

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Hong Kong Education (Int'l) Investments Limited
香港教育（國際）投資集團有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 1082)

ANNOUNCEMENT FOR ANNUAL RESULTS
FOR THE YEAR ENDED 30 JUNE 2016

FINANCIAL HIGHLIGHTS

For the year ended 30 June 2016:

- The Group recorded revenue of approximately HK\$189.78 million (2015: approximately HK\$208.44 million).
- The Group recorded a loss of approximately HK\$145.12 million (2015: profit of approximately HK\$32.93 million). Such loss was mainly attributable to the loss arising on change in fair value of listed held-for-trading investments of approximately HK\$40.37 million and the impairment losses on listed available-for-sale investments of approximately HK\$54.50 million for the Year. Also, the increase in finance costs as compared to the previous year principally as a result of the interest expenses of approximately HK\$8.50 million incurred in the Year on Loan Notes.

As at 30 June 2016:

- The Group held bank balances and cash of approximately HK\$93.37 million (2015: approximately HK\$105.17 million).
- Current ratio (defined as total current assets divided by total current liabilities) was 2.77 times (2015: 7.56 times). Gearing ratio, expressed as total debts divided by the sum of total equity and total debts (total debts refer to total liabilities minus the sum of tax payable, deferred tax liabilities and dividend payable (if any)) was 23.51% (2015: 7.22%).

The Board does not recommend the payment of a final dividend for the year ended 30 June 2016 (2015: nil).

FINANCIAL RESULTS

The board (“**Board**”) of directors (“**Directors**”) of Hong Kong Education (Int’l) Investments Limited (“**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (“**Group**”) for the year ended 30 June 2016, together with the comparative audited figures for the corresponding year ended 30 June 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2016

		2016	2015
	NOTES	HK\$’000	HK\$’000
Revenue	4	189,778	208,439
Other income, gains and losses	5	12,212	5,251
Staff costs	7	(58,178)	(58,634)
Tutor contractor fee	7	(55,979)	(60,371)
Operating lease payments	7	(45,016)	(48,684)
Marketing expenses		(21,798)	(20,576)
Printing costs		(405)	(340)
Depreciation and amortisation		(6,183)	(5,250)
Change in fair value of investment properties		(5,225)	2,100
Change in fair value of listed held-for-trading investments		(40,371)	56,189
Impairment losses on available-for-sale investments		(54,499)	(6,512)
Other operating expenses		(52,337)	(46,717)
Finance costs	6	(9,154)	–
Share of results of joint ventures		738	924
Share of results of associates		1,615	8,259
		<hr/>	<hr/>
(Loss) profit before tax	7	(144,802)	34,078
Income tax expense	8	(321)	(1,147)
		<hr/>	<hr/>
(Loss) profit for the year		(145,123)	32,931

	<i>NOTES</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Other comprehensive (expense) income, net of income tax			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translating foreign operations		(121)	6
Reclassification adjustment on exchange differences released upon disposal of a subsidiary		(40)	–
Fair value loss on revaluation of available-for-sale investment		(55,201)	(5,018)
Reclassification adjustment upon impairment of available-for-sale investment		53,768	6,451
Share of exchange differences of an associate		(84)	(19)
		<hr/>	<hr/>
Other comprehensive (expense) income for the year, net of income tax		(1,678)	1,420
		<hr/>	<hr/>
Total comprehensive (expense) income for the year		(146,801)	34,351
		<hr/> <hr/>	<hr/> <hr/>
(Loss) profit for the year attributable to:			
Owners of the Company		(144,718)	33,028
Non-controlling interests		(405)	(97)
		<hr/>	<hr/>
		(145,123)	32,931
		<hr/> <hr/>	<hr/> <hr/>
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		(146,396)	34,448
Non-controlling interests		(405)	(97)
		<hr/>	<hr/>
		(146,801)	34,351
		<hr/> <hr/>	<hr/> <hr/>
(Loss) earnings per share	9		(Restated)
– Basic (<i>HK\$</i>)		(0.34)	0.33
		<hr/> <hr/>	<hr/> <hr/>
– Diluted (<i>HK\$</i>)		(0.34)	0.33
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016

	<i>NOTES</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		20,874	14,217
Investment properties		148,900	29,600
Goodwill		60	60
Other intangible assets		890	1,088
Interests in associates		48,077	75,251
Interests in joint ventures		9,598	10,360
Loan receivables	<i>11</i>	21,791	6,854
Available-for-sale investments		26,122	29,239
Non-current deposits		5,640	7,508
		<hr/> 281,952 <hr/>	<hr/> 174,177 <hr/>
Current assets			
Trade and other receivables	<i>12</i>	36,447	26,001
Loan receivables	<i>11</i>	19,045	23,547
Amounts due from related parties		1,342	1,108
Other financial assets		–	2,609
Held-for-trading investments	<i>13</i>	359,914	32,345
Bank balances and cash		93,366	105,167
		<hr/> 510,114 <hr/>	<hr/> 190,777 <hr/>
Asset classified as held for sale		<hr/> 6,455 <hr/>	<hr/> – <hr/>
		<hr/> 516,569 <hr/>	<hr/> 190,777 <hr/>
Current liabilities			
Other payables and accruals	<i>14</i>	15,275	16,396
Deferred income		8,161	7,684
Current tax liabilities		1,072	944
Amounts due to related parties		595	195
Bank borrowings	<i>15</i>	14,800	–
Loan notes	<i>16</i>	146,496	–
		<hr/> 186,399 <hr/>	<hr/> 25,219 <hr/>
Net current assets		<hr/> 330,170 <hr/>	<hr/> 165,558 <hr/>
Total assets less current liabilities		<hr/> 612,122 <hr/>	<hr/> 339,735 <hr/>

		2016	2015
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities			
Deferred tax liabilities		1,393	1,216
Provision for long service payments		1,857	1,902
		<u>3,250</u>	<u>3,118</u>
Net assets		<u>608,872</u>	<u>336,617</u>
Capital and reserves			
Share capital	<i>17</i>	22,816	3,259
Reserves		537,886	333,230
Equity attributable to owners of the Company		560,702	336,489
Non-controlling interests		48,170	128
Total equity		<u>608,872</u>	<u>336,617</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 26 January 2011 and continued in Bermuda on 7 May 2015 (Bermuda time). The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business in Hong Kong is located at Block C, 17/F, 381 Sha Tsui Road, Tsuen Wan, New Territories, Hong Kong. Its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) since 4 July 2011.

The Company acts as an investment holding company while its principal subsidiaries are principally engaged in the provision of private educational services, investment in securities, property investments and money lending business.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

(a) **HKFRSs applied in the current year**

In the current year, no HKFRSs (a collective term for accounting standards, amendments and interpretations) that were issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) are mandatorily effective for the Group’s financial year beginning 1 July 2015.

(b) **New and revised HKFRSs issued but not yet effective**

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKAS 1	Disclosure Initiative ¹
Amendments to HKAS 7	Disclosure Initiative ³
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses ³
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ¹
Amendments to HKAS 27	Equity Method in Separate Financial Statements ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 - 2014 Cycle ¹

Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ⁴
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁶
Amendments to HKFRS 11	Accounting for Acquisition of Interests in Joint Operations ¹
Amendments to HKFRS 15	Clarification to HKFRS 15 Revenue from Contracts with Customers ⁴
HKFRS 9	Financial Instruments ⁴
HKFRS 14	Regulatory Deferral Accounts ²
HKFRS 15	Revenue from Contracts with Customers ⁴
HKFRS 16	Leases ⁵

¹ Effective for annual periods beginning on or after 1 January 2016

² Effective for first annual HKFRS consolidated financial statements beginning on or after 1 January 2016

³ Effective for annual periods beginning on or after 1 January 2017

⁴ Effective for annual periods beginning on or after 1 January 2018

⁵ Effective for annual periods beginning on or after 1 January 2019

⁶ Effective for annual periods beginning on or after a date to be determined

The Group has already commenced an assessment of the impact of these new and revised HKFRSs to the Group and is not yet in a position to state whether these would have a significant impact on the Group's results and the financial position.

