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 with limited liability)
(Stock Code: 1082)

ANNOUNCEMENT FOR ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2013

FINANCIAL HIGHLIGHTS

For the year ended 30 June 2013:

– The Group recorded revenue of approximately HK$248.35 million (2012: approximately HK$318.65 million).

– The Group recorded a loss of approximately HK$26.67 million (2012: profit of approximately HK$31.97 million). Such loss was mainly due to (i) the decrease in revenue from secondary tutoring services and secondary day school education of the Group; (ii) change in fair value of listed held for trading investments and derivative financial instruments; (iii) impairment loss on listed available-for-sale investment and intangible assets; and (iv) share of results of jointly controlled entities, in which item (ii) to (iv) are non-cash in nature.

As at 30 June 2013:

– The Group held bank balances and cash, pledged and unpledged bank deposits of a total of approximately HK$40.17 million (2012: approximately HK$119.53 million).

– Current ratio (defined as total current assets divided by total current liabilities) was 4.11 times (2012: 6.60 times). Gearing ratio, expressed as 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)) was 11.78% (2012: 9.56%).

The Board did not recommend the payment of a final dividend for the year ended 30 June 2013 (2012: Nil).

FINANCIAL RESULTS

The board (the "Board") of directors (the "Directors") of Hong Kong Education (Int'l) Investments Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30 June 2013, together with the comparative audited figures for the corresponding year ended 30 June 2012 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2013

	NOTES	2013 HK$'000	2012 HK$'000
Revenue	*4*	**248,348**	318,654
Other income and expenses	*5*	**(4,420)**	1,966
Staff costs	*7*	**(63,597)**	(60,571)
Tutor contractor fee	*7*	**(81,733)**	(100,048)
Operating lease payments	*7*	**(52,360)**	(53,008)
Marketing expenses		**(22,822)**	(20,704)
Printing costs		**(600)**	(548)
Depreciation and amortisation		**(8,526)**	(8,770)
Change in fair value of investment properties		**6,020**	–
Change in fair value of unlisted convertible notes designated as financial assets at fair value through profit or loss		**5,144**	–
Change in fair value of listed held for trading investments		**(5,224)**	–
Other operating expenses		**(41,512)**	(38,563)
Finance costs	*6*	**–**	(138)
Share of results of jointly controlled entities		**(3,394)**	–
(Loss)/profit before taxation	*7*	**(24,676)**	38,270
Taxation	*8*	**(1,990)**	(6,298)
(Loss)/profit for the year		**(26,666)**	31,972

	NOTE	**2013** HK$'000	2012 HK$'000
Other comprehensive (expense)/income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		**(16)**	29
Fair value loss on listed available-for-sale investment		**(1,628)**	–
Reclassification adjustment to profit or loss on impairment of listed available-for-sale investment		**1,628**	–
		(16)	29
Total comprehensive (expense)/income for the year		**(26,682)**	32,001
(Loss)/profit for the year attributable to:			
Owners of the Company		**(25,239)**	31,157
Non-controlling interests		**(1,427)**	815
		(26,666)	31,972
Total comprehensive (expense)/income attributable to:			
Owners of the Company		**(25,255)**	31,186
Non-controlling interests		**(1,427)**	815
		(26,682)	32,001
(Loss)/earnings per share – basic *(HK cents)*	*9*	**(5.05)**	7.81

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013

	NOTES	**2013** **HK$'000**	2012 HK$'000
Non-current assets			
Property, plant and equipment		**13,182**	19,744
Investment properties		**60,000**	–
Intangible assets		**1,484**	4,639
Interests in jointly controlled entities		**10,856**	–
Available-for-sale investment		**23,547**	–
Deferred tax assets		**–**	1,533
Non-current deposits		**11,138**	16,476
		120,207	42,392
Current assets			
Trade and other receivables	*11*	**27,108**	21,237
Amounts due from related parties		**544**	268
Derivative financial instruments		**2,582**	4,238
Held for trading investments		**19,066**	–
Pledged bank deposits		**–**	437
Fixed deposits held at banks with original maturity over three months		**11,250**	41,124
Bank balances and cash		**28,917**	77,968
		89,467	145,272
Assets classified as held for sale		**18,430**	–
		107,897	145,272
Current liabilities			
Other payables	*12*	**13,567**	8,630
Deferred income		**9,873**	5,661
Taxation payable		**2,272**	6,985
Amounts due to related parties		**559**	720
		26,271	21,996
Net current assets		**81,626**	123,276
Total assets less current liabilities		**201,833**	165,668

	NOTE	2013 HK$'000	2012 HK$'000
Non-current liabilities			
Non-current deposits		**197**	–
Deferred tax liabilities		**1,286**	823
Provision for long service payments		**2,264**	2,176
		3,747	2,999
Net assets		**198,086**	162,669
Capital and reserves			
Share capital	*13*	**57,600**	40,000
Reserves		**139,544**	120,300
Equity attributable to owners of the Company		**197,144**	160,300
Non-controlling interests		**942**	2,369
Total equity		**198,086**	162,669

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company was incorporated in the Cayman Islands 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. Until 15 April 2013, its immediate parent company was Speedy Harvest Investments Limited ("Speedy Harvest"), a company incorporated in the British Virgin Islands ("BVI") and controlled by Mr. Ng Kam Lun, Eric. On 15 April 2013, Speedy Harvest disposed of a substantial portion of its interest in the Company to the general public and as of the end of the current reporting period, due to the diverse shareholding of the Company, the Company has no controlling shareholder.

The addresses of the registered office and principal place of business of the Company are P.O. 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 Company acts as an investment holding company while its principal subsidiaries and jointly controlled entities are principally engaged in the provision of private educational services, investment in securities and property investments.

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS")

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants.

