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 2014

FINANCIAL HIGHLIGHTS

For the year ended 30 June 2014:

– The Group recorded revenue of approximately HK$235.81 million (2013: approximately HK$248.35 million).

– The Group recorded a loss of approximately HK$66.51 million (2013: approximately HK$26.67 million). The loss was mainly due to the loss on disposal of listed available-for-sale investment of approximately HK$24.21 million, which is realised loss, and the impairment loss on listed available-for-sale investment of approximately HK$28.27 million, which is unrealised and non-cash in nature.

As at 30 June 2014:

– The Group held bank balances and cash and unpledged bank deposits of a total of approximately HK$56.35 million (2013: approximately HK$40.17 million).

– Current ratio (defined as total current assets divided by total current liabilities) was 5.22 times (2013: 4.11 times). Gearing ratio, expressed as total debts divided by the sum of total equity and total debts (total debts refer to total liabilities minus the sum of tax payable, deferred tax liabilities and dividend payable (if any)) was 8.61% (2013: 11.78%).

The Board did not recommend the payment of a final dividend for the year ended 30 June 2014 (2013: 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 2014, together with the comparative audited figures for the corresponding year ended 30 June 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2014

		2014	2013
	NOTES	***HK$'000***	*HK$'000*
Revenue	*4*	**235,805**	248,348
Other income, gains and losses	*5*	**2,328**	(2,792)
Staff costs	*7*	**(57,362)**	(63,597)
Tutor contractor fee	*7*	**(71,996)**	(81,733)
Operating lease payments	*7*	**(49,669)**	(52,360)
Marketing expenses		**(19,665)**	(22,822)
Printing costs		**(469)**	(600)
Depreciation and amortisation		**(6,616)**	(8,526)
Change in fair value of investment properties		**1,500**	6,020
Change in fair value of unlisted convertible notes designated as financial assets at fair value through profit or loss		**628**	5,144
Change in fair value of listed held-for-trading investments		**(1,961)**	(5,224)
Loss on disposal of listed available-for-sale investment		**(24,207)**	–
Impairment loss on listed available-for-sale investment		**(28,273)**	(1,628)
Other operating expenses		**(46,923)**	(41,512)
Finance costs	*6*	**(1,561)**	–
Share of results of joint ventures		**830**	(3,394)
Share of results of associates		**1,299**	–
Loss before tax	*7*	**(66,312)**	(24,676)
Income tax expense	*8*	**(195)**	(1,990)
Loss for the year		**(66,507)**	(26,666)

	NOTES	2014 HK$'000	2013 HK$'000
Other comprehensive (expense) income, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		**2**	(16)
Reclassification adjustment on exchange differences released upon disposal of a subsidiary		**(85)**	–
Fair value loss on revaluation of available-for-sale investment		**(52,480)**	(1,628)
Reclassification adjustment upon impairment of available-for-sale investment		**28,273**	1,628
Reclassification adjustment relating to available-for-sale investment disposed of during the year		**24,207**	–
Share of exchange differences of an associate		**(2)**	–
Other comprehensive expense for the year, net of income tax		**(85)**	(16)
Total comprehensive expense for the year		**(66,592)**	(26,682)
(Loss) profit for the year attributable to:			
Owners of the Company		**(66,517)**	(25,239)
Non-controlling interests		**10**	(1,427)
		(66,507)	(26,666)
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(66,602)**	(25,255)
Non-controlling interests		**10**	(1,427)
		(66,592)	(26,682)
Loss per share	*9*		
– Basic *(HK cents)*		**(8.92)**	(5.05)
– Diluted *(HK cents)*		**(8.92)**	(5.05)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2014

	NOTES	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment		**14,344**	13,182
Investment properties		**27,500**	60,000
Goodwill		**60**	–
Other intangible assets		**1,286**	1,484
Interests in associates		**53,691**	–
Interests in joint ventures		**10,936**	10,856
Available-for-sale investment		**15,565**	23,547
Non-current deposits		**14,796**	11,138
		138,178	120,207
Current assets			
Trade and other receivables	*11*	**25,030**	27,108
Amounts due from related parties		**975**	544
Other financial assets		**4,054**	2,582
Held-for-trading investments		**8,420**	19,066
Current tax assets		**384**	–
Fixed deposits held at banks with original maturity over three months		**17,430**	11,250
Bank balances and cash		**38,922**	28,917
		95,215	89,467
Assets classified as held for sale		**–**	18,430
		95,215	107,897
Current liabilities			
Other payables and accruals	*12*	**10,331**	13,567
Deferred income		**7,509**	9,873
Current tax liabilities		**185**	2,272
Amounts due to related parties		**232**	559
		18,257	26,271
Net current assets		**76,958**	81,626
Total assets less current liabilities		**215,136**	201,833

	NOTES	2014 HK$'000	2013 HK$'000
Non-current liabilities			
Non-current deposits		**–**	197
Deferred tax liabilities		**1,022**	1,286
Provision for long service payments		**1,921**	2,264
		2,943	3,747
Net assets		**212,193**	198,086
Capital and reserves			
Share capital	*13*	**96,400**	57,600
Reserves		**115,568**	139,544
Equity attributable to owners of the Company		**211,968**	197,144
Non-controlling interests		**225**	942
Total equity		**212,193**	198,086

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. As of the end of the reporting period, due to the diverse shareholding of the Company, the Company has no controlling shareholder.

