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Hong Kong Education (Int'l) Investments Limited
香港教育（國際）投資集團有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 1082)

ANNOUNCEMENT FOR ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2017

FINANCIAL HIGHLIGHTS

For the year ended 30 June 2017:

– The Group recorded revenue of approximately HK$153.86 million (2016: approximately HK$189.78 million).

– The Group recorded a loss of approximately HK$330.93 million (2016: loss of approximately HK$145.12 million). Such loss was mainly attributable to i) the loss arising on change in fair value of financial assets at fair value through profit or loss of approximately HK$210.58 million, in which approximately HK$214.26 million is unrealised and non-cash in nature; and ii) the loss in respect of interest in an associate, IE China, of approximately HK$117.12 million which is non-cash in nature.

As at 30 June 2017:

– The Group held bank balances and cash of approximately HK$16.28 million (2016: approximately HK$93.37 million).

– Current ratio (defined as total current assets divided by total current liabilities) was 1.96 times (2016: 2.77 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 37.79% (2016: 23.51%).

The Board does not recommend the payment of a final dividend for the year ended 30 June 2017 (2016: nil).

FINANCIAL RESULTS

The board ("**Board**") of directors ("**Directors**") of Hong Kong Education (Int'l) Investments Limited ("**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries ("**Group**") for the year ended 30 June 2017, together with the comparative audited figures for the corresponding year ended 30 June 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2017

	NOTES	**2017** ***HK$'000***	2016 *HK$'000*
Revenue	4	**153,859**	189,778
Other income, gains and losses	5	**6,147**	12,212
Staff costs	7	**(57,956)**	(58,178)
Tutor contractor fee	7	**(43,793)**	(55,979)
Operating lease payments	7	**(37,789)**	(45,016)
Marketing expenses		**(15,798)**	(21,798)
Printing costs		**(302)**	(405)
Depreciation and amortisation		**(7,685)**	(6,183)
Change in fair value of investment properties		**7,800**	(5,225)
Change in fair value of financial assets at fair value through profit or loss		**(210,580)**	(40,371)
Impairment losses on available-for-sale investments		**(3,997)**	(54,499)
Loss in respect of interest in an associate		**(117,115)**	–
Other operating expenses		**(41,688)**	(52,337)
Finance costs	6	**(16,598)**	(9,154)
Share of results of joint ventures		**401**	738
Share of results of associates		**54,982**	1,615
Loss before tax	7	**(330,112)**	(144,802)
Income tax expense	8	**(814)**	(321)
Loss for the year		**(330,926)**	(145,123)

	NOTES	**2017**	2016
		HK$'000	*HK$'000*
Other comprehensive income (expense), net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		**(12)**	(121)
Reclassification adjustment on exchange differences released upon disposal of an associate/a subsidiary		**106**	(40)
Fair value gain (loss) on revaluation of available-for-sale investments		**6,594**	(55,201)
Reclassification adjustment upon impairment of available-for-sale investment		**3,843**	53,768
Share of other comprehensive income (expense) of associates		**4,545**	(84)
Other comprehensive income (expense) for the year, net of income tax		**15,076**	(1,678)
Total comprehensive expense for the year		**(315,850)**	(146,801)
(Loss) profit for the year attributable to:			
Owners of the Company		**(333,326)**	(144,718)
Non-controlling interests		**2,400**	(405)
		(330,926)	(145,123)
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(318,250)**	(146,396)
Non-controlling interests		**2,400**	(405)
		(315,850)	(146,801)
Loss per share	9		
– Basic *(HK$)*		**(0.64)**	(0.34)
– Diluted *(HK$)*		**(0.64)**	(0.34)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	NOTES	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment		**24,851**	20,874
Investment properties		–	148,900
Goodwill		**60**	60
Other intangible assets		**692**	890
Interests in associates		**31,297**	48,077
Interests in joint ventures		**7,999**	9,598
Loan receivables	11	–	21,791
Available-for-sale investments		**83,283**	26,122
Non-current deposits		**8,043**	5,640
		156,225	281,952
Current assets			
Trade and other receivables	12	**26,198**	36,447
Loan receivables	11	**27,089**	19,045
Promissory note receivable		**50,000**	–
Amounts due from related parties		–	1,342
Amount due from an associate		**291**	–
Financial assets at fair value through profit or loss	13	**152,223**	359,914
Bank balances and cash		**16,284**	93,366
		272,085	510,114
Assets associated with disposal group classified as held for sale	14	**158,527**	–
Asset classified as held for sale		–	6,455
		158,527	6,455
		430,612	516,569

