**	143,391
Goodwill	*11*	**2,153,640**	2,122,393
Other intangible assets	*12*	**756,530**	792,433
Prepayments for acquisition of property and equipment		**3,995**	1,042
Books for lease		**22**	521
Deferred tax assets		**3,969**	16,192
		5,315,428	5,405,542
CURRENT ASSETS			
Inventories		**12,536**	11,950
Deposits, prepayments, trade and other receivables	*13*	**47,453**	79,783
Financial assets at fair value through profit or loss		**49,435**	7,266
Pledged bank deposits	*14*	**32,328**	–
Bank balances and cash	*14*	**564,788**	528,041
Amounts due from related parties	*19*	**179,712**	182,305
		886,252	809,345
CURRENT LIABILITIES			
Contract liabilities	*15*	**482,164**	513,559
Other payables and accrued expenses	*16*	**231,814**	243,786
Lease liabilities		**4,326**	5,596
Income tax payable		**85,698**	68,687
Bank and other borrowings	*17*	**28,624**	1,084,279
Convertible bonds	*18*	**–**	227,078
Amounts due to related parties	*19*	**625,289**	135,188
		1,457,915	2,278,173
NET CURRENT LIABILITIES		**(571,663)**	(1,468,828)
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,743,765**	3,936,714

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**234,282**	247,667
Bank and other borrowings	*17*	**1,573,755**	60,013
Lease liabilities		**20,998**	21,816
Convertible bonds	*18*	**–**	288,843
Amounts due to related parties	*19*	**1,363,376**	1,820,859
		3,192,411	2,439,198
NET ASSETS		**1,551,354**	1,497,516
EQUITY			
Share capital		**9,309**	9,309
Reserves		**1,542,045**	1,488,207
Equity attributable to owners of the Company		**1,551,354**	1,497,516
Non-controlling interests		**–***	–*
TOTAL EQUITY		**1,551,354**	1,497,516

* *For identification purposes only*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

1. GENERAL INFORMATION

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

The Group operates a network of bilingual private schools and preschools in the PRC under the "Maple Leaf" brand and in other Asia Pacific countries under the brand "Canadian International School" and "Kingsley International School", focusing on high schools that offer World School Program and bilingual education mainly within the PRC and other Asia Pacific countries.

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

2. APPLICATION OF NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied all the new and amended International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**") that are relevant to its operations and effective for its accounting year beginning on 1 September 2023. IFRSs comprise International Financial Reporting Standards ("**IFRS**"); International Accounting Standards ("**IAS**"); and Interpretations. Except for Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction and Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies, the application of these new and amended IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the amendments to IFRSs that have been issued but are not yet effective. The application of these amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE

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

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

Disaggregation of revenue from contracts with customers

	2024	2023
	RMB'000	*RMB'000*
Types of goods or services		
Tuition and boarding fees	**948,634**	884,456
Summer and winter camps	**40,187**	23,296
Sales of textbooks	**24,416**	21,598
Sales of goods and materials	**41,605**	40,664
Catering services income	**69,262**	50,567
Extracurricular activities	**29,251**	21,136
Others *(Note)*	**75,107**	109,445
	1,228,462	1,151,162
Timing of revenue recognition		
Over time	**1,064,337**	978,634
At a point in time	**164,125**	172,528
	1,228,462	1,151,162

Note:

The amount mainly represents non-refundable fee received for application and reservation for school admission, service fee for arranging public or overseas examinations, consultation fee for overseas studies, management fee received from courses provided by third parties and other miscellaneous income.

4. OPERATING SEGMENTS

Information reported to the Group's Chief Executive Officer, being the chief operating decision maker ("**CODM**"), for the purposes of resource allocation and assessment of segment performance focuses on types of services provided.