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared under the historical cost basis, except for investment properties and certain financial instruments that are measured at fair values, and in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”) and by the Hong Kong Companies Ordinance.

4. REVENUE AND SEGMENT INFORMATION

The Group's operating and reporting segments have been identified on the basis of internal management reports prepared in accordance with the accounting policies conform to HKFRSs, that are regularly reviewed by the executive directors, being the chief operating decision maker ("CODM") of the Group, in order to allocate resources to segments and to assess their performances.

The Group's operations have been organised based on four operating divisions as described below. Similarly, the information reported to the CODM is also prepared on such basis. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments are as follows:

- Provision of private educational services – secondary tutoring services, secondary day school education, primary tutoring services, skill courses and test preparation courses, franchising income, English language training and test preparation courses, technical consultation, management and software licensing services and overseas studies consultation services
- Investments in securities – trading of securities
- Property investments – investments of properties for rental income and capital appreciation
- Money lending – providing loans as money lender

Other operating segments which do not meet the quantitative thresholds prescribed by HKFRS 8 for determining reportable segments are combined as "other segments".

(a) **Segment revenue and results**

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

For the year ended 30 June 2016

	Provision of private educational services <i>HK\$'000</i>	Investment in securities <i>HK\$'000</i>	Property investments <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue	<u>182,267</u>	<u>-</u>	<u>768</u>	<u>3,460</u>	<u>3,283</u>	<u>189,778</u>
Segment results	<u>(13,881)</u>	<u>(42,989)</u>	<u>(6,844)</u>	<u>2,514</u>	<u>(1,635)</u>	<u>(62,835)</u>
Change in fair value of other financial assets						(2,609)
Impairment losses on available-for-sale investments						(54,499)
Finance costs						(9,154)
Share of results of joint ventures						738
Share of results of associates						1,615
Unallocated corporate income						13
Unallocated corporate expenses						<u>(18,071)</u>
Loss before tax						<u>(144,802)</u>

For the year ended 30 June 2015

	Provision of private educational services <i>HK\$'000</i>	Investment in securities <i>HK\$'000</i>	Property investments <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue	<u>202,339</u>	<u>–</u>	<u>662</u>	<u>5,438</u>	<u>–</u>	<u>208,439</u>
Segment results	<u>(3,032)</u>	<u>68,578</u>	<u>807</u>	<u>4,407</u>	<u>–</u>	<u>70,760</u>
Change in fair value of other financial assets						(1,445)
Impairment losses on available-for-sale investments						(6,512)
Share of results of joint ventures						924
Share of results of associates						8,259
Unallocated corporate income						130
Unallocated corporate expenses						<u>(38,038)</u>
Profit before tax						<u>34,078</u>

The CODM assesses segment results using a measure of operating profit whereby certain items are not included in arriving at the segment results of the operating segments (i.e. change in fair value of other financial assets, impairment losses on available-for-sale investments, finance costs, share of results of joint ventures, share of results of associates, unallocated corporate income and unallocated corporate expenses).

(b) **Segment assets and liabilities**

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

As at 30 June 2016

	Provision of private educational services <i>HK\$'000</i>	Investment in securities <i>HK\$'000</i>	Property investments <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Assets						
Segment assets	61,454	359,914	149,399	41,409	752	612,928
Unallocated assets						
Bank balances and cash						92,814
Interests in associates						48,077
Interests in joint ventures						9,598
Available-for-sale investments						26,122
Asset classified as held for sale						6,455
Other corporate assets						2,527
						<u>798,521</u>
Liabilities						
Segment liabilities	18,813	3,011	170	52	1,397	23,443
Unallocated liabilities						
Current tax liabilities						1,072
Deferred tax liabilities						1,393
Bank borrowings						14,800
Loan notes						146,496
Other corporate liabilities						2,445
						<u>189,649</u>

As at 30 June 2015

	Provision of private educational services <i>HK\$'000</i>	Investment in securities <i>HK\$'000</i>	Property investments <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Assets						
Segment assets	43,462	32,345	29,978	31,310	–	137,095
Unallocated assets						
Bank balances and cash						104,475
Interests in associates						75,251
Interests in joint ventures						10,360
Other financial assets						2,609
Available-for-sale investments						29,239
Other corporate assets						5,925
						<u>364,954</u>
Liabilities						
Segment liabilities	20,451	3,901	137	–	–	24,489
Unallocated liabilities						
Current tax liabilities						944
Deferred tax liabilities						1,216
Other corporate liabilities						1,688
						<u>28,337</u>

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to the operating segments other than bank balances and cash (other than those included in the money lending segment), interests in associates and joint ventures, other financial assets, available-for-sale investments, asset classified as held for sale and other corporate assets; and
- all liabilities are allocated to the operating segments other than current tax liabilities, deferred tax liabilities, bank borrowings, loan notes and other corporate liabilities.

(c) **Other segment information**

For the year ended 30 June 2016

	Provision of private educational services <i>HK\$'000</i>	Investment in securities <i>HK\$'000</i>	Property investments <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Capital additions	(15,504)	(14)	(124,525)	–	(43)	(140,086)
Depreciation and amortisation	(5,784)	(376)	–	(20)	(3)	(6,183)
Provision for long service payments	(69)	–	–	–	–	(69)
Change in fair value of investment properties	–	–	(5,225)	–	–	(5,225)
Change in fair value of listed held-for-trading investments	–	(40,371)	–	–	–	(40,371)

For the year ended 30 June 2015

	Provision of private educational services <i>HK\$'000</i>	Investment in securities <i>HK\$'000</i>	Property investments <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Capital additions	(5,572)	(8)	–	–	–	(5,580)
Depreciation and amortisation	(4,814)	(376)	–	(60)	–	(5,250)
Provision for long service payments	(20)	–	–	–	–	(20)
Change in fair value of investment properties	–	–	2,100	–	–	2,100
Change in fair value of listed held-for-trading investments	–	56,189	–	–	–	56,189

The Group's assets, revenue and results for the year derived from activities located outside Hong Kong are less than 10% of the Group's total assets, revenue and results for the year.

No individual customer accounted for over 10% of the Group's total revenue during both years.

(d) **Revenue from major services**

An analysis of the Group's revenue by services is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Secondary tutoring services	134,481	157,361
Secondary day school education	2,004	2,487
Primary tutoring services, skill courses and test preparation courses	11,798	12,834
Franchising income	4,515	3,582
English language training and test preparation courses	23,607	21,552
Technical consultation, management and software licensing services	5,587	3,973
Overseas studies consultation services	275	550
Rental income	768	662
Loan interest income	3,460	5,438
Advertising income	3,283	–
	<hr/>	<hr/>
Total revenue	189,778	208,439

5. **OTHER INCOME, GAINS AND LOSSES**

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Change in fair value of other financial assets	(2,609)	(1,445)
Impairment losses on other receivables	(46)	(1,673)
Interest income on		
– bank deposits	9	92
– other loan and receivables	4	38
(Loss) gain on disposal of		
– property, plant and equipment	(1,337)	(243)
– subsidiaries	1,192	6
Supporting services income	13,978	7,325
Others	1,021	1,151
	<hr/>	<hr/>
	12,212	5,251

6. FINANCE COSTS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Interest on bank and other borrowings wholly repayable within five years	658	–
Effective interest expense on loan notes	<u>8,496</u>	<u>–</u>
	<u>9,154</u>	<u>–</u>

7. (LOSS) PROFIT BEFORE TAX

(Loss) profit before tax has been arrived at after charging:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Directors' remuneration	5,882	6,615
Other staff costs	50,685	49,718
Other staff's retirement benefit scheme contributions	1,926	1,962
Share-based payments to other staff	<u>–</u>	<u>594</u>
	58,493	58,889
Tutor contractor fee to a Director	<u>(315)</u>	<u>(255)</u>
Staff costs	<u>58,178</u>	<u>58,634</u>
Auditor's remuneration	710	680
Provision for long service payments	<u>69</u>	<u>20</u>
Gross rental income from investment properties	768	662
<i>Less:</i> direct operating expenses from investment properties that generated rental income during the year	<u>(43)</u>	<u>(39)</u>
	<u>725</u>	<u>623</u>

Tutor contractor fee is calculated based on (i) certain percentage of revenue derived from secondary tutoring services and English language training and test preparation courses; and (ii) fixed hourly rate on primary tutoring services, skill courses and test preparation courses.

