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 2018

FINANCIAL HIGHLIGHTS

For the year ended 30 June 2018:

– The Group recorded revenue of approximately HK$109.03 million (2017: approximately HK$153.86 million).

– The Group recorded a loss of approximately HK$8.23 million (2017: loss of approximately HK$330.93 million). The decrease in loss was mainly due to the net effect of, among other things, (i) a gain arising from change in fair value of financial assets at FVTPL of approximately HK$31.52 million (2017: loss of approximately HK$210.58 million); (ii) gain on disposal of subsidiaries and associates of approximately HK$69.56 million (2017: gain of approximately HK$2.23 million); (iii) impairment loss on available-for-sale investments of approximately HK$23.77 million (2017: approximately HK$4.00 million); and (iv) impairment loss on loan and other receivables of approximately HK$15.14 million (2017: nil).

As at 30 June 2018:

– The Group held bank balances and cash of approximately HK$42.71 million (2017: approximately HK$16.28 million).

– Current ratio (defined as total current assets divided by total current liabilities) was 8.53 times (2017: 1.96 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 8.74% (2017: 37.79%).

The Board does not recommend the payment of a final dividend for the year ended 30 June 2018 (2017: 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 2018, together with the comparative audited figures for the corresponding year ended 30 June 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2018

		2018	2017
	NOTES	***HK$'000***	*HK$'000*
Revenue	*4*	**109,027**	153,859
Other income, gains and losses	*5*	**55,885**	6,147
Staff costs	*7*	**(41,140)**	(57,956)
Tutor contractor fee	*7*	**(27,708)**	(43,793)
Operating lease payments	*7*	**(33,624)**	(37,789)
Marketing expenses		**(11,708)**	(15,798)
Printing costs		**(294)**	(302)
Depreciation and amortisation		**(8,793)**	(7,685)
Change in fair value of investment properties		**–**	7,800
Change in fair value of financial assets at fair value through profit or loss		**31,521**	(210,580)
Impairment loss on available-for-sale investments		**(23,771)**	(3,997)
Loss in respect of interest in an associate		**–**	(117,115)
Other operating expenses		**(38,710)**	(41,688)
Finance costs	*6*	**(3,415)**	(16,598)
Share of results of joint ventures		**(16)**	401
Share of results of associates		**(16,924)**	54,982
Loss before tax	*7*	**(9,670)**	(330,112)
Income tax credit (expense)	*8*	**1,438**	(814)
Loss for the year		**(8,232)**	(330,926)

	NOTES	2018 HK$'000	2017 HK$'000
Other comprehensive income (expense), net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		**54**	(12)
Reclassification adjustment on exchange differences released upon disposal of associates		**(1,037)**	106
Fair value (loss) gain on revaluation of available-for-sale investments		**(2,717)**	6,594
Reclassification adjustment upon disposal of available-for-sale investments		**(2,168)**	–
Reclassification adjustment upon impairment of available-for-sale investments		**(7,884)**	3,843
Share of other comprehensive (expense) income of an associate		**(12,978)**	4,545
Reclassification adjustment on investment revaluation reserve released upon disposal of an associate		**9,470**	–
Other comprehensive (expense) income for the year, net of income tax		**(17,260)**	15,076
Total comprehensive expense for the year		**(25,492)**	(315,850)
(Loss) profit for the year attributable to:			
Owners of the Company		**(8,246)**	(333,326)
Non-controlling interests		**14**	2,400
		(8,232)	(330,926)
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(25,506)**	(318,250)
Non-controlling interests		**14**	2,400
		(25,492)	(315,850)
Loss per share	*9*		
– Basic *(HK$)*		**(0.02)**	(0.64)
– Diluted *(HK$)*		**(0.02)**	(0.64)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

	NOTES	**2018** **HK$'000**	2017 HK$'000
Non-current assets			
Property, plant and equipment		**25,464**	24,851
Goodwill		**25,508**	60
Other intangible assets		**495**	692
Interests in associates		**–**	31,297
Interests in joint ventures		**6,422**	7,999
Available-for-sale investments		**25,295**	83,283
Non-current deposits		**7,954**	8,043
		91,138	156,225
Current assets			
Trade and other receivables	*11*	**27,197**	26,198
Promissory note receivable		**48,000**	50,000
Loan receivables	*12*	**31,760**	27,089
Amount due from an associate		**612**	291
Financial assets at fair value through profit or loss	*13*	**74,646**	152,223
Bank balances and cash		**42,709**	16,284
		224,924	272,085
Assets associated with disposal group classified as held for sale		**–**	158,527
		224,924	430,612

	NOTES	2018 HK$'000	2017 HK$'000
Current liabilities			
Other payables and accruals	*14*	**9,638**	24,105
Deferred income		**10,851**	4,804
Current tax liabilities		**13**	156
Amounts due to related parties		**5,868**	495
Bank borrowings		**–**	14,400
Loan notes		**–**	150,500
		26,370	194,460
Liabilities associated with disposal group classified as held for sale		**–**	25,703
		26,370	220,163
Net current assets		**198,554**	210,449
Total assets less current liabilities		**289,692**	366,674
Non-current liabilities			
Deferred tax liabilities		**169**	202
Provision for long service payments		**1,267**	1,599
		1,436	1,801
Net assets		**288,256**	364,873
Capital and reserves			
Share capital	*15*	**27,379**	27,379
Reserves		**261,387**	286,893
Equity attributable to owners of the Company		**288,766**	314,272
Non-controlling interests		**(510)**	50,601
Total equity		**288,256**	364,873

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, with effect from 13 February 2018, its principal place of business in Hong Kong has been changed to Rooms 1006-7, 10th Floor, China United Centre, 28 Marble Road, North Point, 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 AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time in the current year:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 7 "Disclosure Initiative"

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following activities to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided in the consolidated financial statements. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in the consolidated financial statements, the application of these amendments has had no impact on the Group's consolidated financial statements.

New and revised HKFRSs in issue 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:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[2]

[1] *Effective for annual periods beginning on or after 1 January 2018.*

[2] *Effective for annual periods beginning on or after 1 January 2019.*

[3] *Effective for annual periods beginning on or after a date to be determined.*

[4] *Effective for annual periods beginning on or after 1 January 2021.*

HKFRS 9 "Financial Instruments"

HKFRS 9 introduced new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- All recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income ("**FVTOCI**"). All other financial assets are measured at their fair value at subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held-for-trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39 "Financial Instruments: Recognition and Measurement". The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 30 June 2018, the Directors anticipate the following potential impact on initial application of HKFRS 9:

Classification and measurement:

- Debt instruments classified as promissory note receivable and loan receivables carried at amortised cost. These are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, the financial assets will continue to be subsequently measured at amortised cost upon the application of HKFRS 9; and

- Listed equity securities and unlisted equity interest classified as available-for-sale investments carried at fair value. These securities qualified for designation as measured at FVTOCI under HKFRS 9. Accordingly, these financial assets will continue to be subsequently measured at FVTOCI under HKFRS 9, however, the fair value gains or losses accumulated in the investment revaluation reserve amounting to approximately HK$2,332,000 as at 1 July 2018 will no longer be subsequently reclassified to profit or loss under HKFRS 9, which is different from the current treatment. This will affect the amounts recognised in the Group's profit or loss and other comprehensive income but will not affect total comprehensive income.

All other financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under HKAS 39.

Impairment:

In general, the Directors anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs and other items that subject to the impairment provisions upon application of HKFRS 9 by the Group.

