Modern Education Group Limited
現代教育集團有限公司
(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1082

ANNOUNCEMENT FOR ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2011

The board of directors (the "Board") of Modern Education Group Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 30 June 2011, together with the comparative audited figures for the corresponding year ended 30 June 2010 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For year ended 30 June 2011

	NOTES	2011 HK$'000	2010 HK$'000
Revenue	4	**268,614**	353,213
Other income and expenses	5	**4,473**	79
Staff costs	7	**(54,717)**	(58,361)
Tutor contractor fee	7	**(77,995)**	(122,225)
Operating lease payments	7	**(47,198)**	(51,270)
Marketing expenses		**(14,124)**	(20,597)
Printing costs		**(394)**	(583)
Depreciation and amortisation		**(9,454)**	(9,443)
Other operating expenses		**(32,135)**	(38,762)
Listing expenses		**(10,408)**	(3,292)
Finance costs	6	**(556)**	(224)
Profit before taxation	7	**26,106**	48,535
Taxation	8	**(5,596)**	(8,477)
Profit for the year		**20,510**	40,058
Other comprehensive income			
Exchange differences arising on translation of the People's Republic of China ("PRC") operation		**152**	12
Total comprehensive income for the year		**20,662**	40,070
Profit for the year attributable to:			
Owners of the Company		**20,538**	40,076
Non-controlling interests		**(28)**	(18)
		20,510	40,058
Total comprehensive income attributable to:			
Owners of the Company		**20,690**	40,088
Non-controlling interests		**(28)**	(18)
		20,662	40,070
Earnings per share – basic *(HK cents)*	9	**7.23**	15.42

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2011

	NOTES	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment		**21,697**	29,503
Intangible assets		**4,837**	–
Amount due from a related party		**–**	16,874
Deferred tax assets		**973**	102
		27,507	46,479
Current assets			
Trade and other receivables	11	**51,889**	23,925
Amounts due from related parties		**–**	3,458
Derivative financial instruments		**3,530**	–
Pledged bank deposits		**1,037**	1,037
Bank balances and cash		**14,499**	21,922
		70,955	50,342
Current liabilities			
Other payables		**21,386**	13,438
Deferred income		**9,968**	5,404
Tax payable		**7,615**	10,457
Amounts due to related parties		**3,600**	5,024
Obligations under finance leases		**–**	1,000
Bank and other borrowings		**49,591**	–
		92,160	35,323
Net current (liabilities) assets		**(21,205)**	15,019
Total assets less current liabilities		**6,302**	61,498
Non-current liabilities			
Obligations under finance leases		**–**	1,114
Deferred tax liabilities		**974**	258
Provision for long service payments		**1,884**	1,703
		2,858	3,075
Net assets		**3,444**	58,423
Capital and reserves			
Share capital	12	**28,400**	109
Reserves		**(26,510)**	58,314
Equity attributable to owners of the Company		**1,890**	58,423
Non-controlling interests		**1,554**	–
Total equity		**3,444**	58,423

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Hong Kong dollars unless otherwise indicated)

1. GENERAL

The Company was incorporated in the Cayman Islands on 26 January 2011 and registered as an exempted company under the Companies Law of the Cayman Islands. Its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 4 July 2011. Prior to the completion of public offering on 4 July 2011, its immediate parent is Speedy Harvest Investments Limited ("Speedy Harvest"), a company incorporated in the British Virgin Islands, and its ultimate controlling shareholder is Mr. Ng Kam Lun.

The Company acts as an investment holding company while its subsidiaries are principally engaged in the provision of private tutoring and educational services. The addresses of the registered office and principal place of business of the Company are PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and Suite 2701, 27/F, Tower 2, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong respectively.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the functional currency of the Company.

2. BASIS OF PREPARATION AND GROUP REORGANISATION

In preparing the consolidated financial statements, the directors of the Company (the "Directors") have given consideration to the future liquidity of the Group in light of the fact that its current liabilities exceeded its current assets by approximately HK$21,205,000 as at 30 June 2011. Taking into account of the net proceeds of approximately HK$130 million from its public offering on 4 July 2011, the Directors are confident that the Group will be able to meet its financial obligations when they fall due in the foreseeable future and be able to operate on a going concern basis. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

In preparation for the listing of the shares of the Company on the Stock Exchange, the Company underwent a group reorganisation (the "Group Reorganisation") which includes the following steps:

(a) Before 7 May 2010, Sino Network Group Limited ("Sino Network") was a holding company of the following wholly owned subsidiaries, including Amber Well Limited, Business Idol Limited, Beijing Strength Limited, Intelligent Education Limited, Modern Beiya (Hong Kong) Limited, Modern Education (Hong Kong) Limited, Sky Link Management Limited, Wise Action Limited and 京力北雅（北京）教育諮詢有限公司. Mr. Ng Kam Lun, Ms. Yiu Wai Yee, Catherine ("Ms. Yiu"), Mr. Ng Norman, Mr. Lee Wai Lok, Ignatious ("Mr. Lee"), Mr. Ng Kam Wing, Ms. Lau Yue Lan and Ms. Ng Choi Fong each owned 58.02%, 2.08%, 22.28%, 11.37%, 4.25%, 1.00% and 1.00% equity interest in Sino Network, respectively. On 7 May 2010, Sino Network acquired the 65% equity interest in Express Education Limited ("Express Education") from Mr. Ng Kam Lun and 35% equity interest in Express Education from Mr. Lee by issuing and allotting 2,588 shares of US$1 each to Mr. Ng Kam Lun and 1,395 shares of US$1 each to Mr. Lee, respectively ("Share Transfer"). Sino Network and Express Education are under the common control of Mr. Ng Kam Lun before and after the Share Transfer and that control is not transitory.