Operating lease payments represent the minimum lease payments under operating leases paid or payable to lessors which mainly are independent third parties.

8. INCOME TAX EXPENSE

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax	134	892
PRC Enterprise Income Tax	<u>10</u>	<u>61</u>
	144	953
Deferred tax	<u>177</u>	<u>194</u>
Total income tax recognised in profit or loss	<u><u>321</u></u>	<u><u>1,147</u></u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

The provision for PRC Enterprise Income Tax is based on the estimated taxable income for PRC taxation purposes at the rate of taxation applicable to each year. Subsidiaries established in the PRC were subject to Enterprise Income Tax at 25% for both years.

9. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share attributable to owners of the Company for both years are based on the following data:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share		
((Loss) profit for the year attributable to owners of the Company)	<u><u>(144,718)</u></u>	<u><u>33,028</u></u>
	Number of shares	Number of shares (Restated)
Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share	<u><u>421,421,529</u></u>	<u><u>100,316,088</u></u>

The computation of the diluted earnings per share for the years ended 30 June 2016 and 2015 does not assume the exercise of the Company's outstanding share options as the exercise price of those options are higher than the average market prices of the Company's shares during the relevant year.

Weighted average number of ordinary shares, potential dilutive ordinary shares, basic and diluted loss per share for the years ended 30 June 2016 and 2015 were stated after taking into account the effects of the rights issue and bonus issue completed in August 2015 and the share consolidation that took effect in March 2016. Comparative figures have been restated on the assumption that the share consolidation had been effective in prior year.

10. DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 30 June 2016 (2015: nil).

11. LOAN RECEIVABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Loan receivables	40,836	30,401
<i>Less: Balances due within one year included in current assets</i>	<u>(19,045)</u>	<u>(23,547)</u>
Non-current portion	<u><u>21,791</u></u>	<u><u>6,854</u></u>

Loan receivables represent outstanding principals and interest arising from the money lending business of the Group. All of the loan receivables are entered with contractual maturity within 1 to 2 years. The Group seeks to maintain strict control over its loan receivables in order to minimise credit risk by reviewing the borrowers' and their guarantors' financial positions.

The loan receivables are interest-bearing at rates mutually agreed between the contracting parties, ranging from 8% to 10% (2015: 9% to 12%) per annum. As at 30 June 2016, loan receivables were unsecured (2015: approximately HK\$4,896,000 were secured by pledged equity shares beneficially owned by the borrower).

Loan receivables were neither past due nor impaired at the end of the reporting period.

12. TRADE AND OTHER RECEIVABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Accrued revenue and trade receivables	1,281	552
Rental deposits	19,958	19,608
Other deposits	6,342	3,069
Prepayments	6,353	8,794
Other receivables	<u>8,153</u>	<u>1,486</u>
	42,087	33,509
<i>Less: Rental deposits (shown under non-current assets)</i>	<u>(5,640)</u>	<u>(7,508)</u>
Trade and other receivables (shown under current assets)	<u>36,447</u>	<u>26,001</u>

The following is an aged analysis of accrued revenue and trade receivables, presented based on the invoice date at the end of the reporting period which approximated the respective revenue recognition dates:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Accrued revenue not yet billed	563	225
Trade receivables:		
0 – 30 days	248	218
31 – 60 days	95	66
61 – 90 days	18	10
Over 90 days	<u>357</u>	<u>33</u>
	<u>1,281</u>	<u>552</u>

Included in the Group's trade receivables balance are debtors with an aggregate carrying amount of approximately HK\$357,000 (2015: HK\$33,000) which were past due as at the reporting date for which the Group did not provide for impairment loss. The Group did not hold any collateral over these balances. The aging of these receivables was over 90 days (2015: over 90 days).

As at 30 June 2016, accrued revenue and trade receivables primarily arose from the continuing franchise income of primary tutoring service to franchisees and advertising income (2015: arose from the continuing franchise income of primary tutoring service to franchisees). The accrued revenue is not yet due as it is billed in arrears. The credit periods ranged from 30 days to 90 days. There is no credit period granted for tuition fee as they are normally received in advance.

13. HELD-FOR-TRADING INVESTMENTS

The amount represents equity securities listed in Hong Kong. The fair values of the investments are determined with reference to the quoted market bid prices in the Stock Exchange.

14. OTHER PAYABLES AND ACCRUALS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Other payables	5,728	8,011
Accrued tutor contractor fee, salary and bonus and other accruals	<u>9,547</u>	<u>8,385</u>
	<u><u>15,275</u></u>	<u><u>16,396</u></u>

15. BANK BORROWINGS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Unsecured:		
Revolving loan	<u><u>14,800</u></u>	<u><u>–</u></u>
The bank borrowings are repayable as follows:		
Within one year	<u><u>14,800</u></u>	<u><u>–</u></u>

As at 30 June 2016, the bank borrowings of the Group carried variable interest rates at Hong Kong Interbank Offered Rate (“**HIBOR**”) plus 1.5% per annum (2015: nil).

16. LOAN NOTES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Loan notes – unsecured	<u><u>146,496</u></u>	<u><u>–</u></u>

On 17 December 2015, the Company issued 8% unsubordinated and unsecured notes due on 16 December 2017 (“**Loan Notes**”) in the aggregate principal amount of HK\$150,000,000. The Loan Notes carried an interest of 8% per annum payable quarterly in arrears.

The Company may at its option redeem the Loan Notes, in whole or any part thereof outstanding on a business day must be a day after the first anniversary of the date of issue of the Loan Notes and before the maturity date. Also, the noteholder may at its option redeem the Loan Notes, in whole or any part thereof outstanding on a business day after the eighteenth month of the date of issue of the Loan Notes and before the maturity date. On the redemption date, the Company shall pay to such noteholder the principal amount of the Loan Notes to be redeemed plus all accrued and unpaid interest on the principal amount of the Loan Notes to be redeemed. The effective interest rate for the year ended 30 June 2016 was 11% per annum. The balance is included in current liabilities in review of its early redemption terms.

17. SHARE CAPITAL

The movements of share capital of the Company are as follows:

	<i>Notes</i>	Number of shares	Amount HK\$'000
<i>Authorised</i>			
Ordinary shares of HK\$0.1 each at 1 July 2014		1,500,000,000	150,000
Increased in authorised share capital on 26 November 2014	<i>(ii)</i>	1,500,000,000	150,000
Share consolidation on 27 May 2015	<i>(iv(a))</i>	(2,400,000,000)	–
Sub-division of unissued consolidated shares	<i>(iv(c))</i>	<u>29,400,000,000</u>	<u>–</u>
Ordinary shares of HK\$0.01 each at 30 June 2015		30,000,000,000	300,000
Share consolidation on 11 March 2016	<i>(vi)</i>	<u>(24,000,000,000)</u>	<u>–</u>
Ordinary shares of HK\$0.05 each at 30 June 2016		<u><u>6,000,000,000</u></u>	<u><u>300,000</u></u>
 <i>Issued and fully paid</i>			
Ordinary shares of HK\$0.1 each at 1 July 2014		964,000,000	96,400
Issue of shares upon placing on 31 July 2014	<i>(i)</i>	394,080,000	39,408
Issue of shares upon placing on 18 December 2014	<i>(iii)</i>	271,616,000	27,162
Effect of capital reorganisation	<i>(iv)</i>	<u>(1,303,756,800)</u>	<u>(159,711)</u>
Ordinary shares of HK\$0.01 each at 30 June 2015		325,939,200	3,259
Issue of rights shares and bonus shares on 7 August 2015	<i>(v)</i>	1,955,635,200	19,557
Share consolidation on 11 March 2016	<i>(vi)</i>	<u>(1,825,259,520)</u>	<u>–</u>
Ordinary shares of HK\$0.05 each at 30 June 2016		<u><u>456,314,880</u></u>	<u><u>22,816</u></u>

