Hong Kong Education (Int'l) Investments Limited
香港教育（國際）投資集團有限公司
(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock Code: 1082)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHTS

For the six months ended 31 December 2015:

– The Group recorded revenue of approximately HK$96.23 million, representing a decrease of approximately 13.98% as compared to approximately HK$111.86 million for the corresponding period in 2014.

– The Group recorded a profit of approximately HK$0.79 million (2014: loss of approximately HK$12.01 million). Such turnaround was mainly due to (i) a gain arising on change in fair value of listed held-for-trading investments of approximately HK$30.43 million; and (ii) such gain was partly offset by the decrease in segment results from the provision of private educational services; and the impairment losses on available-for-sale investments of approximately HK$11.61 million during the six months ended 31 December 2015.

As at 31 December 2015:

– The Group had a current ratio (defined as total current assets divided by total current liabilities) of 10 times and a 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)) of 24.20%.

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2015 (2014: nil).

INTERIM RESULTS (UNAUDITED)

The board ("**Board**") of directors ("**Directors**") of Hong Kong Education (Int'l) Investments Limited ("**Company**") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries ("**Group**") for the six months ended 31 December 2015 ("**Period**"), together with the comparative unaudited figures for the corresponding period in 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the six months ended 31 December	
		2015	2014
		(Unaudited)	(Unaudited)
	NOTES	***HK$'000***	*HK$'000*
Revenue	*4*	**96,225**	111,859
Other income, gains and losses	*5*	**6,689**	4,609
Staff costs	*7*	**(28,246)**	(30,899)
Tutor contractor fee	*7*	**(26,735)**	(31,074)
Operating lease payments	*7*	**(22,870)**	(24,849)
Marketing expenses		**(16,222)**	(12,746)
Printing costs		**(232)**	(112)
Depreciation and amortisation		**(2,780)**	(2,670)
Gain (loss) arising on change in fair value of listed held-for-trading investments		**30,432**	(928)
Impairment losses on available-for-sale investments		**(11,613)**	(6,451)
Other operating expenses		**(26,865)**	(23,204)
Finance costs	*6*	**(1,182)**	–
Share of results of joint ventures		**(380)**	521
Share of results of associates		**4,650**	4,105
Profit (loss) before tax	*7*	**871**	(11,839)
Income tax expense	*8*	**(85)**	(171)
Profit (loss) for the period		**786**	(12,010)

	NOTES	For the six months ended 31 December 2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'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		**(71)**	1
Fair value loss on revaluation of available-for-sale investment		**(38,288)**	(6,451)
Reclassification adjustment upon impairment of available-for-sale investment		**11,182**	6,451
Other comprehensive (expense) income for the period, net of income tax		**(27,177)**	1
Total comprehensive expense for the period		**(26,391)**	(12,009)
Profit (loss) for the period attributable to:			
Owners of the Company		**756**	(11,944)
Non-controlling interests		**30**	(66)
		786	(12,010)
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		**(26,421)**	(11,943)
Non-controlling interests		**30**	(66)
		(26,391)	(12,009)
Earnings (loss) per share	*9*		
– Basic *(HK cents)*		**0.04**	(2.66)
– Diluted *(HK cents)*		**0.04**	(2.66)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	31 December 2015 (Unaudited) HK$'000	30 June 2015 (Audited) HK$'000
Non-current assets			
Property, plant and equipment		**18,755**	14,217
Investment property		**29,600**	29,600
Goodwill		**1,056**	60
Other intangible assets		**990**	1,088
Interests in associates		**64,701**	75,251
Interests in joint ventures		**8,980**	10,360
Loan receivables	*11*	**6,792**	6,854
Available-for-sale investments		**43,336**	29,239
Non-current deposits		**7,660**	7,508
		181,870	174,177
Current assets			
Trade and other receivables	*12*	**64,122**	26,001
Loan receivables	*11*	**23,211**	23,547
Amounts due from related parties		**1,300**	1,108
Other financial assets		**2,609**	2,609
Held-for-trading investments		**315,697**	32,345
Bank balances and cash		**309,580**	105,167
		716,519	190,777
Current liabilities			
Other payables and accruals	*13*	**19,977**	16,396
Deferred income		**9,460**	7,684
Current tax liabilities		**1,036**	944
Amounts due to related parties		**695**	195
Short-term borrowing	*14*	**40,000**	–
Loan notes	*15*	**500**	–
		71,668	25,219
Net current assets		**644,851**	165,558

	NOTES	31 December 2015 (Unaudited) HK$'000	30 June 2015 (Audited) HK$'000
Total assets less current liabilities		**826,721**	339,735
Non-current liabilities			
Deferred tax liabilities		**1,199**	1,216
Provision for long service payments		**1,894**	1,902
Loan notes	*15*	**144,345**	–
		147,438	3,118
Net assets		**679,283**	336,617
Capital and reserves			
Share capital	*16*	**22,816**	3,259
Reserves		**656,309**	333,230
Equity attributable to owners of the Company		**679,125**	336,489
Non-controlling interests		**158**	128
Total equity		**679,283**	336,617

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

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

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

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

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") and with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

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

The condensed consolidated financial statements have been prepared under the historical cost basis except for the investment property and certain financial instruments which are measured at fair values or revalued amounts, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those used in the Group's annual financial statements for the year ended 30 June 2015 ("**2015 Annual Financial Statements**").