(b) Pursuant to a share swap agreement dated 7 June 2011, the Company acquired the entire share capital of Sino Network by swapping 283,999,999 shares of HK$0.1 each to the then existing shareholders of Sino Network. Thereafter, the Company became the holding company of the Group since 7 June 2011.

The Group resulting from the Group Reorganisation continued to be controlled by Mr. Ng Kam Lun is regarded as a continuing entity. Accordingly, the consolidated statements of comprehensive income, cash flows and changes in equity for each of the two years ended 30 June 2011 have been prepared, as if the group structure upon the completion of the Group Reorganisation had been in existence throughout each of the two years ended 30 June 2011 (other than the acquisition of Able Investment Development Limited ("Able Investment"), Bachelor Education Centre Limited ("Bachelor Education") and Modern English Group Limited), or since the respective dates of incorporation/establishment of the entities now comprising the Group where this is a shorter period. The consolidated statement of financial position as at 30 June 2010 has been prepared to present the assets and liabilities of the entities now comprising the Group which were in existence as at that date.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Hong Kong Institute of Certified Public Accountants issued a number of new and revised standards and interpretations ("new and revised HKFRSs") which are effective for the Group's accounting periods beginning on 1 July 2010. For the purpose of preparing and presenting the consolidated financial statements for each of the two years ended 30 June 2011, the Group has adopted all these new and revised HKFRSs consistently throughout each of the two years ended 30 June 2011.

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKAS 1 (Amendments)	Presentation of items of other comprehensive income[5]
HKAS 12 (Amendments)	Deferred tax: Recovery of underlying asset[2]
HKAS 19 (Revised)	Employee benefits[3]
HKAS 24 (Revised)	Related party disclosures[1]
HKAS 27 (Revised)	Separate financial statements[3]
HKAS 28 (Revised)	Investments in associates and joint ventures[3]
HKFRS 7 (Amendments)	Disclosures – Transfer of financial assets[4]
HKFRS 9	Financial instruments[3]
HKFRS 10	Consolidated financial statements[3]
HKFRS 11	Joint arrangements[3]
HKFRS 12	Disclosure of interests in other entities[3]
HKFRS 13	Fair value measurement[3]
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a minimum funding requirements[1]

[1] *Effective for annual periods beginning on or after 1 January 2011.*

[2] *Effective for annual periods beginning on or after 1 January 2012.*

[3] *Effective for annual periods beginning on or after 1 January 2013.*

[4] *Effective for annual periods beginning on or after 1 July 2011.*

[5] *Effective for annual periods beginning on or after 1 July 2012.*

The management anticipates that the application of these new and revised HKFRSs will have no material impact on the consolidated financial statements of the Group.

4. REVENUE AND SEGMENT INFORMATION

HKFRS 8 "Operating segments" requires operating segments to be identified on the basis of internal reports about the Group's business units that are regularly reviewed by the chief operating decision maker, Mr. Ng Kam Lun, the chairman of the Group, in order to allocate resources and to assess performance. Before the Share Transfer, the chief operating decision maker regularly reviews the financial statements of entities under his control. After the Share Transfer, the chief operating decision maker regularly reviews revenue analysis by services provided, including secondary tutoring services, secondary day school education, primary tutoring services, English language training and test preparation courses, technical consultation, management and software licensing services and overseas studies consultation services. Other than the revenue analysis, no operating results and other discrete financial information is provided to the chief operating decision maker for the assessment of performance of the respective services provided. Hence, the Group's operation is regarded as a single operating segment.

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

	2011	2010
	HK$'000	*HK$'000*
Secondary tutoring services	**209,263**	308,492
Secondary day school education	**33,389**	33,130
Primary tutoring services	**5,106**	–
English language training and test preparation courses	**17,927**	10,712
Technical consultation, management and software licensing services	**2,221**	879
Overseas studies consultation services	**708**	–
	268,614	353,213

The Group's assets and revenue derived from activities located outside Hong Kong are less than 1% of the Group's assets and revenue, respectively.

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

5. OTHER INCOME AND EXPENSES

	2011	2010
	HK$'000	*HK$'000*
Interest income	**1**	2
Gain (loss) on disposal/written off of property, plant and equipment	**2,439**	(895)
Change in fair value of derivative financial instruments	**222**	–
Printing fee income	**600**	–
Others	**1,211**	972
	4,473	79

6. FINANCE COSTS

	2011	2010
	HK$'000	*HK$'000*
Interests on bank and other borrowings wholly repayable within five years	**403**	3
Interests on finance leases	**153**	221
	556	224

7. PROFIT BEFORE TAXATION

	2011	2010
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Directors' remuneration	**5,111**	8,223
Other staff costs	**49,717**	51,058
Other staff's retirement benefit scheme contributions	**1,858**	1,954
	56,686	61,235
Tutor contractor fee to directors	**(1,969)**	(2,874)
Staff costs	**54,717**	58,361
Auditor's remuneration	**1,043**	642
Allowance for doubtful debts	**–**	159
Provision for long service payments	**181**	637

Tutor contractor fee is calculated based on certain percentage of revenue derived from the secondary tutoring services and English language training and test preparation courses.

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

8. TAXATION

	2011	2010
	HK$'000	*HK$'000*
The taxation comprises:		
Hong Kong Profits Tax:		
Current year	**6,901**	8,672
Overprovision in prior years	**(470)**	(42)
	6,431	8,630
PRC Enterprise Income Tax:		
Current year	**134**	–
Deferred tax:		
Current year	**(969)**	(153)
Taxation for the year	**5,596**	8,477

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%.