Notes:

- (i) On 31 July 2014, an aggregate of 394,080,000 ordinary shares of HK\$0.10 each were issued to not less than six placees, who were professional, institutional or other investors and who and whose ultimate beneficial owners were independent third parties, at a price of HK\$0.145 per share representing a discount of approximately 14.71 % of the closing market price of the Company's shares on 13 May 2014 as set out in the announcement of the Company dated 13 May 2014. The placing shares were issued pursuant to a specific mandate obtained at the extraordinary general meeting of the Company held on 18 July 2014. The net proceeds were intended to be used for the development of the existing business and the development of online education business of the Group.
- (ii) At the annual general meeting of the Company held on 26 November 2014, the ordinary resolution in relation to the increase in authorised share capital was duly passed by way of poll. Following the passing of the resolution, the authorised share capital of the Company was increased from HK\$150,000,000 divided into 1,500,000,000 ordinary shares of HK\$0.10 each to HK\$300,000,000 divided into 3,000,000,000 shares by the creation of an additional 1,500,000,000 shares. The increase in authorised share capital took effect on the same date.
- (iii) On 18 December 2014, an aggregate of 271,616,000 ordinary shares of HK\$0.10 each were issued to not less than six placees, who were professional, institutional or other investors and who and whose ultimate beneficial owners were independent third parties, at a price of HK\$0.122 per share representing a discount of approximately 14.69% to the closing market price of the Company's share on 3 December 2014 as set out in the announcement of the Company dated 3 December 2014. The net proceeds were used to provide additional working capital of the Group.
- (iv) On 17 February 2015, the Company proposed to put forward for approval by the shareholders of the Company a capital reorganisation ("**Capital Reorganisation**") which involved the following:
 - (a) Consolidation ("**1st Share Consolidation**") of every five existing ordinary shares of HK\$0.10 each in the issued and unissued share capital of the Company into one consolidated share of HK\$0.50 each ("**Consolidated Share(s)**") and where applicable, round down the total number of the Consolidated Shares in the issued and unissued share capital of the Company to a whole number by cancelling any fraction in the issued and unissued share capital of the Company which may arise from the 1st Share Consolidation;
 - (b) Reduction of the issued share capital of the Company through a cancellation of the paid-up capital of the Company to the extent of HK\$0.49 on each of the issued Consolidated Share such that the nominal value of each issued Consolidated Share would be reduced from HK\$0.50 to HK\$0.01 ("**Capital Reduction**");
 - (c) Sub-division of each of the authorised but unissued Consolidated Share of HK\$0.50 each into fifty new ordinary shares of HK\$0.01 each; and

- (d) The transfer of the credits arising in the books of the Company from (i) the cancellation of any fraction in the issued share capital of the Company which may arise from the 1st Share Consolidation and (ii) the Capital Reduction to the contributed surplus account of the Company.

The special resolution approving the Capital Reorganisation was duly passed by the shareholders of the Company at the extraordinary general meeting held on 22 April 2015 and the Capital Reorganisation became effective on 27 May 2015.

- (v) On 24 April 2015, the Company proposed the implementation of the rights issue on the basis of four rights shares (“**Rights Share(s)**”) for every one Share held on 15 July 2015 (i.e. the record date) at the subscription price of HK\$0.295 per Rights Share (“**Rights Issue**”) with the bonus issue on the basis of one bonus share (“**Bonus Share(s)**”) for every two Rights Shares taken up (“**Bonus Issue**”). The Rights Issue with the Bonus Issue was approved by the Company’s independent shareholders at the special general meeting of the Company held on 3 July 2015. Completion of the Rights Issue with the Bonus Issue took place on 7 August 2015. An aggregate of 1,303,756,800 Rights Shares and 651,878,400 Bonus Shares were issued to qualifying shareholders of the Company. The net proceeds of the Rights Issue were approximately HK\$369.10 million.
- (vi) On 27 January 2016, the Company proposed consolidation of every five existing ordinary shares of HK\$0.01 each in the issued and unissued share capital of the Company into one consolidated share of HK\$0.05 each (“**2nd Share Consolidation**”). The 2nd Share Consolidation was approved by the Company’s shareholders at the special general meeting held on 10 March 2016 and the 2nd Share Consolidation became effective on 11 March 2016.

The shares issued rank pari passu with other shares of the Company in issue in all respects. None of the Company or its subsidiaries repurchased, sold, redeemed or cancelled any of the Company’s shares during the year ended 30 June 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

With volatile global market and economic downturn in the first half of 2016, most of the industries have shown a clear sign of slowdown in Hong Kong. Even though the global market is under uncertainty, the Group continues to improve its operational efficiency in order to strengthen its leading position in the education industry.

The Group has always made a genuine effort to support charitable organisations and community services. During the year ended 30 June 2016 (“Year”), the Group had been awarded the Caring Company Logo 2015/16 from Hong Kong Council of Social Service and Metro Awards for Corporate Social Responsibility 2016. This is the fourth consecutive year the Group has received the Caring Company Logo which recognises the Group’s contributions to society. The Group will continue to make a genuine effort to support charitable events.

BUSINESS REVIEW

Provision of private education services

Secondary Tutoring Services

The Group has been facing intense competition recently as a lot of tutorial centres have been established in the market, and the Hong Kong Diploma of Secondary Education Examination (“HKDSE”) is the only major public examination for high school students. During the Year, the Group recorded revenue of approximately HK\$134.48 million, representing a decrease of approximately 14.54% as compared with last year. Our star-rating tutors continue to help students to improve their learning and examination skills through various effective and modern teaching methods, to help students to achieve outstanding academic results as well as enhancing their overall competitiveness.

The following table sets forth the number of course enrolments, the number of tutors and the average course fees of each category of secondary tutoring courses for the two years ended 30 June 2016:

	Year ended 30 June	
	2016	2015
Number of course enrolments (<i>in thousands</i>)		
Regular courses	180	208
Intensive courses	15	24
Summer courses	28	33
T.I.P.S. courses	7	8
Special courses	15	23
Number of tutors (<i>Note 1</i>)		
Regular courses	43	37
Intensive courses	38	35
Summer courses	40	36
T.I.P.S. courses	27	24
Special courses	39	32
Average course fees (<i>HK\$</i>) (<i>Note 2</i>)		
Regular courses	548	540
Intensive courses	561	495
Summer courses	507	511
T.I.P.S. courses	620	594
Special courses	298	315

Note 1: Tutors may provide secondary tutoring services for all or certain categories of courses. Thus, the sum of the number of tutors for the provision of regular courses, intensive courses, summer courses, T.I.P.S. courses and special courses is not equal to the total number of tutors for the year.

Note 2: Being revenue divided by course enrolments for the year.

As of 30 June 2016, the Group had 12 learning centres operated under the brand of “Modern Education” 現代教育.

Secondary Day School Education

The Group has resumed the operation of the secondary day school programme since the academic year 2014-2015 under the brand “Modern Day School” 現代日校. The Group recorded stable enrolments for Secondary 5 and Secondary 6 in the two consecutive academic years, which shows that the day school courses are still in demand. During the Year, the Group recorded revenue of approximately HK\$2.00 million from the day school segment, representing a decrease of approximately 19.42% as compared with last year. The number of course enrolments for Secondary 5 and 6 were 111 and 569 respectively with average course fee of HK\$3,080.