Based on the assessment by the Directors, if the expected credit loss model were to be applied by the Group, there would be no material impact on the accumulated amount of impairment loss to be recognised by the Group as at 1 July 2018 as compared to the accumulated amount recognised under HKAS 39 mainly attributable to expected credit losses provision on trade and other receivables, promissory note receivable, loan receivables and amount due from an associate.

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued "Clarifications to HKFRS 15" in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

Based on the existing business model as at 30 June 2018, the Directors anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the Directors do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 "Leases"

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as operating and financing cash flows by the Group respectively.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 30 June 2018, the Group has non-cancellable operating lease commitments of approximately HK$86,975,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of approximately HK$14,016,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

Except as described above, the Directors anticipate that the application of other new and amendments to HKFRSs and Interpretations will have no material impact on the Group's consolidated financial statements in the future.

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared under the historical cost basis, except for 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 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 and dance tuition 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 "Operating Segments" for determining reportable segments are combined as "Others".

During the year ended 30 June 2018, the Group acquired two subsidiaries with businesses which are included in the "Provision of private educational services" segment.

(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 2018

	Provision of private educational services *HK$'000*	Investment in securities *HK$'000*	Property investments *HK$'000*	Money lending *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
Segment revenue (revenue from external customers)	104,994	–	570	3,463	–	109,027
Segment results	(40,712)	34,510	431	(4,175)	(3)	(9,949)
Loss on disposal of available-for-sale investments						(3,053)
Impairment loss on available-for-sale investments						(23,771)
Gain on disposal of subsidiaries						13,731
Gain on disposal of an associate						55,826
Gain on disposal of a joint venture						1
Finance costs						(3,415)
Share of results of joint ventures						(16)
Share of results of associates						(16,924)
Unallocated corporate income						5,357
Unallocated corporate expenses						(27,457)
Loss before tax						(9,670)

For the year ended 30 June 2017

	Provision of private educational services *HK$'000*	Investment in securities *HK$'000*	Property investments *HK$'000*	Money lending *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
Segment revenue (revenue from external customers)	149,439	–	1,443	2,977	–	153,859
Segment results	(16,701)	(210,704)	6,548	2,816	(8)	(218,049)
Impairment losses on available-for-sale investments						(3,997)
Gain on disposal of associates						2,212
Loss in respect of interest in an associate						(117,115)
Finance costs						(16,598)
Share of results of joint ventures						401
Share of results of associates						54,982
Unallocated corporate income						2,582
Unallocated corporate expenses						(34,530)
Loss before tax						(330,112)

The accounting policies of the operating segments are the same as the Group's accounting policies. The CODM assesses segment results using a measure of operating loss whereby certain items are not included in arriving at the segment results of the operating segments (i.e. loss on disposal of available-for-sale investments, impairment loss on available-for-sale investments, gain on disposal of subsidiaries, associates and a joint venture, loss in respect of interest in an associate, finance costs, share of results of joint ventures and associates, unallocated corporate income and 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 2018

	Provision of private educational services *HK$'000*	Investment in securities *HK$'000*	Property investments *HK$'000*	Money lending *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
Assets						
Segment assets	77,582	76,516	–	34,261	–	188,359
Unallocated assets						
Bank balances and cash						40,208
Promissory note receivable						48,000
Interests in joint ventures						6,422
Available-for-sale investments						25,295
Other corporate assets						7,778
						316,062
Liabilities						
Segment liabilities	27,149	–	–	50	–	27,199
Unallocated liabilities						
Current tax liabilities						13
Deferred tax liabilities						169
Other corporate liabilities						425
						27,806

As at 30 June 2017

	Provision of private educational services HK$'000	Investment in securities HK$'000	Property investments HK$'000	Money lending HK$'000	Others HK$'000	Consolidated HK$'000
Assets						
Segment assets	48,957	152,223	–	27,256	9	228,445
Assets associated with disposal group classified as held for sale	–	–	158,527	–	–	158,527
Unallocated assets						
Bank balances and cash						16,138
Promissory note receivable						50,000
Interests in associates						31,297
Interests in joint ventures						7,999
Available-for-sale investments						83,283
Other corporate assets						11,148
						586,837
Liabilities						
Segment liabilities	16,105	2,629	–	50	6	18,790
Liabilities associated with disposal group classified as held for sale	–	–	25,703	–	–	25,703
Unallocated liabilities						
Current tax liabilities						156
Deferred tax liabilities						202
Bank borrowings						14,400
Loan notes						150,500
Other corporate liabilities						12,213
						221,964

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), promissory note receivable, interests in associates and joint ventures, available-for-sale investments 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

	Provision of private educational services HK$'000	Investment in securities HK$'000	Property investments HK$'000	Money lending HK$'000	Others HK$'000	Consolidated HK$'000
For the year ended 30 June 2018						
Capital additions	**(4,837)**	**(141)**	**–**	**–**	**–**	**(4,978)**
Depreciation and amortisation	**(7,947)**	**(845)**	**–**	**–**	**(1)**	**(8,793)**
Reversal of provision for long service payments	**295**	**–**	**–**	**–**	**–**	**295**
Change in fair value of financial assets at fair value through profit or loss	**–**	**31,521**	**–**	**–**	**–**	**31,521**
Impairment loss on goodwill	**(559)**	**–**	**–**	**–**	**–**	**(559)**
Impairment loss on other intangible assets	**(2,626)**	**–**	**–**	**–**	**–**	**(2,626)**
Impairment loss on other receivables	**(7,643)**	**–**	**–**	**–**	**–**	**(7,643)**
Impairment loss on a loan receivable	**–**	**–**	**–**	**(7,493)**	**–**	**(7,493)**
For the year ended 30 June 2017						
Capital additions	(10,467)	(2,317)	–	–	–	(12,784)
Depreciation and amortisation	(6,964)	(719)	–	–	(2)	(7,685)
Reversal of provision for long service payments	175	–	–	–	–	175
Change in fair value of investment properties	–	–	7,800	–	–	7,800
Change in fair value of financial assets at fair value through profit or loss	–	(210,580)	–	–	–	(210,580)

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

	2018 *HK$'000*	2017 *HK$'000*
Secondary tutoring services	**71,640**	108,412
Secondary day school education	**–**	1,150
Primary tutoring services, skill courses and test preparation courses	**15,162**	12,933
Franchising income	**4,509**	4,503
English language training and test preparation courses	**11,243**	22,441
Dance tuition services	**2,440**	–
Rental income	**570**	1,443
Loan interest income	**3,463**	2,977
Total revenue	**109,027**	153,859

5. OTHER INCOME, GAINS AND LOSSES

	2018	2017
	HK$'000	*HK$'000*
Interest income on		
– promissory note receivable	**5,035**	2,581
– unlisted convertible bonds	**314**	–
– bank deposits	**4**	1
– other interest income	**4**	–
(Loss) gain on disposal of		
– property, plant and equipment	**(34)**	(1,288)
– subsidiaries	**13,731**	17
– associates	**55,826**	2,212
– a joint venture	**1**	–
– available-for-sale investments	**(3,053)**	–
Gain on bargain purchase from acquisition of a subsidiary	**–**	1
Supporting services income	**605**	1,619
Impairment loss on		
– goodwill	**(559)**	–
– other intangible assets	**(2,626)**	–
– other receivables	**(7,643)**	–
– a loan receivable	**(7,493)**	–
Others	**1,773**	1,004
	55,885	6,147

6. FINANCE COSTS

	2018	2017
	HK$'000	*HK$'000*
Interest expenses on bank and other borrowings	**135**	594
Effective interest expense on loan notes	**3,070**	16,004
Interest expenses on promissory note payable *(Note)*	**210**	–
	3,415	16,598

Note:

The interest expenses on promissory note payable arising from the issuance of promissory note payable for the acquisition of a subsidiary by the Group during the year ended 30 June 2018. The promissory note was issued by the Group on 30 April 2018 and subsequently fully repaid by the Group on 22 June 2018.