9. EARNINGS PER SHARE

(i) Earnings per share – financial reporting

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

	2011	2010
	HK$'000	*HK$'000*
Profit for the year attributable to owners of the Company	**20,538**	40,076
Weighted average number of ordinary shares for the purpose of basic earnings per share	**284,000,000**	259,858,752
Basic earnings per share *(HK cents)*	**7.23**	15.42

(ii) Earnings per share – management reporting

Adjusted earnings per share are based on a component of profit for the year which is used by the directors of the Company for its financial management purposes. The calculation of these adjusted basic earnings per share for the year is based on the following data, which are determined by the directors of the Company:

	2011	2010
	HK$'000	*HK$'000*
Profit for the year attributable to owners of the Company	**20,538**	40,076
Adjusted for:		
Listing expenses	**10,408**	3,292
Adjusted profit for the year attributable to owners of the Company for the purpose of adjusted basic earnings per share	**30,946**	43,368
Weighted average number of ordinary shares for the purpose of adjusted basic earnings per share	**284,000,000**	259,858,752
Adjusted basic earnings per share *(HK cents)*	**10.90**	16.69

The calculation of the basic earnings per share for the year is based on the profit for the year attributable to owners of the Company and 284,000,000 (2010: weighted average of 259,858,752) shares of the Company in issue during the year ended 30 June 2011 after taking into account the Share Transfer and share swap pursuant to the Group Reorganisation as stated in Note 2.

No diluted earnings per share is presented as there were no potential ordinary shares outstanding during both years.

10. DIVIDENDS

No dividend has been paid or proposed by the Company since its date of incorporation. However, Sino Network and Express Education made the following distributions to their then shareholders prior to the completion of the Group Reorganisation.

	2011	2010
	HK$'000	*HK$'000*
Dividends in specie distributed by *(note (i))*:		
– Sino Network	**16,874**	–
Cash dividends paid by:		
– Sino Network	**60,349**	25,000
– Bachelor Education	**213**	–
	77,436	25,000
Dividends attributable to:		
– Owners of the Company	**77,223**	25,000
– Non-controlling interests	**213**	–
	77,436	25,000

Note:

(i) During the year ended 30 June 2011, prior to the completion of the Group Reorganisation, Sino Network distributed the advance to Ms. Huang Hui of approximately HK$16,874,000 to the then shareholders of Sino Network, except Primo Result Limited, by way of dividend in specie.

The rate of dividends and the number of shares ranking for the above dividends are not presented as such information is not meaningful having regard to the purpose of the consolidated financial statements.

11. TRADE AND OTHER RECEIVABLES

	2011	2010
	HK$'000	*HK$'000*
Accrued revenue and trade receivables	**1,091**	879
Rental deposits	**24,511**	15,493
Other deposits	**869**	1,820
Prepayments	**22,495**	4,491
Other receivables	**2,923**	2,454
Less: Allowance for doubtful debts	**–**	(1,212)
	51,889	23,925

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:

	2011	2010
	HK$'000	*HK$'000*
Accrued revenue not yet billed	**780**	879
Trade receivables:		
0 – 30 days	**278**	–
31 – 60 days	**17**	–
61 – 90 days	**6**	–
Over 91 days	**10**	–
	1,091	879

The accrued revenue and trade receivables arose from the provision of technical consultation, management and software licensing services to a related company in which Ms. Huang Hui controls and from the franchising of primary tutoring service to franchisees. The accrued revenue is not yet due as it is billed semi-annually in arrears. The credit periods are ranged from 30 days to 90 days. There is no credit period granted for tuition fees as they are normally received in advance.

12. SHARE CAPITAL

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

	Number of shares	Amount
		HK$'000
Ordinary shares of HK$0.1 each		
Authorised		
– on 26 January 2011 (date of incorporation)	1,500,000,000	150,000
Issued and fully paid		
– issue of shares on 26 January 2011 (date of incorporation)	1	–
– issue of shares upon the share swap on 7 June 2011 *(Note 2(b))*	283,999,999	28,400
– at 30 June 2011	284,000,000	28,400

The Company was incorporated and registered as an exempted company in the Cayman Islands on 26 January 2011 with an authorised share capital of HK$150,000,000 divided into 1,500,000,000 ordinary shares of HK$0.1 each. On 26 January 2011, one subscriber share with the par value of HK$0.1 each was subscribed by Mapcal Limited which was subsequently transferred to Speedy Harvest, a company controlled by Mr. Ng Kam Lun, on 1 February 2011.

On 7 June 2011, the Company acquired the entire share capital of Sino Network by swapping 283,999,999 shares of HK$0.1 each to the then existing shareholders of Sino Network pursuant to a share swap agreement.

On 4 July 2011, 116,000,000 ordinary shares of HK$0.1 each of the Company were issued at HK$1.3 per share by way of public offering. On the same date, the Company's shares were listed on the Main Board of the Stock Exchange.

The share capital of the Group at 1 July 2009 represented the combined share capital of Sino Network and Express Education.

The share capital of the Group at 30 June 2010 represented the share capital of Sino Network.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is one of the leading tutoring services providers in Hong Kong. We offer a wide range of education programmes and services consisting of secondary tutoring services, secondary day school education, English language training and test preparation courses, primary tutoring services and other programmes and services. We provide private education services under our "Modern Education"(現代教育), "Modern College"(現代書院), "Modern Bachelor Education"(現代小學士) and "New Era Bachelor Education Centre" (新世代學士教室) brands. In recent years, we were awarded a number of recognitions in Hong Kong, including "Trusted Brand"(信譽品牌) in 2008, 2009 and 2010 by the Readers Digest (讀者文摘) and "The Best for Home 10-11" Award (香港家庭最愛品牌大賞10-11) organised by the Take me Home Community Post (Take me Home • 生活區報) in 2010.