The Company acts as an investment holding company while its principal subsidiaries, associates and joint ventures are principally engaged in the provision of private educational services, investment in securities, property investments and money lending business. The registered office address of the Company is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and its principal place of business in Hong Kong is located at Block C, 17/F, 381 Sha Tsui Road, Tsuen Wan, New Territories, Hong Kong.

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

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

The Group has applied for the first time in the current year the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle
Amendments to HKFRS 1	Government Loans
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except as described below, the application of the new and revised 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.

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

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 *Consolidated Financial Statements*, HKFRS 11 *Joint Arrangements*, HKFRS 12 *Disclosure of Interests in Other Entities*, HKAS 27 (as revised in 2011) *Separate Financial Statements* and HKAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*, together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of HKFRS 13 is broad; the fair value measurement requirements of HKFRS 13 apply 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 for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

The Group has applied HKFRS 13 prospectively for its annual periods beginning on or after 1 July 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the standard in comparative information provided for periods before the initial application of the standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by HKFRS 13 for the 2013 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position. The Group does not plan to adopt these standards prior to their mandatory effective date.

3. BASIS OF PREPARATION

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

Following the acquisition of a subsidiary with a valid money lenders licence in the current year, the Group's operations have been organised based on four operating divisions as described below. Similarly, the information reported to the CODM is also prepared on such basis. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

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

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

- Investments in securities – trading of securities

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

- Money lending – providing loans as money lender

(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 2014

	Provision of private educational services *HK$'000*	Investment in securities *HK$'000*	Property investments *HK$'000*	Money lending *HK$'000*	Consolidated *HK$'000*
Segment revenue	234,357	–	1,448	–	235,805
Segment results	3,693	(237)	2,481	(10)	5,927
Change in fair value of unlisted convertible notes designated as financial assets at fair value through profit or loss					628
Change in fair value of other financial assets					(620)
Loss on disposal of listed available-for-sale investment					(24,207)
Impairment loss on listed available-for-sale investment					(28,273)
Impairment loss on interests in an associate					(2,014)
Finance costs					(1,561)
Share of results of joint ventures					830
Share of results of associates					1,299
Unallocated corporate income					4,699
Unallocated corporate expenses					(23,020)
Loss before tax					(66,312)

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 other financial assets				(1,656)
Impairment loss on listed available-for-sale investment				(1,628)
Share of results of joint ventures				(3,394)
Unallocated corporate income				892
Unallocated corporate expenses				(5,841)
Loss before tax				(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 other financial assets, loss on disposal of listed available-for-sale investment, impairment loss on listed available-for-sale investment and interests in an associate, finance costs, share of results of joint ventures, share of results of associates, unallocated corporate income and unallocated corporate expenses).

(b) Segment assets and liabilities

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

As at 30 June 2014

	Provision of private educational services *HK$'000*	Investment in securities *HK$'000*	Property investments *HK$'000*	Money lending *HK$'000*	Consolidated *HK$'000*
Assets					
Segment assets	**45,434**	**8,420**	**27,878**	**951**	**82,683**
Unallocated assets					
Fixed deposits held at banks with original maturity over three months					**17,430**
Bank balances and cash					**38,233**
Interests in associates					**53,691**
Interests in joint ventures					**10,936**
Other financial assets					**4,054**
Current tax assets					**384**
Available-for-sale investment					**15,565**
Other corporate assets					**10,417**
					233,393
Liabilities					
Segment liabilities	**19,186**	**–**	**116**	**–**	**19,302**
Unallocated liabilities					
Current tax liabilities					**185**
Deferred tax liabilities					**1,022**
Other corporate liabilities					**691**
					21,200

As 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 joint ventures				10,856
Other financial assets				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				
Current tax liabilities				2,272
Deferred tax liabilities				1,286
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 (other than those included in the money lending segment), interests in associates and joint ventures, other financial assets, current tax assets, available-for-sale investment, assets classified as held for sale and other corporate assets; and

- all liabilities are allocated to the operating segments other than current tax liabilities, deferred tax liabilities and other corporate liabilities.

(c) Other segment information

Year ended 30 June 2014

	Provision of private educational services *HK$'000*	**Investment in securities** *HK$'000*	**Property investments** *HK$'000*	**Money lending** *HK$'000*	**Consolidated** *HK$'000*
Capital additions	**7,308**	**1,630**	**–**	**315**	**9,253**
Depreciation and amortisation	**6,376**	**235**	**–**	**5**	**6,616**
Provision for long service payments	**12**	**–**	**–**	**–**	**12**

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)

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

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

(d) Revenue from major services

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

	2014	2013
	HK$'000	*HK$'000*
Secondary tutoring services	**189,501**	203,566
Secondary day school education	**–**	4,082
Primary tutoring services, skill courses and test preparation courses	**13,123**	16,289
Franchising income	**3,048**	2,944
English language training and test preparation courses	**24,295**	18,349
Technical consultation, management and software licensing services	**3,910**	1,539
Overseas studies consultation services	**480**	555
IFY courses	**–**	287
Rental income	**1,448**	737
Total revenue	**235,805**	248,348