Amendments to HKAS 1	Presentation of items of other comprehensive income
Amendments to HKAS 12	Deferred tax: Recovery of underlying assets

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 1 "Presentation of items of other comprehensive income"

The amendments to HKAS 1 introduce new terminology for the statement of comprehensive income. Under the amendments to HKAS 1, a "statement of comprehensive income" is renamed as a "statement of profit or loss and other comprehensive income". However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Amendments to HKAS 12 "Deferred tax: Recovery of underlying assets"

The Group has applied for the first time the amendments to HKAS 12 in the current year. Under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment property" are presumed to be recovered entirely through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group measures its investment properties using the fair value model. As a result of the application of the amendments to HKAS 12, the Directors reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, the Directors have determined that the "sale" presumption set out in the amendments to HKAS 12 is not rebutted.

The application of the amendments to HKAS 12 has resulted in the Group not recognising any deferred taxes on changes in fair value of the investment properties as the Group is not subject to any income taxes on disposal of its investment properties.

The amendments to HKAS 12 have been applied retrospectively. In the current year, no deferred taxes have been provided on changes in fair value of the Group's investment properties. The change in accounting policy has no effect for the Group's results for the year ended 30 June 2012 and the financial positions as at 1 July 2011 and 30 June 2012 as no investment properties were held by the Group during the year ended 30 June 2012.

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

Amendments to HKFRSs	Annual improvements to HKFRSs 2009-2011 cycle[1]
Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[2]
HKFRS 9	Financial instruments[3]
HKFRS 10	Consolidated financial statements[1]
HKFRS 11	Joint arrangements[1]
HKFRS 12	Disclosure of interests in other entities[1]
HKFRS 13	Fair value measurement[1]
HKAS 19 (as revised in 2011)	Employee benefits[1]
HKAS 27 (as revised in 2011)	Separate financial statements[1]
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures[1]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[2]
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets[2]
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting[2]
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine[1]
HK(IFRIC) – INT 21	Levies[2]

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

[2] *Effective for annual periods beginning on or after 1 January 2014.*

[3] *Effective for annual periods beginning on or after 1 January 2015.*

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and separate financial statements" that deal with consolidated financial statements. HK(SIC) – INT 12 "Consolidation – Special purpose entities" will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 "Interests in joint ventures". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK(SIC) – INT 13 "Jointly controlled entities – Non-monetary contributions by venturers" will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, will be applied by the Group for its annual period beginning on 1 July 2013.

The Directors anticipate that the application of these five standards will not have a significant impact on amounts reported in the consolidated financial statements. However, it is not practicable to quantify the impact of the relevant standards until a detailed review has been performed by the Directors.

HKFRS 13 "Fair value measurement"

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad. It applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 "Financial instruments: Disclosures" will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The Directors will apply HKFRS 13 for its annual period beginning on 1 July 2013. The application of the new standard is not expected to affect the measurement of the Group's assets and liabilities reported in the consolidated financial statements as at 30 June 2013 but will result in more extensive disclosures in the consolidated financial statements.

Other than those disclosed above, the Directors anticipate that the application of the other new and revised HKFRSs will have no material impact on the Group's financial performance and positions.

3. BASIS OF PREPARATION

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

In the previous years, the CODM only reviewed the revenue analysis by services provided, including secondary tutoring services, secondary day school education, primary tutoring services, skill courses and test preparation courses, franchising income, English language training and test preparation courses, technical consultation, management and software licensing services, overseas studies consultation services and international foundation year (the "IFY") courses. Other than the revenue analysis, no information on segment revenue and results was presented and was provided to the CODM for the assessment of the performance of the respective services provided. Accordingly, no segment disclosure for the year ended 30 June 2012 is presented.

Upon purchase of certain listed investments and investment properties in the current year, the Group's operations have been organised based on three operating divisions as described below. Similarly, the information reported to the CODM is also prepared on such basis. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

The operating and reportable segments of the Group are as follows:

- Provision of private educational services – secondary tutoring services, secondary day school education, primary tutoring services, skill courses and test preparation courses, franchising income, English language training and test preparation courses, technical consultation, management and software licensing services, overseas studies consultation services and IFY courses

- Investment in securities – trading of securities

- Property investments – investments of properties for rental income and capital appreciation

(a) Segment revenues and results

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

Year ended 30 June 2013

	Provision of private educational services *HK$'000*	**Investment in securities** *HK$'000*	**Property investments** *HK$'000*	**Consolidated** *HK$'000*
Segment revenue	**247,611**	**–**	**737**	**248,348**
Segment results	**(19,106)**	**(5,594)**	**6,507**	**(18,193)**
Change in fair value of unlisted convertible notes designated as financial assets at fair value through profit or loss				**5,144**
Change in fair value of derivative financial instruments				**(1,656)**
Impairment loss on listed available-for-sale investment				**(1,628)**
Share of results of jointly controlled entities				**(3,394)**
Unallocated corporate income				**892**
Unallocated corporate expenses				**(5,841)**
Loss before taxation				**(24,676)**

The CODM assesses segment results using a measure of operating profit whereby certain items are not included in arriving at the segment results of the operating segments i.e. change in fair value of unlisted convertible notes designated as financial assets at fair value through profit or loss and derivative financial instruments, impairment loss on listed available-for-sale investment, share of results of jointly controlled entities, unallocated corporate income and unallocated corporate expenses.