The Group's reportable segments under IFRS 8 are as follows:

(i) PRC Segment

(ii) Overseas Segment

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

Segment revenues and results

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

For the year ended 31 August 2024

	PRC Segment *RMB'000*	**Overseas Segment** *RMB'000*	**Total** *RMB'000*
Revenue from external customers	**472,308**	**756,154**	**1,228,462**
Segment profit	**140,846**	**183,628**	**324,474**
Unallocated items:			
Other gains and losses			**(3,990)**
Finance costs			**(213,062)**
Directors' and chief executive's emoluments			**(9,263)**
Corporate administrative expense			**(17,547)**
Group's profit before income tax			**80,612**

For the year ended 31 August 2023 (restated*)

	PRC Segment *RMB'000*	Overseas Segment *RMB'000*	Total *RMB'000*
Revenue from external customers	465,580	685,582	1,151,162
Segment profit	119,821	119,649	239,470
Unallocated items:			
Other gains and losses			65,630
Finance costs			(220,711)
Directors' and chief executive's emoluments			(7,724)
Corporate administrative expense			(24,198)
Group's profit before income tax			52,467

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

* The comparative information including segment profit and certain unallocated items for the year ended 31 August 2023 has been restated or re-classified to be in line with the current year presentation.

Segment assets and liabilities

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

	2024	2023
	RMB'000	*RMB'000*
Segment assets		
PRC Segment	**1,846,631**	1,769,691
Overseas Segment	**4,355,049**	4,445,196
Consolidated assets	**6,201,680**	6,214,887
Segment liabilities		
PRC Segment	**2,429,888**	2,930,545
Overseas Segment	**2,220,438**	1,786,826
Consolidated liabilities	**4,650,326**	4,717,371

For the purposes of monitoring segment performance and allocating resources between segments, all assets and liabilities are allocated to operating segments. Assets and liabilities used jointly by operating segments are allocated to the PRC segment for consistence of presentation.

Major customers

No single customer contributed 10% or more of total revenue of the Group for the years ended 31 August 2024 and 2023.

Geographical information

The Group primarily operates in the PRC and other Asia Pacific countries. Information about the Group's revenue from external customers and non-current assets other than deferred tax assets are presented based on the location of the assets.

	Revenue from external customers		**Non-current assets**	
	2024	2023	**2024**	2023
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
PRC	**472,308**	465,580	**1,100,945**	1,139,211
Singapore	**679,593**	625,970	**3,711,604**	3,760,918
Malaysia	**71,633**	56,387	**434,364**	421,368
Others	**4,928**	3,225	**64,546**	67,853
	1,228,462	1,151,162	**5,311,459**	5,389,350

5. INVESTMENT AND OTHER INCOME

	2024	2023
	RMB'000	*RMB'000*
Bank interest income	**9,566**	7,610
Government grant *(Note)*	**3,791**	9,487
Rental income	**10,440**	2,610
Dividend income from financial assets at fair value through profit or loss ("**FVTPL**")	**636**	605
Others	**1,712**	2,313
	26,145	22,625

Note:

The Group obtained government grants and subsidies from (i) the government of Singapore in relation to salary support scheme; and (ii) the local government of the PRC in relation to their business development in several PRC regions. In the opinion of the Directors, the Group has fulfilled all conditions pertained to the government grants and subsidies for the years ended 31 August 2024 and 2023.

6. OTHER GAINS AND LOSSES

	2024	2023
	RMB'000	*RMB'000*
Loss arising from fair value changes of convertible bonds	**(28,174)**	(55,828)
Reversal of other payables	**4,464**	9,057
Gain/(loss) arising from changes in fair value of financial assets measured at FVTPL	**2,027**	(961)
Gain on disposal of property, plant and equipment	**770**	7,332
Net foreign exchange gain	**14,623**	105,373
Others	**2,300**	657
	(3,990)	65,630

7. TAXATION

	2024	2023
	RMB'000	*RMB'000*
Current tax		
Enterprise income tax ("**EIT**")		
Provision for the year	**23,922**	22,101
Underprovision in prior years	**1,207**	–
Singapore enterprise income tax		
Provision for the year	**44,639**	37,659
Underprovision/(overprovision) in prior years	**1,770**	(5,436)
Malaysia enterprise income tax		
Provision for the year	**264**	–
	71,802	54,324
Deferred tax	**(6,703)**	(6,977)
	65,099	47,347