5. OTHER INCOME, GAINS AND LOSSES

	2014	2013
	HK$'000	*HK$'000*
Change in fair value of other financial assets	**(620)**	(1,656)
Impairment loss on		
– interests in an associate	**(2,014)**	–
– other intangible assets	**–**	(2,957)
Interest income on		
– bank deposits	**212**	892
– other loan and receivables	**194**	–
Gain (loss) on disposal of		
– listed held-for-trading investments	**1,924**	(22)
– property, plant and equipment	**(1,431)**	(2,014)
– assets classified as held for sale	**873**	–
– subsidiaries	**1,923**	–
Loss on acquisition of a subsidiary	**(59)**	–
Reversal of doubtful debts	**–**	86
Supporting services income	**629**	1,707
Others	**697**	1,172
	2,328	(2,792)

6. FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Interests on bank and other borrowings wholly repayable within five years	**1,561**	–

7. LOSS BEFORE TAX

Loss before tax has been arrived at after charging:

	2014	2013
	HK$'000	*HK$'000*
Directors' remuneration	**8,304**	13,056
Other staff costs	**48,168**	53,824
Other staff's retirement benefit scheme contributions	**1,794**	2,034
Share-based payments to other staff	**1,527**	–
	59,793	68,914
Tutor contractor fee to Directors	**(2,431)**	(5,317)
Staff costs	**57,362**	63,597
Auditor's remuneration	**630**	1,350
Provision for long service payments	**12**	138
Gross rental income from investment properties	**1,448**	737
Less: direct operating expenses from investment properties that generated rental income during the year	**(176)**	(130)
	1,272	607

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

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

8. INCOME TAX EXPENSE

	2014	2013
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax	**7**	–
PRC Enterprise Income Tax	**39**	17
	46	17
Overprovision in prior years:		
Hong Kong Profits Tax	**(25)**	(23)
Deferred tax	**174**	1,996
Total income tax recognised in profit or loss	**195**	1,990

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

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

9. LOSS PER SHARE

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

	2014	2013
	HK$'000	*HK$'000*
Loss for the purpose of basic and diluted loss per share (loss for the year attributable to owners of the Company)	**(66,517)**	(25,239)
	Number of shares	*Number of shares*
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**746,042,740**	500,120,548

The computation of diluted loss per share for the year ended 30 June 2014 did not assume the exercise of the Company's outstanding share options as the exercise price of those options are higher than the average market prices of the Company's shares during the year.

The denominator used is the same as those detailed above for the computation of both basic and diluted loss per share for the year ended 30 June 2013 as there were no potential ordinary shares outstanding during the year ended 30 June 2013.

10. DIVIDENDS

The Board did not recommend the payment of a final dividend for the year ended 30 June 2014 (2013: Nil).

11. TRADE AND OTHER RECEIVABLES

	2014	2013
	HK$'000	*HK$'000*
Accrued revenue and trade receivables	**603**	786
Rental deposits	**19,822**	25,913
Other deposits	**932**	1,046
Prepayments	**4,609**	4,885
Loan and interest receivables	**6,033**	–
Other receivables	**7,327**	2,806
	39,326	35,436
Less: Rental deposits (shown under non-current assets)	**(14,296)**	(8,328)
Trade and other receivables (shown under current assets)	**25,030**	27,108

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

	2014	2013
	HK$'000	*HK$'000*
Accrued revenue not yet billed	**145**	205
Trade receivables:		
0 – 30 days	**189**	198
31 – 60 days	**1**	104
61 – 90 days	**21**	79
Over 90 days	**247**	200
	603	786

Included in the Group's trade receivable balance are debtors with an aggregate carrying amount of HK$247,000 (2013: HK$200,000) 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 (2013: over 90 days).

As at 30 June 2014, accrued revenue and trade receivables primarily arose from the continuing franchise income of primary tutoring service to franchisees (2013: arose from the continuing franchise income of primary tutoring service to franchisees). The accrued revenue is not yet due as it is billed in arrears. The credit periods ranged from 30 days to 90 days. There is no credit period granted for tuition fee as they are normally received in advance.

Movement in the allowance for doubtful debts:

	2014	2013
	HK$'000	*HK$'000*
At beginning of the year	**–**	1,993
Reversal of doubtful debts	**–**	(86)
Amounts written off as uncollectible	**–**	(1,921)
Currency realignment	**–**	14
At end of the year	**–**	–

The allowance for doubtful debts as at 1 July 2012 represented an impairment loss on the receivable from 北京市朝陽區雅思培訓學校 ("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 and had provided for an impairment loss of approximately HK$1,993,000. 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.

As at 30 June 2014, loan to a third party with principal and accrued interest amounting to approximately HK$6,033,000 (2013: Nil) are unsecured, bear interest of 12% per annum and repayable within one year and thus classified as current assets.

12. OTHER PAYABLES AND ACCRUALS

	2014	2013
	HK$'000	*HK$'000*
Accrued tutor contractor fee, salary and bonus	**3,626**	6,444
Other accruals	**1,977**	2,929
Other payables	**4,728**	4,194
	10,331	13,567

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			
At 1 July 2012, at 30 June 2013 and 30 June 2014		1,500,000,000	150,000
Issued and fully paid			
At 1 July 2012		400,000,000	40,000
Issue of shares upon completion of the subscription of shares on 26 October 2012	*(i)*	80,000,000	8,000
Issue of shares upon placing on 8 January 2013	*(ii)*	96,000,000	9,600
At 30 June 2013		576,000,000	57,600
Issue of shares upon placing on 29 November 2013	*(iii)*	272,800,000	27,280
Issue of shares upon placing on 30 May 2014	*(iv)*	115,200,000	11,520
At 30 June 2014		964,000,000	96,400

Notes:

(i) 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 announcement of the Company 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 by the Company.