BUSINESS REVIEW

Secondary Tutoring Services

During the year, our secondary tutoring services continued to be the major income driver of the Group. Our secondary tutoring services are offered in the learning centres under our "Modern Education"(現代教育) brand ("ME Centres"), under which we provide supplementary education services for secondary school students from Form 1 to Form 7 (or with the 334 System, Secondary 1 to Secondary 6), with an emphasis on improving students' internal school performance and preparing them for public examinations, namely, HKCEE and HKALE & HKASLE (or with the 334 System, HKDSE).

We aim to improve our students' results of HKCEE and HKALE & HKASLE, and with the 334 System, HKDSE, through quality instruction by our tutors who are knowledgeable on the intricacies of these examinations and the teaching of test-taking techniques. We believe that an important part of our courses is the high quality of our study materials and the advanced diagnostic analysis that we deliver.

As at 30 June 2011, the Group had 15 ME Centres located in various districts on Hong Kong Island, in Kowloon and the New Territories, including Causeway Bay, North Point, Chai Wan, Prince Edward, Mongkok, Kowloon Bay, Tseung Kwan O, Tai Po, Tsuen Wan, Shatin, Tuen Mun, Yuen Long and Fanling.

During the year, we provided secondary tutoring courses to students in Form 6 to Form 7 and Secondary 1 to Secondary 5 on subjects under the formal curriculum set forth by the Education Bureau of the Government of Hong Kong (the "EDB").

Our secondary tutoring courses can generally be divided into 5 types, namely (i) regular courses; (ii) intensive courses; (iii) summer courses; (iv) T.I.P.S. (Technique, Insight, Practice and Strategy) courses; and (v) special courses. The following tables set forth the number of course enrolments, the number of tutors and the average course fees of each category of secondary tutoring courses during the year:

	Year ended 30 June	
	2011	2010
Number of course enrolments *(in thousands)*		
Regular courses	**346**	493
Intensive courses	**47**	88
Summer courses	**32**	58
T.I.P.S. courses	**6**	19
Special courses	**73**	84
Number of tutors *(Note 1)*		
Regular courses	**62**	52
Intensive courses	**34**	46
Summer courses	**56**	46
T.I.P.S. courses	**21**	24
Special courses	**48**	29
Average course fees *(HK$) (Note 2)*		
Regular courses	**459**	461
Intensive courses	**400**	430
Summer courses	**382**	400
T.I.P.S. courses	**377**	359
Special courses	**160**	157

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.

During the year, with the implementation of the 334 System, HKCEE candidates had already sat for the last round of HKCEE in the academic year of 2010, which led to a substantial decrease in the number of course enrolments.

Secondary Day School Education

Our secondary day schools are operated under our "Modern College"（現代書院）brand. Our secondary day schools were established with an aim to rebuild our students' confidence in learning and provide them with an opportunity to further their secondary school education in a full-day and formal academic environment. Therefore, we have minimal academic admission requirements for students who wish to attend our schools so long as they have passed an assessment of character to ensure that they are likely to demonstrate good conduct in class.

During the year, the Group had obtained the relevant licences for operating secondary day school in one more ME Centre, namely, Tseung Kwan O ME Centre. As at 30 June 2011, we had 11 schools located in our Amoy Plaza, Causeway Bay, North Point, Prince Edward, Kowloon Bay, Shatin, Tsuen Wan, Tseung Kwan O and Tuen Mun ME Centres.

During the year, we provided instruction of day school education at Secondary 5, Form 6 and 7 levels in a full-day, standard schooling format on subjects under the formal curriculum set forth by the EDB.

The following tables illustrate the number of course enrolments and average course fees for the respective school levels under our secondary day school education during the year:

	Year ended 30 June	
	2011	2010
Number of course enrolments *(in thousands)*		
Secondary/Form 5	**3.9**	5.7
Secondary/Form 6	**4.0**	3.6
Form 7	**3.0**	2.2
Average course fees *(HK$) (Note 1)*		
Secondary/Form 5	**2,801**	2,526
Secondary/Form 6	**2,940**	3,056
Form 7	**3,515**	3,500

Note 1: Being revenue divided by course enrolments for the year.

Under the 334 System, the years of secondary education decrease from 7 years to 6 years and the two public examinations, HKCEE at the Form 5 level and HKALE & HKASLE at the Form 7 level will be replaced by one public examination, namely HKDSE. The number of course enrolments of our day school students dropped in the year under review mainly because fewer students took our Secondary 5 day school programmes under the 334 System than in the last financial year when students took Form 5 day school programmes. As such, we had moderately increased our course fee to mitigate the effect resulting from the decrease in the number of course enrolments.

English Language Training and Test Preparation Courses

Our English language training and test preparation courses are offered under our "Modern Education"(現代教育) brand. Since 2005, we have been providing English language training as well as test preparation courses on international English language standardized tests and examinations such as International English Language Testing System ("IELTS") and TOEFL, at our ME Centres. After obtaining approval from the Labour and Welfare Bureau in 2007, we began providing the IELTS Preparation Course and Diploma in Work Place English TOEIC Preparatory Course in Hong Kong, which are courses reimbursable by the Hong Kong Government under the Continuing Education Fund (the "CEF"). Furthermore, we are authorised to hold IELTS tests at our ME Centres.

We have a designated sales team responsible for promoting our test preparation courses on IELTS and TOEIC, which are courses reimbursable by the Hong Kong Government under the CEF scheme. We have separate registration counters at our ME Centres attending enquiries of students who wish to enroll in our test preparation courses. Our sales team will explain to prospective students the course details as well as the requirements for reimbursement set forth by the Hong Kong Government under the CEF scheme.

During the year, we recorded a total number of 6,000 course enrolments under our English language training and test preparation courses, compared to 3,800 course enrolments in last year.