(b) Segment assets and liabilities

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

At 30 June 2013

	Provision of private educational services *HK$'000*	Investment in securities *HK$'000*	Property investments *HK$'000*	Consolidated *HK$'000*
Assets				
Segment assets	**52,014**	**19,782**	**60,067**	**131,863**
Unallocated assets				
Fixed deposits held at banks with original maturity over three months				**11,250**
Bank balances and cash				**28,917**
Interests in jointly controlled entities				**10,856**
Derivative financial instruments				**2,582**
Available-for-sale investment				**23,547**
Assets classified as held for sale				**18,430**
Other corporate assets				**659**
				228,104
Liabilities				
Segment liabilities	**25,823**	**116**	**464**	**26,403**
Unallocated liabilities				
Deferred tax liabilities				**1,286**
Taxation payable				**2,272**
Other corporate liabilities				**57**
				30,018

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

- all assets are allocated to the operating segments other than fixed deposits held at banks with original maturity over three months, bank balances and cash, interests in jointly controlled entities, derivative financial instruments, available-for-sale investment, asset classified as held for sale and other corporate assets; and
- all liabilities are allocated to the operating segments other than deferred tax liabilities, taxation payable and other corporate liabilities.

(c) Other information

Year ended 30 June 2013

	Provision of private educational services *HK$'000*	**Investment in securities** *HK$'000*	**Property investments** *HK$'000*	**Consolidated** *HK$'000*
Capital additions	**3,136**	**7,884**	**65,294**	**76,314**
Depreciation and amortisation	**8,235**	**291**	**–**	**8,526**
Provision for long service payments	**138**	**–**	**–**	**138**
Reversal of doubtful debts	**(86)**	**–**	**–**	**(86)**

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

	2013 *HK$'000*	2012 *HK$'000*
Secondary tutoring services	**203,566**	259,427
Secondary day school education	**4,082**	18,595
Primary tutoring services, skill courses and test preparation courses	**16,289**	13,616
Franchising income	**2,944**	3,760
English language training and test preparation courses	**18,349**	18,326
Technical consultation, management and software licensing services	**1,539**	2,460
Overseas studies consultation services	**555**	1,798
IFY courses	**287**	672
Rental income	**737**	–
Total revenue	**248,348**	318,654

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.

5. OTHER INCOME AND EXPENSES

	2013	2012
	HK$'000	*HK$'000*
Change in fair value of derivative financial instruments	**(1,656)**	708
Impairment loss on		
– listed available-for-sale investment	**(1,628)**	–
– intangible assets	**(2,957)**	–
Interest income from bank balances	**892**	1,555
Loss on disposal of		
– listed held for trading investments	**(22)**	–
– property, plant and equipment	**(2,014)**	(359)
Printing fee income	**–**	624
Reversal of (allowance for) doubtful debts	**86**	(1,993)
Supporting services income	**1,707**	648
Others	**1,172**	783
	(4,420)	1,966

6. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Interests on bank and other borrowings wholly repayable within five years	**–**	138

7. (LOSS)/PROFIT BEFORE TAXATION

	2013	2012
	HK$'000	*HK$'000*
(Loss)/profit before taxation has been arrived at after charging:		
Directors' remuneration	**13,056**	9,702
Other staff costs	**53,824**	52,924
Other staff's retirement benefit scheme contributions	**2,034**	1,980
	68,914	64,606
Tutor contractor fee to Directors	**(5,317)**	(4,035)
Staff costs	**63,597**	60,571
Auditor's remuneration		
Current year	**1,350**	1,256
Underprovision for prior years	**–**	175
	1,350	1,431
Provision for long service payments	**138**	296

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. TAXATION

	2013	2012
	HK$'000	*HK$'000*
The taxation comprises:		
Hong Kong Profits Tax		
Current year	**–**	6,884
Overprovision in prior years	**(23)**	(35)
	(23)	6,849
PRC Enterprise Income Tax		
Current year	**17**	160
Deferred tax		
Current year	**1,996**	(711)
Taxation for the year	**1,990**	6,298

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

Subsidiaries established in the People's Republic of China (the "PRC") were subject to Enterprise Income Tax at 25%. 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.

9. (LOSS)/EARNINGS PER SHARE

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

	2013	2012
	HK$'000	*HK$'000*
(Loss)/profit for the year attributable to the owners of the Company	**(25,239)**	31,157
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**500,120,548**	399,049,180

No diluted loss per share is presented for 2013 as there were no potential ordinary shares outstanding during the year ended 30 June 2013.

The dilutive effect of the potential ordinary shares arising from the overallotment option relating to the public offering was insignificant during the year ended 30 June 2012.

10. DIVIDENDS

	2013	2012
	HK$'000	*HK$'000*
Interim dividend for 2012 of HK$0.025 (2013: Nil) per ordinary share	**–**	10,000

The Board did not recommend the payment of a final dividend for the year ended 30 June 2013 (2012: Nil).

11. TRADE AND OTHER RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Accrued revenue and trade receivables	**786**	2,959
Less: Allowance for doubtful debts	**–**	(1,993)
	786	966
Rental deposits	**25,913**	26,129
Other deposits	**1,046**	1,406
Prepayments	**4,885**	6,091
Other receivables	**2,806**	2,271
	35,436	36,863
Less: Rental deposits (shown under non-current assets)	**(8,328)**	(15,626)
Trade and other receivables (shown under current assets)	**27,108**	21,237

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

	2013	2012
	HK$'000	*HK$'000*
Accrued revenue not yet billed	**205**	498
Trade receivables:		
0 – 30 days	**198**	174
31 – 60 days	**104**	51
61 – 90 days	**79**	199
Over 90 days	**200**	44
	786	966

Included in the Group's trade receivable balance are debtors with an aggregate carrying amount of HK$200,000 (2012: HK$44,000) which were past due as at the reporting date for which the Group did not provide for impairment loss. The Group did not hold any collateral over these balances. The aging of these receivables was over 90 days (2012: over 90 days).

