

**CHINA MAPLE LEAF EDUCATIONAL SYSTEMS LTD:
THIS SECOND, CASH-RAISING ATTEMPT
MAY NOT BE THE LAST**

It is indeed difficult to get excited over one of the latest **Initial Public Offerings (IPOs)**, because, all things considered, China Maple Leaf Educational Systems Ltd () (Code: 1317, Main Board, The Stock Exchange of Hongkong Ltd) does not, in truth, have the best of a financial history, during the past 45 months to May 31, 2014.

In addition, as stated in the Global Offering Prospectus, dated November 18, 2014, the Company has no intention of paying any kind of dividend.

Page 217 of the Global Offering Prospectus states:

‘We have never declared or paid any dividends on our Ordinary Shares. We have no present plan to declare and pay any dividends on our shares or Shares in the near future. We currently intend to retain our available funds and any future earnings to operate and expand our business. Any amount of dividends we pay will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial conditions, contractual restrictions and other factors which our Directors consider relevant ...’

One would suppose that institutions, relying on income from investments in equities, would, in the light of the above declarative sentences, rule out this Company as a potential, long-term investment vehicle.

While Management has been free from ambiguity or evasiveness in respect of the definitive statement about having no plans to pay any dividends to shareholders, **TARGET** () notes that the four Executive Directors will be receiving \$HK8.30 million per annum for the next three Financial Years.

This appears to be an increase of about 124.69 percent, compared with the salaries that were paid to the three Executive Directors with regard to the 2013 Financial Year.

Goody, goody, gumdrops!

The Business

China Maple Leaf describes its business as being *‘the largest international high school operator and the largest international school operator in China, as measured by student enrollment at the end of the 2010/2011, 2011/2012, 2012/2013 and 2013/2014 school years.’*

This Company started its business in April of 1996, following the Liaoning Province Education Commission (), granting approval for the establishment of Dalian Maple Leaf High School ().

The establishment of this first school was a joint venture between Sherman Holdings Ltd and China Shijiazhuang Yanshan Textile Corporation Ltd ().

The Founder of China Maple Leaf is Mr Sherman Jen Shu Liang () – thus the name, Sherman Investment Holdings Ltd – and the beneficial owner of China Shijiazhuang Yanshan Textile Corporation Ltd was Mr Sherman Jen's brother.

Mr Sherman Jen Shu Liang had, originally, been in the textile business where, clearly, he had prospered in the 16 years, leading up to the founding of Dalian Maple Leaf High School.

Five months after the establishment of Dalian Maple Leaf High School, the Dalian Maple Leaf International School (Middle School and Elementary School) opened for business in Jinshitan, Dalian.

And so it went on – and Mr Sherman Jen Shu Liang never looked back and, presumably, he devoted all of his efforts to make his schools in the People's Republic of China (PRC) financially viable.

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