	NOTES	2017 HK$'000	2016 HK$'000
Current liabilities			
Other payables and accruals	15	**24,105**	15,275
Deferred income		**4,804**	8,161
Current tax liabilities		**156**	1,072
Amounts due to related parties		**495**	595
Bank borrowings	16	**14,400**	14,800
Loan notes	17	**150,500**	146,496
		194,460	186,399
Liabilities associated with disposal group classified as held for sale	14	**25,703**	–
		220,163	186,399
Net current assets		**210,449**	330,170
Total assets less current liabilities		**366,674**	612,122
Non-current liabilities			
Deferred tax liabilities		**202**	1,393
Provision for long service payments		**1,599**	1,857
		1,801	3,250
Net assets		**364,873**	608,872
Capital and reserves			
Share capital	18	**27,379**	22,816
Reserves		**286,893**	537,886
Equity attributable to owners of the Company		**314,272**	560,702
Non-controlling interests		**50,601**	48,170
Total equity		**364,873**	608,872

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 26 January 2011 and continued in Bermuda on 7 May 2015 (Bermuda time). The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and 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 are principally engaged in the provision of private educational services, investment in securities, property investments and money lending business.

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

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

Amendments to HKFRSs that are mandatorily effective for the current year

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle

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

New and amendments to HKFRSs and interpretations in issue but not yet effective

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

HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[2]
HKFRS 16	Leases[3]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[2]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle[5]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[2]

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKAS 40	Transfers of Investment Property[2]

1 Effective for annual periods beginning on or after 1 January 2017.
2 Effective for annual periods beginning on or after 1 January 2018.
3 Effective for annual periods beginning on or after 1 January 2019.
4 Effective for annual periods beginning on or after a date to be determined.
5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements of using an expected credit loss model for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" measurement category for certain simple debt instruments.

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.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 specifies how and when the Group will recognise revenue as well as requiring the Group to provide users of financial statements with more informative and relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. Under HKFRS 15, revenue is recognised in accordance with the core principle by identifying the contract(s) with a customer, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligations in the contract and recognising revenue when (or as) the performance obligation is satisfied. HKFRS 15 also includes a cohesive set of disclosure requirements that would result in providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the contracts with customers.

HKFRS 15 will be adopted in the Group's consolidated financial statements for the annual period beginning on 1 July 2018 and the application of HKFRS 15 may result in more disclosures, however, it is not expected to have significant impact on amounts reported in the consolidated financial statements based on the assessment on the existing contracts with customers after taking into account the above core principle.

HKFRS 16 Leases

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

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

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

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

Furthermore, extensive disclosures are required by HKFRS 16.

A preliminary assessment indicates that the Group's non-cancellable operating leases arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the Directors complete a detailed review.

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

3. BASIS OF PREPARATION

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

4. REVENUE AND SEGMENT INFORMATION

The Group's operating and reporting segments have been identified on the basis of internal management reports prepared in accordance with the accounting policies conform to HKFRSs, that are regularly reviewed by the executive Directors, being the chief operating decision maker ("**CODM**") of the Group, in order to allocate resources to segments and to assess their performances.

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

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

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

- Investments in securities – trading of securities

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

- Money lending – providing loans as money lender

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

(a) Segment revenue and results

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

For the year ended 30 June 2017

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

For the year ended 30 June 2016

	Provision of private educational services *HK$'000*	Investment in securities *HK$'000*	Property investments *HK$'000*	Money lending *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
Segment revenue	182,267	–	768	3,460	3,283	189,778
Segment results	(13,881)	(42,989)	(6,844)	2,514	(1,635)	(62,835)
Change in fair value of other financial assets						(2,609)
Impairment losses on available-for-sale investments						(54,499)
Finance costs						(9,154)
Share of results of joint ventures						738
Share of results of associates						1,615
Unallocated corporate income						13
Unallocated corporate expenses						(18,071)
Loss before tax						(144,802)

The CODM assesses segment results using a measure of operating loss whereby certain items are not included in arriving at the segment results of the operating segments (i.e. change in fair value of other financial assets, impairment losses on available-for-sale investments, gain on disposal of associates, loss in respect of interest 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 2017

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

As at 30 June 2016

	Provision of private educational services *HK$'000*	Investment in securities *HK$'000*	Property investments *HK$'000*	Money lending *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
Assets						
Segment assets	61,454	359,914	149,399	41,409	752	612,928
Unallocated assets						
Bank balances and cash						92,814
Interests in associates						48,077
Interests in joint ventures						9,598
Available-for-sale investments						26,122
Asset classified as held for sale						6,455
Other corporate assets						2,527
						798,521
Liabilities						
Segment liabilities	18,813	3,011	170	52	1,397	23,443
Unallocated liabilities						
Current tax liabilities						1,072
Deferred tax liabilities						1,393
Bank borrowings						14,800
Loan notes						146,496
Other corporate liabilities						2,445
						189,649

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

- all assets are allocated to the operating segments other than bank balances and cash (other than those included in the money lending segment), promissory note receivable, interests in associates and joint ventures, available-for-sale investments, asset 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, bank borrowings, loan notes and other corporate liabilities.