Primary Tutoring Services, Skill Courses and Test Preparation Courses

Our primary tutoring services, skill courses and test preparation courses are mainly offered in the learning centres under our "Modern Bachelor Education"(現代小學士) brand ("MBE Centres") or learning centres runned by our franchisees ("MBE Franchised Centres") and have commenced operations since 1 January 2011. We provide education services for primary school students from Primary 1 to Primary 6, which include supervising and tutoring on day-to-day schoolwork and helping to improve students' performance in internal school examinations.

The operation of our primary tutoring services, skill courses and test preparation courses was done through the acquisition of 60% shareholding in a company engaging in the business of providing primary tutoring services to students in Hong Kong in December 2010.

As at 30 June 2011 and of the date of this report, most of our full-time teachers providing primary tutoring services in our MBE Centres are bachelor degree holders. In addition, our primary tutoring services, skill courses and test preparation courses are provided under a "small class" setting. We believe students at the younger age generally require greater attention from our tutors to guide them in focusing on their work. As such, we believe it is crucial to maintain a "small class" setting for our primary tutoring business in order to efficiently deliver high quality services.

Aside from tutoring on subjects under the primary school curriculum, we provide courses specially designed for enhancing primary school students' Chinese language, English language and mathematics skills. These skills courses are diversified and normally cover aspects like the reading, writing, grammar, sentence structure and vocabulary. In addition, we offer preparation courses to students on Cambridge Young Learners' English Tests. Further to the Cambridge Young Learners' English Tests, we offer preparation courses on more advanced English language tests, such as Key English Test.

During the year, we entered into one more franchise agreement with a franchisee. As at 30 June 2011, we had 5 MBE Centres and 11 MBE Franchised Centres to deliver our primary tutoring services, skill courses and test preparation courses. Our MBE Centres are located in Hunghom, Siu Sai Wan, Tseung Kwan O and Lam Tin while MBE Franchised Centres are located in Lai Chi Kok, Ma On Shan, North Point, Lei King Wan, Tai Kok Tsui, Tsing Yi, Sham Tseng, Tsuen Wan, Yuen Long and Kornhill.

For the period from the acquisition of our primary tutoring business up to the end of the year under review, we recorded a total number of 4,500 course enrolments for our primary tutoring services, skill courses and test preparation courses offered in MBE Centres and the total revenue contributed by MBE Franchised Centres to the Group reached HK$861,000.

PRC Operations

Our PRC operations have commenced since January 2010 and we have provided technical consultation, management and software licensing services to Beijing Yasi School and an individual, Mr. Li Haiming respectively. Beijing Yasi School is a non-public school sponsored by Beijing Jingli Siya Education Consulting Limited Company (a company not owned by the Group) providing training on the English language and test preparation courses, such as TOEFL, IELTS and TOEIC, in the PRC. Programmes and services provided by Beijing Yasi School are offered under the "BJ IELTS"（北京雅思）brand, commonly known as the "Beiya"（北雅）brand. Beijing Yasi School is currently providing English training courses in Chaoyang district in Beijing. Owing to Mr. Li Haiming's inability to obtain the license for establishment of a school from the PRC government on or before 31 December 2010, the technical consultation and management service agreement with Mr. Li Haiming was terminated in January 2011.

Pursuant to the Exclusive Technical Consultation and Management Services Agreement entered between us and Beijing Yasi School, we have the exclusive right to provide technical consultation and management services to Beijing Yasi School and in return Beijing Yasi School pays a monthly service fee of RMB100,000 to us and such fee is subject to adjustment at our sole discretion based on the services provided. This agreement will remain valid and effective until 30 June 2013.

Pursuant to the Software Licence Agreement entered between us and Beijing Yasi School, we granted Beijing Yasi School a non-exclusive, non-assignable and non-transferrable right to use our licensed software, Modern-C, on its designated operating systems to process its internal data in the PRC and in return Beijing Yasi School pays a monthly license fee, equivalent to 5% of its monthly revenue (after tax), to us. This agreement will remain valid and effective until 30 June 2013.

One of our subsidiaries entered into the Cooperative Framework Agreement in respect of Beijing Yasi School with Ms. Huang Hui, Mr. Liu Hongbo and Mr. Yang Qi in September 2008 in order to transfer the entire equity interest in Beijing Yasi School to the Group. In May 2011, a notice of termination was served to Mr. Liu Hongbo and Mr. Yang Qi and the Cooperative Framework Agreement shall be deemed to be terminated upon receipt of the notice by Mr. Liu Hongbo and Mr. Yang Qi unless any of them raises any objection to the termination within three months. For more details, please refer to the Company's Prospectus dated 20 June 2011.

Overseas Studies Consultation Services

During the year, we entered into a cooperation agreement with an overseas studies consultation company in Hong Kong in May 2011. Pursuant to this cooperation agreement, we have been providing overseas studies consultation and related services to students interested in further studies in overseas institutions, which include high schools, colleges or graduate colleges mainly in the U.S., the U.K., Australia and New Zealand. These kinds of services have diversified the Group's income streams and will be a potential income driver in the future.

FINANCIAL REVIEW

Revenue

The table below is an analysis of the Group's revenue attributable to its major service categories for the years ended 30 June 2011 and 2010:

	Year ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Secondary tutoring services	**209,263**	308,492
Secondary day school education	**33,389**	33,130
Primary tutoring services	**5,106**	–
English language training and test preparation courses	**17,927**	10,712
Technical consultation, management and software licensing services	**2,221**	879
Overseas studies consultation services	**708**	–
	268,614	353,213

The Group's revenue decreased by approximately 24.0% from approximately HK$353.2 million for the year 2010 to approximately HK$268.6 million for the year 2011. Such decrease was mainly due to the decrease in revenue from secondary tutoring services from approximately HK$308.5 million for the year 2010 to approximately HK$209.3 million for the year 2011, representing a decrease of approximately 32.2%, partially offset by the revenue from our primary tutoring services and overseas studies consultation services of approximately HK$5.1 million and HK$0.7 million respectively and the increase in the revenue from English language training and test preparation courses and technical consultation, management and software licensing services of approximately HK$7.2 million and HK$1.3 million respectively.