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

HKFRS 9	Financial Instruments[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[4]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[4]
Amendments to HKAS 1	Disclosure Initiative[4]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[4]

[1] *Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.*

[2] *Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.*

[3] *Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.*

[4] *Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.*

The Directors anticipate that the application of HKFRS 9 may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

For the other new and revised HKFRSs, the Group has already commenced an assessment of the impact but is not yet in a position to state whether these other new and revised 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.

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 conforming to HKFRSs which are regularly reviewed by the executive Directors, being the chief operating decision maker ("**CODM**") of the Group, in order to allocate resources to segments and to assess their performances.

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

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

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

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

(a) Segment revenues and results

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

For the six months ended 31 December 2015

	Provision of private educational services	Investment in securities	Property investments	Money lending	Others	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
						(Unaudited)
Segment revenue	92,898	–	372	1,343	1,612	96,225
Segment results	(8,600)	28,277	(624)	551	41	19,645
Impairment losses on available-for-sale investments						(11,613)
Finance costs						(1,182)
Share of results of joint ventures						(380)
Share of results of associates						4,650
Unallocated corporate income						11
Unallocated corporate expenses						(10,260)
Profit before tax						871

For the six months ended 31 December 2014

	Provision of private educational services *HK$'000*	Investment in securities *HK$'000*	Property investments *HK$'000*	Money lending *HK$'000*	Others *HK$'000*	Consolidated *HK$'000* (Unaudited)
Segment revenue	109,006	–	432	2,421	–	111,859
Segment results	1,377	(986)	(532)	2,299	–	2,158
Impairment losses on available-for-sale investments						(6,451)
Finance costs						–
Share of results of joint ventures						521
Share of results of associates						4,105
Unallocated corporate income						96
Unallocated corporate expenses						(12,268)
Loss before tax						(11,839)

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. impairment losses on available-for-sale investments, finance costs, share of results of joint ventures, share of results of associates, unallocated corporate income and unallocated corporate expenses.

(b) *Segment assets and liabilities*

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

As at 31 December 2015

	Provision of private educational services *HK$'000*	Investment in securities *HK$'000*	Property investments *HK$'000*	Money lending *HK$'000*	Others *HK$'000*	Consolidated *HK$'000* (Unaudited)
Assets						
Segment assets	46,135	315,698	29,978	30,861	695	423,367
Unallocated assets						
Bank balances and cash						308,734
Interests in associates						64,701
Interests in joint ventures						8,980
Other financial assets						2,609
Available-for-sale investments						43,336
Other corporate assets						46,662
						898,389
Liabilities						
Segment liabilities	29,905	452	137	–	852	31,346
Unallocated liabilities						
Current tax liabilities						1,036
Deferred tax liabilities						1,199
Short-term borrowing						40,000
Loan notes						144,845
Other corporate liabilities						680
						219,106

As at 30 June 2015

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

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

- all assets are allocated to the operating segments other than bank balances and cash (other than those included in the money lending segment), interests in associates and joint ventures, other financial assets, available-for-sale investments and other corporate assets; and

- all liabilities are allocated to the operating segments other than current tax liabilities, deferred tax liabilities, short-term borrowing, loan notes and other corporate liabilities.

(c) Other segment information

For the six months ended 31 December 2015

	Provision of private educational services *HK$'000*	**Investment in securities** *HK$'000*	**Property investments** *HK$'000*	**Money lending** *HK$'000*	**Others** *HK$'000*	**Consolidated** *HK$'000* **(Unaudited)**
Capital additions	**8,411**	**3**	**–**	**–**	**6**	**8,420**
Depreciation and amortisation	**2,571**	**188**	**–**	**20**	**1**	**2,780**
Provision for long service payments	**129**	**–**	**–**	**–**	**–**	**129**

For the six months ended 31 December 2014

	Provision of private educational services *HK$'000*	Investment in securities *HK$'000*	Property investments *HK$'000*	Money lending *HK$'000*	Others *HK$'000*	Consolidated *HK$'000* (Unaudited)
Capital additions	1,721	7	–	–	–	1,728
Depreciation and amortisation	2,452	188	–	30	–	2,670
Provision for long service payments	(66)	–	–	–	–	(66)

(d) Revenue from major services

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

	For the six months ended 31 December	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Secondary tutoring services	**70,788**	83,783
Secondary day school education	**955**	1,124
Primary tutoring services, skill courses and test preparation courses	**6,037**	6,462
Franchising income	**2,177**	1,869
English language training and test preparation courses	**12,022**	12,556
Technical consultation, management and software licensing services	**919**	2,662
Overseas studies consultation services	**–**	550
Rental income	**372**	432
Loan interest income	**1,343**	2,421
Advertising income	**1,612**	–
Total revenue	**96,225**	111,859

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

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

5. OTHER INCOME, GAINS AND LOSSES

	For the six months ended 31 December	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest income	**11**	96
Dividend income	**31**	–
(Loss) gain on disposal of		
– property, plant and equipment	**(938)**	36
– subsidiary	**–**	6
Change in fair value of loan notes	**(224)**	–
Supporting services income	**7,540**	3,517
Exchange gain	**–**	239
Others	**269**	715
	6,689	4,609