As at 30 June 2013, accrued revenue and trade receivables primarily arose from the continuing franchise income of primary tutoring service to franchisees (2012: arose from the continuing franchise income of primary tutoring service to franchisees, the offering of overseas studies consultation services as well as the provision of technical consultation, management and software licensing services to 北京市朝陽區雅思培訓學校 ("Beijing Yasi School")). The accrued revenue is not yet due as it is billed in arrears. The credit periods are ranged from 30 days to 90 days. There is no credit period granted for tuition fee as they are normally received in advance.

Movement in the allowance for doubtful debts:

	2013	2012
	HK$'000	*HK$'000*
At beginning of the year	**1,993**	–
(Reversal of)/allowance for doubtful debts	**(86)**	1,993
Amounts written off as uncollectible	**(1,921)**	–
Currency realignment	**14**	–
At end of the year	**–**	1,993

The allowance for doubtful debts during the year ended 30 June 2012 represented an impairment loss on the receivable from Beijing Yasi School. As there was a dispute between the stakeholders of Beijing Yasi School, the Directors were of the opinion that the receivable may not be recoverable. An impairment loss of approximately HK$1,993,000 was recognised and the Group ceased to recognise the income from the technical consultation, management and software licensing services during the year ended 30 June 2012. During the year ended 30 June 2013, the Group received settlement of approximately HK$86,000 and entered into termination agreement with Beijing Yasi School, the receivable was then written off as uncollectible. The Group did not hold any collateral over those balances.

12. OTHER PAYABLES

	2013	2012
	HK$'000	*HK$'000*
Other payables	**4,194**	1,537
Other accruals	**2,929**	2,401
Accrued tutor contractor fee, salary and bonus	**6,444**	4,692
	13,567	8,630

13. SHARE CAPITAL

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

	Notes	**Number of shares**	**Amount** *HK$'000*
Ordinary shares of HK$0.1 each			
Authorised			
On 1 July 2011, at 30 June 2012 and 30 June 2013		1,500,000,000	150,000
Issued and fully paid			
At 1 July 2011		284,000,000	28,400
Issue of shares upon the public offering on 4 July 2011	*(i)*	116,000,000	11,600
At 30 June 2012		400,000,000	40,000
Issue of shares upon completion of the subscription of shares on 26 October 2012	*(ii)*	80,000,000	8,000
Issue of shares upon placing on 8 January 2013	*(iii)*	96,000,000	9,600
At 30 June 2013		576,000,000	57,600

Notes:

(i) 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.

(ii) On 26 October 2012, an aggregate of 80,000,000 ordinary shares of HK$0.1 each were issued to Classic King Development Limited and Beautiful Choice Investments Limited, which are controlled by Mr. Ng Norman and Mr. Lee Wai Lok, Ignatious respectively, at a price of HK$0.420 per share representing a discount of approximately 11.58% to the closing market price of the Company's shares on 18 October 2012 as set out in the Company's announcement dated 18 October 2012. The net proceeds were used to provide additional working capital and to finance the subscription of the convertible notes of M Dream Inworld Limited ("M Dream") by the Company.

(iii) On 8 January 2013, an aggregate of 96,000,000 ordinary shares of HK$0.1 each were issued to not less than six placees, who are independent third parties, professional, institutional or other investors, at a price of HK$0.325 per share representing a discount of approximately 2.99% to the closing market price of the Company's shares on 27 December 2012 as set out in the Company's announcement dated 27 December 2012. The net proceeds were used to provide additional working capital for strategic investments of the Group.

The shares issued rank passu with other shares in issue in all respects.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year ended 30 June 2013 (the "Year"), the name of the Company was changed from "Modern Education Group Limited" to "Hong Kong Education (Int'l) Investments Limited". The Board believes the new company name can better reflect the potential expansion and diversification in the business scope of the Group in its future development, as well as deliver a more accurate corporate image and identity. Nonetheless, the Group has continued to strengthen its leading position in the private educational service in Hong Kong market and maintain steady expansion in the PRC market.

During the Year, we were awarded the Caring Company Logo 2012, granted by the Hong Kong Council of Social Service, to praise the good corporate citizenship image of the Company and to recognize the Group's well-executed social responsibility. We also received the "Hong Kong Star Brands Award 2012 (Enterprises)"(「香港星級品牌大獎2012企業獎」) from the Hong Kong Small and Medium Enterprises Association.

BUSINESS REVIEW

Secondary Tutoring Services

The drop in Form 7 students with the change of educational structure in Hong Kong caused a decline in the Group's revenue in the secondary tutoring services. However, we believe this was a one-off and short-term impact, and all the adverse effects should have been realized. Our aim is to improve the students' results through quality instruction by our tutors, who are gurus on the intricacies of public examinations and test-taking techniques. The edge of our courses is the high quality of study materials and advanced diagnostic analysis that we deliver.

The following table set forth the number of course enrolments, the number of tutors and the average course fees of each category of secondary tutoring courses for the Year:

	Year ended 30 June	
	2013	2012
Number of course enrolments *(in thousands)*		
Regular courses	**306**	366
Intensive courses	**35**	75
Summer courses	**37**	63
T.I.P.S. courses	**9**	15
Special courses	**28**	88
Number of tutors *(Note 1)*		
Regular courses	**45**	58
Intensive courses	**42**	42
Summer courses	**44**	46
T.I.P.S. courses	**29**	28
Special courses	**33**	56
Average course fees *(HK$) (Note 2)*		
Regular courses	**478**	468
Intensive courses	**624**	479
Summer courses	**427**	360
T.I.P.S. courses	**581**	414
Special courses	**357**	176

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 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 2013, the Group had 15 learning centers operated under the brand of "Modern Education"(現代教育), which remain unchanged as compared with last financial year.