(ii) 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 were 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 announcement of the Company dated 27 December 2012. The net proceeds were used to provide additional working capital for strategic investments of the Group.

(iii) On 29 November 2013, an aggregate of 272,800,000 ordinary shares of HK$0.1 each were issued to not less than six placees, who were professional, institutional or other investors and who and whose ultimate beneficial owners were independent third parties, at a price of HK$0.220 per share representing a discount of approximately 16.98% to the closing market price of the Company's shares on 18 September 2013 as set out in the announcement of the Company dated 18 September 2013. The net proceeds were used to provide additional working capital, for repayment of borrowings and to finance the acquisition of 47% interest in Seasoned Leader Limited.

(iv) On 30 May 2014, an aggregate of 115,200,000 ordinary shares of HK$0.1 each were issued to not less than six placees, who were professional, institutional or other investors and who and whose ultimate beneficial owners were independent third parties, at a price of HK$0.145 per share representing a discount of approximately 14.71% to the closing market price of the Company's shares on 13 May 2014 as set out in the announcement of the Company dated 13 May 2014. The net proceeds were used to provide additional working capital of the Group.

The shares issued rank pari passu with other shares of the Company in issue in all respects. None of the Company's subsidiaries repurchased, sold or redeemed any of the Company's shares during the year ended 30 June 2014.

14. COMPARATIVE FIGURES

In prior year, the Group's impairment loss on listed available-for-sale investment was included in "other income, gains and losses" of the statement of profit or loss and other comprehensive income. In current year, the comparative amount of such impairment loss on listed available-for-sale investment has been reclassified to conform with the current year's presentation and presented in the face of the statement of profit or loss and other comprehensive income.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year ended 30 June 2014 (the "Year"), the Group was awarded the Caring Company Logo 2013/14, granted by the Hong Kong Council of Social Service, to recognise the good corporate citizenship of the Company and the Group's well-executed social responsibility.

Throughout the Year, the Group had completed several acquisitions which were in line with its business strategy to diversify the Group's income source by expanding the services range to adjacent educational services markets with high growth potentials in both Hong Kong and the People's Republic of China (the "PRC").

BUSINESS REVIEW

Provision of Private Educational Services

Secondary Tutoring Services

In the Year, the Group faced fierce competition in the secondary tutoring service sector, and recorded a revenue of HK$189.50 million for the Year, representing a decline of 6.91% when compared to the previous year. The Group keeps its competitive edge by provision of quality instruction and advanced diagnostic analysis on the intricacies of public examinations and test-taking techniques through its star-rating tutors. We also endeavour to utilise interactive and collaborative education channels to facilitate its students with quality and integrated content wherever and whenever they learn. To keep abreast of the trend and enhance the learning passion of our students, an online live chat platform, "WeChat Modern Class Room", was set up to encourage interactive learning between tutors and students outside classroom during October 2013 to April 2014. The Group will continue to explore different means to provide students with rich multimedia experience that arouses curiosity and improves learning results.

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

	Year ended 30 June	
	2014	2013
Number of course enrolments *(in thousands)*		
Regular courses	**275**	306
Intensive courses	**26**	35
Summer courses	**38**	37
T.I.P.S. courses	**9**	9
Special courses	**40**	28
Number of tutors *(Note 1)*		
Regular courses	**41**	45
Intensive courses	**36**	42
Summer courses	**39**	44
T.I.P.S. courses	**27**	29
Special courses	**34**	33
Average course fees *(HK$) (Note 2)*		
Regular courses	**494**	478
Intensive courses	**614**	624
Summer courses	**451**	427
T.I.P.S. courses	**638**	581
Special courses	**242**	357

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 at 30 June 2014, the Group had 14 learning centres operated under the brand of "Modern Education"(現代教育).

Secondary Day School Education

In view of the increasing demand for quality day school educational services, the Group has completed the restructuring of its day school operations and has rebranded as "Modern Day School"（現代日校）and started offering day school program from the academic year 2014-2015 onwards. The Modern Day School has been authorised by the Education Bureau to offer regular day school courses under the New Senior Secondary academic structure, and the students are eligible to sit for the Hong Kong Diploma of Secondary Education Examination (HKDSE).

English Language Training and Test Preparation Courses

During the Year, the Group recorded a substantial growth in revenue and total number of course enrolments in this sector. The Group offers the International English Language Testing System (IELTS) preparation course and Diploma in Workplace English (TOEIC) preparation courses under the brand "Modern Education". There were approximately 16,000 course enrolments recorded for the Year, representing an increase of 1.67 times as compared with last year. The enrolment results were encouraging. The Group strives to maintain its high quality course materials together with experienced and qualified tutors in order to provide continuous support to the students.

Primary Tutoring Services, Skill Courses and Test Preparation Courses

With keen demand on primary tutoring services in Hong Kong, the Group is endeavouring to provide high quality services to primary students and their parents. The primary tutoring services is provided under the brand "Modern Bachelor Education Centre" ("MBEC") and has been expanded rapidly over the past 3 years. As of 30 June 2014, there were 9 directly owned learning centres and 28 franchised centres being operated in Hong Kong. One new franchised centre is underway and will be ready to start operation in the coming financial year. A total number of approximately 11,100 course enrolments were offered by the Group's directly owned learning centres when compared with approximately 12,000 course enrolments in previous year.