6. FINANCE COSTS

	For the six months ended 31 December	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Effective interest expense on loan notes	**620**	–
Interest on short-term borrowing	**562**	–
	1,182	–

7. PROFIT (LOSS) BEFORE TAX

Profit (loss) before tax has been arrived at after charging:

	For the six months ended 31 December	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Directors' remuneration	**2,909**	3,832
Other staff costs	**24,452**	25,478
Other staff's retirement benefit scheme contributions	**981**	1,124
Share-based payments to other staff	**–**	594
	28,342	31,028
Tutor contractor fee to Directors	**(96)**	(129)
Staff costs	**28,246**	30,899

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

	For the six months ended 31 December	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax	**97**	137
PRC Enterprise Income Tax	**4**	50
	101	187
Deferred tax	**(16)**	(16)
Total income tax recognised in profit or loss	**85**	171

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

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

9. EARNINGS (LOSS) PER SHARE

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

	For the six months ended 31 December	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Earnings (loss) for the purpose of basic and diluted earnings (loss) per share (Profit (loss) for the period attributable to owners of the Company)	**756**	(11,944)

	Number of shares	Number of shares (Restated)
Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	**1,888,321,670**	448,276,248

The denominator for the purpose of calculating basic and diluted loss per share for the six months ended 31 December 2014 has been adjusted to reflect (i) the consolidation of shares of the Company ("**Share(s)**") in May 2015 on the basis of five existing Shares being consolidated into one consolidated Share; and (ii) the bonus element, on the basis of one bonus share for every two rights shares taken up, of the rights issue completed in August 2015 on the basis of four rights shares for every ordinary Share.

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary Shares in issue for the six months ended 31 December 2015.

The computation of diluted loss per share for the six months ended 31 December 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 Share during the relevant period.

10. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2015 (2014: nil).

11. LOAN RECEIVABLES

	31 December 2015 (Unaudited)	30 June 2015 (Audited)
	HK$'000	*HK$'000*
Loan receivables	**30,003**	30,401
Less: Balances due within one year included in current assets	**(23,211)**	(23,547)
Non-current portion	**6,792**	6,854

Loan receivables represent outstanding principals and interest arising from the money lending business of the Group. All of the loan receivables are entered with contractual maturity within 1 to 3 years. The Group seeks to maintain strict control over its loan receivables in order to minimise credit risk by reviewing the borrowers' and their guarantors' financial positions.

The loan receivables are interest-bearing at rates mutually agreed between the contracting parties, ranging from 8% to 12% (30 June 2015: 9% to 12%) per annum. As at 31 December 2015, loan receivables were unsecured (30 June 2015: approximately HK$4.90 million were secured by pledged equity shares beneficially owned by the borrower).

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

12. TRADE AND OTHER RECEIVABLES

	31 December 2015 (Unaudited)	30 June 2015 (Audited)
	HK$'000	*HK$'000*
Accrued revenue and trade receivables	**1,135**	552
Rental deposits	**18,319**	19,608
Other deposits	**23,099**	3,069
Prepayments	**13,411**	8,794
Other receivables	**15,818**	1,486
	71,782	33,509
Less: rental deposits (shown under non-current assets)	**(7,660)**	(7,508)
Trade and other receivables (shown under current assets)	**64,122**	26,001

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:

	31 December 2015 (Unaudited)	30 June 2015 (Audited)
	HK$'000	*HK$'000*
Accrued revenue not yet billed	**236**	225
Trade receivables:		
0 – 30 days	**517**	218
31 – 60 days	**307**	66
61 – 90 days	**45**	10
Over 90 days	**30**	33
	1,135	552

Included in the Group's trade receivable balance are debtors with an aggregate carrying amount of approximately HK$30,000 (30 June 2015: approximately HK$33,000) which were past due as at the reporting date and 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 (30 June 2015: over 90 days).

As at 31 December 2015, accrued revenue and trade receivables arose from the continuing franchise income of primary tutoring service to franchisees and advertising income (30 June 2015: arose from the continuing franchise income of primary tutoring service to franchisees). The accrued revenue is not yet due as it is billed in arrears. The credit periods ranged from 30 days to 90 days. There is no credit period granted for tuition fee as they are normally received in advance.

13. OTHER PAYABLES AND ACCRUALS

	31 December 2015 (Unaudited)	30 June 2015 (Audited)
	HK$'000	*HK$'000*
Other payables	**8,991**	8,011
Accrued tutor contractor fee, salary and bonus and other accruals	**10,986**	8,385
	19,977	16,396

14. SHORT-TERM BORROWING

During the Period, the Group had a short-term borrowing from an independent third party amounting to HK$40 million (30 June 2015: nil). The borrowing is secured and bears fixed interest rate of 8% per annum and repayable within one year.

15. LOAN NOTES

During the Period, the Company issued loan notes carrying coupon rate of 8% per annum with aggregate face value amounted to HK$150,000,000. On initial recognition, the aggregate principal amount of the loan notes amounted to HK$144,224,000 and the fair value for the redemption option amounted to HK$5,776,000. The loan notes are unsecured.