Secondary Day School Education

The number of course enrolments in our secondary day school education had decreased during the Year mainly because of no class was run for Form 7 students, classes were only run for Secondary 6 students to sit for the Hong Kong Diploma of Secondary Education ("HKDSE") Examination; together with the competition from the excessive admission of associate degree students in local universities. We believe that such phenomenon is unlikely to repeat itself in the future as higher education institutions become more experienced in controlling the number of admission.

The following table illustrates the number of enrolments and average course fees for the respective school levels under our secondary day school education during the Year:

	Year ended 30 June	
	2013	2012
Number of course enrollments *(in thousands)*		
Secondary/Form 6	**1.5**	3.2
Form 7	**–**	2.5
Average course fees *(HK$) (Note 1)*		
Secondary/Form 6	**2,984**	2,849
Form 7	**–**	3,490

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

As of 30 June 2013, we had 7 schools operated under our "Modern College"（現代書院）brand, which was reduced from 9 schools in the last financial year.

English Language Training and Test Preparation Courses

During the Year, we devoted more resources to provide English language training and test preparation courses under the brand of "Modern Education". The International English Language Testing System (IELTS) preparation course and Diploma in Workplace English (TOEIC) preparation courses are popular amongst the students. These are reimbursable courses recognized by the Hong Kong Government's Continuing Education Fund Scheme. Furthermore, we continued to provide intensive courses for Test of English as Foreign Language (TOEFL) and IELTS examinations to provide continuous comprehensive academic support to students.

We recorded a total number of approximately 6,000 course enrolments for the Year under our English language training and test preparation courses, as compared with approximately 6,300 course enrolments in last financial year.

Primary Tutoring Services, Skill Courses and Test Preparation Courses

During the Year, we recorded revenue increase in the primary school tutoring services, skill courses and test preparation courses as compared with last financial year. The demand for primary school tutoring services kept increasing. We believe the continuous growth in the primary school tutoring services will generate stable revenue to the Group. Cambridge Young Learners' English Tests, Olympic Mathematics, Pearson Test of English and GAPSK certificate classes are the key and popular courses being offered in our centres.

As of 30 June 2013, there were 9 directly owned education centres and 24 franchised centres in operation, 2 franchised centres were under the way and ready to start operation. During the Year, we recorded a total number of approximately 12,000 course enrolments for our primary school tutoring services, skill courses and test preparation courses offered by our directly owned learning centers, as compared with approximately 11,400 course enrolments in the last financial year. Total revenue contributed by the franchised centres to the Group was approximately HK$2.94 million (2012: approximately HK$3.76 million).

Internet education business

On 28 September 2012, the Group entered into a subscription agreement with M Dream in relation to the subscription by the Group of the unsecured 2% per annum coupon convertible notes (the "Notes") in the principal amount of HK$20,000,000 due 2013 issued by M Dream at the consideration of HK$20,000,000.

On 17 June 2013, the Group also entered into an agreement with an independent third party to further acquire the zero coupon convertible notes due 2017 with the principal amount of HK$60,000,000 (the "Sale Notes") issued by M Dream.

All of the Notes and the Sales Notes were converted in full at the conversion prices of HK$0.10 and HK$0.108 to 200,000,000 and 555,555,555 shares of M Dream on 25 March 2013 and 26 August 2013 respectively. As at the date of this announcement, the Group holds approximately 27.20% of the issued share capital of M Dream.

M Dream is a company listed on the Growth Enterprises Market of the Stock Exchange and is principally engaged in, among others, the provision of website development as well as electronic learning products and services. The Group believes M Dream and its subsidiaries have high growth potential and these transactions would strengthen the co-operation of the two parties in the scope of e-learning development.

PRC Operations

We established the first "Modern Bachelor Education Center" branch in Shenzhen in May 2013. The centre is committed to providing premier education services, with curricula focusing on enhancing English speaking, writing and reading comprehension skills to cross-boundary students. In the coming years, the Group aims to expand the business and set up 4 to 5 school branches at prime locations such as Nanshan and Futian.

As for our business development in the PRC, one of our subsidiaries has continued to offer educational consultation and management services to local high schools. With our experience in running test preparation courses on international standardized tests and examinations, international programmes have been run at top-tier secondary schools in 4 different cities in Guangdong Province including Zhongshan (Zhongshan Overseas Chinese Middle School), Dongguan (Guangming High School), Jiangmen (Guangming High School) and Shaoguan (Shaoguan No. 1 Middle school), to prepare local Chinese students for overseas higher education. In addition, the Group has provided 3-years international programmes namely Scholastic Assessment Test (SAT), Advanced-Level (A-Level) and Advanced Placement (AP). The purpose of running such programmes in major cities is to assist local students in their international examinations. The Group expects to extend the services to 10 cities in the PRC in the next three years.

Overseas Studies Consultation Services

Leveraging on the Group's competitive edge and the vast students base, we have offered the overseas studies consultation services under the brand of "Modern Overseas"（現代海外升學）. Currently, we have teamed up with approximately 1,000 overseas educational partners all over the world to provide overseas studies consultation services. Our students can have extensive choice of overseas educational institutions in the United States, the United Kingdom, Australia, New Zealand and Canada. After the implementation of HKDSE, more parents are tempted to send their children abroad to get around the examination; with the trend persists it will be another high potential growth market that the Group will focus on in the coming year.

Bridging Courses

During the Year, we have strengthened our overseas studies services by providing IFY courses in the form of a one-semester full-time pathway programme for secondary school students in pursuit of overseas higher education. To provide one-stop service to the students, our brand "Modern College"（現代書院）has offered the IFY courses together with professional overseas studies consultation services to students who are with a qualification of Secondary 5 or above.

Property Investments

During the Year, the Group recorded rental income generated by the investment properties of approximately HK$0.74 million. Our investment property portfolio is expected to deliver stable income and regarded as valuation gains for the Group. During the Year, the Group recorded fair value gain on investment properties of approximately HK$6.02 million.