English Language Training and Test Preparation Courses

The Group constantly provides high-quality language training courses for students and has been operating the world’s two most popular English language tests including the International English Language Testing System (“IELTS”) and Test of English for International Communications (“TOEIC”) for more than eight years. Our professional and experienced language teachers use versatile teaching methods to help students build up and strengthen their English ability in order to enhance their English competence to meet future academic or career challenges. During the Year, the Group recorded revenue of approximately HK\$23.61 million, representing an increase of 9.54% as compared with last year, and there were approximately 14,000 (2015: 13,000) course enrolments during the Year. The results were encouraging. Our experienced tutors are endeavored to maintain good quality on course materials and to provide continuous professional academic support to the students.

Primary Tutoring Services, Skill Courses and Test Preparation Courses

The Group believes that students at younger age require greater attention from tutors to guide them on daily homework so as to build up a strong knowledge foundation and grasp the examination skills at early stage. The Group has developed proprietary comprehensive teaching materials to help primary school students to strengthen the basic knowledge or concepts in the prime subjects. As of 30 June 2016, there were 7 directly-owned education centres and 42 franchised centres operated under the brand “Modern Bachelor Education” 現代小學士. 7 new franchised centres are underway and will be ready to start operation in the second half of 2016. During the Year, there were approximately 9,000 course enrolments recorded from directly-owned learning centres and total revenue contributed by the franchised centres to the Group was approximately HK\$4.52 million, representing an increase of 26.05% as compared to the previous year. The Group will continue to cooperate with other education service providers in Hong Kong and in the People’s Republic of China (“PRC”) in order to expand its network to serve more primary school students.

PRC Operations

Nowadays, parents are more concerned about their children's education thus has created ample development opportunities for education related business in the PRC. However, the PRC government is currently examining the policy in operating courses on international contexts; and at the same time, the Group is studying the feasibility of the relevant policy and considering the direction of schooling operation in the PRC. As such, the Group disposed of its business segment on the international tutorial groups in the PRC to map up the development of a contemporary education strategy. Meanwhile, the Group has been seeking the feasibility of potential cooperation and acquisition targets to further expand its business in the PRC.

Investments

Properties Investments

During the Year, the Group, through Vision Smart Limited (“**Vision Smart**”), had completed the acquisition of the properties located at Shek Mun, Sha Tin, Hong Kong, which included (i) Offices A-H, J-N & P on 21st Floor of Kings Wing Plaza 1, No. 3 On Kwan Street; and (ii) Car parking spaces Nos. P47, P48 & P49 on the basement floor of King Wing Plaza 1, No. 3 On Kwan Street (“**Properties**”) from an independent third party at a cash consideration of HK\$108,827,060 and HK\$4,050,000 respectively. As at 30 June 2016, the Properties were vacant and the Group was looking for potential tenants for leasing.

During the Year, the Group recorded rental income of approximately HK\$0.77 million (2015: approximately HK\$0.66 million) from investment properties. Due to the recent downturn of the property market, the Group recorded a fair value loss of approximately HK\$5.23 million on revaluation of investment properties as at 30 June 2016. The Group will continue to adopt a prudent investment strategy and review investment return regularly so as to maximise the benefits to stakeholders.

Securities Investments

Held-for-trading investments

During the Year, the Group had allocated more resources and acted actively in securities investment as compared with the previous year. The Group acquired listed securities in 12 listed companies and disposed of some shares in the investment portfolio. As at 30 June 2016, the Group had held-for-trading investments in securities in Hong Kong with a market value of approximately HK\$359.91 million, representing an investment portfolio of securities in 9 listed companies in Hong Kong.

Details of the significant investments in the portfolio under the held-for-trading investments as at 30 June 2016 are as follows:

Description of investment	Principal businesses	Number of shares held	Percentage held to the total issued share capital of the listed company	Cost of acquisition HK\$'000	Market value as at 30 June 2016 HK\$'000	Percentage to the Group's audited total assets as at 30 June 2016
<i>Significant investments</i>						
Convoy Global Holdings Limited (formerly known as Convoy Financial Holdings Limited) (stock code: 1019)	Independent financial advisory business, money lending business, proprietary investment business, asset management business and corporate finance advisory services.	699,996,000	4.69%	244,999	248,499	31.12%
Interactive Entertainment China Cultural Technology Investments Limited (stock code: 8081)	Mobile internet cultural business, provision of IT services, integral marketing services, medical diagnostic and health check services, hospitality and related services in Australia, money lending business and assets investments business.	929,995,680	18.88%	132,718	107,880	13.51%
<i>Other investments</i>						
Other listed shares*	-	-	-	4,366	3,535	0.44%
Grand total for the held-for-trading investments		-	-	382,083	359,914	45.07%

* *Other listed shares mainly represented the Group's investment in 7 companies, the shares of which are listed on the Main Board or the Growth Enterprise Market ("GEM") of The Stock Exchange of the Hong Kong Limited ("Stock Exchange").*

Available-for-sale investment

Save as disclosed above, the Group also held the shares of GET Holdings Limited (stock code: 8100) ("GET") which was classified as available-for-sale investment. In August 2015, the Group further acquired an aggregate of 118,600,000 shares of GET on the market through the Stock Exchange for an aggregate consideration of approximately HK\$50.82 million. On 24 May 2016, GET completed a capital reorganisation comprising share consolidation, capital reduction and share subdivision. As of 30 June 2016, the Group held an aggregate of 31,912,157 shares of GET with fair value of approximately HK\$16.91 million, representing approximately 12.92% of the then issued share capital of GET. During the Year, the Group recorded an impairment loss on available-for-sale investment of approximately HK\$53.77 million as a result of its investment in GET. The Group will from time to time monitor the price movement of GET shares and may adjust its securities investment portfolio as and when appropriate.

Performance and future prospects of the Company's significant investments

(1) Convoy Global Holdings Limited (“**Convoy**”)

As disclosed in the interim results announcement of Convoy for the six months ended 30 June 2016, it recorded an unaudited net profit attributable to its owners of approximately HK\$7.92 million for the six months ended 30 June 2016. With regards to the future prospects of Convoy based on published information, the Directors noted the view of the board of directors of Convoy as disclosed in the annual report of Convoy for the year ended 31 December 2015 (“**Convoy Annual Report**”) that the market in which Convoy was operating was still having a surging pessimistic sentiment over the economic environment, and might affect the performance of Convoy. The Directors also noted Convoy’s vision of becoming one of the leading financial groups across Asia by pursuing various strategies as disclosed in the Convoy Annual Report.

(2) Interactive Entertainment China Cultural Technology Investments Limited (“**IE China**”)

As disclosed in the interim report of IE China for the six months ended 30 June 2016 (“**IE China Interim Report**”), it recorded an unaudited net loss attributable to its owners of approximately HK\$98.79 million for the six months ended 30 June 2016. With regards to the future prospects of IE China based on published information, the Directors noted that, as disclosed in IE China Interim Report, IE China would further develop its hospitality business in Australia. It was believed that the plan on further improvement and expansion in hospitality business in Australia would increase its attractiveness and bring in more income to IE China and its subsidiaries.

(3) GET

As disclosed in the interim report of GET for the six months ended 30 June 2016 (“**GET Interim Report**”), it recorded an unaudited net profit attributable to its owners of approximately HK\$11.74 million for the six months ended 30 June 2016. With regards to the future prospects of GET based on published information, the Directors noted that, as disclosed in the GET Interim Report, GET would continue to strive on the I.T. market by implementing long-term market strategies and was optimistic in its insurance and MPF schemes brokerage business as this is expected to become one of the principal sources of income of GET in the future.

Due to a number of reasons, including the extraordinary upheaval in the PRC stock market and the global economy, Hang Seng Index dropped significantly from 26,282.32 points on 2 July 2015 to 20,794.37 points on 30 June 2016, which reflected the high market volatility during the Year. The Group recorded change in fair value loss of listed held-for-trading investments of approximately HK\$40.37 million during the Year. Such loss consists of net realised loss of approximately HK\$18.18 million and net unrealised loss of approximately HK\$22.19 million on fair value changes in securities investments as detailed below.