The redemption option entitled the Company, at its sole discretion, to redeem the loan notes or any part thereof outstanding on a business day (which must be a day after the first anniversary of the date of issue of the loan notes and before the maturity date) by giving not less than one month's prior written notice to the holders. The redemption option also entitled the holders to redeem the loan notes or any part thereof outstanding on a business day (which must be a day after the eighteenth month of the date of issue of the loan notes and before the maturity date) by giving not less than one month's prior written notice to the Company. The effective interest rate of the loan notes is 10%.

16. SHARE CAPITAL

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

	Number of shares	Amount
		HK$'000
Authorised		
Ordinary Shares of HK$0.01 each at 30 June 2015, 1 July 2015 and 31 December 2015	30,000,000,000	300,000
Issued and fully paid		
Ordinary Shares of HK$0.01 each:		
At 1 July 2015 (Audited)	325,939,200	3,259
Issue of rights shares on 7 August 2015 *(Note)*	1,303,756,800	13,038
Issue of bonus shares on 7 August 2015 *(Note)*	651,878,400	6,519
At 31 December 2015 (Unaudited)	2,281,574,400	22,816

Note:

On 24 April 2015, the Company proposed the implementation of the rights issue on the basis of four rights shares ("**Rights Share(s)**") for every one Share held on 15 July 2015 (i.e. the record date) at the subscription price of HK$0.295 per Rights Share ("**Rights Issue**") with the bonus issue on the basis of one bonus share ("**Bonus Share(s)**") for every two Rights Shares taken up ("**Bonus Issue**"). The Rights Issue with the Bonus Issue was approved by the Company's independent shareholders at the special general meeting of the Company held on 3 July 2015. Completion of the Rights Issue with the Bonus Issue took place on 7 August 2015. An aggregate of 1,303,756,800 Rights Shares and 651,878,400 Bonus Shares were issued to qualifying shareholders of the Company. The net proceeds of the Rights Issue with the Bonus Issue were approximately HK$369.10 million. The Shares issued rank pari passu with other Shares in issue in all respects.

17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 inputs are quoted prices (unadjusted) in active market for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

	As at 31 December 2015			
	Level 1	**Level 2**	**Level 3**	**Total**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Available-for-sale investment	**33,827**	**–**	**–**	**33,827**
Held-for-trading investments	**315,697**	**–**	**–**	**315,697**
Derivative financial instruments	**–**	**–**	**2,284**	**2,284**
Contingent consideration	**–**	**–**	**325**	**325**
	349,524	**–**	**2,609**	**352,133**

	As at 30 June 2015			
	Level 1	Level 2	Level 3	Total
	(Audited)	(Audited)	(Audited)	(Audited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Available-for-sale investment	21,300	–	–	21,300
Held-for-trading investments	32,345	–	–	32,345
Derivative financial instruments	–	–	2,284	2,284
Contingent consideration	–	–	325	325
	53,645	–	2,609	56,254

There were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 in the current period and prior period.

The Group did not have any financial liabilities measured at fair value as at 31 December 2015 and 30 June 2015.

Available-for-sale investment and held-for-trading investments are listed equity securities in Hong Kong, for which the fair values are determined with reference to quoted bid prices in an active market. Derivative financial instruments and contingent consideration are related to various call and put options and contingent consideration receivables on equity investments. The fair values are determined with reference to binomial option pricing model and discounted cash flow analysis respectively. The key unobservable inputs used include volatility of the option life, consolidated net profit after tax of underlying investments, discount rate and scenario probability distribution.

There was no change in valuation techniques during the reporting period. The assumptions of the unobservable inputs used in Level 3 fair value measurements at the end of the reporting period were not significantly different from those used in the 2015 Annual Financial Statements. The Directors consider that the impact of changes in key unobservable inputs in Level 3 fair value measurements in the current period was no significant difference as compared to those in the 2015 Annual Financial Statements.

Fair value of the Group's financial assets and liabilities that are not measured at fair value on a recurring basis

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements for the current reporting period approximate their fair values.

18. ACQUISITION OF SUBSIDIARY

On 26 August 2015, the Group entered into a conditional sale and purchase agreement with Mr. Leung Wai Hon ("**Mr. Leung**") in relation to the acquisition of Vision Smart Limited ("**Vision Smart**") by further acquiring 51% of the entire issued shares of Vision Smart and the entire debts owing by Vision Smart to Mr. Leung at a consideration of HK$16,809,046. Prior to the acquisition, the Group held 49% equity interest in Vision Smart and was accounted for by equity accounting. The acquisition was completed on 16 October 2015 and Vision Smart has become an indirect wholly-owned subsidiary of the Group. Vision Smart is principally engaged in property investment and investment holding. Details of the acquisition were disclosed in the announcement of the Company dated 26 August 2015.

Acquisition-related costs amounting to approximately HK$34,000 have been excluded from the consideration transferred and have been recognised as an expense in the period, within the "other operating expenses" line item in the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 31 December 2015.

Assets acquired and liabilities recognised at the date of acquisition

	Fair value
	HK$'000
Current assets	
Deposits and prepayments	31,019
Bank balance	–
Current liabilities	
Accruals and other payables	(3)
Loans due to shareholders	(31,031)
	(15)

Goodwill arising on acquisition

	HK$'000
Consideration transferred	16,809
Fair value of identifiable net liabilities acquired	15
Fair value of the Group's previously held equity interest in Vision Smart	–
Elimination of shareholder's loan due to the Group	(15,828)
Goodwill arising on acquisition	996

Goodwill arose on the acquisition because the Company expected to diversify the Group's business portfolio and also provide a new source of income for the Group. Therefore, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth and the future market development of the Group. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill arising on the acquisition of Vision Smart is expected to be deductible for tax purposes.