Securities Investments

During the Year, the Group has allocated some resources to the securities trading business and thus the operating segment of investment in securities is newly presented.

Owing to the fluctuation of the global financial market, the Group recorded a loss arising on change in fair value of listed held for trading investments of approximately HK$5.22 million for the Year.

OUTLOOK

Looking ahead, the Group is committed to strengthening existing core businesses while embracing new growth opportunities through diversification. We keep looking for strategic merger and acquisition opportunities and will explore co-operation and business development opportunities with partners with sound background and strong capabilities in Hong Kong, PRC and overseas markets in order to create value for the Group and strive for the best interest of the shareholders. The Group has diversified into adjacent education service markets through mergers and acquisitions in the past year. We expect these new business will be the new income source for the Group as the integration was completed and will bring synergy effect.

In Hong Kong

Since entrance examinations are critical for gaining admission to most of the top universities and colleges, students and their parents are more willing than ever to invest money and time in attending tutorial classes in order to gain edges over the peers. The demand for tutoring services is expected to grow moderately in both secondary and primary segments. In pursuit of the best, the Group will prioritize itself to enhance the quality of the educational services in different aspects and give further improvement on relevant measures in accordance with existing policies. We will keep steady growth in tutoring sector with existing resources and maintain our leading position in the private educational services industry.

Vocational education plays an important role in providing a solid foundation for youngsters seeking employment in various industries. The private education market has expanded and encompassed vocational training as well. Taking into consideration of the limited places offered by local universities and tertiary institutions in Hong Kong, students may prefer vocational training schools as an alternate further study path. In July 2013, the Group entered into two sale and purchase agreements to acquire an aggregate of 47% interest in Seasoned Leader Limited ("Seasoned Leader") which operates through Compass College to offer a wide range of vocational trainings with primary focus on hospitality and tourism management courses. The programmes provide students with professional knowledge as well as theoretical lectures and practical trainings opportunities in hotels. It is believed that the higher education market will become one of the new key income drivers to the Group.

According to the Hong Kong Government's statistics, the number of newborn babies rose rapidly from 47,000 in 2003 to 91,600 in 2012, representing approximately 95% increase in the birth rate. The number of children aged 3 whose parents are PRC residents has increased substantially from 709 in 2003 to 29,800 in 2012, representing a 41-folds increase over the past 9 years. It is expected that 2015 will be the peak period for these children to come to Hong Kong to attain education if they intend to, and the number will continue to increase in the next three years by about 13,000, 14,000 and 20,000 in 2016, 2017 and 2018 respectively. That means there is a keen demand on primary as well as kindergarten education in the foreseeable future.

In view of this, we are expanding our business by broadening the range of services in adjacent education services markets that are with high growth potentials. In April 2013, the Group acquired 50% interest in Full Profit Hong Kong Development Limited, which is in the business of providing services for kindergartens. This decision enables the Group to enter the kindergarten-related business in Hong Kong quickly yet with good foundation because our business partner has long years of experience in the field. Leveraging our existing well-recognized education brands, we believe we are in an advantageous position compared with our competitors to further expand our business in the kindergarten and pre-school education sector.

In the PRC

Private education sector is vigorously developing in mainland China. According to the Synovate Report, the number of student's enrollment in private English learning institutes in the PRC has grown rapidly over the past 10 years. It is forecasted that the number of students will increase to 4.73 million in the academic year 2014/2015. This indicates that there is a growing demand for education in the PRC which focuses on English test preparation courses. Educational institutions are launching both classroom sessions and online courses covering a wide range of domains, such as foreign language, qualification test, skills training and tutoring for students.

On the other hand, the number of private kindergartens has increased because of preferential government policies. Provinces and cities all across mainland China have introduced the "Three-Year-Long Pre-school Education Action Plan", a move which triggered a hike in the number of kindergartens.

In view of the high growth potentials in the PRC market, the Group will continue to expand our geographic network and services range in mainland China, to reach for a wider and more diverse customer and student base. We are also keen to grasp collaboration opportunities with strong market players in different segments with relevant experience and local expertise. The Group strives to become one of the leading providers of private educational services in the PRC by further developing its presence there.

Assets Investment

The Group would continue to look for quality properties and seek investment opportunities to deliver stable rental income and bring valuation gains to the Group. In the meantime, the Group would also continue to invest in the securities market in Hong Kong and review our investment strategy in the securities market, depending on market conditions. The Group will maintain its prudent and diversifying investment strategy in order to protect the interest of our shareholders.

FINANCIAL REVIEW

Revenue

During the Year, the Group's revenue decreased to approximately HK$248.35 million, representing a decrease of 22.06% as compared with approximately HK$318.65 million recorded last year. Such decrease was primarily due to the decrease in revenue from secondary tutoring services and secondary day school education to approximately HK$203.57 million and HK$4.08 million respectively, representing a decrease of 21.53% and 78.05% as compared to approximately HK$259.43 million and HK$18.60 million recorded last year respectively. Moreover, there were drops in revenue from technical consultation, management and software licensing services and overseas studies consultation services of approximately HK$0.92 million or 37.44% and HK$1.24 million or 69.13% respectively as compared with the previous year. The Group kept a steady growth of approximately HK$1.86 million or 10.69% in primary tutoring services (including franchising income) and generates stable revenue in English language training and test preparation courses of approximately HK$18.35 million during the Year. The Group's performance for the Year has been negatively affected by the implementation of the HKDSE and at the same time the abolishment of the Hong Kong Advanced Level Examination and the Hong Kong Advanced Supplementary Level Examination.

For the Year, the Group recorded rental income generated by the investment properties of approximately HK$0.74 million (2012: Nil).