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

	2024	2023
	RMB'000	*RMB'000*
Profit before taxation	**80,612**	52,467
Tax at PRC EIT rate of 25%	**20,153**	13,117
Tax effect of preferential tax rate granted	**(7,672)**	(15,995)
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	**1,641**	(35,932)
Tax effect of tax loss not recognised	**15,472**	18,401
Utilisation of tax loss previously not recognised	**(2,100)**	(452)
Tax effect of income not taxable for tax purposes	**(41,278)**	(21,965)
Tax effect of expenses not deductible for tax purposes	**75,906**	95,609
Tax effect of underprovision/(overprovision) in prior years	**2,977**	(5,436)
Tax charge for the year	**65,099**	47,347

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

No provision for Hong Kong Profits Tax has been made as the Group's operation in Hong Kong had no assessable profit for the years ended 31 August 2024 and 2023. Under the two-tiered profits tax rates regime, the first HKD2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HKD2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

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

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

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

According to the Implementation Regulations for the Law for Promoting Private Education, private schools for which the sponsors do not require reasonable returns are eligible to enjoy the same preferential tax treatment as public schools, subject to review by relevant tax bureaus each year.

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

During the year ended 31 August 2024, non-taxable tuition income was RMB155,264,000 (2023: RMB176,232,000), and the expense of RMB88,895,000 incurred by the relevant school (2023: RMB118,296,000) was not deductible.

Under the EIT law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated undistributed profits of the PRC subsidiaries amounting to RMB388,810,000 at 31 August 2024 (2023: RMB337,499,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

8. PROFIT FOR THE YEAR

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

	2024	2023
	RMB'000	*RMB'000*
Staff costs, including directors' remuneration		
– salaries and other allowances	**487,227**	466,204
– retirement benefit scheme contributions	**13,662**	15,505
– share-based payments	**719**	1,953
Total staff costs	**501,608**	483,662
Less: Staff costs included in cost of revenue	**(378,319)**	(359,088)
Staff costs included in administrative and marketing expenses	**123,289**	124,574
Gross rental income from investment properties	**(10,440)**	(2,610)
Less: Direct operating expenses incurred for investment properties (included in administrative expenses)	**890**	36
Net rental income	**(9,550)**	(2,574)
Depreciation of property, plant and equipment	**114,552**	107,405
Amortisation of other intangible assets (included in cost of revenue)	**48,464**	75,874
Depreciation of right-of-use assets	**7,171**	14,579
Depreciation of investment properties	**4,274**	905
Auditors' remuneration	**2,658**	3,200
Amortisation of books for lease	**499**	140
Loss arising from fair value changes of convertible bonds	**28,174**	55,828

9. DIVIDENDS

No dividend in respect of the year ended 31 August 2024 has been proposed by the Directors (2023: Nil).

10. EARNINGS PER SHARE

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

Earnings figures are calculated as follows:

	Year ended 31 August	
	2024	2023
	RMB'000	*RMB'000*
Earnings for the purpose of basic and dilutive earnings per share	**15,513**	5,120

Number of shares:

	At 31 August	
	2024	2023
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic and dilutive earnings per share	**2,971,011**	2,971,011

The weighted average number of ordinary shares adopted in the calculation of the basic earnings per share for the years ended 31 August 2024 and 2023 have been arrived at after eliminating the ungranted or unvested shares of the Company held under the Share Award Scheme.

The number of shares adopted in the computation of diluted earnings per share for the years ended 31 August 2024 and 2023 does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price of shares for the years ended 31 August 2024 and 2023.

The computation of diluted earnings per share for the years ended 31 August 2024 and 2023 does not assume the conversion of the Company's outstanding convertible bonds since the assumed exercise would result in an increase in earnings per share.