During the Year, the total revenue contributed by the Group's franchised centres to the Group was approximately HK$3.05 million, representing an increase of 3.53% when compared with previous year. The Group believes this business sector will continue to grow steadily and it will continue to devote resources in enhancing the course materials in order to equip students with essential learning skills to pursue further studies.

PRC Operations

Over the past years, the Group has successfully built up a quality brand in the educational services segment in the PRC market and raised the brand awareness amongst students and parents. The Group has attained encouraging achievements with remarkable success in operating international courses with top secondary schools, providing international education opportunities to local students who want to pursue tertiary education overseas. Some of the Group's students achieved distinctive results in international standardised tests and were admitted to world class universities. In addition to the determination and diligent work of individual students, the passion and quality of the Group's teachers are also conducive to the good results of our students. All teachers of the Group are well-experienced in international curricula, most of them with master's degree from internationally renowned universities; their enriched overseas study experience and inspiring teaching methods has enlightened our students of the Group with global vision. Furthermore, the student to teacher ratio of 6 to 1 ensures that personalised attention and an effective learning environment can be provided to individual students. With the trend of PRC students studying abroad at a younger age, the Group envisions that the demand for international courses will continue to grow. The Group will ride on this demand surge and is looking forward to expanding the network of international courses to cover over 10 cities in coming 2 to 3 years.

On 11 September 2013, the Company entered into a non-binding joint investment memorandum with 河南金城國際經濟技術合作有限公司 (in English, for identification only, Henan Jincheng International Economic-Technical Cooperation Company Limited) in relation to the proposed joint investment in an international vocational education, training and examination centre in 鄭州航空港經濟綜合實驗區 (in English, for identification only, Zhengzhou Airport Economic Comprehensive Experimental Zone) in Henan Province of the PRC (the "MOU"). There has been no significant progress on the transaction contemplated under the MOU (the "Proposed Transaction") up to 30 June 2014. Further announcement will be made by the Company if and when there is any prominent progress on the Proposed Transaction.

Investments

Properties Investments

During the Year, the Group recorded a rental income of HK$1.45 million on properties investment and a gain of approximately HK$0.87 million on disposal of investment properties. As at 30 June 2014, the Group recorded a revaluation gain of HK$1.50 million on investment properties. The Group will maintain a prudent investment strategy and will review regularly on the return on investment portfolio in order to bring values to stakeholders.

Securities Investments

During the Year, the Group has devoted some resources in the securities investment. The Group (i) acquired shares of listed companies on the Main Board and the Growth Enterprise Market of the Stock Exchange in a total amount of approximately HK$12.83 million; and (ii) disposed of some shares in the securities investment portfolio of the Group during the Year, and recorded a net realised gain of approximately HK$1.92 million. The gain was offset by the unrealised loss arising from fair value changes in securities of approximately HK$1.96 million as at 30 June 2014. Such unrealised loss has no impact on the cash flow of the Group.

Other Investments

(i) Early Education

Quality pre-school education is also a key area that the Group has been focusing on. This is in line with the Group's development strategy to expand its educational services portfolio vertically downward in both Hong Kong and the PRC markets. During the Year, Full Profit Hong Kong Development Limited and its subsidiary ("Full Profit Group") had generated stable revenue through providing consultation and management services to early education centres and kindergartens. Full Profit Group has fulfilled its first year's profit guarantee of not less than HK$4 million made to the Group pursuant to the sale and purchase agreement, details of which are disclosed in the announcement of the Company dated 8 April 2013.

(ii) Continuing and Tertiary Education

During the Year, the Company acquired an aggregate of 47% equity interest of Seasoned Leader Limited ("Seasoned Leader") pursuant to two sale and purchase agreements both dated 10 July 2013 and a supplemental agreement dated 8 November 2013 at the aggregate consideration of HK$47,000,000 (subject to adjustment). The acquisition was completed on 30 September 2013. Details of the acquisition and the supplemental agreement were disclosed in the announcements of the Company dated 10 July 2013 and 8 November 2013 respectively.

Through Seasoned Leader, the Group had entered into the tertiary education and vocational training market instantly, as well as tapping into the growth opportunity in this segment within short time span. The acquisition has expanded the service scope of the Group to (i) high-quality vocation oriented academic programmes in business management and hospitality and tourism management which are operated under the brand "Compass College"; and (ii) vocational professional training courses in wedding planning, hair and makeup styling and event management which are operated under the brand "Bridal Academy". These are hot vocational tertiary study disciplines pursued by post HKDSE students who prefer practical experience rather than pure academic subjects. As the demand for tertiary and continuous education keep increasing, the Group believes this acquisition will bring high potential growth benefit to the Group by sharing the reasonable profits expected from Seasoned Leader and its subsidiaries.

The Group has been accredited by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications ("HKCAAVQ") through Modern Education since 2012 with Initial Evaluation status at Qualifications Framework Level 1 to 3. The Group is actively participating in the Learning Programme Accreditation of various vocational and continuous education courses which aims to diversify the scope of services of the Group.

(iii) Consultation Services

The Group completed the acquisition of 43% equity interest on Link Resources (Asia) Limited in February 2014 pursuant to the sale and purchase agreement dated 4 September 2013 at an aggregate cash consideration of HK$9,500.000. The acquisition provides the Group with an opportunity to expand its educational business horizontally into consultancy and corporate training segment in the PRC market and diversify its business by cooperating with strong market player in relevant segment. Details of the acquisition were disclosed in the announcement of the Company dated 4 September 2013.