Net cash outflow arising on acquisition

	HK$'000
Consideration paid in cash	16,809
Less: cash and cash equivalents acquired	–
Net cash outflow	16,809

Impact of acquisition on the results of the Group

Vision Smart did not contribute significantly to the revenue or results of the Group for the six months ended 31 December 2015 since completion of the acquisition.

Had the acquisition been effected at 1 July 2015, the revenue of the Group would have been approximately HK$96,225,000, and the profit would have been approximately HK$786,000 for the six months ended 31 December 2015. The Directors of the Group consider these 'pro forma' information is for illustrative purposes only and is not necessarily an indication of results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 July 2015, nor is it intended to be a projection of future results.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Period, the Group developed steadily with its prudent business strategy and maintained one of the leading positions in Hong Kong and the People's Republic of China ("**PRC**") for the provision of quality educational services. Yet, the Group continues to identify potential acquisition or strategic investment opportunities that create synergies to the Group. For the Period, the Group's revenue decreased by approximately 13.98% to approximately HK$96.23 million, compared with approximately HK$111.86 million from the corresponding period in 2014.

Provision of private educational services

Secondary Tutoring Services

The Group has been facing the fierce competitions recently as more tutorial centers have been established in the market in order to help students to cope with the public examination. Our star-rating tutors continue to offer the competent test-taking skills to help students to achieve the remarkable academic result through the simple teaching approach, as well as enhancing the overall standard of the students. During the Period, the Group recorded revenue of approximately HK$70.79 million, representing a decrease of approximately 15.51% compared to the corresponding period in 2014.

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 Period:

	For the six months ended 31 December	
	2015	2014
Number of course enrolments *(in thousands)*		
Regular courses	**95**	113
Intensive courses	**2**	2
Summer courses	**28**	33
Special courses	**6**	12
Number of tutors *(Note 1)*		
Regular courses	**43**	37
Intensive courses	**16**	19
Summer courses	**40**	37
Special courses	**28**	28
Average course fees *(HK$) (Note 2)*		
Regular courses	**543**	539
Intensive courses	**544**	574
Summer courses	**507**	511
Special courses	**286**	229

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 Period.

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

As of 31 December 2015, the Group had 13 learning centers operated under the brand of "Modern Education" 現代教育.

Secondary Day School Education

The Group has resumed the secondary day school program since the academic year 2014-2015 under the brand "Modern Day School" 現代日校. The Group has recorded steady enrolments for classes in Secondary 5 and 6, which shows the demand of the day school courses remains significant. During the Period, the Group recorded revenue of approximately HK$0.96 million from the day school segment. The number of course enrolments for Secondary 5 and 6 were 59 and 259 respectively with average course fee of HK$3,080.

English Language Training and Test Preparation Courses

The Group has continuously provided the preparation courses of the International English Language Testing System (IELTS) and Test of English for International Communication (TOEIC), the world's two most recognized qualifications English Language Test. The Group has constantly focused on student's language ability to cope with their daily communications and the needs in their daily work environment so as to provide relevant courses to enhance students' competitiveness. During the Period, there were approximately 7,600 course enrolments as compared with approximately 7,800 course enrolments in the corresponding period in 2014.

Primary Tutoring Services, Skill Courses and Test Preparation Courses

Parents nowadays are more concern about the learning process of their children in schools, they expected their children is able to acquire a high quality of education to tackle both the external and internal school examinations. The Group is dedicated to help primary students to enhance their competitiveness through the professional teaching approaches from our high-quality tutors. As of 31 December 2015, there were 7 directly-owned education centers and 31 franchised centers under the brand "Modern Bachelor Education" 現代小學士. Two new franchised centres are underway for operation in the first half of 2016. During the Period, the Group recorded (i) total number of approximately 4,200 course enrolments (2014: approximately 4,500 course enrolments) from our directly-owned learning centres; and (ii) total revenue contributed by the franchised centres was approximately HK$2.18 million (2014: approximately HK$1.87 million).

PRC Operations

The PRC continued to advocate social development in the 13th Five-Year Plan in which educational reform is prioritized among other policies aiming to foster talents. In addition, the PRC recently ended its three-decade long one-child policy, releasing limitless opportunities in the PRC education industry at the same time. Per capita disposable income of urban households in the PRC has increased rapidly as a result of continued economic growth and urbanization, which is estimated to increase with a compound annual growth rate of 10.3% from 2013 to 2017. High disposable income families are generally more willing to send their children to study abroad. The favourable factors aforesaid have catalyzed the Group to diversify our business units in the PRC market. During the Period, the Group continued to offer international programs and relevant overseas study consultation services. After years of operation, the brand is widely recognized in the Guangdong province.

Giving confidence to students and parents is important for educational providers. The Group's highly qualified teachers integrate their valuable experience with innovative teaching methods and technology, helping students to acquire necessary skills in learning, build a solid foundation in different subjects and do well in international examinations. The Group believes in the potential of the PRC market. We will further deploy resources to extend our network inside the PRC and look forward to expanding our services to more than 10 cities in the coming 2 to 3 years.