The decrease of revenue from secondary tutoring services was mainly due to the combined effect of the early contract termination with one of top five tutors of the Group in early 2010 and the drop in Form 5/Secondary 5 course enrolments from approximately 0.32 million for the year 2010 to approximately 0.12 million for the year 2011, given last cohort of Form 5 school candidates had already sat for HKCEE in 2010. As such, the Group's total course enrolments decreased from 0.76 million for the year 2010 to 0.53 million for the year 2011.

The increase in revenue from English language training and test preparation courses was mainly due to the increase in course enrolments from approximately 3,800 for the year 2010 to approximately 6,000 for the year 2011, when the Group dedicated more resources such as averagely assigning 2 or more tutors to such courses.

Other income and expenses

The Group's other income and expenses increased from approximately HK$0.08 million for the year 2010 to approximately HK$4.5 million for the year 2011. Such increase was mainly due to (i) a gain of approximately HK$2.4 million resulting from the Group's disposal of property, plant and equipment during the year; (ii) an incidental income of approximately HK$0.6 million derived from provision of printing and related services to a third party; and (iii) a gain of approximately HK$0.2 million in change in fair value of derivative financial instruments.

Staff costs

The Group's staff costs decreased by approximately 6.2% from approximately HK$58.4 million for the year 2010 to approximately HK$54.7 million for the year 2011. Such decrease was mainly due to the net effect of (i) a decrease of approximately HK$2.2 million in directors' emoluments for the year; (ii) a decrease of certain staff in Hong Kong as part of our parallel-ran ME Centres in Shatin and Mongkok and our ME Centre in Jordan were closed in March, April and June 2010 respectively, and the number of sales and marketing staff was reduced; and (iii) partly offset by increase in staff cost of approximately HK$0.4 million related to the Group's PRC operations.

Tutor contractor fee

The Group's tutor contractor fee decreased by approximately 36.2% from approximately HK$122.2 million for the year 2010 to approximately HK$78.0 million for the year 2011. Such decrease was mainly due to (i) the drop of approximately 32.2% or HK$99.2 million in secondary tutoring service income; (ii) approximately HK$0.8 million of tutor contractor fee refunded for early contract termination and net off the charge; and (iii) the increase in revenue contribution by English language training and test preparation course tutors, who had lower effective contractor fee rate.

Operating lease payments

The Group's operating lease payments decreased by approximately 7.9% from approximately HK$51.3 million for the year 2010 to approximately HK$47.2 million for the year 2011. Such decrease was mainly due to the parallel running of our ME Centres in Shatin during the corresponding period in 2010 as we gradually relocated from one premises to a nearby premises and no such parallel running in the year 2011 and the closure of our ME Centre in Jordan in June 2010 upon expiration of tenancy.

Marketing expenses

The Group's marketing expenses decreased by approximately 31.4% from approximately HK$20.6 million for the year 2010 to approximately HK$14.1 million for the year 2011 as the Group tightened control in media advertising and billboard expenditure, in anticipation of the drop in Secondary 5 course enrolments for our secondary tutoring services and secondary day school education.

Other operating expenses

The Group's other operating expenses decreased by 17.1% from approximately HK$38.8 million for the year 2010 to approximately HK$32.1 million for the year 2011. Such decrease was mainly due to (i) a decrease in building management fee, air-conditioning charges and rates by approximately HK$1.6 million which was in line with the decrease in operating lease payments; (ii) a decrease in stationery and photocopy by approximately HK$2.6 million which was in line with the decrease in the number of course enrolments of the Group; and (iii) general tightened control in expenses such travelling, transportation and motor vehicle.

Listing expenses

Listing expenses refer to the fees paid to various professional parties in relation to the Company's listing on the Main Board of the Stock Exchange on 4 July 2011.

Finance costs

The Group's finance costs increased from approximately HK$0.2 million for the year 2010 to approximately HK$0.6 million for the year 2011. Such increase was mainly due to interest paid for short term loans drawn down in January and May 2011 to settle dividends declared and paid in 2010 and 2011.

Taxation

The Group's taxation expenses decreased by 34.0% from approximately HK$8.5 million for the year 2010 to approximately HK$5.6 million for the year 2011 as a result of a decrease in profit before taxation for the year under review. The Group's effective tax rate was approximately 21.4% and 17.5% for the years 2011 and 2010 respectively.

Profit attributable to owners of the Company, net profit margin and earnings per share

The Group's profit for the year attributable to owners of the Company decreased by 48.8% from approximately HK$40.1 million for the year 2010 to approximately HK$20.5 million for the year 2011. The Group's net profit margin decreased from 11.3% for the year 2010 to 7.6% for the year 2011. The decrease in net profit margin was mainly due to the decrease in revenue while some operating expenses such as rental expenses and staff costs were semi-fixed in nature and could not be reduced proportional to the revenue. For the year ended 30 June 2011, the earnings per share (basic) of the Company were 7.23 HK cents (2010: 15.42 HK cents). By eliminating the effect of listing expenses incurred, the earnings per share (basic) of the Company would be adjusted to 10.90 HK cents (2010: 16.69 HK cents).

Dividends

The Directors did not recommend the payment of a final dividend for the year ended 30 June 2011 (2010: N/A).

Liquidity and Financial Resources

We have built an appropriate liquidity risk management framework to manage our short, medium and long – term funding and to satisfy liquidity management requirements.