Money Lending Business

On 13 June 2014, the Group acquired China Rich Finance Limited ("China Rich") which holds a valid money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong), from an independent third party at a consideration of HK$850,000. Details of the acquisition were disclosed in the announcement of the Company dated 13 June 2014. Subsequent to the acquisition, the money lending business operating segment has been introduced to the Group. The Group is going to commence its money lending business in the coming financial year which is expected to diversify the income stream of the Group.

FINANCIAL REVIEW

Revenue

During the Year, the Group recorded revenue of approximately HK$235.81 million, representing a decrease of 5.05% as compared with approximately HK$248.35 million recorded last year. Such decrease was primarily due to (i) the decrease in revenue from secondary tutoring services to approximately HK$189.50 million, representing a decrease of 6.91% as compared to approximately HK$203.57 million recorded last year; and (ii) that no revenue was recorded from secondary day school education during the Year. Moreover, there was a decrease in revenue from primary tutoring services (including franchising income) to approximately HK$16.17 million, representing a decrease of 15.92% as compared with the previous year.

On the other hand, there were growth in revenue from English language training and test preparation courses of approximately HK$24.30 million, representing an increase of 32.40% as compared to approximately HK$18.35 million recorded in the previous year. For technical consultation, management and software licensing services, there was an increase in revenue to approximately HK$3.91 million, representing an increase of 154% as compared to approximately HK$1.54 million recorded last year.

For the Year, the Group recorded rental income generated by the investment properties of approximately HK$1.45 million (2013: approximately HK$0.74 million).

Other income, gains and losses

For the Year, the Group's other income, gains and losses increased to a net gain of approximately HK$2.33 million (2013: net losses of approximately HK$2.79 million). Such increase was due to the combined effect of, among other things, (i) realised gain on disposal of listed held-for-trading investments of approximately HK$1.92 million; (ii) gain on disposal of subsidiaries of approximately HK$1.92 million; (iii) the absence of impairment loss on other intangible assets as compared to last year of approximately HK$2.96 million; and (iv) the decrease in change in fair value of other financial assets of approximately HK$1 million; and (v) the impairment loss on interests in an associate of approximately HK$2.01 million.

Staff costs

The Group's staff costs decreased by approximately HK$6.24 million or 9.80% compared with the last financial year. Such decrease was primarily attributable to the combined effect of (i) the net decrease in directors' emoluments and other staff salary of approximately HK$5.11 million; (ii) the increase in staff training of approximately HK$1.38 million; and (iii) the decrease in management consultancy fee of approximately HK$2.07 million during the Year.

Tutor contractor fee

The Group's tutor contractor fee decreased by approximately HK$9.74 million or 11.91% compared with the last financial year. Such decrease was in line with the decline in revenue derived from secondary tutoring services and secondary day school education.

Operating lease payments

The Group's operating lease payments decreased by approximately HK$2.69 million or 5.14% compared with the previous year. Such decrease was mainly due to the decrease in the operating lease payments of our secondary learning centres.

Marketing expenses

The Group's marketing expenses decreased by approximately HK$3.16 million or 13.83% compared with last year was mainly attributable to the reduction in media placement during the Year.

Other operating expenses

The Group's other operating expenses increased by approximately HK$5.41 million or 13.04% compared with the previous year. Such increase was primarily due to the net effect of (i) the share-based payment expenses for the share options granted by the Company to a consultant of the Group and other eligible grantees of approximately HK$2.45 million during the Year; (ii) the increase of approximately HK$4.18 million in sales commission paid to external agents for introducing potential students to the Group; and (iii) the decrease of approximately HK$1.94 million in building management and air-conditioning fees in relation to the Group's leased properties.

Finance costs

The Group has incurred finance costs of approximately HK$1.56 million from bank and other borrowings during the Year (2013: Nil).

Loss attributable to owners of the Company

Loss attributable to owners of the Company for the Year was approximately HK$66.52 million (2013: approximately HK$25.24 million). Loss per share was HK8.92 cents for the Year (2013: HK5.05 cents).

OUTLOOK

Looking forward, the Group will maintain its prime focus on the educational services and language training segments within the Greater China region. At the same time, the Group is seeking growth opportunities by diversifying its services into other adjacent segments or related industries through strategic mergers and acquisitions or investment in businesses with strong development potential including but not limited to companies in Hong Kong and the PRC in order to generate extra income streams to the Group. The Group has the leadership skills and capabilities to make the most benefit to its stakeholders, and the Group aims to achieve synergy in providing all-round services in the market.

In Hong Kong

The demand for quality educational services still remains high in Hong Kong. The Group strives to maintain its leading position in Hong Kong's private educational services sector. The Group will continue to invest resources to hire quality teaching personnel, to expand its existing service spectrum to cover pre-school education and tertiary education in order to strengthen its market leader position as well as to reinforce its competitive edge as an experienced versatile one-stop educational services provider. Further mergers and acquisitions of businesses will be considered when the actions can help the Group to enhance competitiveness by adding value and creating synergy to its existing services. The Group believes co-operation with partners who are with sound background and strong capabilities in Hong Kong, the PRC and overseas markets is an effective means to enable the Group to branch out to other new markets for new growth opportunities within short time span.