Investments

Properties Investments

During the Period, the Group recorded stable rental income of approximately HK$0.37 million on properties investment. The Group maintains a prudent investment strategy and review regularly the return on investments in order to generate stable income and capital appreciation to the Group.

Securities Investments

The Group maintains a cautious investment strategy in distributing resources in securities trading business. During the Period, the Group allocated comparatively more resources in this segment and diversified the investment portfolio of the Group. As at 31 December 2015, the total fair value of the investment portfolio held by the Group was approximately HK$315.70 million and comprised eight investment items, all of which are shares of companies listed on the Stock Exchange. During the Period, the Group recorded gain arising on change in fair value of listed held-for-trading investments of approximately HK$30.43 million. Such gain consists of net realised loss and net unrealised gain on fair value changes of securities investment.

During the Period, the Group acquired eight listed securities under this business segment (among which the shares of Convoy Financial Holdings Limited (stock code: 1019) valued at approximately HK$304.50 million represented approximately 96.45% of the fair value of the Group's held-for-trading investments as at 31 December 2015), and disposed of shares in Target Insurance (Holdings) Limited (stock code: 6161), OP Financial Investments Limited (stock code: 1140) and Jun Yang Financial Holdings Limited (stock code: 397). The net loss on such disposals recorded in the Period, in aggregate, amounted to approximately HK$17.32 million.

Other Investments

(i) Early Education

Parents in Hong Kong are keen to develop the multiple intelligences and unlock the potentials of their children through pre-school learning programmes in order to build up a good foundation and prepare their kids to face with the numerous challenges they are going to encounter in the future. Therefore, superior early education became more important than ever among parents. Full Profit Hong Kong Development Limited and its subsidiary, joint ventures of the Group, specialized in providing management and consultancy services in early education, has been growing steadily in the past two years and has contributed steady profits to the Group. The Group remains optimistic in the future business development in this early education sector.

(ii) Continuing and Tertiary Education

Continuing professional development has been not in the education markets. The Group provides professional vocation oriented academic programmes in hospitality management, business and marketing, as well as vocational oriented training courses in wedding and production related and fashion and styling through Compass College and Bridal Academy separately, and these two brands are owned by Seasoned Leader Limited in which the Group owns 47% of shareholding.

(iii) Consultation Services

Financial condition and results of the operation of Link Resources (Asia) Limited and its subsidiary ("**Link Resources Group**") have experienced some impact by the downturn and volatility in the Chinese economy in the past one year. The volatility in the domestic stock markets, the Chinese yuan and disruption from new financial technology companies has had some impact on the prospects of financial institutions and other industries and has altered clients' spending priorities and the demand for professional learning, assessment and development services. However, as firms continue to come to terms with this more volatile new normal, changed priorities are creating opportunities for learning consulting, development and assessment services, Link Resources Group with strengthened sales and marketing team coupled with the enhancement of computers and software packages recently, has confidence in certain expansion into both the existing and new client bases.

Money Lending Business

China Rich Finance Limited, an indirect wholly-owned subsidiary of the Company, holder of money lenders license under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). During the Period, the Group recorded loan interest income of approximately HK$1.34 million from granting loans to independent third parties. The outstanding principal amount of loan receivables as at 31 December 2015 was HK$29.59 million. During the Period, the Group has not recorded any doubtful or bad debt in its money lending activities.

FINANCIAL REVIEW

Revenue

During the Period, the Group recorded revenue of approximately HK$96.23 million, representing a decrease of approximately 13.98% as compared with approximately HK$111.86 million recorded for the corresponding period in 2014. Such decrease was primarily due to the decrease in revenue from (i) secondary tutoring services to approximately HK$70.79 million, representing a decrease of approximately 15.51% as compared to approximately HK$83.78 million recorded for the corresponding period in 2014; and (ii) technical consultation, management and software licensing services was approximately HK$0.92 million, representing a decrease of approximately 65.48% as compared to approximately HK$2.66 million recorded in the corresponding period in 2014. In addition, the Group recorded decrease in loan interest income from the money lending business to approximately HK$1.34 million, representing a decrease of approximately 44.53% as compared to the corresponding period in 2014.

During the Period, the Group recorded slightly decrease in revenue from (i) English language training and test preparation courses to approximately HK$12.02 million (2014: approximately HK$12.56 million); (ii) secondary day school education to approximately HK$0.96 million (2014: approximately HK$1.12 million); and (iii) primary tutoring services (including franchising income) to approximately HK$8.21 million (2014: approximately HK$8.33 million). In addition, the Group recorded rental income of approximately HK$0.37 million generated from investment property (2014: approximately HK$0.43 million) for the Period.

Nevertheless, the Group recorded advertising income from a new business, which is magazine publication, of approximately HK$1.61 million which partly offset the overall revenue declined for the Period.

Other income, gains and losses

For the Period, the Group's other income, gains and losses recorded net gain of approximately HK$6.69 million (2014: approximately HK$4.61 million). Such increase was due to the net effect of, among other things, (i) the increase in supporting services income by approximately HK$4.02 million and loss on disposal of property, plant and equipment by approximately HK$0.97 million as compared with the corresponding period in 2014; (ii) a loss on change in fair value of loan notes of approximately HK$0.22 million recorded during the Period; and (iii) net decrease in exchange gain and other income by approximately HK$0.69 million as compared to the corresponding period in 2014.