11. GOODWILL

	2024	2023
	RMB'000	*RMB'000*
Cost and carrying values		
At 1 September	**2,122,393**	1,949,551
Exchange adjustment	**31,247**	172,842
At 31 August	**2,153,640**	2,122,393

12. OTHER INTANGIBLE ASSETS

	Student base *RMB'000*	Licence *RMB'000*	Trademark *RMB'000*	Total *RMB'000*
Cost				
At 1 September 2022	318,719	68,347	573,745	960,811
Exchange adjustment	27,426	3,437	48,052	78,915
At 31 August 2023 and 1 September 2023	346,145	71,784	621,797	1,039,726
Exchange adjustment	5,318	2,552	10,757	18,627
At 31 August 2024	**351,463**	**74,336**	**632,554**	**1,058,353**
Amortisation				
At 1 September 2022	108,219	46,264	2,367	156,850
Provided for the year	56,147	19,727	–	75,874
Exchange adjustment	11,646	2,905	18	14,569
At 31 August 2023 and 1 September 2023	176,012	68,896	2,385	247,293
Provided for the year	45,556	2,908	–	48,464
Exchange adjustment	3,389	2,532	145	6,066
At 31 August 2024	**224,957**	**74,336**	**2,530**	**301,823**
Carrying values				
At 31 August 2024	**126,506**	**–**	**630,024**	**756,530**
At 31 August 2023	170,133	2,888	619,412	792,433

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

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

All of the Group's student base, trademark and licence were acquired through business combination. Trademark has an infinite estimated useful life. Student base has a finite estimated useful life of 14-15 years and are amortised on expected usage of the intangible assets. Licence has a finite estimated useful life of 1.75-4 years and it is amortised on the straight-line basis over the estimated useful life.

13. DEPOSITS, PREPAYMENTS, TRADE AND OTHER RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Prepaid rent and other prepaid expenses	**7,936**	17,983
Trade receivables net of allowance for credit losses *(Note a)*	**11,787**	12,643
Deposits	**9,319**	10,204
Staff advances	**211**	238
Management fees receivables	**3,317**	1,865
Receivable from a third party *(Note b)*	**6,433**	14,333
Others	**8,450**	22,517
	47,453	79,783

Notes:

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

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

	2024	2023
	RMB'000	*RMB'000*
Not past due	**10,462**	11,787
0–30 days	**655**	603
31–60 days	**11**	11
61–90 days	**–**	–
Over 90 days	**659**	242
	11,787	12,643

(b) The amount represents a short-term loan of RMB12,000,000 to an independent third party in 2018. The loan had an interest rate of 4.35% per annum, which was the base rate published by the People's Bank of China at that time, and it was due in one year. After the counterparty failed to repay at maturity, the loan was extended but remained unrecovered. The Group's management has assessed its recoverability and recognised an ECL provision of RMB7,900,000 in the profit or loss for the year ended 31 August 2024.

14. PLEDGED BANK DEPOSITS AND BANK BALANCES AND CASH

	2024 *RMB'000*	2023 *RMB'000*
Pledged bank deposits	**32,328**	–
Cash and cash equivalents	**497,673**	528,041
Time deposits with original terms of over three months	**67,115**	–
	564,788	528,041
Pledged bank deposits and bank balances and cash	**597,116**	528,041

The pledged bank deposits were held as security for certain banking facilities granted to the Group. Details are disclosed in note 17.

Cash and cash equivalents include demand deposits and short term deposits with maturity of three months or less for the purpose of meeting the Group's short term cash commitments, which carry interest at market rates range from 0.01% to 4.25% (2023: 0.01% to 3.40%).

The Group's time deposits with original terms of over three months carry interest rates ranging from 1.65% to 4.88% (2023: N/A).