Name of stock listed on the Stock Exchange (stock code)	Realised fair value gain/(loss) for the Year HK\$'000	Unrealised fair value gain/(loss) for the Year HK\$'000
Convoy (1019)	–	3,500
IE China (8081)	(39)	(24,838)
Jun Yang Financial Holdings Limited (397)	(17,147)	–
OP Financial Investments Limited (1140)	10,500	–
Target Insurance (Holdings) Limited (6161)	(10,669)	–
Town Health International Medical Group Limited (3886)	(957)	–
Other listed shares*	<u>133</u>	<u>(854)</u>
Grand total	<u><u>(18,179)</u></u>	<u><u>(22,192)</u></u>

* *Other listed shares mainly represented the Group's investment whose shares are listed on the Main Board and the Growth Enterprise Market of the Stock Exchange.*

Other Investments

(i) Early Education

The demand of professional early education remains high in Hong Kong as parents are keen to explore and develop the potentials of their children at an earlier stage. It is believed that early education is an outlet to establish strong foundation for children and is the golden period to develop their multiple intelligences. Full Profit Hong Kong Development Limited and its subsidiary, being joint ventures of the Group, are specialised in providing management and consultancy services in early education, and have been expanding progressively over the past two years. During the Year, the Group recorded a relatively stable growth on this business. In the coming year, the Group will work closely with the joint venture partner and formulate the future development plan of the early education business in order to enhance the return to the Group.

(ii) Continuing and Tertiary Education

The business of providing continuing professional development courses has not been active in the education market. The Group provides professional vocation-oriented academic programmes in hospitality management and business and marketing. The Group also provides training courses in wedding and production as well as fashion and styling through Compass College and Bridal Academy respectively. These two brands are owned by Seasoned Leader Limited which is owned as to 47% by the Group.

(iii) Consultation Services

During the Year, Link Resources (Asia) Limited (“**Link Resources**”) and its subsidiary (“**Link Resources Group**”) experienced intense competition from other market players in the industry. It was expected that the profit guarantee which Link Resources Group made to the Group pursuant to the supplemental agreement to the shareholders’ agreement between the Group, Link Resources, South Right Limited (as the other shareholder of Link Resources) and an independent third party (as guarantor) dated 28 April 2015, is unlikely to be achieved. After careful consideration, the Group as vendor entered into a disposal agreement with South Right Limited as purchaser and Bradley Maclean and Wang Lihe as guarantors on 30 June 2016 for disposal of the Group’s entire interest in Link Resources Group, details of which were disclosed in the announcement of the Company dated 30 June 2016. The disposal was completed on 27 July 2016. The disposal enabled the Group to reallocate its resources to other investment opportunities.

Money Lending Business

China Rich Finance Limited, an indirect wholly-owned subsidiary of the Group, is a holder of money lender's licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). During the Year, the Group recorded loan interest income of approximately HK\$3.46 million (2015: approximately HK\$5.44 million) from granting loans to both corporate and individual clients. The outstanding principal amount of loan receivables as at 30 June 2016 was approximately HK\$40.09 million. During the Year, the Group did not record any doubtful or bad debt in its money lending activities.

FINANCIAL REVIEW

Revenue

During the Year, the Group's revenue decreased to approximately HK\$189.78 million, representing a decrease of approximately 8.95% as compared with approximately HK\$208.44 million recorded last year. Such decrease was mainly due to the decrease in revenue from secondary tutoring services to approximately HK\$134.48 million, representing a decrease of approximately 14.54% as compared to approximately HK\$157.36 million recorded last year. In addition, there was a drop in the revenue from secondary day school education and loan interest income from the money lending business to approximately HK\$2.00 million (2015: approximately HK\$2.49 million) and HK\$3.46 million (2015: approximately HK\$5.44 million) respectively during the Year, representing a decrease of approximately 19.42% and 36.37% respectively as compared to last year.

On the other hand, there were growths in revenue from (i) English language training and test preparation courses to approximately HK\$23.61 million, representing an increase of approximately 9.54% as compared to approximately HK\$21.55 million recorded in previous year; and (ii) technical consultation, management and software licensing services to approximately HK\$5.59 million, representing an increase of approximately 40.62% as compared to approximately HK\$3.97 million recorded last year. For primary tutoring services, skill courses and test preparation courses (including franchising income), recorded relatively stable revenue of approximately HK\$16.31 million (2015: approximately HK\$16.42 million) during the Year.

The Group also recorded rental income generated from investment property of approximately HK\$0.77 million (2015: approximately HK\$0.66 million) and advertising income from a new business on magazine publication of approximately HK\$3.28 million during the Year.

Other income, gains and losses

For the Year, the Group's other income, gains and losses recorded net gain of approximately HK\$12.21 million (2015: approximately HK\$5.25 million). Such increase was due to the combined effect of, among other things, (i) the increase in supporting services income by approximately HK\$6.65 million and gain on disposal of subsidiaries by approximately HK\$1.19 million; (ii) the increase in loss on disposal of property, plant and equipment by approximately HK\$1.09 million and change in fair value of other financial assets by approximately HK\$1.16 million; and (iii) the decrease in impairment loss on other receivables by approximately HK\$1.63 million as compared to last year.

Staff costs

The Group's staff costs slightly decreased by approximately HK\$0.46 million or approximately 0.78% compared with the last financial year. Such decrease was mainly attributable to the net effect of (i) the absence of the equity-settled share-based payments to Directors and employees of approximately HK\$1.14 million recorded in the previous year; and (ii) the increase in service fee of approximately HK\$0.72 million recorded in the Year.

Tutor contractor fee

The Group's tutor contractor fee decreased by approximately HK\$4.39 million or approximately 7.28% compared with the last financial year. Such decrease was consistent with the decline in revenue derived from secondary tutoring services.

Operating lease payments

The Group's operating lease payments decreased by approximately HK\$3.67 million or approximately 7.53% compared with the previous year. Such decrease was due to the adjustment in monthly rental payment upon signing of certain new tenancy contracts after tenancy expiry and non-renewal of certain expired lease agreements during the Year.

Marketing expenses

The Group's marketing expenses increased by approximately HK\$1.22 million or approximately 5.94% compared with last year, and was mainly attributable to the increase in media placement and other marketing activities during the Year.

Other operating expenses

The Group's other operating expenses increased by approximately HK\$5.62 million or approximately 12.03% compared with the previous year. Such increase was primarily due to the net effect of (i) the increase in various operating expenses including overseas travelling, copier rental, international class expenses, repair and maintenance and sales commission paid to external agents for introducing potential students to the Group, in aggregate, by approximately HK\$8.21 million as compared with the previous year; (ii) the decrease in donation to recognised charitable organisations by approximately HK\$2.02 million as compared to last year; and (iii) the absence of equity-settled share-based payments of approximately HK\$1.24 million for the share options granted to eligible persons (other than Directors and employees) by the Company recorded in last year.

Finance costs

The Group incurred finance costs of approximately HK\$9.15 million from loan notes and bank and other borrowings during the Year (2015: nil).

Loss attributable to owners of the Company

Loss attributable to owners of the Company for the Year was approximately HK\$144.72 million (2015: profit of approximately HK\$33.03 million). Such loss was mainly attributable to the loss arising on change in fair value of listed held-for-trading investments of approximately HK\$40.37 million and the impairment loss on available-for-sale investments of approximately HK\$54.50 million for the Year. Also, the increase in finance costs as compared to the previous year principally as a result of the interest expenses of approximately HK\$8.50 million incurred in the Year on loan notes. Loss per share was HK\$0.34 for the Year (2015: earnings per share of HK\$0.33, as restated).

OUTLOOK

It is expected to see another difficult year unfold under the economic doldrums. The Group will continue to seek opportunities to grow despite the circumstances, especially the educational business in the PRC. Two-child policy, as well as the educational reforms under the 13th Five-Year Plan in the PRC, have given unlimited opportunities to the educators. The Group believes in the power of education and is confident that these social factors will result in more diversified business opportunities. In order to further expand the educational business in the PRC, the Group will continue to look for the best potential partners with sound reputation for collaboration.