(c) Other segment information

For the year ended 30 June 2017

	Provision of private educational services *HK$'000*	**Investment in securities** *HK$'000*	**Property investments** *HK$'000*	**Money lending** *HK$'000*	**Others** *HK$'000*	**Consolidated** *HK$'000*
Capital additions	**(10,467)**	**(2,317)**	**–**	**–**	**–**	**(12,784)**
Depreciation and amortisation	**(6,964)**	**(719)**	**–**	**–**	**(2)**	**(7,685)**
Reversal of long service payments	**175**	**–**	**–**	**–**	**–**	**175**
Change in fair value of investment properties	**–**	**–**	**7,800**	**–**	**–**	**7,800**
Change in fair value of financial assets at fair value through profit or loss	**–**	**(210,580)**	**–**	**–**	**–**	**(210,580)**

For the year ended 30 June 2016

	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*
Capital additions	(15,504)	(14)	(124,525)	–	(43)	(140,086)
Depreciation and amortisation	(5,784)	(376)	–	(20)	(3)	(6,183)
Provision for long service payments	(69)	–	–	–	–	(69)
Change in fair value of investment properties	–	–	(5,225)	–	–	(5,225)
Change in fair value of financial assets at fair value through profit or loss	–	(40,371)	–	–	–	(40,371)

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:

	2017	2016
	HK$'000	*HK$'000*
Secondary tutoring services	**108,412**	134,481
Secondary day school education	**1,150**	2,004
Primary tutoring services, skill courses and test preparation courses	**12,933**	11,798
Franchising income	**4,503**	4,515
English language training and test preparation courses	**22,441**	23,607
Technical consultation, management and software licensing services	**–**	5,587
Overseas studies consultation services	**–**	275
Rental income	**1,443**	768
Loan interest income	**2,977**	3,460
Advertising income	**–**	3,283
Total revenue	**153,859**	189,778

5. OTHER INCOME, GAINS AND LOSSES

	2017	2016
	HK$'000	*HK$'000*
Change in fair value of other financial assets	**–**	(2,609)
Impairment loss on other receivables	**–**	(46)
Interest income on		
– bank deposits	**1**	9
– promissory note	**2,581**	–
– other loan and receivables	**–**	4
(Loss) gain on disposal of		
– property, plant and equipment	**(1,288)**	(1,337)
– subsidiaries	**17**	1,192
– associates	**2,212**	–
Gain on bargain purchase from acquisition of a subsidiary	**1**	–
Supporting services income	**1,619**	13,978
Others	**1,004**	1,021
	6,147	12,212

6. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
Interest on bank and other borrowings wholly repayable within five years	**594**	658
Effective interest expense on loan notes	**16,004**	8,496
	16,598	9,154

7. LOSS BEFORE TAX

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

	2017	2016
	HK$'000	*HK$'000*
Directors' remuneration	**9,253**	5,882
Other staff costs	**40,056**	50,685
Other staff's retirement benefit scheme contributions	**1,565**	1,926
Share-based payments to other staff	**7,299**	–
	58,173	58,493
Tutor contractor fee to a Director	**(217)**	(315)
Staff costs	**57,956**	58,178
Auditor's remuneration	**680**	710
Other share-based payment expenses	**2,921**	–
(Reversal of) provision for long service payments	**(175)**	69
Gross rental income from investment properties	**(1,443)**	(768)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	**43**	43
	(1,400)	(725)

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

	2017	2016
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax	**138**	134
PRC Enterprise Income Tax	**–**	10
	138	144
Deferred tax	**676**	177
Total income tax recognised in profit or loss	**814**	321

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

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

9. LOSS PER SHARE

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

	2017	2016
	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	**(333,326)**	(144,718)

	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**518,568,973**	421,421,529

No adjustment has been made to the basic loss per share amounts presented for the years ended 30 June 2017 and 2016 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

Weighted average number of ordinary shares, potential dilutive ordinary shares, basic and diluted loss per share for the year ended 30 June 2016 were stated after taking into account the effects of the rights issue and bonus issue completed in August 2015 and the share consolidation that took effect in March 2016.

10. DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 30 June 2017 (2016: nil).

11. LOAN RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Loan receivables	**27,089**	40,836
Less: Balances due within one year included in current assets	**(27,089)**	(19,045)
Non-current portion	**–**	21,791

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 2 years. The Group seeks to maintain strict control over its loan receivables in order to minmise credit risk by reviewing borrower's and their guarantors' financial positions.

The loan receivables are interest-bearing at rates mutually agreed between the contracting parties, ranging from 8% to 13% (2016: 8% to 10%) per annum. As at 30 June 2017, loan receivable of approximately HK$4.11 million was secured by pledged equity shares beneficially owned by the borrower (2016: unsecured).

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

12. TRADE AND OTHER RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Accrued revenue and trade receivables	**917**	1,281
Rental deposits	**11,104**	19,958
Other deposits	**896**	6,342
Prepayments	**5,491**	6,353
Other receivables	**15,833**	8,153
	34,241	42,087
Less: Rental deposits (shown under non-current assets)	**(8,043)**	(5,640)
Trade and other receivables (shown under current assets)	**26,198**	36,447

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:

	2017	2016
	HK$'000	*HK$'000*
Accrued revenue not yet billed	**468**	563
Trade receivables:		
0–30 days	**271**	248
31–60 days	**84**	95
61–90 days	**24**	18
Over 90 days	**70**	357
	917	1,281

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017	2016
	HK$'000	*HK$'000*
Equity securities classified as held-for-trading		
– Listed equity securities in Hong Kong at fair value *(Note (i))*	**91,126**	359,914
Financial assets designated at fair value through profit or loss		
– Unlisted investment fund, at fair value *(Note (ii))*	**61,097**	–
	152,223	359,914

Notes:

(i) The amount represents equity securities listed in Hong Kong. The fair values of the investments are determined with reference to the quoted market bid prices in the Stock Exchange.

(ii) On 22 March 2017, the Group through Wise Action Limited, an indirect wholly-owned subsidiary, subscribed for 7,750 participating shares in an unlisted investment fund at a total subscription amount of US$7,750,000.

14. DISPOSAL GROUP HELD FOR SALE

On 1 June 2017, the Group entered into a memorandum of understanding with an independent third party and other parties to dispose of its 60% equity interests in Ultimate Elite Investments Limited which directly held 100% equity interests in Vision Smart Limited (collectively, "**Ultimate Elite Group**") at the consideration of HK$89,238,000 (subject to adjustment). On 31 July 2017, a sale and purchase agreement was signed on the same principal terms with the memorandum of understanding and the completion of disposal has taken place on 28 August 2017.

On 30 June 2017, the Group entered into a conditional sale and purchase agreement with an independent third party to dispose of its entire equity interests in Dignity Choice Limited ("**Dignity Choice**") at the consideration of HK$30,500,000 (subject to adjustment). In the opinion of the Directors, disposal of Dignity Choice is expected to be completed within twelve months from 30 June 2017.

The above disposals represented the property investments business of the Group ("**Disposal Group**"). And the assets and liabilities of the Disposal Group have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position as at 30 June 2017.

The net proceeds of the disposals are expected to exceed the net carrying amount of the relevant assets and liabilities and accordingly, no impairment loss has been recognised.

The assets and liabilities of Ultimate Elite Group and Dignity Choice (excluding inter-company loan which is eliminated on consolidation) as at 30 June 2017 are as follows:

	Ultimate Elite Group *HK$'000*	**Dignity Choice** *HK$'000*	**Total** ***HK$'000***
Assets			
Investment properties	126,200	30,500	**156,700**
Other receivables and deposits	121	280	**401**
Bank balances	1,418	8	**1,426**
Assets associated with disposal group classified as held for sale	127,739	30,788	**158,527**
Liabilities			
Other payables and accruals	(691)	(145)	**(836)**
Bank borrowings	(23,000)	-	**(23,000)**
Deferred tax liabilities	(419)	(1,448)	**(1,867)**
Liabilities associated with disposal group classified as held for sale	(24,110)	(1,593)	**(25,703)**

15. OTHER PAYABLES AND ACCRUALS

	2017	2016
	HK$'000	*HK$'000*
Other payables	**15,077**	5,728
Accrued tutor contractor fee, salary and bonus and other accruals	**9,028**	9,547
	24,105	15,275

16. BANK BORROWINGS

	2017	2016
	HK$'000	*HK$'000*
Unsecured:		
Revolving loan	**14,400**	14,800
The bank borrowings are repayable as follows:		
Within one year	**14,400**	14,800

As at 30 June 2017, the bank borrowings of the Group carried variable interest rates at Hong Kong Interbank Offered Rate ("**HIBOR**") plus 1.5% and 2.3% per annum (2016: HIBOR plus 1.5% per annum).