15. CONTRACT LIABILITIES

	2024 *RMB'000*	2023 *RMB'000*
Tuition and boarding fees	**446,454**	463,770
Others	**35,710**	49,789
	482,164	513,559

Significant changes in contract liabilities are explained as follows:

	2024 *RMB'000*	2023 *RMB'000*
Balance at 1 September	**513,559**	501,550
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**(513,559)**	(501,550)
Increase due to cash received, excluding amounts recognised as revenue during the year	**482,164**	513,559
	482,164	513,559

16. OTHER PAYABLES AND ACCRUED EXPENSES

	2024 *RMB'000*	2023 *RMB'000*
Payables for purchase of property, plant and equipment	**64,563**	65,491
Miscellaneous expenses received from students *(Note)*	**45,200**	41,244
Accrued payroll	**24,788**	20,452
Deposits received from students upon school admission	**29,616**	25,983
Acquisition consideration payable	**9,269**	9,269
Payables for purchase of goods	**4,342**	4,275
Accrued operating expenses	**24,489**	20,653
Prepayment from lessee	**6,055**	6,549
Other tax payables	**1,376**	1,626
Others	**22,116**	48,244
	231,814	243,786

Note: The amount represents expenses such as fees for courses, public examination fee, purchase of hardware, meal fee and other miscellaneous items from students which will be paid out on behalf of students.

17. BANK AND OTHER BORROWINGS

	2024 *RMB'000*	2023 *RMB'000*
Secured bank and other borrowings	**1,602,379**	1,144,292
The carrying amounts of the above borrowings are repayable:		
On demand or within one year	**28,624**	1,084,279
Within a period of more than one year but not exceeding two years	**214,558**	15,560
Within a period of more than two years but not exceeding five years	**1,359,197**	44,453
	1,602,379	1,144,292
Less: Amounts due within one year shown under current liabilities	**(28,624)**	(1,084,279)
Amounts shown under non-current liabilities	**1,573,755**	60,013

Notes:

(a) As of 31 August 2023, the outstanding balance of the borrowing amounting to approximately USD143,000,000 (equivalent to approximately RMB1,038,995,000) (the "**Original CIS Loan**") was secured by (1) Share security over 100% shares in certain subsidiaries of the Group; (2) Fixed and floating charge and joint control and monitoring rights over cash accounts of certain subsidiaries of the Group; and (3) Fixed and floating charge over all assets of certain subsidiaries of the Group. This borrowing carried interest at a floating interest rate with a base rate of 3.60%. As of 31 August 2024, the Original CIS Loan has been fully repaid by the Bridge Facilities (as defined below).

Intended for the purpose of repaying the Original CIS Loan as well as the repayment of the convertible bonds, on 24 January 2024, Canadian International School Pte Ltd ("**CIS**"), an indirectly wholly owned subsidiary of the Company, entered into a Bridge Term Loan Facility (the "**Bridge Facilities**") amounting to SGD300,000,000 (equivalent to approximately RMB1,588,110,000) which structured into two parts: (A) An amount up to SGD191,280,000 (equivalent to approximately RMB1,012,579,000) is used to (i) fully refinance the Original CIS Loan and (ii) fund related costs and expenses under the Bridge Facilities; (B) An amount up to SGD108,720,000 (equivalent to approximately RMB575,531,000) is used to (i) make an intercompany loan up to USD77 million (the "**Intercompany Loan**") for purposes of full redemption of the convertible bonds and (ii) reimburse the fees payable in connection with the redemption of the convertible bonds.

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

The Bridge Facilities are repayable on final maturity date being the date falling six months from the Utilisation Date, i.e. 23 July 2024 and carry at variable interest rate based on the aggregate of (i) sum of compounded Singapore Overnight Rate Average ("**SORA**"); and (ii) Interest margin of 2.1% per annum for the first three months of borrowing; and 2.35% for the subsequent three months of borrowing.