In the PRC

In recent years, the PRC has seen stable economic development and increased commercial, technological and cultural exchanges with other parts of the world. This has given rise to a pressing demand for internationally recognised qualification with a particular emphasis on English proficiency and international curriculum. The Group successfully mirrored its sophisticated education model and tapped into the PRC market. Over the past years, the Group has achieved sound results in our PRC business by capturing first-rated opportunities to deliver quality educational services. The Group will continue to seek out collaboration opportunities with strong market players across different segments by further developing its presence in the PRC.

In view of the high growth potentials in the PRC market, the Group will continue to expand its geographic network and services range in Mainland China. The Group believes it will achieve great results in the Chinese educational services market in the years to come and that new business opportunities will bring to the shareholders of the Company a profitable future.

LIQUIDITY AND FINANCIAL RESOURCES

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

As at 30 June 2014, the Group's total balance of cash and cash equivalents and unpledged bank deposits amounted to approximately HK$56.35 million (30 June 2013: approximately HK$40.17 million) which is held in Hong Kong dollars and Renminbi. As at 30 June 2014, the Group did not have any bank and other borrowings (30 June 2013: Nil). Current ratio (defined as total current assets divided by total current liabilities) was 5.22 times (30 June 2013: 4.11 times).

As at 30 June 2014, the gearing ratio of the Group was 8.61% (30 June 2013: 11.78%). Gearing ratio is computed as the total debts divided by the sum of total equity and total debts. Total debts refer to total liabilities minus the sum of tax payable, deferred tax liabilities and dividend payable (if any).

FUND RAISING ACTIVITIES

Set out below are fund raising activities conducted by the Company during the Year and the usage of the net proceeds up to 30 June 2014.

(i) On 18 September 2013, the Company and a placing agent entered into a placing agreement, pursuant to which the Company has conditionally agreed to place through the placing agent, on a best effort basis, up to 272,800,000 new ordinary shares of HK$0.1 each of the Company (the "Shares") at a price of HK$0.220 per placing Share to not less than six placees, who are independent third parties, professional, institutional or other investors under a specific mandate to be obtained from the shareholders at an extraordinary general meeting of the Company. The price of the placing Shares represented a discount of approximately 16.98% to the closing market price of the Shares on 18 September 2013, the placing was completed on 29 November 2013 and 272,800,000 placing Shares were placed. The net proceeds of approximately HK$58.20 million from the placing were fully utilised during the Year as intended in which approximately HK$37.80 million was used for financing the acquisition of 47% interest in Seasoned Leader and approximately HK$20.40 million was used for repayment of borrowings and as general working capital of the Group.

(ii) On 13 May 2014, the Company and a placing agent entered into two placing agreements pursuant to which the Company has conditionally agreed to place through the placing agent, on a best effort basis, up to (i) 115,200,000 new Shares under a general mandate granted to the Directors at the annual general meeting of the Company held on 19 November 2013 ("GM Placing"); and (ii) 394,080,000 new Shares under a specific mandate to be obtained from the shareholders at an extraordinary general meeting of the Company ("SM Placing"), to not less than six placees, who are professional, institutional or other investors and who and whose ultimate beneficial owners are independent third parties. The price of the placing Shares of the GM Placing and the SM Placing was HK$0.145, which represented a discount of approximately 14.71% to the closing market price of the Shares on 13 May 2014. The aggregate nominal value of the placing Shares placed under the GM Placing and the SM Placing were HK$11,520,000 and HK$39,408,000 respectively. The net issue price of the placing Shares placed under the GM Placing and the SM Placing was approximately HK$0.140 per placing Share. The Directors were of the view that the GM Placing and the SM Placing can strengthen the financial position of the Group and can provide working capital to the Group to meet any future development and obligations. The GM Placing and the SM Placing also represented good opportunities to broaden the shareholders' base and the capital base of the Company.

The GM Placing was completed on 30 May 2014. The net proceeds from the GM Placing were approximately HK$16.11 million and were intended to be used as general working capital of the Group. As at 30 June 2014, the entire net proceeds had not been utilised. The SM Placing was completed after the reporting period on 31 July 2014. The net proceeds from the SM Placing were approximately HK$55.43 million, which were intended be used for the development of the existing business and the development of online education business of the Group. It was intended that (i) approximately HK$8 million would be used for development and/or acquisition of the primary school tutoring services, skill courses and test preparation courses; (ii) approximately HK$25 million would be used for brand image building and promotion campaign; (iii) approximately HK$15 million would be used for the development and operation of online education platform; and (iv) approximately HK$7 million would be used for the rental expenses of the Group's education centres.

CAPITAL STRUCTURE AND TREASURY POLICIES

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

EXPOSURE TO FOREIGN EXCHANGE RISK

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

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2014, the Group had a total of 312 employees (30 June 2013: 300 employees). They receive competitive remuneration packages that are constantly monitored with reference to the market circumstances, with incentives such as discretionary bonuses based on the Group's and individual performance. The Group provides 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, the Company had granted options to subscribe for an aggregate of 97,600,000 Shares pursuant to the Share Option Scheme.

CONTINGENT LIABILITIES

As at 30 June 2014, the Group had no significant contingent liabilities (30 June 2013: Nil).

CAPITAL COMMITMENTS

As at 30 June 2014, there were respective capital commitments contracted for but not provided in the consolidated financial statements amounting to approximately HK$10.05 million (30 June 2013: approximately HK$71.20 million) and authorised but not contracted for amounting to HK$0.50 million (30 June 2013: HK$0.50 million).