Financial resources

The Group generally finances its operations with internally generated cash flow. As at 30 June 2011, cash and cash equivalents and pledged bank deposits amounted to approximately HK$15.5 million (2010: approximately HK$23.0 million). During the year, net cash inflow from operating activities of the Group amounted to approximately HK$12.8 million (2010: approximately HK$40.4 million).

Borrowings

As at 30 June 2011, the total amount of interest-bearing bank and other borrowings was approximately HK$49.6 million (2010: nil), all of which was denominated in Hong Kong dollars, with interest rates ranged from 2% to 7.25% per annum.

Gearing ratio

As at 30 June 2011, the gearing ratio of the Group was approximately 96.2% (2010: approximately 32.1%). Gearing ratio is total debts divided by the sum of total equity plus total debts. Total debts refer to total liabilities minus the sum of tax payable, deferred tax liabilities and dividend payable (if any). The increase in the gearing ratio was mainly due to short term loans drawn down in January and May 2011 to settle dividends declared and paid in 2010 and 2011.

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 POLICY

The number of employees of the Group as at 30 June 2011 was approximately 314. 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 a comprehensive benefits package and career development opportunities.

Pursuant to a share option scheme adopted on 11 June 2011 (the "Share Option Scheme"), the Board may grant options to eligible employees, including the directors of the Company and any of its subsidiaries, to subscribe for shares of the Company. During the year under review, no options were granted under the Share Option Scheme.

CONTINGENT LIABILITIES

As at 30 June 2011, the Group did not have any contingent liabilities.

CAPITAL COMMITMENTS

As at 30 June 2011, there was no capital commitment not provided for in the consolidated financial statements (2010: approximately HK$0.9 million). Capital commitments in last year mainly represented the Group's commitments in relation to acquisition of furniture, fixtures and equipment used in our learning centres.

CHARGES ON THE GROUP'S ASSETS

As at 30 June 2011, the Group had bank deposits amounting to HK$1,037,000 pledged to banks to secure short term banking facilities granted to the Group. Save as the aforesaid, the Group did not have any other charges on the Group's assets.

SIGNIFICANT INVESTMENTS HELD

There were no significant investments held by the Company as at 30 June 2011.

MATERIAL ACQUISITION AND DISPOSAL

On 22 December 2010, the Group entered into a sale and purchase agreement (the "Acquisition Agreement") with Six Stars Consultants Limited ("Six Stars"), a related company of the Group, Ms. Yiu, Able Investment and the non-controlling shareholders of Able Investment, namely, Ms. Poon Wai Sze, Ms. Mok Sze Wan, Mr. Ng Hoi Tin and Mr. Ng Ping Lun, for the acquisition of 60% equity interests in Able Investment and its subsidiary, Bachelor Education, from Six Stars at a cash consideration of HK$6,000,000 (including HK$3,000,000 which was settled in March 2011 and HK$3,000,000 which is payable within 14 days after the approval of financial statements of Bachelor Education by its board of directors for the financial period ended 31 August 2011) and a contingent consideration of HK$2,000,000 (which is adjusted by reference to the financial results of Bachelor Education for the financial periods ending 31 August 2012 and 31 August 2013). Upon completion of the acquisition on 31 December 2010, Able Investment was owned as to 60% by the Group and 40% by non-controlling shareholders. Pursuant to the Acquisition Agreement, various call and put options have been granted to the Group and non-controlling shareholders of Able Investment. The acquisition was accounted for under the acquisition method. Bachelor Education is engaged in provision of primary tutoring services in Hong Kong.

Save as disclosed above, during the year, the Company had no material acquisition or disposal of subsidiaries and affiliated companies.

EVENTS AFTER THE REPORTING PERIOD

On 4 July 2011, the Company issued 116,000,000 ordinary shares of HK$0.1 each at the price of HK$1.3 per share by way of public offering. On the same date, the Company's shares were listed on the Main Board of the Stock Exchange (the "Listing").

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

The net proceeds from the company's public offering after deducting the relevant expenses were approximately HK$130 million. The Company currently does not have any intention to change its plan for use of proceeds as stated in the Company's prospectus dated 20 June 2011.

OUTLOOK

In Hong Kong

Post-abolishment of HKCEE

In the school year of 2011/2012, the adverse one-off effect of abolishing HKCEE has been mitigated by the parallel running of HKALE & HKASLE for Form 7 students under the old academic system and HKDSE for Secondary 6 students under the 334 System. In addition, the increasing competition and pressure caused to students when they are facing only one public examination under the 334 System has led to a rising demand for our secondary tutoring services. Under the 334 System, Liberal Studies is a compulsory subject in the HKDSE. Our tutoring courses of Liberal Studies have been well recognised among students and are growing into one of the potential income drivers of the Group.

Further expansion of our existing businesses in Hong Kong

We intend to further expand our existing businesses in Hong Kong through internal growth by leveraging our strong brand, economies of scale, high teaching quality, diverse products and experienced management team. After the listing of the Company's shares on the Main Board of the Stock Exchange on 4 July 2011, we plan to use approximately HK$15 million to open 3 to 5 new ME Centres in Hong Kong between the years ending 30 June 2013 and 30 June 2015. Furthermore, we plan to use approximately HK$6 million to open 6 to 10 additional MBE Centres in Hong Kong during the years ending 30 June 2012 and 30 June 2014. By doing so, we will expand the geographical network of our secondary day school and our tutoring services business in general. As of the date of this report, we have opened one more MBE Centre in Aberdeen and restructured one MBE Franchised Centre in Lai Chi Kok as MBE Centre.

We will continue to diversify our courses and services to cater for the needs of our students in response to the changes in the Hong Kong education system while expanding our selection of standardized test preparation courses. We plan to increase our revenues in our existing markets by offering more classes and subjects at various levels, attracting new and existing students to enroll in our courses.