On 22 July 2024, CIS entered into a term loan facility agreement (the "**2024 Term Loan Facilities**") which arranged by certain financial institutions, with an aggregate amount up to SGD280,000,000 (approximately RMB1,528,464,000), CIS has fully utilised the 2024 Term Loan Facilities and as at 31 August 2024 the outstanding carrying amount of the borrowing amounted to approximately SGD 282,020,000 (equivalent to approximately RMB1,539,489,000). The 2024 Term Loan Facilities were secured by pledged bank deposits of approximately SGD4,827,000 (equivalent to approximately RMB26,351,000) held by CIS and guaranteed by two subsidiaries of the Group and are repayable after 18 months to 5 years from the utilisation date of the 2024 Term Loan Facilities on 24 July 2029. The proceeds of the 2024 Term Loan Facilities were used to fully refinance the then existing indebtedness of the Group (including the amounts outstanding under or in connection with the Bridge Facilities, payment of costs and expenses in connection with the 2024 Term Loan Facilities.

The 2024 Term Loan Facilities carried variable interest rate based on the aggregate of (i) SORA Reference Rate for the interest period; and (ii) an interest margin of 3.30% per annum for the first twelve months of borrowing and interest margin in the range of 2.50% to 3.30% after twelve months of borrowing.

(b) As of 31 August 2024, the outstanding of the borrowing amounting to approximately MYR39,240,000 (equivalent to approximately RMB64,750,000) (31 August 2023: approximately MYR47,828,000 (equivalent to approximately RMB74,403,000)) was secured by (1) pledge of debt service reserve account held by Kingsley International Sendirian Berhad (subsidiaries owned by Kingsley Edugroup Berhad ("**Kingsley**"), an indirectly wholly-owned subsidiary of the Company); (2) pledged bank deposits of approximately MYR3,622,000 (equivalent to approximately RMB5,977,000); and (3) debenture incorporating fixed and floating charge over all assets and undertakings of Kingsley.

This borrowing carries interest at variable interest rates ranging from 5.91% to 6.19% (31 August 2023: 4.93% to 5.93%) per annum, and mature from 31 October 2024 to 31 May 2028.

(c) As of 31 August 2024, the Group's other borrowings consist of two loans from an independent third party, totaling approximately RMB46,780,000 (2023: RMB43,300,000). Both loans are unsecured and carry an interest rate of 3.65% (2023: 3.65%) per annum. The loans are repayable on the third anniversary from the first date of loan drawdown on 11 December 2025 and 9 April 2026, respectively.

18. CONVERTIBLE BONDS

	2024	2023
	RMB'000	*RMB'000*
Convertible bonds	**–**	515,921
Analysed for reporting purposes as:		
Current liabilities	**–**	227,078
Non-current liabilities	**–**	288,843
	–	515,921

Note:

On 12 January 2021, the Company entered into a subscription agreement with UBS AG Hong Kong Branch (the "**Manager**") under which the Manager has agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the convertible bonds due in 2026 in an aggregate principal amount of USD125,000,000 (the "**Convertible Bonds**" or "**Bonds**").

On 27 January 2021 (the "**Issue Date**"), the Company completed the issuance of the Convertible Bonds. The cash proceeds related to the issuance of USD125,000,000 (equivalent to RMB808,551,000) were received by the Company on the Issue Date. The issuance cost related to the Convertible Bonds of approximately USD1,250,000 (equivalent to RMB8,138,000) was charged to the finance cost. The Convertible Bonds were recognised and measured as financial liabilities designated at FVTPL. The fair value as of the Issue Date was RMB808,551,000.

The Convertible Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 2.25 per cent per annum, payable semi-annually in arrears on 27 January and 27 July in each year, commencing on 27 July 2021.

Pursuant to the subscription agreement, each of the Convertible Bonds will, at the option of the holder, be convertible (unless previously redeemed, converted or purchased and cancelled) on or after 9 March 2021 up to the close of business (at the place where the certificate evidencing the Bonds are deposited for conversion) on the seventh day prior to 27 January 2026 (the "**Maturity Date**") (both days inclusive) (the "**Conversion Period**") into fully paid ordinary shares with a par value of USD0.0005 each of the Company at an initial conversion price of HKD2.525 per share. The conversion price is subject to adjustment in the circumstances described under certain terms and conditions of the subscription agreement.