To keep abreast of our competitors, the Group is determined to develop interactive e-learning service and looking for opportunities to develop online education in order to provide new teaching channel with a wide variety of ingenious learning materials to increase its competitive edges, pull in more students, and generate higher revenues. The Company hopes to not only enhance students' competitiveness, but to make e-learning essential in every aspect of their daily lives.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has established an appropriate liquidity risk management system to manage its short, medium and long-term funding and to satisfy its liquidity management requirements.

As at 30 June 2016, the Group's total balance of cash and cash equivalents amounted to approximately HK\$93.37 million (30 June 2015: approximately HK\$105.17 million), of which 99.99% is held in Hong Kong dollars and 0.01% is held in Renminbi. As at 30 June 2016, the Group had bank borrowings of HK\$14.80 million bearing variable interest rate at HIBOR plus 1.5% per annum (30 June 2015: nil). Current ratio (defined as total current assets divided by total current liabilities) was 2.77 times (30 June 2015: 7.56 times).

As at 30 June 2016, the gearing ratio of the Group was 23.51% (30 June 2015: 7.22%). Gearing ratio is total debts divided by the sum of total equity and total debts. Total debts refer to total liabilities minus the sum of tax payable, deferred tax liabilities and dividend payable (if any).

Fund Raising Activities

On 24 April 2015, the Company proposed the implementation of the rights issue ("**Rights Issue**") on the basis of four rights shares ("**Rights Share(s)**") for every one new Share held on 15 July 2015 (i.e. the record date) at the subscription price of HK\$0.295 per Rights Share with the bonus issue ("**Bonus Issue**") on the basis of one bonus share ("**Bonus Share**") for every two Rights Shares taken up under the Rights Issue. The Rights Issue with the Bonus Issue was approved by the Company's independent shareholders at the special general meeting of the Company held on 3 July 2015. Completion of the Rights Issue with the Bonus Issue took place on 7 August 2015 with 1,303,756,800 Rights Shares and 651,878,400 Bonus Shares allotted and issued and the net proceeds were approximately HK\$369.10 million. Details of the Rights Issue with the Bonus Issue were set out in the prospectus of the Company dated 16 July 2015 and the announcement of the Company dated 6 August 2015. As at 30 June 2016, the Group has utilised the net proceeds from the Rights Issue of approximately HK\$324.92 million as intended. Details of the intended and actual use of proceeds were as follows:

Amount of net proceeds (approximate)	Intended use of proceeds	Actual use as at 30 June 2016
HK\$120.00 million	property investment of the Group	<ul style="list-style-type: none"> <li data-bbox="948 353 1449 510">(i) approximately HK\$17.14 million has been used for the acquisition of 51% of the issued share capital of Vision Smart; <li data-bbox="948 555 1449 712">(ii) approximately HK\$93.46 million has been used for funding the acquisition of real properties by Vision Smart and other related expenses; and <li data-bbox="948 757 1449 824">(iii) approximately HK\$9.40 million has not been utilised.
HK\$100.00 million	<ul style="list-style-type: none"> <li data-bbox="453 875 922 943">(i) infrastructure upgrade and system revamp; <li data-bbox="453 1032 922 1144">(ii) potential investments in companies engaging in online education businesses; and <li data-bbox="453 1473 922 1547">(iii) development of information technology related company. 	<ul style="list-style-type: none"> <li data-bbox="948 875 1449 987">(i) approximately HK\$4.86 million has been used for infrastructure upgrade and system revamp; <li data-bbox="948 1032 1449 1429">(ii) (a) approximately HK\$51.00 million has been used for acquisition of shares of GET, the shares of which are listed on the GEM; and (b) approximately HK\$41.14 million has been used for the subscription of rights shares of IE China, the shares of which are listed on GEM. The businesses of GET and IE China include online education businesses; <li data-bbox="948 1473 1449 1630">(iii) approximately HK\$0.26 million has been used for investment in a joint venture company engaging in smart phone applications development; and <li data-bbox="948 1675 1449 1742">(iv) approximately HK\$2.74 million has not been utilised.

Amount of net proceeds (approximate)	Intended use of proceeds	Actual use as at 30 June 2016
HK\$50.00 million	<ul style="list-style-type: none"> <li data-bbox="453 356 924 472">(i) financial analyst training business and related course development in Hong Kong; <li data-bbox="453 557 924 707">(ii) payment of interest due under the loan notes issued by the Company on 17 December 2015 (“Loan Notes”); and <li data-bbox="453 757 924 909">(iii) development of existing businesses of the Group and/or new businesses of the Group and carrying out other potential merger and acquisitions. 	<ul style="list-style-type: none"> <li data-bbox="948 356 1449 510">(i) approximately HK\$3.00 million has been used for financial analyst training business and related course development in Hong Kong; <li data-bbox="948 557 1449 667">(ii) approximately HK\$6.00 million has been used for payment of interest due under the Loan Notes; <li data-bbox="948 757 1449 949">(iii) approximately HK\$12.80 million and HK\$22.20 million has been used for developing the money lending business and securities business of the Group respectively; and <li data-bbox="948 996 1449 1066">(iv) approximately HK\$6.00 million has not been utilised.
HK\$20.00 million	<p data-bbox="453 1115 924 1308">securities investment in Hong Kong including but not limited to the subscription for rights issue in a listed company in Hong Kong and other potential securities investment</p>	<p data-bbox="948 1115 1222 1146">fully utilised as intended</p>
HK\$79.10 million	<p data-bbox="453 1357 863 1388">general working capital of the Group</p>	<ul style="list-style-type: none"> <li data-bbox="948 1357 1449 1467">(i) approximately HK\$20.00 million has been used for the marketing expenses of the Group; <li data-bbox="948 1514 1449 1787">(ii) approximately HK\$33.06 million has been used for the relocation cost and rental of four education centres in Hong Kong, the reinstatement of old premises, leasehold improvement for new premises and purchase of additional equipment; and <li data-bbox="948 1834 1449 1904">(iii) approximately HK\$26.04 million has not been utilised.

The Directors considered that it was prudent to finance the Group's long term growth by way of the Rights Issue (with the Bonus Issue) which would not only strengthen the Group's capital base and enhance its financial position without increasing finance costs, but would also allow all qualifying shareholders the opportunity to participate in the growth of the Group through the Rights Issue (with the Bonus Issue) at a price lower than the then market price of the shares of the Company. The Board considered that the fund raising through the Rights Issue (with the Bonus Issue) was in the interests of the Company and the shareholders as a whole.

During the Year, the Group also utilised the proceeds from the placing of new shares completed on 31 July 2014. The net proceeds from this placing were approximately HK\$55.43 million and have been utilised as intended that (i) approximately HK\$8 million had used for development and/or acquisition of the primary school tutoring services, skill coursed and test preparation courses; (ii) approximately HK\$25 million had used for brand image building and promotion campaign; (iii) approximately HK\$15 million had used for the development and operation of online education platform; and (iv) approximately HK\$7 million had used for the rental expenses of the Group's education centres.

Issue of Loan Notes

On 17 December 2015, the Company issued 8% per annum notes in an aggregate principal amount of HK\$150 million maturing on the day immediately preceding the second anniversary of the date of issue. The net proceeds of the notes were HK\$144 million and had been fully utilised for funding the acquisition of securities for the Group's securities investments business.

CAPITAL STRUCTURE AND TREASURY POLICIES

Share consolidation

On 11 March 2016, the share consolidation on the basis that every five (5) issued and unissued then shares of the Company of par value of HK\$0.01 each in the share capital of the Company be consolidated into one (1) consolidated share of par value of HK\$0.05 in the share capital of the Company became effective. Immediately after such share consolidation took effect, the total number of issued shares of the Company changed from 2,281,574,400 to 456,314,880.

Treasury policies

The Group consistently employed a prudent treasury policy during its development and generally financed its operations and business development with internally generated resources and equity and/or debt financing activities. The Group also adopted flexible and prudent fiscal policies to effectively manage the Group's assets and liabilities and strengthen its financial position.