7. LOSS BEFORE TAX

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

	2018	2017
	HK$'000	*HK$'000*
Directors' emoluments	**3,554**	9,253
Other staff costs	**36,212**	40,056
Other staff's retirement benefit scheme contributions	**1,526**	1,565
Share-based payments to other staff	**–**	7,299
	41,292	58,173
Tutor contractor fee to a Director	**(152)**	(217)
Staff costs	**41,140**	57,956
Auditors' remuneration	**680**	680
Write off of promissory note receivable	**5,529**	–
Other share-based payment expenses	**–**	2,921
Reversal of provision for long service payments	**(295)**	(175)
Gross rental income from investment properties	**(570)**	(1,443)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	**9**	43
	(561)	(1,400)

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

	2018	2017
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax		
– Provision for the year	**–**	178
– Over-provision in respect of prior years	**(57)**	(40)
The People's Republic of China (**"PRC"**)		
Enterprise Income Tax	**–**	–
	(57)	138
Deferred tax	**(1,381)**	676
Total income tax (credit) expense recognised in profit or loss	**(1,438)**	814

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 PER SHARE

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

	2018	2017
	HK$'000	*HK$'000*
Loss for the purpose of basic and diluted loss per share		
Loss for the year attributable to owners of the Company	**(8,246)**	(333,326)

	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**547,570,880**	518,568,973

No adjustment has been made in calculating the diluted loss per share amount presented for the year ended 30 June 2018 as there were no dilutive potential ordinary shares in issue during the year.

No adjustment has been made in calculating the diluted loss per share amount presented for the year ended 30 June 2017 in respect of the share options outstanding as the options had an anti-dilutive effect on the basic loss per share amounts presented.

10. DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 30 June 2018 (2017: nil).

11. TRADE AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Accrued revenue and trade receivables	**1,004**	917
Rental deposits	**14,016**	11,104
Other deposits	**783**	896
Prepayments	**1,577**	5,491
Other receivables	**25,397**	15,833
Less: Impairment loss on other receivables	**(7,626)**	–
	35,151	34,241
Less: Rental deposits (shown under non-current assets)	**(7,954)**	(8,043)
Trade and other receivables (shown under current assets)	**27,197**	26,198

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:

	2018	2017
	HK$'000	*HK$'000*
Accrued revenue not yet billed	**483**	468
Trade receivables:		
0 – 30 days	**238**	271
31 – 60 days	**168**	84
61 – 90 days	**21**	24
Over 90 days	**94**	70
	1,004	917

Included in the Group's trade receivables balance are debtors with an aggregate carrying amount of approximately HK$94,000 (2017: approximately HK$70,000) which were past due as at the end of the reporting period 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 (2017: over 90 days).

As at 30 June 2018 and 2017, accrued revenue and trade receivables primarily 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.

The movements in provision for impairment loss on other receivables are as follows:

	2018	2017
	HK$'000	*HK$'000*
At beginning of the year	**–**	–
Add: Impairment loss recognised	**7,643**	–
Less: Exchange realignment	**(17)**	–
At end of the year	**7,626**	–

As at 30 June 2018, included in the provision for impairment loss on other receivables was individually impaired other receivables with balance of approximately HK$7,626,000 (2017: nil).

12. LOAN RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Loan receivables	**39,253**	27,089
Less: Impairment loss	**(7,493)**	–
	31,760	27,089

Loan receivables represent outstanding principals and interest arising from the money lending business of the Group. As at 30 June 2018 and 2017, all of the loan receivables are entered with the counterparties with a maturity within the next twelve months except for a loan receivable with outstanding principal and interest as at the end of the reporting period in the aggregate amount of approximately HK$7,493,000 which has been past due and impaired by the Group during the year with a maturity in February 2018.

As at 30 June 2018, the loan receivables are interest-bearing at fixed rates mutually agreed between the contracting parties, ranging from 8% to 10% (2017: 8% to 13%) per annum and all of the loan receivables were unsecured (2017: a loan receivable of approximately HK$4.11 million was secured by pledged equity shares beneficially owned by the borrower).

The Group seeks to maintain strict control over its loan receivables in order to minimise credit risk by reviewing borrowers' and their guarantors' financial positions.

Included in the above impairment loss on loan receivables is a provision for an individually impaired loan receivable of HK$7,493,000 (2017: nil) with an aggregate carrying amount of HK$7,493,000 (2017: nil).

Except for the said loan receivable impaired during the year, all other loan receivables were neither past due nor impaired at the end of the reporting period. Receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018	2017
	HK$'000	*HK$'000*
Equity securities classified as held-for-trading		
– Listed equity securities in Hong Kong, at fair value *(Note (i))*	**27,071**	91,126
– Suspended listed equity securities in Hong Kong, at fair value *(Note (ii))*	**38,100**	–
Financial assets designated at fair value through profit or loss		
– Unlisted investment fund, at fair value *(Note (iii))*	**477**	61,097
– Unlisted convertible bonds, at fair value *(Note (iv))*	**8,998**	–
	74,646	152,223

Notes:

(i) 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.

(ii) The fair value of the suspended listed equity security represents the shares of Convoy Global Holdings Limited (a company listed on Main Board of the Stock Exchange with stock code: 1019), which was determined by the Directors with reference to valuation carried out by an independent qualified professional valuer.

(iii) On 22 March 2017, the Group through Wise Action Limited, an indirect wholly-owned subsidiary, subscribed for 7,750 participating shares in an unlisted investment fund with a subscription amount of US$7,750,000 (equivalent to approximately HK$60,927,000). The unlisted investment fund represents a private fund established in the Cayman Islands.

On 27 June 2017 and 28 July 2017, the Group served notice to redeem its interests in the unlisted investment fund in the amount of US$3,875,000 and US$3,975,540, representing approximately 3,794 and 3,892 participating shares in the unlisted investment fund, both at the redemption price of US$1,021.36 per participating share. Upon completion of the redemptions during the year and as at 30 June 2018, the Group remains to hold approximately 64 participating shares in the unlisted investment fund.

(iv) The unlisted convertible bonds were issued by Larry Jewelry International Company Limited (a company listed on GEM of the Stock Exchange with stock code: 8351). The convertible bonds is unsecured, bears interest at a fixed rate of 7.5% per annum and will be matured on the second anniversary of the first issue date (i.e. 4 September 2019).

14. OTHER PAYABLES AND ACCRUALS

	2018	2017
	HK$'000	*HK$'000*
Other payables	**3,811**	15,077
Accrued tutor contractor fee, salary and bonus and other accruals	**5,827**	9,028
	9,638	24,105

15. SHARE CAPITAL

	Number of shares	**Amount**
		HK$'000
Authorised		
Ordinary shares of HK$0.05 each		
At 1 July 2016, 30 June 2017 and 30 June 2018	6,000,000,000	300,000
Issued and fully paid		
Ordinary shares of HK$0.05 each		
At 1 July 2016	456,314,880	22,816
Issue of shares upon placing on 25 October 2016 *(Note)*	91,256,000	4,563
Ordinary shares of HK$0.05 each		
At 30 June 2017 and 30 June 2018	547,570,880	27,379

Note:

On 25 October 2016, an aggregate of 91,256,000 ordinary shares of HK$0.05 each were issued to not less than six placees, who and whose ultimate beneficial owners were independent third parties, at a placing price of HK$0.663 per share. The net proceeds from placing are approximately HK$58.25 million. The net proceeds have been used as general working capital of the Group and/or for financing the Group's future investment opportunities (including but not limited to property investment and/or securities investment) as intended.