On giving notice in accordance with the respective terms and conditions of the subscription agreement, at any time after 11 February 2024 and prior to the Maturity Date, the Convertible Bonds may be redeemed at the option of the Company. The Convertible Bonds may be redeemed at the option of the Company in whole but not in part for taxation reasons as described in the subscription agreement. The Convertible Bonds may be redeemed at the option of the holder following the occurrence of a relevant event described in the subscription agreement or on 27 January 2024 as the optional put date for the holder to request the Company to redeem all or some of the Convertible Bonds upon giving notice in accordance with the subscription agreement.

During the year ended 31 August 2022, pursuant to the conditions of the Convertible Bonds (the "**Bond Conditions**"), Applicable Relevant Event (being which occurred on 23 May 2022 as a result of the suspension of trading of the Shares on the Stock Exchange commencing from 3 May 2022 in connection with the Company's delay in the publication of the unaudited interim results of the Group for the six months ended 28 February 2022) occurred and the holder of each Bond will have the right, at such holder's option (the "**Bondholder Put Option**"), to require the Company to redeem all or some only of such holder's Bond on the relevant event redemption date (the "**Relevant Event Redemption Date**") at the early redemption amount together with interest accrued but unpaid to (but excluding) such date in accordance with the Bond Conditions by submitting to the specified office of the paying agent (the "**Paying Agent**") a relevant event redemption notice (the "**Relevant Event Redemption Notice**") within the applicable time period specified in Bond Conditions (the "**Exercise Period**"). Whether to exercise the Bondholder Put Option is at the discretion of the Bondholders.

In August 2022, the aggregate principal face value of the Bonds in respect of which the Paying Agent has received a Relevant Event Redemption Notice on or prior to the expiry of the Exercise Period is USD125,000,000 and the Relevant Event Redemption Date was 14 August 2022. However, the Company failed to pay the amount of principal, interest, and premium (if any) due in respect of the Bonds before the Relevant Event Redemption Date. On 15 August 2022, the Company and holders of the Bonds who collectively hold or are economically entitled to approximately 70 per cent of the principal amount of the Bonds entered into a standstill and consent solicitation support agreement (the "**Standstill Agreement**") which sets out the parties' in-principle agreement to implement. The terms and conditions, including proposed waivers (the "**Proposed Waivers**"), proposed amendments (the "**Proposed Amendments**") and new undertakings (the "**New Undertakings**"), of the Standstill Agreement were agreed upon in an extraordinary meeting (the "**Extraordinary Meeting**") which was held subsequently after 31 August 2022 (being 23 September 2022). The Proposed Waivers refers to the extraordinary resolution passed in the Extraordinary Meeting constitute a direction by the holders of the Bonds to the trustee to irrevocably and unconditionally consent to (a) a waiver of the Applicable Relevant Event; and (b) a waiver of any potential event of default or event of default that has occurred (1) in relation to Condition 8(E) (Redemption for Relevant Event) of the Bonds or otherwise directly in relation to the Applicable Relevant Event; and (2) as a result of the Company's entry into the Standstill Agreement.

The New Undertakings are summarized as follows:

Mandatory Redemption Undertaking

The Company shall undertake, for the benefit of each holder of Bonds, that in the event that the Proposed Waivers and Amendments are approved by the requisite majority of Bondholders, it shall redeem the Bonds at the times and in the manner set out as below:

(a) 40 per cent. of the aggregate principal amount of the Bonds originally issued at their principal amount plus accrued and unpaid interest on the Implementation Date (being 27 October 2022); and

(b) subject to the Security Undertaking, 25 per cent. of the aggregate principal amount of the Bonds originally issued at their principal amount plus accrued and unpaid interest on the date that is nine (9) months after the Implementation Date (the "**Second Mandatory Redemption**"),

((a) to (b) together, the "**Mandatory Redemption Undertaking**"). The Bonds selected for redemption shall be on a pro-rata basis.