17. LOAN NOTES

	2017	2016
	HK$'000	*HK$'000*
Loan notes – unsecured	**150,500**	146,496

On 17 December 2015, the Company issued 8% unsubordinated and unsecured notes due on 16 December 2017 ("**Loan Notes**") in the aggregate principal amount of HK$150,000,000. The Loan Notes carried an interest of 8% per annum payable quarterly in arrears.

The Company may at its option redeem the Loan Notes, in whole or any part thereof outstanding on a business day must be a day after the first anniversary of the date of issue of the Loan Notes and before the maturity date. Also, the noteholder may at its option redeem the Loan Notes, in whole or any part thereof outstanding on a business day after the eighteenth month of the date of issue of the Loan Notes and before the maturity date. On the redemption date, the Company shall pay to such noteholder the principal amount of the Loan Notes to be redeemed plus all accrued and unpaid interest on the principal amount of the Loan Notes to be redeemed. The effective interest rate for the year ended 30 June 2017 was 11% (2016: 11%) per annum. The balance is included in current liabilities in view of it early redemption terms.

18. SHARE CAPITAL

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

	Notes	Number of shares	Amount
			HK$'000
Authorised			
Ordinary shares of HK$0.01 each at 1 July 2015		30,000,000,000	300,000
Share consolidation on 11 March 2016	(ii)	(24,000,000,000)	–
Ordinary shares of HK$0.05 each at 30 June 2016 and 30 June 2017		6,000,000,000	300,000
Issued and fully paid			
Ordinary shares of HK$0.01 each at 1 July 2015		325,939,200	3,259
Issue of rights shares and bonus shares on 7 August 2015	(i)	1,955,635,200	19,557
Share consolidation on 11 March 2016	(ii)	(1,825,259,520)	–
Ordinary shares of HK$0.05 each at 30 June 2016		456,314,880	22,816
Issue of shares upon placing on 25 October 2016	(iii)	91,256,000	4,563
Ordinary shares of HK$0.05 each at 30 June 2017		547,570,880	27,379

Notes:

(i) 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 were approximately HK$369.10 million.

(ii) On 27 January 2016, the Company proposed consolidation of every five existing ordinary shares of HK$0.01 each in the issued and unissued share capital of the Company into one consolidated share of HK$0.05 each ("**Share Consolidation**"). The Share Consolidation was approved by the Company's shareholders at the special general meeting held on 10 March 2016 and the Share Consolidation became effective on 11 March 2016.

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

The shares issued rank *pari passu* with other shares of the Company in issue in all respects. None of the Company or its subsidiaries repurchased, sold, redeemed or cancelled any of the Company's shares during the year ended 30 June 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

As a result of the volatile stock market in the past year and the volatile business environment in Hong Kong, it has been full of challenges and uncertainties for the past year. Despite so, the Group strived to maintain a stable performance of the existing businesses through carefully adjusting tutoring services business and investments strategies. The Group has continued to implement its prudent strategies to ensure the Group's long-term development.

BUSINESS REVIEW

Provision of private education services

Secondary Tutoring Services

The performance of secondary tutoring services has been adversely affected by intense competition as numerous tutorial centres have been established in the market. In addition, students are more inclined to start studying abroad at a younger age due to various socio-political reasons, the total number of Diploma of Secondary Education Examination ("**DSE**") candidates has significantly decreased, which is detrimental to the Group's secondary tutoring service business segment. During the year ended 30 June 2017 ("**Year**"), the Group recorded revenue of approximately HK$108.41 million, representing a decrease of approximately of 19.38% as compared with last year.

During the Year, the Group has launched iMODE learning system, which is the first cloud-based learning system in Asia. iMODE provided an inspirational platform for students to review the lectures online; and at the same time, enabled our tutors to adjust and improve course contents according to the students' progress, ability and knowledge. The Group actively expands the iMODE learning system for students to feel more convenience and ease at using the Group's tutoring services.