Staff costs

The Group's staff costs decreased by approximately HK$2.65 million or approximately 8.59% compared with the corresponding period in 2014. Such decrease was mainly attributable to the decrease in Directors' emoluments and other staff salaries, including the absence of the equity-settled share-based payments recorded in the corresponding period in 2014.

Tutor contractor fee

The Group's tutor contractor fee decreased by approximately HK$4.34 million or approximately 13.96% compared with the corresponding period in 2014. Such decrease was in line with the decline in revenue derived from secondary tutoring services.

Operating lease payments

The Group's operating lease payments decreased by approximately HK$1.98 million or approximately 7.96% compared with the corresponding period in 2014. Such decrease was due to the adjustment in monthly rental payment upon signing of certain new tenancy contracts after tenancy expiry and non-renewal of certain expired lease agreements during the Period.

Marketing expenses

The Group's marketing expenses increased by approximately HK$3.48 million or approximately 27.27% compared with the corresponding period in 2014 was attributable to the increase in media placement and various marketing activities during the Period.

Other operating expenses

The Group's other operating expenses increased by approximately HK$3.66 million or 15.78% compared with the corresponding period in 2014. Such increase was primarily due to the net effect of (i) the increase in various operating expenses including overseas travelling, copier rental and repair and maintenance, in aggregate, by approximately HK$4.69 million as compared with the corresponding period in 2014; and (ii) the absence of equity-settled share-based payment expenses of approximately HK$1.24 million for the share options granted to eligible persons (other than Directors and employees) by the Company recorded in the corresponding period in 2014.

Finance costs

The Group incurred finance costs of approximately HK$1.18 million from loan notes and short-term borrowing during the Period (2014: nil).

Profit attributable to owners of the Company

Profit attributable to owners of the Company for the Period was approximately HK$0.76 million (2014: loss of approximately HK$11.94 million). Earnings per share was HK0.04 cents for the Period (2014: loss per share of HK2.66 cents, as restated).

OUTLOOK

Hong Kong approaches 2016 facing most of the same issues that preoccupied it in 2015. There is a looming conjuncture of global and domestic circumstances that suggests 2016 is likely to be as gloomy as last year, if not more so. Yet, quality education is an investment in the future of children. In the coming future, the Group foresees the competition of education industry will be more intensive. The Group will endeavour to remain its leading position in the industry and try to develop diversified business to strengthen its earning sources. As the PRC market is still in an establishing stage and has higher growth potential, the Group will allocate more resources to develop high quality and professional consultancy services in the education and language training segments. At the meantime, the Group is keen on looking for stable investment plans and potential corporations to merge and acquire in order to intensify its business foundation and generate revenues. Besides education business, the Group intends to all secure high growth potential investments. The Group will actively consider a series of merger and acquisition actions to develop its business and generate ideal incomes to shareholders.

In Hong Kong

There is a phenomenal rise in the demand from mature working students to seek continuing advanced education in order to obtain higher bargaining power for better career prospects. In view of this, the Group will allocate sufficient resources on developing continuing education and professional education by recruiting related experienced tutors to launch more vocational courses and professional academic subjects. In addition, the Group will reinforce marketing promotions to draw the targeting groups our company's brand.

In the PRC

The PRC government formally relaxed the one-child policy to two-child policy in the National People's Congress on 27 December, 2015. It is expected that the new policy will encourage couples to have more than one child, thus resulting in a surge in birth rate in the short to medium term and giving rise to another rapid increase in the demand for quality education services and educational consultation services in the long term. The Group will continue to collaborate with our business partners and seek new partners to extend and diversify our business units. The Group aims to become a major player in providing top-tier education services in different areas in the PRC.

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 31 December 2015, the Group's total balance of cash and cash equivalents amounted to approximately HK$309.58 million (30 June 2015: approximately HK$105.17 million), of which 98.81% is held in Hong Kong dollars and 1.19% is held in Renminbi. As at 31 December 2015, the Group had a short-term borrowing of HK$40 million bears fixed interest rate of 8% per annum (30 June 2015: nil). Current ratio (defined as total current assets divided by total current liabilities) was 10 times (30 June 2015: 7.56 times).

As at 31 December 2015, the gearing ratio of the Group was 24.20% (30 June 2015: 7.22%). 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).

FUND RAISING ACTIVITIES

On 24 April 2015, the Company proposed the implementation of the Rights Issue with the Bonus Issue. The Rights Issue with the Bonus Issue was approved by the Company's independent shareholders at the special general meeting of the Company held on 3 July 2015. Completion of the Rights Issue with the Bonus Issue took place on 7 August 2015 and the net proceeds were approximately HK$369.10 million. Details of the Rights Issue with the Bonus Issue were set out in the prospectus of the Company dated 16 July 2015 and the announcement of the Company dated 6 August 2015.

ISSUE OF LOAN NOTES

On 5 November 2015, the Company and a placing agent entered into a placing agreement pursuant to which the placing agent, on a best endeavor basis, agreed to procure placees who and whose respective ultimate beneficial owners are third parties independent, to subscribe for the 8% per annum notes ("**Notes**") to be issued by the Company in an aggregate principal amount of up to HK$150,000,000. On 17 December 2015, the Notes in an aggregate principal amount of HK$150,000,000 were issued. Details of the issue of Notes were disclosed in announcements of the Company dated 5 November 2015 and 17 December 2015.