EXPOSURE TO FOREIGN EXCHANGE RISK

The income and expenditure of the Group are mainly denominated in Hong Kong dollars and as such the impact of foreign exchange exposure of the Group was considered minimal. Hence, no hedging or other arrangements to reduce the currency risk have been implemented.

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2016, the Group had a total of 268 employees (30 June 2015: 300 employees). They receive competitive remuneration packages that are constantly monitored with reference to the market circumstances, with incentives such as discretionary bonuses based on the Group's and individual performance. The Group provides comprehensive benefits packages and career development opportunities.

Pursuant to a share option scheme adopted by the Company on 11 June 2011 (“**Share Option Scheme**”), the Board may grant options to eligible persons, including employees and Directors, to subscribe for shares of the Company. During the Year, no share options have been granted by the Company pursuant to the Share Option Scheme.

CONTINGENT LIABILITIES

As at 30 June 2016, the Group had no significant contingent liabilities (30 June 2015: nil).

CAPITAL COMMITMENTS

As at 30 June 2016, there were respective capital commitments contracted for but not provided in the consolidated financial statements amounting to approximately HK\$12.04 million (30 June 2015: approximately HK\$41.24 million) and no authorised but not contracted amount (30 June 2015: nil).

CHARGES ON THE GROUP'S ASSETS

As at 30 June 2016, an investment property of the Group with carrying value of HK\$29.10 million (30 June 2015: HK\$29.60 million) was pledged to secure general banking facilities granted to the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Year.

MATERIAL ACQUISITIONS AND DISPOSALS

For the Year, the Group had the following material acquisition and disposals:

- (i) On 26 August 2015, the Group through Ultimate Elite Investments Limited (“**Ultimate Elite**”) entered into a conditional sale and purchase agreement with Mr. Leung Wai Hon (“**Mr. Leung**”) in relation to the further acquisition of 51% of the issued share capital of Vision Smart and the entire debts owing by Vision Smart to Mr. Leung at the aggregate consideration of approximately HK\$16.81 million. The acquisition was completed on 16 October 2015 and Vision Smart has become an indirect wholly-owned subsidiary of the Group. Details of the acquisition were disclosed in the announcement of the Company dated 26 August 2015 and the circular of the Company dated 24 September 2015.
- (ii) On 15 January 2016, the Group through Rosy Lane Investments Limited entered into a conditional sale and purchase agreement with Praiseful Moment Limited, an independent third party, to dispose of 40% of the issued share capital of Ultimate Elite which directly held 100% of the issued share capital of Vision Smart (together as “**UE Group**”), at an aggregate cash consideration of HK\$50 million. The disposal was completed on 11 April 2016. Immediately after the disposal, the Group held 60% of the issued share capital of Ultimate Elite and each member of UE Group became a non wholly-owned subsidiary of the Group. Details of the disposal were disclosed in the announcement of the Company dated 15 January 2016.

- (iii) On 18 March 2016, the Company, Mr. Leung and Mr. Poon Chun Yin entered into a second supplemental agreement (“**Second Supplemental Agreement**”) to the sale and purchase agreement dated 10 July 2013 entered into among them in relation to the acquisition of 44.65% of the issued share capital of Seasoned Leader Limited (“**Seasoned Leader**”, together with its subsidiaries, “**SL Group**”). According to the Second Supplemental Agreement, the parties agreed that (i) the Actual PAT (meaning the average of (a) the combined net profit after tax of the SL Group as shown in the 2014 combined accounts; and (b) the combined net profit after tax of the SL Group as shown in the 2015 combined accounts) shall be adjusted by adding the expenses relating to the fund raising exercise of Seasoned Leader incurred in the year ended 31 December 2015 in the amount of approximately HK\$2.28 million; and (ii) the 2015 combined accounts can be prepared based on the unaudited financial statements of each member of the SL Group for the relevant periods as approved by the Company. Details of the Second Supplemental Agreement were disclosed in the announcement of the Company dated 20 March 2016.
- (iv) On 30 June 2016, the Group through Infinity Domain International Limited entered into a sale and purchase agreement with South Right Limited (as purchaser) and Bradley Maclean and Wang Lihe (as guarantors), both independent third parties, to dispose of approximately 43% of the issued share capital of Link Resources, an associate of the Group, at a cash consideration of HK\$7 million. The disposal was completed on 27 July 2016. Details of the disposal were disclosed in the announcement of the Company dated 30 June 2016.

Save as disclosed above, the Group had no other material acquisitions or disposals of subsidiaries, associates and joint ventures during the Year.

FUTURE PLANS FOR MATERIAL INVESTMENT

As at 30 June 2016, the Group did not have any other plans for material investment or capital assets save as disclosed in this announcement.

EVENTS AFTER THE REPORTING PERIOD

- (1) On 27 July 2016, the Group completed the disposal of approximately 43% of the issued share capital of Link Resources. As a result, Link Resources ceased to be an associate of the Group with effect from 27 July 2016.

- (2) On 9 September 2016, Fastek Investments Limited (“**Fastek**”), an indirect wholly-owned subsidiary of the Company, (as purchaser) and Turbo Pointer Limited (“**Turbo Pointer**”) (as vendor) entered into the sale and purchase agreement pursuant to which Fastek agreed to purchase and Turbo Pointer agreed to sell 492,576,511 shares of IE China, representing approximately 10.00% of the then total issued share capital of IE China, at the consideration of HK\$32,510,050. The acquisition was completed on the same date and the Group held an aggregate of approximately 28.88% of the then total issued share capital of IE China which became an associate of the Group with effect from 9 September 2016.

USE OF PROCEEDS FROM THE LISTING

The net proceeds from the Company’s issue of new shares in the initial public offering (after deducting expenses relating specifically to the issue of new shares in the initial public offering and expenses relating generally to the listing of all the shares of the Company, whether existing or new) amounted to approximately HK\$130 million. As at 30 June 2016, all net proceeds from the initial public offering had been fully utilised as intended.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiries to the Directors, each of the Directors confirmed his/her compliance with the required standard set out in the Model Code throughout the Year.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE CODE

The Company has applied the principles in and adopted the code provisions of the corporate governance code set out in Appendix 14 to the Listing Rules as its own corporate governance code (“**CG Code**”). During the Year, the Company has complied with all the provisions of the CG Code except for the deviations as disclosed below:

Code Provision of A.2.7 of the CG Code requires the chairman of the Board to hold meetings at least annually with the non-executive Directors (independent non-executive Directors) without the executive Directors present. The chairman of the Board during the Year was himself an executive Director and as such, compliance with this code provision was infeasible.

AUDIT COMMITTEE

The Board has established the audit committee (“**Audit Committee**”) on 4 July 2011 with specific written terms of reference in compliance with the provisions set out in the CG Code. The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process and performing other duties and responsibilities as assigned by the Board.

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Ong Chi King, Mr. Lee Shu Fai and Mr. Pun Kwok Shan. Mr. Ong Chi King is the chairman of the Audit Committee since his appointment on 28 February 2014. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including the review of the consolidated results of the Group for the Year.

SCOPE OF WORK OF HLB HODGSON IMPEY CHENG 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 as set out in this results announcement have been agreed by the Group’s auditors, HLB Hodgson Impey Cheng Limited. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on this announcement.

ACKNOWLEDGEMENT

The Group would like to express its heartfelt appreciation to its employees for their contributions to the Group. The Group would also like to express its deepest gratitude to the shareholders and investors of the Company for their support. The Group will continue to create value and contribute to the Group to benefit all our stakeholders.

By order of the Board
Hong Kong Education (Int’l) Investments Limited
Lee Wai Lok, Ignatious
Executive Director

Hong Kong, 26 September 2016

As of the date of this announcement, the executive Directors are Mr. Wong Yuk Tong, Mr. Lee Wai Lok, Ignatious and Ms. Wu Mei Chu; and the independent non-executive Directors are Mr. Ong Chi King, Mr. Lee Shu Fai and Mr. Pun Kwok Shan.