The following table sets forth the number of course enrolments, the number of tutors and the average course fees of each category of secondary tutoring courses for the two years ended 30 June 2017:

	Year ended 30 June	
	2017	2016
Number of course enrolments *(in thousands)*		
Regular courses	**138**	180
Intensive courses	**13**	15
Summer courses	**25**	28
T.I.P.S. courses	**8**	7
Special courses	**11**	15
Number of tutors *(Note 1)*		
Regular courses	**42**	43
Intensive courses	**34**	38
Summer courses	**42**	40
T.I.P.S. courses	**28**	27
Special courses	**26**	39
Average course fees (HK$) *(Note 2)*		
Regular courses	**560**	548
Intensive courses	**572**	561
Summer courses	**487**	507
T.I.P.S. courses	**631**	620
Special courses	**312**	298

Notes:

1. Tutors may provide secondary tutoring services for all or certain categories of courses. Thus, the sum of the number of tutors for the provision of regular courses, intensive courses, summer courses, T.I.P.S. courses and special courses is not equal to the total number of tutors for the year.

2. Being revenue divided by course enrolments for the year.

As of 30 June 2017, the Group had 8 learning centres operated under the brand of "Modern Education" 現代教育.

Secondary Day School Education

The Group operates its secondary day school programme under the brand “Modern Day School” 現代日校. During the Year, the Group recorded revenue of approximately HK$1.15 million from the day school segment, representing a decrease of approximately 42.61% as compared with last year. The number of course enrolments for Secondary 5 and 6 were 20 and 359 respectively (2016: 111 and 569 respectively). The management observe that there has been a general decrease in demand for the day school programme, which is designed for students according to their syllabus applicable to their specific school year, for the past few years due to the diminishing of number of candidates to sit for the DSE. In light of this, the Group will suspend the secondary day school education segment from the next academic year. The management believe that the suspension will allow the Group more flexibility in re-allocating its resources to other business segments with a higher profit margin.

English Language Training and Test Preparation Courses

The Group has been offering quality English language training and preparation courses to students for more than nine years, Through such training and courses, our experienced and professional tutors use innovative and versatile methods to help students advance in their English language learning and cope with the International English Language Testing System (IELTS) and Test of English for International Communication (TOEIC). During the Year, the Group recorded revenue of approximately HK$22.44 million, representing a decrease of 4.94% as compared with last year, and there were approximately 14,000 (2016: approximately 14,000) course enrolments during the Year. Despite of the decrease in revenue, the management consider that as proficiency in the English language remains to be one of the most valued qualities for students to progress into the tertiary education both locally and overseas, English tutoring services will remain in great demand in the foreseeable future. The Group will endeavour to maintain quality teaching practice and enlighten students with professional knowledge.

Primary Tutoring Services, Skill Courses and Test Preparation Courses

Traditional families consider that accredited educational background could benefit their children in the long run. Thus, parents are more willing to invest in external education courses for their children to strengthen their competitiveness in an early stage of their schooling. The Group has developed proprietary comprehensive teaching materials to primary school students to strengthen their foundation for higher quality education. As of 30 June 2017, there were 6 directly-owned education centres and 34 franchised centres operated under the brand “Modern Bachelor Education” 現代小學士. During the Year, there were approximately 12,700 (2016: approximately 9,000) course enrolments recorded from directly-owned learning centres and total revenue contributed by the franchised centres to the Group was approximately HK$4.50 million (2016: approximately HK$4.52 million). The Group will proactively study the trends in the market for this business segment and adjust its strategies to capture market opportunities.

Investments

Properties Investments

During the Year, the Group has entered into agreements to sell its interest in two properties ("**Disposals**").

(i) On 1 June 2017, the Group agreed to dispose 60% of the issued share capital of Ultimate Elite Investments Limited ("**Ultimate Elite**") at an aggregate consideration of HK$89,238,000 (subject to adjustment), through a legally binding memorandum of understanding with an independent third party and other parties. The wholly-owned subsidiary of Ultimate Elite is the legal and beneficial owner of the properties situated at (i) Offices A–H, J–N & P on 21/F (Whole Floor), and (ii) Car Parking Space Nos. P47, P48 and P49 on the basement floor of Kings Wing Plaza 1, No. 3 On Kwan Street, Sha Tin, New Territories. Please refer to the announcements of the Company dated 1 June 2017, 17 July 2017, 31 July 2017 and 28 August 2017 for details.

(ii) On 30 June 2017, the Group entered into a conditional sale and purchase agreement with an independent third party to dispose the entire interest of a wholly-owned subsidiary ("**Target**") of the Group, at an aggregate consideration of HK$30,500,000 (subject to adjustment). The Target is the legal and beneficial owner of the property situated at Office No. 1303 on 13th Floor of Argyle Centre Phase I, No. 688 Nathan Road and No. 65 Argyle Street, Mong Kok, Kowloon.