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 years ended 30 June 2018 and 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

Hong Kong Education (Int'l) Investments Limited ("**Company**") and its subsidiaries ("**Group**") faced a challenging operating environment due to fierce competition in the educational services industry in the last financial year. The declining number of candidates participating in the Diploma of Secondary Education Examination ("**DSE**") and the difficulty in tutor recruitment and retention has led to tough market conditions during the year ended 30 June 2018 ("**Year**").

For the Year, the Group recorded revenue of approximately HK$109.03 million, representing a decrease of approximately 29.14% compared to the previous year. Loss attributable to owners of the Company for the Year amounted to approximately HK$8.25 million (2017: loss of approximately HK$333.33 million). During the Year, the Group recorded gain arising from change in fair value of financial assets at FVTPL of approximately HK$31.52 million (2017: loss of approximately HK$210.58 million). In addition, gain on disposal of subsidiaries and an associate of approximately HK$13.73 million and HK$55.83 million were recorded respectively. On the other hand, the Group has impaired (i) available-for-sale investments of approximately HK$23.77 million; and (ii) loan and other receivables, in aggregate, of approximately HK$15.14 million during the Year.

Although revenue has decreased as compared to the previous year, the Group remained one of the leading private tuition providers in Hong Kong. The Group maintained its emphasis on optimizing the provision of private educational services. In line with diversified business strategy, the Group invested in skill courses business by acquiring Wind Fly Dragon Int'l Limited ("**Wind Fly**"), which specializes in providing a wide range of dancing classes. The Group is confident that the acquisition will bolster the long-term competitiveness of its operation and the businesses will bring synergy effect to the Group.

This year has been a challenging yet remarkable year for the Group. Looking ahead, the Group remains optimistic about the development prospect of the educational services industry. The Group will continue to strengthen its core businesses by enhancing education quality and sustaining good reputation in the industry.

BUSINESS REVIEW

Provision of private educational services

Secondary Tutoring Services

The operating environment of secondary tutoring industry in Hong Kong was challenging. Affected by the 334 education reform, a drop in birth rate, and an increasing trend of studying abroad, the market demand for secondary tutoring service continued to shrink significantly. This brought huge impact to the Group's secondary tutoring service business segment. Facing the severe atmosphere, the Group actively fine-tuned its marketing strategy and further enhanced its teaching quality to increase market competitiveness. During the Year, the Group recorded revenue of approximately HK$71.64 million, representing a decrease of approximately 33.92% as compared with last year.

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 2018:

	Year ended 30 June	
	2018	2017
Number of course enrolments *(in thousands)*		
Regular courses	**95**	138
Intensive courses	**10**	13
Summer courses	**15**	25
T.I.P.S. courses	**4**	8
Special courses	**10**	11
Number of tutors *(Note 1)*		
Regular courses	**37**	42
Intensive courses	**33**	34
Summer courses	**37**	42
T.I.P.S. courses	**23**	28
Special courses	**23**	26

	Year ended 30 June	
	2018	2017
Average course fees (HK$) *(Note 2)*		
Regular courses	**538**	560
Intensive courses	**563**	572
Summer courses	**454**	487
T.I.P.S. courses	**596**	631
Special courses	**261**	312

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 2018, the Group had 8 learning centres operated under the brand of "Modern Education" 現代教育.

English Language Training and Test Preparation Courses

Over the past ten years, the Group has been delivering high-quality English language training and preparation courses to students and professionals. These courses, such as International English Language Testing System (IELTS) and Test of English for International Communication (TOEIC), help students improve their English skills and prepare for the standardized international English examinations. During the Year, the Group recorded revenue of approximately HK$11.24 million, representing a decrease of approximately 49.90% as compared with last year, and there were approximately 6,700 (2017: approximately 14,000) course enrollments during the Year. The significant decrease in number of enrollments was mainly due to the reduction in the number of students referred from external agents. The Group continued to raise its teaching quality. In addition, the Group has been closely monitoring changes in the market and exploring the feasibility of further cooperation with existing or potential agents and strategic alliances in order to boost the revenue in this segment.

Primary Tutoring Services, Skill Courses and Test Preparation Courses

Early childhood education has shown enormous positive economic and social impacts as the Group has striven to expand its primary tutoring services. It is as important as secondary and tertiary education. Parents are willing to send their children for primary tutoring services in the hope of boosting their grades and enhancing the competitiveness for Secondary School Places Allocation. In addition, due to long working hours for parents and an increasing number of cross-border students, the private primary tuition market has certainly grown over recent years. The Group has continued to improve its educational quality in order to diversify and deepen the student learning experience. As of 30 June 2018, there were 7 directly-owned education centres and 36 franchised centres operated under the brand "Modern Bachelor Education" 現代小學士. During the Year, there were approximately 14,400 (2017: approximately 12,700) course enrollments recorded from directly-owned learning centres and total revenue contributed by the franchised centres to the Group was approximately HK$4.51 million (2017: approximately HK$4.50 million). The Group will make continuous investment in this business segment and explore opportunities for further cooperation with potential business partners to lay a foundation for greaterer market share and income source.

Dance tuition services

On 30 April 2018, the Group completed the acquisition of Wind Fly, which is running Shelly Lo Jazz & Ballet School, a professional dancing college for the provision of a wide range of courses including ballet, jazz dance, yoga, Latin dance and belly dance. Apart from the adult market, there has also been an increase in the number of teenagers and children participating in dance exercises. Dance is one of the approved activities under physical education under the New Senior Secondary School Curriculum in Hong Kong. The Group is optimistic about the professional dancing college and believes crossover programs between the business segments could generate synergy effect. The Group will actively explore other cooperation opportunities in this segment and work closely with potential strategic partners to drive more revenue. During the Year, the Group recorded revenue from dance tuition services of approximately HK$2.44 million.

Investments

Properties Investments

During the Year, the Group has completed the disposal of its interest in two properties.

(i) On 28 August 2017, the Group has completed the disposal of 60% of the issued share capital of Ultimate Elite Investments Limited and its subsidiary ("**UE Group**"), at an aggregate consideration of approximately HK$89,568,000 (after adjustment) with an independent third party purchaser and other parties, with its interest in the properties held by UE Group situated at (i) Offices A–H, J–N & P on 21/F (Whole Floor); and (ii) Car parking space Nos. P47, P48 and P49 on the basement floor of Kings Wing Plaza 1, No. 3 On Kwan Street, Sha Tin, New Territories. An audited gain on such disposal of approximately HK$13.63 million was recorded during the Year.

(ii) On 29 September 2017, the Group has completed the disposal of the entire interest of a wholly-owned subsidiary of the Group, at an aggregate consideration of approximately HK$30,366,000 (after adjustment), with its interest in the property situated at Office No. 1303 on 13th Floor of Argyle Centre Phase I, No. 688 Nathan Road and No. 65 Argyle Street, Mong Kok, Kowloon. An audited gain on such disposal of HK$100,000 was recorded during the Year.

Subsequent to the above completions, no property has been held by the Group as at 30 June 2018.

Assets Investments

*Financial assets at fair value through profit or loss ("**FVTPL**")*

The Group has adopted a diversification attitude and allocated more resources in securities investment during the Year. The Group acquired listed securities in 7 listed companies in Hong Kong and disposed of several listed securities in its investment portfolio during the Year. As at 30 June 2018, the Group had financial assets at FVTPL with a fair value of approximately HK$74.65 million.