Vertical expansion into adjacent education services markets

We intend to expand our business vertically by broadening our range of services to adjacent education services markets with high potential for growth in Hong Kong, for example, the kindergarten or pre-school education business. Leveraging on our existing well recognised educations brands, we believe we are in an advantageous position as compared to our competitors to further expand our business into the kindergarten or pre-school education sector. As such, we plan to use approximately HK$34 million of our listing proceeds on strategic merger and acquisition of existing players in the kindergarten or pre-school education field and/or other related services, which have strong local network, experience, technology, knowhow and connections, within the coming two to three financial years.

Overseas studies consultation services market

We intend to expand into the overseas studies consultation market through establishing a joint-venture with certain overseas studies consultation companies in Hong Kong. We aim to assist our students in the application and admissions process to overseas education institutions, which include high schools, colleges or graduate colleges mainly in the U.S., the U.K., Australia and New Zealand. We also plan to provide consultation services on visa applications, cultural adjustment and housing searches. We entered into a cooperation agreement with an overseas studies consultation company in Hong Kong in May 2011 and have commenced the provision of overseas studies consultation and related services since then. We intend to use approximately HK$6 million of the listing proceeds to operate our overseas studies consultation services and expect most of which will be used for administrative and marketing expenses.

Provision of bridging courses

Based on our years of experience in providing secondary tutoring services, secondary day school education and the English language trading and test preparation courses, we plan to offer accredited bridging courses to students in Hong Kong who intend to pursue higher education in the U.K. and Australia. To achieve the same, we plan to collaborate with a company accredited by the relevant examination authorities to supply for the examination syllabus and curriculum while we will provide tutors to deliver the bridging courses in line with the set syllabus and curriculum. We expect to begin provision in the bridging courses in September 2011. We intend to use approximately HK$4 million of our listing proceeds in the provision of services in relation to the bridging courses or test preparation courses in Hong Kong and/or the PRC within the upcoming one to three financial years.

In the PRC

Extending geographic network into adjacent markets with high-growth potential

We intend to expand our geographic network into adjacent markets with high-growth potential in the PRC to reach a wider and more diverse customer and student base of the Group. Since 2010, we have already commenced our PRC operation in Beijing and Guangzhou. In order to align our services with local needs, we plan to use approximately HK$15 million in setting up 5 learning centres for children in the PRC between the years ending 30 June 2012 and 30 June 2015 in high-growth potential coastal cities as well as cities along the high speed train lines.

Within the various services segments in the PRC, we are keen to explore collaboration opportunities with strong markets players in the kindergarten & preschool education services segment with relevant experience and local expertise.

Further developing our presence in the PRC through the provision of consultation and management services

Apart from providing technical consultation and management and software licensing services to Beijing Yasi School, we plan to continue to expand our presence in the PRC through the same kind of services. We intend to collaborate with PRC well established schools and institutes in providing test preparatory services for the English Languages standardized examinations, such as IELTS, TOEFL and SAT, and tutoring services on major subjects under foreign public examinations, such as Cambridge International Advanced and Advanced Subsidiary Levels administered by University of Cambridge International Examinations, in high growth markets in the PRC.

We will also leverage our existing Hong Kong business and expertise, particularly in English language training, to extract synergies from our growing operations and brand building process and network established by our cooperation agreements with local test preparatory services providers to expand our English language training services into other cities with high growth in the PRC.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company for the year ended 30 June 2011 is scheduled to be held on Monday, 21 November 2011. A notice convening the Annual General Meeting will be issued and disseminated to shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

The share register of the Company will be closed from Wednesday, 16 November 2011 to Monday, 21 November 2011 (both days inclusive), during which no transfer of shares will be effected. In order to be eligible to attend and vote at the forthcoming Annual General Meeting of the Company, all completed share transfer forms accompanying with the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Tuesday, 15 November 2011.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Since the shares of the Company were listed on the Stock Exchange on 4 July 2011, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the year ended 30 June 2011.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code for securities transactions on terms equivalent to the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Having made specific enquiries with the Directors, the Company confirmed that each of the Directors has complied with the required standard set out in the Model Code regarding securities transactions by the Directors commencing from the Listing to the latest practicable date prior to the publication of this result announcement.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles of the Code of Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Listing Rules. As the Company had not been listed on the Stock Exchange during the year under review, the CG Code was not applicable to the Company. The Company has been in compliance with the code provisions of the CG Code since the Listing.

AUDIT COMMITTEE

The Company has established the Audit Committee in compliance with the CG Code for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee is composed of three independent non-executive Directors, namely Ms. Chan Mei Bo, Mabel, Mr. Yu Cheeric James and Mr. Choi Kin Cheong. The Audit Committee meeting was held on 21 September 2011 to review the Group's annual results for the year ended 30 June 2011.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 30 June 2011 as set out in this results announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year ended 30 June 2011. The work performed by Messrs. Deloitte Touche Tohmatsu 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 Messrs. Deloitte Touche Tohmatsu on this results announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.moderneducationgroup.com. The annual report containing all the information required by the Listing Rules will be dispatched to the shareholders and available on the same websites in due course.

ACKNOWLEDGEMENT

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

By Order of the Board
Modern Education Group Limited
Yiu Wai Yee, Catherine
Executive Director

Hong Kong, 29 September 2011

As of the date of this announcement, the executive directors of the Company are Mr. Ng Kam Lun, Eric, Ms. Yiu Wai Yee, Catherine, Mr. Ng Norman and Mr. Lee Wai Lok, Ignatious; and the independent non-executive directors of the Company are Ms. Chan Mei Bo, Mabel, Mr. Yu Cheeric James and Mr. Choi Kin Cheong.