In view of the expected gain from the Disposals, the Group considered that it is a good time to realise the investment gain on the properties for the benefit of the Company and its shareholders. As at 30 June 2017, the Disposals were yet to be completed. During the Year, the Group recorded rental income of approximately HK$1.44 million (2016: approximately HK$0.77 million) from investment properties and a fair value gain of approximately HK$7.80 million on revaluation of investment properties as at 30 June 2017.

Subsequent to the Year, completion of the disposal in paragraph (i) above has taken place on 28 August 2017.

Assets Investments

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

During the Year, the Group has adopted a prudent attitude in its securities investments. The Group had acquired listed securities in 3 listed companies and disposed of some shares in the investment portfolio. Besides listed securities, the Group had subscribed for an unlisted bond fund in March 2017. As at 30 June 2017, the Group had financial assets at FVTPL with a fair value of approximately HK$152.22 million. Details of the significant investments in the portfolio under financial assets at FVTPL as at 30 June 2017 are as follows:

Description of investment	Principal businesses	Number of shares held	Percentage held to the total issued share capital of the company/investment *(approximately)*	Investment cost/cost of acquisition *HK$'000*	Fair value as at 30 June 2017 *HK$'000*	Percentage to the Group's audited total assets as at 30 June 2017 *(approximately)*
Significant investments						
Convoy Global Holdings Limited (“**Convoy**”) (stock code: 1019)	Independent financial advisory business, money lending business, proprietary investment business, asset management business, corporate finance advisory services and securities dealing.	699,996,000	4.69%	244,999	80,500	13.72%
Heemin Capital Global Enhanced Yield Bond Fund (“**Heemin Bond Fund**”)	Invest in low-risk investment grade bonds (above BB– S&P credit rating) worldwide to generate stable but more attractive income than those offered by bond market in the Greater China region.	7,750 participating shares	–	60,927	61,097	10.41%
Other investments						
Universe International Financial Holdings Limited (“**Universal Int'l**”) (stock code: 1046)	Film distribution and exhibition, licensing and sub-licensing of film rights, properties and securities investment, money lending, trade, wholesale and retail of optical, watch and jewellery products, securities brokerage and margin financing.	9,000,000	1.06%	6,464	8,190	1.40%
Other listed shares*	–	–	–	3,017	2,436	0.41%
Grand total for financial assets at FVTPL				315,407	152,223	25.94%

* Other listed shares mainly represented the Group's investment in 4 companies whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”).

During the Year, the Group recorded a loss on the change in fair value of financial assets at FVTPL of approximately HK$210.58 million. Such loss consists of net unrealised loss of approximately HK$214.26 million and realised gain of approximately HK$3.68 million on fair value changes in financial assets at FVTPL as detailed below.

Description of investments (stock code)	**Realised fair value gain for the Year** *HK$'000*	**Unrealised fair value gain/(loss) for the Year** *HK$'000*
Convoy (1019)	–	(167,999)
Interactive Entertainment China Cultural Technology Investments Limited ("**IE China**") (8081)	–	(48,360)
Universal Int'l (1046)	3,543	1,726
Heemin Bond Fund	–	170
Other listed shares*	139	201
Grand total	3,682	(214,262)

* Other listed shares mainly represented the Group's other held-for-trading securities investments which are listed on the Main Board or the Growth Enterprise Market of the Stock Exchange.

Available-for-sale investments

The Group also held significant investments under available-for-sale investments as at 30 June 2017 as below:

Description of investment	**Principal businesses**	**Number of shares held**	**Percentage held to the total issued share capital of the company/ investment** *(approximately)*	**Investment cost/cost of acquisition** *HK$'000*	**Carrying amount as at 30 June 2017** *HK$'000*	**Percentage to the Group's audited total assets as at 30 June 2017** *(approximately)*
Significant investments						
GET Holdings Limited ("**GET**") (stock code: 8100)	Research, develop and distribute software, applications and toolbar advertisement; invest in securities; money lending; provide corporate management solutions and IT contract services.	47,868,235	10.77%	111,768	27,764	4.73%
Unlisted securities of a company incorporated outside Hong Kong	Dealing in securities, securities advisory, corporate finance advisory, asset management and wealth management services and money lending in Hong Kong.	–	–	30,831	38,715	6.60%