Details of the significant investments in the portfolio under financial assets at FVTPL as at 30 June 2018 are as follows:

Description of investment	Principal businesses	Number of shares held	Percentage held to the total issued share capital of the company/ investment *(approximately)*	Investment cost/cost of acquisition *HK$'000*	Fair value as at 30 June 2018 *HK$'000*	***Percentage to the Group's audited total assets as at 30 June 2018*** *(approximately)*
Significant investments						
Convoy Global Holdings Limited ("**Convoy**") (stock code: 1019)	Independent financial advisory business, money lending business, proprietary investment business, asset management business, corporate finance advisory services and securities dealing.	348,904,000	2.67%	122,116	38,100	12.06%
Other investments						
EJE (Hong Kong) Holdings Limited ("**EJE Holdings**") (stock code: 8101)	Manufacture of custom-made furniture, design, manufacture and sale of mattress and soft bed products, securities investment, property investment and money lending in Hong Kong.	47,500,000	1.64%	4,060	11,638	3.68%
Other listed shares*	–	–	–	20,824	15,433	4.88%
Unlisted convertible bonds	–	–	–	9,300	8,998	2.85%
Heemin Capital Global Enhanced Yield Bond Fund ("**Heemin Bond Fund**")	Invest in low-risk investment grade bonds (above BB– S&P credit rating) worldwide to generate stable but more attractive income than those offered by bond market in the Greater China region.	64 participating shares	–	503	477	0.15%
Grand total for financial assets at FVTPL				156,803	74,646	23.62%

* *Other listed shares included 5 companies whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") and 2 companies whose shares are listed on GEM of Stock Exchange.*

During the Year, the Group recorded a gain on the change in fair value of financial assets at FVTPL of approximately HK$31.52 million. Such gain consists of net realised gain of approximately HK$31.37 million and net unrealised gain of approximately HK$0.15 million on fair value changes in financial assets at FVTPL as detailed below.

Description of investments (stock code)	**Realised fair value gain/ (loss) for the Year** *HK$'000*	**Unrealised fair value gain/(loss) for the Year** *HK$'000*
Convoy (1019) *(Note 1)*	28,306	(2,024)
EJE Holdings (8101)	2,845	7,577
Universe International Financial Holdings Limited ("**Universe Int'l**") (1046) *(Note 2)*	(740)	–
Heemin Bond Fund *(Note 3)*	677	(25)
Unlisted convertible bonds	–	(302)
Other listed shares*	284	(5,077)
Grand total	31,372	149

* *Other listed shares included 7 companies whose shares are listed on the Main Board of the Stock Exchange and 4 companies whose shares are listed on GEM of the Stock Exchange.*

Notes:

(1) The Group disposed of an aggregate of 351,092,000 shares of Convoy for an aggregate consideration of approximately HK$68,682,000 during the Year.

(2) The Group disposed of an aggregate of 9,000,000 shares of Universe Int'l for an aggregate consideration of HK$7,450,000 during the Year.

(3) The Group redeemed of an aggregate of approximately 7,686 participating shares of Heemin Bond Fund in June and July 2017 at an aggregate redemption price of US$7,850,540.

Available-for-sale investments

The Group also held significant investments under available-for-sale investments as at 30 June 2018 as below:

Description of investment	**Principal businesses**	**Number of shares held**	**Percentage held to the total issued share capital of the company/ investment** *(approximately)*	**Investment cost/cost of acquisition** *HK$'000*	**Carrying amount as at 30 June 2018** *HK$'000*	**Percentage to the Group's audited total assets as at 30 June 2018** *(approximately)*
Significant investments						
Unlisted securities of a company ("**Investee**") incorporated outside Hong Kong	Dealing in securities, securities advisory, corporate finance advisory, asset management and wealth management services and money lending in Hong Kong.	–	–	30,831	16,114	5.10%
Other investments						
GET Holdings Limited# ("**GET**") (stock code: 8100)	Research, develop and distribute computer software, mobile phone applications and toolbar advertisement; invest in securities; money lending; provide corporate management solutions and IT contract services.	21,858,235	4.92%	51,037	9,181	2.90%
Grand total for the available-for-sale investments				81,868	25,295	8.00%

During the Year, the Group disposed of 26,010,000 shares of GET at an aggregate consideration of HK$13,375,500. The Company further disposed of all the remaining 21,858,235 shares of GET held by it after the reporting period. Please refer to the section headed "EVENTS AFTER THE REPORTING PERIOD" of this announcement for further details.

During the Year, the Group has fully impaired an unlisted investment fund established in the Cayman Islands of approximately HK$9.05 million due to the uncertainty in the prospect of this investment, the management considered that the probability to fully recover investment in the investment fund would be remote.

Performance and future prospects of the Company's significant investments

(1) Convoy

The Convoy shares has been halted since 7 December 2017 and remain suspended up to the date of this announcement. The Group noted from the announcement of Convoy dated 1 August 2018 that, since the shares of Convoy have been suspended from trading on the Stock Exchange for less than 12 months as at 1 August 2018 ("**Effective Date**"), under Rule 6.01A(2)(b)(i) of the Listing Rules, the Stock Exchange may cancel listing of Convoy if the trading in its shares has remained suspended for 18 continuous months from the Effective Date. Therefore, if Convoy fails to resume trading in its shares by 31 January 2019, the Stock Exchange may proceed to cancel the listing of Convoy, subject to the Stock Exchange's right to impose a shorter specific remedial period under Rule 6.10 of the Listing Rules if appropriate.

In addition, there were a number of changes in the directorship of Convoy and a number of litigations involving Convoy and its subsidiaries, whether as plaintiff or defendant during the recent year. The Directors noted from the announcement of Convoy dated 19 March 2018 that the publication of annual results and annual report for the year ended 31 December 2017 of Convoy will be delayed and the board of directors of Convoy expected that Convoy and its subsidiaries may record a loss substantially worse than the loss recorded in the previous financial year. Up to the date of this announcement, no further financial information of Convoy has been updated. The Directors would continue to closely monitor the situation of Convoy and formulate appropriate strategies to protect the interest of the Group.

(2) Unlisted securities of the Investee

According to the subscription agreement entered into among Fastek Investments Limited ("**Fastek**"), an indirect wholly-owned subsidiary of the Company, being the subscriber, the Investee and the guarantor in November 2016, the guarantor has guaranteed to Fastek that the consolidated net profit after tax ("**NPAT**") of the Investee and its subsidiaries ("**Investee Group**") for the year ended 31 December 2017 should be not less than HK$28,000,000, failing which the guarantor shall pay to Fastek the shortfall in cash with a multiplier. Based on the financial information provided from the management of the Investee Group ("**Investee Management**"), the consolidated NPAT of the Investee Group for the year ended 31 December 2017 reached not less than HK$28,000,000 and has met the profit guarantee.

However, the Directors noted from the financial information provided from the Investee Management that the unaudited financial results of the Investee Group for the six months ended 30 June 2018 has a downtrend and a significant drop in revenue as compared to the year of 2017 and recorded a loss for the period. The Investee Management explained that the drop in revenue is due to the fluctuation and uncertainties of the Hong Kong stock market (including the IPO market) in the first half of year 2018 and other unfavourable factors which significantly and adversely impacted the Investee's business. The Investee Management is actively modifying the business strategies for the second half of year 2018 to lead the Investee Group out of the red.