The Company announced that the Company did not have sufficient offshore funds to make the Second Mandatory Redemption on 27 June 2023 due to the prevailing controls of the State Administration of Foreign Exchange of the People's Republic of China (the "**PRC**") and other related PRC policies and regulations which are currently preventing the Company and its applicable Subsidiaries from remitting sufficient funds out of the PRC, resulting in the occurrence of an event of default under the Bond Conditions. On 12 September 2023, the Company announced that, on 11 September 2023, the bondholders passed resolutions, includes, among other matters (1) Waived any and all Events of Default relating to the non-payment of the 25% Second Mandatory Redemption and the Relevant Event; and (2) 25% Second Mandatory Redemption pushed out to 27 January 2024.

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

19. RELATED PARTY TRANSACTIONS AND BALANCES

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

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

Relationships	**Nature of balances**	**2024** ***RMB'000***	2023 *RMB'000*
The Affected Schools	Amounts due from (current)	**179,712**	182,305
The Affected Schools	Amounts due to (non-current)	**1,363,376**	1,820,859
The Affected Schools	Amounts due to (current)	**625,289**	135,188

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

The current portion of the amounts due from/to the Affected Schools represents balances which are due within one year or on demand. The non-current portion of the amounts due to Affected Schools represent long-term borrowing from Affected Schools. The original term of these borrowing were five years and non-interest bearing, the remaining term of these borrowing range from one to two years (2023: one to three years).

(ii) Compensation of key management personnel

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

	2024 ***RMB'000***	2023 *RMB'000*
Short-term benefits	**15,387**	14,686

20. EVENTS AFTER THE REPORTING PERIOD

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

Compliance with the Corporate Governance Code

During the year ended 31 August 2024 and up to the date of this announcement, the Company has applied the principles as set out in the Corporate Governance Code ("**CG Code**") contained in Appendix C1 to the Listing Rules and has complied with all the applicable code provisions, save and except for code provision C.2.1.

Code provision C.2.1 of Part 2 of the CG Code stipulates that the roles of chairman and chief executive officer ("**CEO**") should not be performed by the same individual. Mr. Shu Liang Sherman Jen performs the dual roles of both chairman and CEO. The Board believes that by vesting the roles of both chairman and CEO in the same person, the Company derives the benefit of ensuring consistent leadership within the Group, which in turn enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively.

The Board will continue to review and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices within the Company.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix C3 to the Listing Rules as its own securities dealing code to regulate all dealings by Directors and relevant employees of securities in the Company and other matters covered by the Model Code.

Specific enquiry has been made to all the Directors and the relevant employees and they have confirmed that they had complied with the Model Code during the year ended 31 August 2024.

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

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

In accordance with the then prevailing terms and conditions of the Convertible Bonds, on 9 February 2024, the Company redeemed (on a pro rata basis) 60 per cent. of the aggregate principal amount of the Convertible Bonds then outstanding (being an amount of USD75,000,000), together with interest accrued but unpaid. As of the date of this announcement, all Convertible Bonds have been fully redeemed and no Convertible Bonds remain outstanding. The Company had applied to the Stock Exchange for the withdrawal of the listing of the Convertible Bonds. Such withdrawal of listing became effective upon the close of business on 26 February 2024.

Save as disclosed above, during the year ended 31 August 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company (including sale of treasury share). As at 31 August 2024, the Company did not hold any treasury shares.

Final Dividend

The Board has resolved not to recommend a final dividend for the year ended 31 August 2024 (2023: Nil).

Audit Committee

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 August 2024 and has met with the independent auditors, Moore CPA Limited ("**Moore**"). The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Company.

Subsequent Events after the Reporting Period

The Group has no subsequent events after the reporting period and up to the date of this announcement which required disclosure.

SCOPE OF WORK OF MOORE CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 August 2024 as set out in the preliminary announcement have been agreed by the Group's auditors, Moore, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Moore in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Moore on the preliminary announcement.

PUBLICATION OF ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.mapleleaf.cn. The annual report of the Group for the year ended 31 August 2024 will be made available for Shareholders' review on the aforesaid websites in due course.

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

Hong Kong, 28 November 2024

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

* *For identification purposes only*