CAPITAL STRUCTURE AND TREASURY POLICIES

The Group consistently employed a prudent treasury policy during its development and generally financed its operations and business development with internally generated resources and equity and/or debt financing activities. The Group also adopted flexible and prudent fiscal policies to effectively manage the Group's assets and liabilities and strengthen 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 31 December 2015, the Group had a total of 310 employees (30 June 2015: 300 employees). They receive competitive remuneration packages that are constantly reviewed 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 Board may grant options to eligible persons, including employees and Directors, to subscribe for shares of the Company. During the Period, no share options have been granted by the Company pursuant to the share option scheme.

CONTINGENT LIABILITIES

As at 31 December 2015, the Group had no significant contingent liabilities (30 June 2015: nil).

CAPITAL COMMITMENTS

As at 31 December 2015, there were respective capital commitments contracted for but not provided in the condensed consolidated financial statements amounting to approximately HK$99.41 million (30 June 2015: approximately HK$41.24 million).

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2015, an investment property of the Group with carrying value of HK$29.60 million (30 June 2015: HK$29.60 million) was pledged to secure general banking facilities granted to the Group.

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

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

MATERIAL ACQUISITIONS AND DISPOSALS

On 26 August 2015, the Group entered into a conditional sale and purchase agreement with Mr. Leung in relation to the acquisition of Vision Smart by further acquiring 51% of the entire issued shares of Vision Smart and the entire debts owing by Vision Smart to Mr. Leung at a consideration of approximately HK$16.81 million. The acquisition was completed on 16 October 2015 and Vision Smart has become an indirect wholly-owned subsidiary of the Group. Details of the acquisition were disclosed in the announcement of the Company dated 26 August 2015 and the circular of the Company dated 24 September 2015.

Save as disclosed, the Group had no other material acquisitions or disposals of subsidiaries and associated companies during the Period.

SIGNIFICANT INVESTMENT HELD

In August 2015, the Group acquired an aggregate of 118,600,000 shares of GET Holdings Limited ("**GET**") on the market through the Stock Exchange for an aggregate consideration of approximately HK$50.82 million. As of 31 December 2015, the Group held an aggregate of 159,560,788 shares of GET, representing approximately 12.92% of the issued share capital of GET. During the Period, the Group recorded an impairment loss on available-for-sale investment of approximately HK$11.18 million as a result of its investment in GET. The Group will continue to explore the cooperation opportunity with GET on the business of website development, e-learning products and services. The Group will from time to time monitor the price movement of GET's shares and may adjust its securities investment portfolio as and when appropriate.

EVENTS AFTER THE REPORTING PERIOD

(i) On 15 January 2016, the Group entered into a conditional sale and purchase agreement with an independent third party to dispose of 40% of issued share capital of Ultimate Elite Investments Limited, a company incorporated in British Virgin Islands and a wholly-owned subsidiary of the Company, at a consideration of HK$50,000,000. Details of the disposal were disclosed in the announcement of the Company dated 15 January 2016. As at the date of this announcement, the disposal was not completed.

(ii) On 27 January 2016, the Board proposed that every five (5) issued and unissued existing Shares of HK$0.01 each be consolidated into one (1) consolidated share of HK$0.05 each ("**Share Consolidation**"). The proposed Share Consolidation is conditional upon satisfaction of certain conditions set out in the announcement of the Company dated 27 January 2016. For more detail, please refer to such announcement. As at the date of this announcement, the Share Consolidation has not become effective.

(iii) On 11 February 2016, the Group completed the acquisition of the properties located at Offices A-H, J-N & P on 21/F. (Whole Floor), "No. 3 On Kwan Street", Sha Tin, New Territories, Hong Kong from an independent third party at a cash consideration of HK$108,827,060.

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 31 December 2015, the net proceeds from the initial public offering had been utilised as follows:

	Planned amount per Prospectus *HK$ million*	Amount utilised up to 31 December 2015 *HK$ million*	Balance as at 31 December 2015 *HK$ million*
Repayment of loans	50	50	–
Setting up secondary learning centres	15	15	–
Setting up primary learning centres	6	6	–
Setting up kids learning centres *(Note)*	15	13	2
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 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 ("**Model Code**") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("**Listing Rules**") as the code of conduct regarding securities transactions by the Directors. Having made specific enquiries of the Directors, all of the Directors have complied with the required standard set out in the Model Code throughout the Period.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles in and adopted the code provisions of the corporate governance code set out in Appendix 14 to the Listing Rules as its own corporate governance code ("**CG Code**"). During the Period, the Company has complied with all the provisions of the CG Code.

AUDIT COMMITTEE

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

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Ong Chi King, Mr. Lee Shu Fai and Mr. Pun Kwok Shan. Mr. Ong Chi King is the chairman of the Audit Committee since his appointment on 28 February 2014. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and has discussed auditing, internal controls and financial reporting matters including the review of the unaudited condensed consolidated financial statements of the Group for the six months ended 31 December 2015.

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

Hong Kong, 26 February 2016

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