Other Investments

(i) Early Education

Since the ban on "doubly non-permanent resident babies" in 2012, the number of students from cross border family has been decreasing continuously. As a consequence, market demand for the early education in Hong Kong has continued to shrink significantly. This also brought negative impact to this business segment. Full Profit Hong Kong Development Limited and its subsidiary ("**Full Profit Group**"), being joint ventures of the Group, are specialized in providing management and consultancy services in early education. During the Year, the drop in student enrollment has led to a decrease in revenue to the Full Profit Group. The Group will work closely with the joint venture partner and monitor changes in the market and strive to develop alternative quality early childhood programs to diversify revenue of Full Profit Group.

(ii) Investment in associate

Interactive Entertainment China Cultural Technology Investments Limited ("**IE China**"), whose shares are listed on GEM of the Stock Exchange (stock code: 8081), was accounted for as an associate of the Group (owned as to approximately 26.66% by the Group) during the Year. On 6 April 2018, the Group through Fastek entered into a sale and purchase agreement with a vendor, an independent third party, to dispose of its entire interest in IE China, representing approximately 26.66% of the issued share capital of IE China, at the aggregate consideration of HK$66,860,892. Details of the disposal were disclosed in the announcement and the circular of the Company dated 6 April 2018 and 25 May 2018 respectively. Completion of the disposal took place on 15 June 2018 and the Group ceased to hold any interest in IE China with effect on the same date.

Money Lending Business

China Rich Finance Limited, an indirect wholly-owned subsidiary of the Group, is a holder of money lender's license under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). The Group has adopted money lending policies and procedures for handling and/or monitoring the money lending business in compliance with the Money Lenders Ordinance.

During the Year, the Group recorded loan interest income of approximately HK$3.46 million (2017: approximately HK$2.98 million) from granting loans to both corporate and individual clients. The outstanding principal amount of loan receivables as at 30 June 2018 was approximately HK$31.30 million (2017: approximately HK$26.08 million).

FINANCIAL REVIEW

Revenue

During the Year, the Group recorded revenue of approximately HK$109.03 million, representing a decrease of approximately 29.14% as compared with approximately HK$153.86 million recorded last year. Such decrease was primarily due to the decrease in revenue from secondary tutoring services to approximately HK$71.64 million, representing a decrease of approximately 33.92% as compared to approximately HK$108.41 million recorded last year. In addition, there was a drop in the revenue from English language training and test preparation courses to approximately HK$11.24 million, representing a decrease of approximately 49.90% as compared to approximately HK$22.44 million recorded last year. Due to the suspension of the secondary day school education, no revenue from secondary day school education was recorded during the Year.

On the other hand, revenue from primary tutoring services, skill courses and test preparation courses (including franchising income) was approximately HK$19.67 million, representing an increase of approximately 12.82% as compared to approximately HK$17.44 million recorded last year.

During the Year, the Group recorded loan interest income from the money lending business of approximately HK$3.46 million (2017: approximately HK$2.98 million), representing an increase of approximately 16.33% as compared to last year. Due to the disposal of relevant subsidiaries during the Year, the Group recorded rental income of approximately HK$0.57 million (2017: approximately HK$1.44 million) from investment properties.

Other income, gains and losses

For the Year, the Group's other income, gains and losses recorded net gain of approximately HK$55.89 million (2017: net gain of approximately HK$6.15 million). Such significant increase was due to the net effect of, among other things, (i) a gain on disposal of subsidiaries of approximately of HK$13.73 million; (ii) a gain on disposal of an associate of approximately HK$55.83 million; and (iii) the impairment loss on loan and other receivables, in aggregate, of approximately HK$15.14 million being recorded during the Year.

Staff costs

The Group's staff costs decreased by approximately HK$16.82 million or approximately 29.02% compared with the last financial year. Such decrease was mainly attributable to the decrease in Directors' remuneration and other staff salaries during the Year.

Tutor contractor fee

The Group's tutor contractor fee decreased by approximately HK$16.09 million or approximately 36.73% compared with the last financial year. Such decrease was in line with the decline in revenue derived from secondary tutoring services.

Operating lease payments

The Group's operating lease payments decreased by approximately HK$4.17 million or approximately 11.02% compared with the previous year. Such decrease was due to the decrease in monthly rental payments of the Group as a result of the reduction in number of secondary learning centres.

Marketing expenses

The Group's marketing expenses decreased by approximately HK$4.09 million or approximately 25.89% compared with last year. Such decrease was mainly attributable to the reduction in media placement and various marketing activities during the Year.

Other operating expenses

The Group's other operating expenses decreased by approximately HK$2.98 million or approximately 7.14% compared with the previous year. During the Year, the Group recorded a drop in various operating expenses, in which building management fees, consultancy fee, repair and maintenance, sales commission paid to external party, share-based payment expenses and sundry expenses, in aggregate, decreased by approximately HK$12.22 million. On the other hand, there was an increase in legal and professional fee by approximately HK$5.11 million as compared with last year and a write off of promissory note receivable of approximately HK$5.53 million was recorded for the Year.

Finance costs

The Group incurred finance costs of approximately HK$3.42 million from loan notes and bank borrowings during the Year (2017: approximately HK$16.60 million).

Loss attributable to owners of the Company

Loss attributable to owners of the Company for the Year was approximately HK$8.25 million (2017: loss of approximately HK$333.33 million). The decrease in loss was mainly due to the net effect of, among other things, (i) a gain arising on change in fair value of financial assets at FVTPL of approximately HK$31.52 million (2017: loss of approximately HK$210.58 million); (ii) gain on disposal of subsidiaries and associate of approximately HK$13.73 million and HK$55.83 million respectively; (iii) impairment loss on available-for-sale investments of approximately HK$23.77 million; and (iv) impairment loss on loan and other receivables of approximately HK$15.14 million.

LOOKING FORWARD

Going forward, the Group will further consolidate its education business and accelerate the expansion of its primary tutoring services and skills courses segment. Due to intensifying competition for the admission to elite secondary schools and universities and the increasing demand for private tutoring services from working parents, the Group is confident in the growth prospect of the education industry. In order to achieve sustainable growth and positive performance amidst fierce competition, the Group will enhance the quality of educational services by provision of comprehensive learning materials and recruitment of professional tutors. Meanwhile, the Group will also improve the course design and format of delivery, and maintain reasonable courses fees. The Group will take cautious steps to carry out business expansion and operation enhancement in order to unleash market potentials.

The commitment to all-round development of students is another important strategy of the Group. Dancing is included in the New Senior Secondary School Curriculum of physical education as one of the approved activities. To cater for the future development of this segment, the Group will continue to explore new market opportunities and expand the scope of educational services. Despite tough market conditions ahead, the Group will further strengthen its comparative advantages in tackling difficulties and challenges.

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 2018, the Group's total balance of cash and cash equivalents amounted to approximately HK$42.71 million (30 June 2017: approximately HK$16.28 million), of which 95.35% is held in Hong Kong dollars and 4.65% is held in Renminbi. Current ratio (defined as total current assets divided by total current liabilities) was 8.53 times (30 June 2017: 1.96 times).

As at 30 June 2018, the gearing ratio of the Group was 8.74% (30 June 2017: 37.79%). 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

Previous fund raising activity

The Group had no fund raising activity during the Year. The Company has fully utilised the net proceeds from the rights issue of the Company completed on 7 August 2015. During the Year, the remaining balance from the net proceeds of the rights issue in the amount of approximately HK$6.14 million (as disclosed in the annual report of the Company for the year ended 30 June 2017) has been utilised as intended for the payment of interest and/or repayment of principal of the loan notes issued by the Company on 17 December 2015.