Other income and expenses

For the Year, the Group's other income and expenses decreased to approximately HK$4.42 million of net expenses (2012: net income of approximately HK$1.97 million). Such decrease was due to the combined effect of, among other things, (i) the increase of approximately HK$1.06 million in supporting services income; (ii) change in fair value of derivative financial instruments of approximately HK$1.66 million; (iii) the impairment loss on listed available-for-sale investment and intangible assets of approximately HK$1.63 million and approximately HK$2.96 million respectively; and (iv) the increase of approximately HK$1.66 million in loss on disposal of property, plant and equipment.

Staff costs

The Group's staff costs increased by approximately HK$3.03 million or 5.00% compared with last year. Such increase was primarily attributable to the increase of approximately HK$3.35 million in directors' emoluments.

Tutor contractor fee

The Group's tutor contractor fee decreased by approximately HK$18.32 million or 18.31% compared with the previous year. Such decrease was in line with the decline of approximately 21.53% in revenue derived from secondary tutoring services.

Operating lease payments

The Group's operating lease payments decreased slightly by approximately HK$0.65 million or 1.22% compared with last year. Such decrease was due to the combined effect of the decrease in operating lease payment of two new learning centres and the adjustment in monthly rental payment of certain learning centres upon renewal of their tenancy contracts during the Year.

Marketing expenses

The Group's marketing expenses increased by approximately HK$2.12 million or 10.23% compared with the previous year. To promote the Group's expertise in delivering quality tutoring services under the 334 academic system and enhance the Group's brand name, the Group committed additional resources in conducting marketing campaigns through multimedia channels during the Year.

Other operating expenses

The Group's other operating expenses increased by approximately HK$2.95 million or 7.65% compared with last year. Such increase was primarily attributable to the increase of professional fees for merger and acquisition activities; repair and maintenance expenses; and other operating expenses for Shenzhen's learning centre and the development of e-book during the Year.

Finance costs

The Group did not incur any finance costs during the Year (2012: approximately HK$0.14 million).

Loss attributable to owners of the Company

Loss attributable to owners of the Company for the Year was approximately HK$25.24 million as compared to a profit of approximately HK$31.16 million in last financial year. Loss per share was HK5.05 cents for the Year, as compared to earnings per share of HK7.81 cents for the previous year.

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.

As at 30 June 2013, the Group's total balance of cash and cash equivalents, pledged and unpledged bank deposits amounted to approximately HK$40.17 million (2012: approximately HK$119.53 million). As at 30 June 2013, the Group did not have any bank and other borrowings (2012: Nil). Current ratio (defined as total current assets divided by total current liabilities) was 4.11 times (2012: 6.60 times).

As at 30 June 2013, the gearing ratio of the Group was 11.78% (2012: 9.56%). 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).

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

As at 30 June 2013, the Group had a total of 300 employees (2012: 377 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 a comprehensive benefits package and career development opportunities.

Pursuant to a share option scheme adopted by the Company on 11 June 2011 (the "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 options were granted under the Share Option Scheme.

CONTINGENT LIABILITIES

As at 30 June 2013, the Group had no significant contingent liabilities (2012: Nil).

CAPITAL COMMITMENTS

As at 30 June 2013, there were respective capital commitments contracted for but not provided in the consolidated financial statements amounting to approximately HK$71.20 million (2012: approximately HK$0.26 million) and authorised but not contracted for amounting to HK$0.50 million (2012: HK$0.50 million).

At the date of this announcement, the outstanding capital commitment contracted for but not provided in consolidated financial statements amounting to approximately HK$11.20 million.

CHARGES ON THE GROUP'S ASSETS

As at 30 June 2013, certain of investment properties and assets classified as held for sale of the Group with a total net carrying amount of approximately HK$44.43 million (2012: Nil) were pledged to secure general banking facilities granted to the Group.

As at 30 June 2013, the Group had no bank deposits (2012: approximately HK$0.44 million) pledged to secure short term banking facilities granted to the Group.

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

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

MATERIAL ACQUISITIONS AND DISPOSALS

For the Year, saved as disclosed above, the Group had the following material acquisitions and disposals:

(i) On 31 July 2012, the Group announced the acquisitions of (1) Rooms 1001, 1002 and 1003 on 10th Floor, Sino Centre, Nos. 582-592 Nathan Road, Mong Kok, Kowloon, Hong Kong (the "Sino Properties"); and (2) Office No. 1303 on 13th Floor, Argyle Centre Phase I, No. 688 Nathan Road, No. 65 Argyle Street, Mong Kok, Kowloon, Hong Kong at a cash consideration of HK$17,500,000 and HK$19,300,000 respectively, details of which were disclosed in the announcement of the Company dated 31 July 2012.

(ii) On 14 May 2013, the Group entered into a sale and purchase agreement for the acquisition of the entire issued share capital of Achieved Success Company Limited ("Achieved Success") and the entire shareholder's loan to Achieved Success, at an aggregate consideration of HK$35,000,000, details of which were disclosed in the announcement of the Company dated 14 May 2013.

(iii) On 30 May 2013, the Group entered into the provisional sale and purchase agreements (the "Sino Provisional SPAs") with the independent third parties to dispose of the Sino Properties at total cash consideration of approximately HK$19,303,000, details of which were disclosed in the announcement of the Company dated 30 May 2013.

(iv) On 3 June 2013, the Group entered into a joint venture agreement with High Luck Management Limited in relation to the formation of Green Palace Investments Limited, a joint venture company which is owned as to 50% by the Group. The business scope of the joint venture company includes development of education services including educational technology, online education, courses for kindergarten, primary, secondary and tertiary education and vocational training and related businesses mainly in Hong Kong, Macau, Taiwan and the PRC, details of which were disclosed in the announcement of the Company dated 3 June 2013.

EVENTS AFTER THE REPORTING PERIOD

The disposal of the Sino Properties under the Sino Provisional SPAs was completed on 31 July 2013.