CHARGES ON THE GROUP'S ASSETS

As at 30 June 2014, an investment property of the Group with carrying value of HK$27.50 million (30 June 2013: approximately HK$44.43 million (including assets classified as held for sale)) were pledged to secure general 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 in this announcement, the Group had the following material acquisitions and disposals:

(i) On 30 May 2013, the Group entered into the provisional sale and purchase agreements with certain independent third parties to dispose of properties situated at Rooms 1001, 1002 and 1003 on 10th Floor, Sino Centre, Nos. 582-592 Nathan Road, Mong Kok, Kowloon, Hong Kong at total cash consideration of HK$19,303,000. The disposal was completed on 31 July 2013.

(ii) On 22 January 2014, the Group entered into a conditional sale and purchase agreement with an independent third party to dispose of the entire issued share capital of Achieved Success Company Limited, a company incorporated in the BVI with limited liability, at an aggregate cash consideration of HK$35,400,000 (subject to adjustment). Achieved Success Company Limited held two properties indirectly through its subsidiary, both of which were leased to independent third parties immediately before the disposal. Details of the disposal were disclosed in the announcement of the Company dated 22 January 2014. The disposal was completed on 14 March 2014.

(iii) During the Year, the Group acquired an aggregate of 47% equity interest in Seasoned Leader from three independent third parties. See paragraph headed "Business Review – Investments – Other Investments – Continuing and Tertiary Education" for further details.

(iv) During the Year, the Group (i) acquired certain convertible notes issued by M Dream Inworld Limited ("M Dream") from independent third parties, all of which have been converted into conversion shares of M Dream; and (ii) disposed part of such conversion shares on the market through the Stock Exchange. See paragraph headed "Significant Investment Held" below for further details.

(v) During the Year, the Group acquired the entire issued share capital of China Rich from an independent third party. See paragraph headed "Business Review – Money lending business" for further details.

SIGNIFICANT INVESTMENT HELD

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 28 August 2013 into 555,555,555 conversion shares of M Dream at the conversion price of HK$0.108 each. On 20 December 2013, the Group entered into an agreement to acquire the convertible notes in the principal amount of HK$7,794,615 issued by M Dream from an independent third party at a cash consideration of HK$4,546,859. The acquisition was completed on 20 December 2013 and the convertible notes were converted in full on 30 December 2013 into 72,172,360 conversion shares of M Dream at the conversion price of HK$0.108 each. During the period from 6 February 2014 to 20 May 2014, the Group disposed of an aggregate of 419,380,000 shares of M Dream on the market through the Stock Exchange for an aggregate consideration of HK$20,676,620 (excluding stamp duty and related expenses). As of 30 June 2014, the Group held an aggregate of 409,607,915 shares of M Dream (representing approximately 7.26% of the issued share capital of M Dream). In connection with the Group's investment in M Dream's shares, the Group recorded loss on disposal of listed available-for-sale investment of approximately HK$24.21 million and the impairment loss on listed available-for-sale investment of approximately HK$28.27 million during the Year. The Group will from time to time monitor the price movement of M Dream's shares and may adjust its securities investment portfolio as and when appropriate.

EVENTS AFTER THE REPORTING PERIOD

On 13 May 2014, the Company entered into a conditional placing agreement with placing agent in relation to the SM Placing which was completed after the reporting period on 31 July 2014. See paragraph (ii) under the heading "Fund Raising Activities" for further details.

On 15 August 2014, the Group entered into a non-binding cooperation framework agreement ("Cooperation Framework Agreement") with 上海創毅企業形象策劃有限公司 (unofficial English translation being Shanghai Chuang-yi Enterprise Image Planning Company Limited) in relation to the proposed cooperation in developing the online education platform ("Platform") which will mainly involve online international English courses and related theme contests to primary and secondary school students in the PRC. Pursuant to the Cooperation Framework Agreement, the Group will be responsible for providing the fundings for the development of the Platform and the supply of the appropriate course materials and teachers for the online courses operated on the Platform and intends to invest not more than RMB12,000,000 as the cost for the research and development of the Platform. Details of the Cooperation Framework Agreement were disclosed in the announcement of the Company dated 17 August 2014.

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 2014, 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 2014** *HK$ million*	**Balance as at 30 June 2014** *HK$ million*
Repayment of loans	50	50	–
Setting up secondary learning centres	15	11.57	3.43
Setting up primary learning centres	6	4.04	1.96
Setting up kids learning centres *(Note)*	15	11.97	3.03
Provision of overseas studies consultation services *(Note)*	6	6	–
Provision of test preparation and bridging courses	4	4	–
Strategic merger and acquisition *(Note)*	34	34	–

Note: As disclosed in the 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 to the Directors, each of the Directors confirmed his/her compliance with the required standard set out in the Model Code throughout the Year.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE CODE

The Company has applied the principles in and adopted the code provisions of the corporate governance code set out in Appendix 14 to the Listing Rules as its own corporate governance code (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 (independent non-executive Directors) without the executive Directors present. The Chairman of the Board during the Year was himself an executive Director and as such, compliance with this code provision was infeasible.

AUDIT COMMITTEE

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

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

SCOPE OF WORK OF HLB HODGSON IMPEY CHENG LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in this results announcement have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on this announcement.

ACKNOWLEDGEMENT

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

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

Hong Kong, 26 September 2014

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