CAPITAL STRUCTURE AND 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 2018, the Group had a total of 309 employees (30 June 2017: 196 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 2018, the Group had no significant contingent liabilities (30 June 2017: nil).

CAPITAL COMMITMENTS

As at 30 June 2018, there was no capital commitments contracted for but not provided in the consolidated financial statements (30 June 2017: HK$9.75 million).

CHARGES ON THE GROUP'S ASSETS

The Group had neither asset pledged nor any general banking facility as at 30 June 2018 (30 June 2017: investment properties which was classified as "Assets associated with disposal group classified as held for sale" with carrying value of HK$151.50 million were 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

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

(i) On 1 June 2017, the Group through Rosy Lane Investments Limited (a wholly-owned subsidiary of the Company, as vendor) ("**Rosy Lane**") and the Company (as guarantor) entered into a memorandum of understanding with (among other parties) Keen Elite Developments Limited (as purchaser), an independent third party, to dispose of 60% of the issued share capital of Ultimate Elite Investments Limited, which directly held 100% of the issued share capital of Vision Smart Limited (i.e. the UE Group) at a cash consideration of HK$89,568,000 (after adjustment). The conditional sale and purchase agreement was entered amongst the parties on 31 July 2017. Details of the disposal were disclosed in the announcements of the Company dated 1 June 2017, 17 July 2017, 31 July 2017 and 28 August 2017. Completion of the disposal took place on 28 August 2017 and the Group has ceased to hold any interest in the UE Group.

(ii) On 27 June 2017 and 28 July 2017, Wise Action Limited ("**Wise Action**"), an indirect wholly-owned subsidiary of the Company, served notice to redeem its interest in Heemin Bond Fund respectively in the amount of US$3,875,000 and US$3,975,540, representing approximately 3,794 and 3,892 participating shares in Heemin Bond Fund, both at the redemption price of US$1,021.36 per participating share. Details of the redemptions were set out in the announcement of the Company dated 28 July 2017.

(iii) On 24 August 2017 and 25 August 2017, Fastek disposed of an aggregate of 26,010,000 shares of GET for an aggregate consideration of HK$13,375,500 (excluding stamp duty and related expenses). Details of the disposals were set out in the announcement of the Company dated 25 August 2017.

(iv) During the period from August 2017 to October 2017, Fastek disposed of an aggregate of 351,092,000 shares of Convoy on the market through the Stock Exchange for an aggregate consideration of approximately HK$68,682,000 (excluding stamp duty and related expenses). Details of the disposals were set out in the announcements of the Company dated 13 September 2017, 20 September 2017, 29 September 2017 and 20 October 2017. Given that a substantial loss in fair value of the shares of Convoy ("**Convoy Shares**") held by the Group was recorded during the year ended 30 June 2017, on 20 October 2017, the Company proposed to seek the approval from Shareholders for the disposal of the Convoy Shares on the market through the Stock Exchange at the minimum selling price of not less than HK$0.19 per Convoy Shares. On 23 January 2018, the Board decided not to proceed with the proposed disposal since trading of the Convoy Shares has been suspended since 7 December 2017 and there were a number of changes of directors and management of Convoy and Convoy and its subsidiaries are involved in a number of litigations, and the Company considered that there was inadequate publicly available information for the Company to provide all necessary information to allow the Shareholders to make a properly informed decision. For details, please refer to the announcements of the Company dated 20 October 2017 and 23 January 2018.

(v) During the Year, Fastek disposed of an aggregate of 9,000,000 shares in Universe Int'l on the market through the Stock Exchange for an aggregate consideration of HK$7,450,000 (excluding stamp duty and related expenses). Details of the disposal were set out in the announcement of the Company dated 8 November 2017.

(vi) On 6 April 2018, the Group through Fastek (as vendor) and the Company (as guarantor) entered into a conditional sale and purchase agreement with Ms. Cheng Hei Yu (as purchaser), an independent third party, to dispose of 1,422,572,191 shares of IE China representing approximately 26.66% of the issued share capital of IE China at a cash consideration of approximately HK$66,861,000. Details of the disposal were disclosed in the announcement and circular of the Company dated 6 April 2018 and 25 May 2018 respectively. Completion of the disposal took place on 15 June 2018 and the Group ceased to hold any interest in IE China with effect on the same date.

(vii) On 22 December 2017, Motion King Holdings Limited (an indirect wholly-owned subsidiary of the Company, as potential purchaser) and Azure Swan Limited ("**Azure Swan**", as potential vendor), an independent third party, entered into a memorandum of understanding in relation to the possible acquisition of the entire issued share capital in Wind Fly by the Group. On 13 April 2018, the Group through Diligent Lush Holdings Limited, an indirect wholly-owned subsidiary of the Company, as purchaser entered into a conditional sale and purchase agreement with Azure Swan as vendor and the guarantor to acquire the entire issued share capital of Wind Fly at the consideration of HK$34,000,000. Details of the acquisition were disclosed in the announcement of the Company dated 22 December 2017 and 13 April 2018. Completion of the acquisition took place on 30 April 2018 and Wind Fly has become an indirect wholly-owned subsidiary of the Company.

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 2018, 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) Termination of contract with an independent consultant

On 10 August 2018, Modern Education (Hong Kong) Limited, an indirect wholly-owned subsidiary of the Company, served a notice of termination on an independent consultant of the Group, namely Double Stars Limited ("**Double Stars**") and Mr. Siao Chi Yung Weslie ("**Mr. Siao**") to early terminate a contract for services with Double Stars and Mr. Siao ("**Contract**") dated 9 June 2015 and the ancillary agreements thereto with effect on 10 August 2018 ("**Termination**") due to Mr. Siao's alleged role in certain offences as charged by the Hong Kong Independent Commission Against Corruption. The Group has carried out measures to minimise the impacts to students and the Group's operations. The Directors currently assess that the contingent loss in relation to the Termination will not have any material adverse impact on the Group's financial results and operations. Please refer to the announcements of the Company dated 17 August 2018 and 22 August 2018 for further details of the Termination.

(2) Loan disposal

On 7 September 2018, Rosy Lane (as vendor), a wholly-owned subsidiary of the Company, entered into a loan disposal agreement with Mr. Wong Kui Shing ("**Mr. Wong**", as purchaser), pursuant to which Rosy Lane has conditionally agreed to sell and assign, and Mr. Wong has conditionally agreed to purchase and be assigned, Rosy Lane's rights, titles, benefits and interests in and to a loan (including the aggregate outstanding principal sum and the interests accrued thereon in the amount of approximately HK$54.48 million owing by Mr. Poon Chun Yin ("**Mr. Poon**")), the promissory note issued by Mr. Poon (as debtor) to the Rosy Lane dated 30 December 2016 and the share mortgage executed in favour of Rosy Lane over the shares of Seasoned Leader Limited at the consideration of HK$48 million. Completion of the loan disposal took place on 17 September 2018 and the Group has ceased to have any interest in the said loan. Please refer to the announcements of the Company dated 7 September 2018 and 10 September 2018 for further details of the loan disposal.

(3) Disposal of GET Shares

On 7 September 2018, the Group through Fastek, an indirect wholly-owned subsidiary of the Company, disposed of 9,570,000 shares of GET ("**GET Shares**") on the market through the Stock Exchange for an aggregate consideration of HK$3,971,550 (excluding stamp duty and related expenses). On 18 September 2018, the Group through Wise Action, an indirect wholly-owned subsidiary of the Company, accepted the offer to dispose of 12,288,235 GET Shares under the terms and conditions of the conditional mandatory cash share offer made on 31 August 2018 by Get Nice Securities Limited for and on behalf of Mr. Wong Jing Shong (as offeror) for an aggregate consideration of approximately HK$5,161,000. After the completion of the transfer of the said shares under the offer, the Group will cease to hold any interest in GET. Please refer to the announcement of the Company dated 18 September 2018 for further details of the disposal.