On 17 June 2013, the Group entered into an agreement to acquire the convertible notes in the principal amount of HK$60,000,000 issued by M Dream from an independent third party at a cash consideration of HK$60,000,000. The acquisition was completed on 15 August 2013 and the convertible notes were converted in full on 26 August 2013. Since then, M Dream is accounted for as an investment in an associate of the Group.

On 10 July 2013, the Company entered into two conditional sale and purchase agreements with the independent third parties to acquire an aggregate of 47% equity interest in Seasoned Leader, a company incorporated in BVI which is principally engaged in the provision of higher education services and vocational skill oriented training in Hong Kong, at total cash consideration of HK$47,000,000. Details were disclosed in the announcement of the Company dated 10 July 2013.

On 25 July 2013, the Company granted to certain directors, certain employee and business partners of the Group a total of 40,000,000 share options to subscribe for 40,000,000 new ordinary shares of HK$0.10 each at exercise price of HK$0.302 per share with the exercise period from 25 July 2013 to 24 July 2014. Details were disclosed in the announcement of the Company dated 25 July 2013.

On 4 September 2013, the Group entered into a conditional sale and purchase agreement with the independent third party to acquire approximately 43% equity interest in Link Resources (Asia) Limited, a company incorporated in Hong Kong, which is principally engaged in the provision of various services in relation to corporate management consultation, education consultation (not including overseas studying consultation), market information consultation and other related services in the PRC, at an aggregate cash consideration of HK$9,500,000. Details were disclosed in the announcement of the Company dated 4 September 2013.

On 11 September 2013, the Group entered into a non-binding joint investment memorandum ("Memorandum") with Henan Jincheng International Economic-Technical Cooperation Company Limited ("Henan Jincheng") in relation to the proposed joint investment in an international vocational education, training and examination centre in Zhengzhou Airport Economic Comprehensive Experimental Zone in the PRC. Pursuant to the Memorandum, the total amount of investment of the education centre is estimated at RMB300,000,000 of which Henan Jincheng will invest RMB100,000,000 and the Group will invest RMB200,000,000. Details were disclosed in the announcement of the Company dated 11 September 2013.

On 18 September 2013, the Company entered into a conditional placing agreement with placing agent in relation to the placing of a maximum of 272,800,000 new ordinary shares of the Company of HK$0.10 each to not less than six placees who are not acting in concert with connected persons of the Company at HK$0.22 per placing share, representing a discount of approximately 16.98% to the closing price on 18 September 2013. Approximately 65% of the net proceeds will be used to finance the acquisition of an aggregate of 47% of interest in Seasoned Leader while approximately 35% will be used for repayment of borrowings and as general working capital of the Group. The placing shares to be placed under the placing agreement will be issued pursuant to a specific mandate to be obtained at the extraordinary general meeting of the Company. Details were disclosed in the announcement of the Company dated 18 September 2013.

USE OF PROCEEDS FROM THE LISTING

The net proceeds from the Company's issue of new shares in the initial public offering (after deducting expenses relating specifically to the issue of new shares in the initial public offering and expenses relating generally to the listing of all the shares of the Company, whether existing or new) amounted to approximately HK$130 million. As at 30 June 2013, the net proceeds from the initial public offering had been utilised as follows:

	Planned amount per Prospectus *HK$ million*	**Amount utilised up to 30 June 2013** *HK$ million*	**Balance as at 30 June 2013** *HK$ million*
Repayment of loans	50	49.54	0.46
Setting up secondary learning centres	15	11.10	3.90
Setting up primary learning centres	6	3.65	2.35
Setting up kids learning centres *(Note)*	15	10.97	4.03
Provision of overseas studies consultation services *(Note)*	6	6	–
Provision of test preparation and bridging courses	4	2.97	1.03
Strategic merger and acquisition *(Note)*	34	33	1

Note: As disclosed in an announcement of the Company dated 28 March 2013, the Board decided to expand the use of net proceeds for investing into non-educational business, in addition to the original purposes as stated in the Company's prospectus dated 20 June 2011 ("Prospectus").

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "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 of the Directors, the Directors have complied 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 (the "CG Code"). During the Year, the Company has complied with all the provisions of the CG Code except for the deviations as disclosed below:

Code Provision of A.2.7 of the CG Code requires the chairman of the Board to hold meetings at least annually with the non-executive Directors (including independent non-executive Directors) without the executive Directors present. The Chairmen of the Board during the Year, namely Mr. Ng Kam Lun, Eric and Mr. Wong Yuk Tong, during their respective tenures, were themselves executive Directors and as such, compliance with this code provision was infeasible.

AUDIT COMMITTEE

The Board has established the audit committee (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.

At the date of this announcement, the Audit Committee comprises three independent non-executive Directors, namely Mr. Kwok Shun Tim, Ms. Chan Lai Yee and Mr. Lee Shu Fai. Mr. Kwok Shun Tim is the chairman of the Audit Committee since his appointment on 14 September 2012.

The Group's annual results for the year ended 30 June 2013 have been reviewed by the members of the Audit Committee.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 June 2013 as set out in this result 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 2013. 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 result announcement.

ACKNOWLEDGEMENT

We would like to express our heartfelt appreciation to our employees 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
Hong Kong Education (Int'l) Investments Limited
Lee Wai Lok, Ignatious
Executive Director

Hong Kong, 26 September 2013

As of the date of this announcement, the executive Directors are Mr. Wong Yuk Tong, Mr. Lee Wai Lok, Ignatious, Mr. Ng Norman, Mr. Chow Kai Wah, Gary and Ms. Wu Mei Chu; and the independent non-executive Directors are Mr. Kwok Shun Tim, Ms. Chan Lai Yee and Mr. Lee Shu Fai.