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 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 and the Listing Rules except the deviations mentioned below.

Following the resignation of Mr. Lee Wai Lok Ignatious ("**Mr. Lee**") as a Director and the chief executive officer of the Company ("**CEO**") on 9 November 2017, the role of the CEO was and remains outstanding as at the date of this announcement, which constitutes deviation from Code Provision A.2.1 of the CG Code. Following the resignations of Mr. Lee and Mr. Ong Chi King (who also resigned as a Director on 9 November 2017) each as a Director, the Company had only two independent non-executive Directors and two members of the audit committee of the Company ("**Audit Committee**"), who did not have the appropriate professional qualifications or accounting or related financial management expertise, and there were only two members and without a chairman for the remuneration committee of the Company ("**Remuneration Committee**"). This constituted non-compliance with the minimum number requirement and requirement of professional qualifications under Rules 3.10(1), 3.10(2) and 3.21 of the Listing Rules, and non-compliance with the requirement that the Remuneration Committee must be chaired by an independent non-executive Director under Rule 3.25 of the Listing Rules. Please refer to the Company's announcement dated 9 November 2017 for further details.

Following the appointment of Mr. Yip Chung Yin Jeffrey, Mr. Wong King Hoi and Ms. Jor Stephanie Wing Yee each as a Director on 10 November 2017, the Board comprised five executive Directors and three independent non-executive Directors. As a result, the composition of the Board, the Audit Committee and the Remuneration Committee has met with the requirements under Rules 3.10(1), 3.10(2), 3.21 and 3.25 of the Listing Rules. Please refer to the Company's announcement dated 10 November 2017 for further details.

Following the retirement of Mr. Wong Yuk Tong as a Director and the chairman of the Board ("**Chairman**") at the annual general meeting of the Company held on 19 December 2017, the role of the Chairman was and remains outstanding as at the date of this announcement, which constitutes deviation from Code Provision A.2 of the CG Code. In addition, following the retirement of Mr. Wong Yuk Tong and Mr. Lee Shu Fai (who also retired as a Director on 19 December 2017), the Company had only two independent non-executive Directors and two members for the Audit Committee. This constituted non-compliance with the minimum number requirement under Rule 3.10(1) and Rule 3.21 of the Listing Rules. Please refer to the Company's announcement dated 19 December 2017 for further details.

As at the date of this announcement, the positions of the Chairman and the CEO remained vacated as the Company has not been able to identify suitable candidates for the positions.

Following the appointment of Mr. Leung Ki Chi James as a Director on 19 January 2018, the Board comprised three executive Directors and three independent non-executive Directors. As a result, the composition of the Board and the Audit Committee has met with the requirements under Rules 3.10(1) and 3.21 of the Listing Rules. Please refer to the Company's announcement dated 19 January 2018 for further details.

LITIGATION

(1) On 7 November 2017, the Company received a writ of summons ("**Writ**") with an indorsement of claim issued in the Court of First Instance of the High Court of Hong Kong ("**CFI**") by the plaintiff against the Company and certain of its then existing Directors to claim for, among other things, a declaration on the validity of his appointment as a Director on 22 October 2017 and damages for breach of contract. The action was discontinued pursuant to the consent order issued by the CFI on 20 November 2017.

(2) On 19 December 2017, Fastek (an indirect wholly-owned subsidiary of the Company) received a writ of summons with Statement of Claim issued in the CFI by Convoy and certain of Convoy's subsidiaries ("**Plaintiffs**") to claim an order against Fastek, as one of the placees under the placing of shares ("**Convoy Shares**") of Convoy conducted in October 2015, that Fastek was wrongly placed the Convoy Shares and wrongly received certain circular financing facilities by one of the Plaintiffs.

On 31 May 2018, the Plaintiffs filed an amended Statement of Claim against, among other defendants, Fastek as one of the defendants, pursuant to which:

(i) Convoy (the 1st plaintiff) seeks, inter alia, (i) a declaration and order as against the placees that the allotment of the Convoy Shares is null and void or has been rescinded and set aside; (ii) an account of profits and an order for payment of any sums found to be due, equitable compensation to be assessed, and/or damages to be assessed for breach of fiduciary, common law and/or statutory duties, dishonest assistance, unlawful means conspiracy and/or lawful means conspiracy, as against, among others, Fastek;

(ii) Convoy Collateral Limited and CSL Securities Limited (the 2nd plaintiff and the 3rd plaintiff) seek, inter alia, an order against, among others, Fastek as one of the direct recipients of funds under the said circular financing arrangement for an account of profits and an order for payment of any sums found to be due, equitable compensation to be assessed, and/or damages to be assessed for breach of fiduciary, common law and/or statutory duties, dishonest assistance, unlawful means conspiracy and/or lawful means conspiracy; and

(iii) the Plaintiffs seek against all the defendants (a) general or special damages; (b) interests; (c) costs; (d) further and/or other reliefs.

On 5 June 2018, the solicitors for Fastek received a letter from the solicitors for the Plaintiffs dated 4 June 2018 which clarified that the amended Statement of Claim (which states "re-filed on 31 May 2018") served on Fastek on 31 May 2018 has yet to be officially filed in the Court pending the resolutions of the Plaintiffs' applications lodged to Mr. Justice Harris on 4 June 2018 to amend the Statement of Claim and to add new parties by amending the Writ.

On 25 July 2018, Fastek received a sealed order of the hearing for the Plaintiffs' summons held on 28 June 2018 ("**Order**"). Pursuant to the Order, it is ordered, among other matters, that as between the Plaintiffs and Fastek (among certain other defendants), the Plaintiffs do have leave to file and serve the amended Statement of Claim. On 9 July 2018, the Plaintiffs served on Fastek copies of the amended Writ and amended Statement of Claim.

(3) On 2 January 2018, Fastek received a petition dated 27 December 2017 made by the petitioner filed with the CFI, whereby the petitioner seeks, among other things, a declaration that the placement of Convoy Shares to Fastek in October 2015 is void *ab initio* and of no legal effect.

Please refer to the announcements of the Company dated 8 November 2017, 19 December 2017, 21 December 2017, 2 January 2018, 4 June 2018, 7 June 2018 and 25 July 2018 for details on the litigations involving the Group during and subsequent to the Year.

The Company is currently seeking legal advice in respect of the above legal proceedings and will keep the shareholders of the Company and potential investors informed of any further material development.

AUDIT COMMITTEE

The Board has established the 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 Ms. Jor Stephanie Wing Yee, Mr. Leung Ki Chi James and Mr. Fenn David. Ms. Jor Stephanie Wing Yee is the chairman of the Audit Committee since her appointment on 10 November 2017. 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 audited consolidated results of the Group for the Year.

SCOPE OF WORK OF BAKER TILLY HONG KONG 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, Baker Tilly Hong Kong Limited. The work performed by Baker Tilly Hong Kong 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 Baker Tilly Hong Kong Limited in 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
Yip Chung Yin Jeffrey
Executive Director

Hong Kong, 26 September 2018

As of the date of this announcement, the executive Directors are Mr. Tsang Ka Wai, Mr. Yip Chung Yin Jeffrey and Mr. Wong King Hoi; and the independent non-executive Directors are Ms. Jor Stephanie Wing Yee, Mr. Leung Ki Chi James and Mr. Fenn David.