Description of investment	Principal businesses	Number of shares held	Percentage held to the total issued share capital of the company/ investment *(approximately)*	Investment cost/cost of acquisition *HK$'000*	Carrying amount as at 30 June 2017 *HK$'000*	Percentage to the Group's audited total assets as at 30 June 2017 *(approximately)*
Other investments						
Target Insurance (Holdings) Limited (stock code: 6161)	Insurance group offering motor insurance in Hong Kong.	5,000,000	0.96%	11,593	7,750	1.32%
Unlisted investment fund outside Hong Kong	–	–	–	10,000	9,054	1.54%
Grand total for the available-for-sale investments				164,192	83,283	14.19%

Performance and future prospects of the Company's significant investments

(1) Convoy

As disclosed in the annual report of Convoy for the year ended 31 December 2016 ("**Convoy Annual Report**"), it recorded an audited loss attributable to its owners of approximately HK$95.52 million for the year ended 31 December 2016. With regards to the future prospects of Convoy based on published information, the Directors noted the view of the board of directors of Convoy, as disclosed in the Convoy Annual Report, developing diversified financial services and building an all rounded financial services platform were still the primary objectives of the group. Convoy would also (i) review the market situation and focus on developing businesses that were popular among clients, like asset management, MPF and various general insurance services; (ii) actively research and develop the FinTech sector to embrace a new development in the financial service industry along with the rapid development of information technology and increasing popularity of its applications in various fields; and (iii) continue to cultivate its excellent consultancy team, implement a comprehensive reform on the training course of the frontline consultants and optimize the long standing remuneration system with an objective to sharpen its competitive edge of talents recruitment and further strengthen its sales channels.

Subsequent to the reporting period, from 11 August 2017 and up to the date of this announcement, the Group disposed of an aggregate of 281,096,000 shares ("**Convoy Shares**") of Convoy on market at the aggregate consideration of approximately HK$55,031,000. Please refer to details set out in the section headed "EVENTS AFTER THE REPORTING PERIOD" of this announcement.

(2) Heemin Bond Fund

In March 2017, the Group subscribed for 7,750 participating shares of Heemin Bond Fund with a subscription amount of US$7.75 million.

Subsequent to the reporting period, in June and July 2017, the Group served notice to redeem its interests in Heemin Bond Fund respectively in the amount of US$3,875,000 and US$3,975,540, both at the redemption price of US$1,021.36 per participating share. Details of the investment were set out in the announcement of the Company dated 22 March 2017. Details of the redemptions are set out in the section headed "EVENTS AFTER THE REPORTING PERIOD" of this announcement, and announcement of the Company dated 28 July 2017.

(3) GET

As disclosed in the interim report of GET for the six months ended 30 June 2017 ("**GET Interim Report**"), it recorded an unaudited profit attributable to its owners of approximately HK$2.98 million for the six months ended 30 June 2017. With regards to the future prospects of GET based on published information, the Directors noted that, as disclosed in the GET Interim Report, GET's principal source of revenue was its software business. GET will continue to closely monitor the I.T. trend and upgrade its existing products and enhance its product mix. On the other hand, GET will emphasise on market diversification in the second half of 2017 and continue its sales in the US, Europe and Asia markets.

Subsequent to the reporting period, on 24 August 2017, the Group disposed of 9,000,000 shares ("**GET Shares**") of GET on market at the consideration of HK$4,770,600. On 25 August 2017, the Group further disposed of an aggregate of 17,010,000 GET Shares on market at the consideration of HK$8,604,900. Please refer to details set out in the section headed "EVENTS AFTER THE REPORTING PERIOD" of this announcement, and the announcement of the Company dated 25 August 2017.

(4) Unlisted securities of a company incorporated outside Hong Kong

In November 2016, the Group has invested in unlisted securities of a company ("**Investee**") incorporated outside Hong Kong by way of subscription of new shares at the subscription amount of HK$28.46 million. In January 2017, the Group has further subscribed 13 rights shares of the Investee on a 1-for-1 basis at the subscription amount of approximately HK$2.37 million. The Directors considered that both subscriptions offer a good opportunity for the Group to expand its investment portfolio and its business presence into the financial industry. The financial results of the Investee and its subsidiaries ("**Investee Group**") for the six months ended 30 June 2017 recorded an unaudited profit after tax of approximately HK$28.95 million. The Group is optimistic on the growth of the businesses of the Investee Group. Based on the available information provided from the management of the Investee Group, the Investee Group is planning to implement new strategies including but not limited to strengthen its internal control system. It is expected that a foreseeable growth of the businesses of securities advisory and corporate finance advisory would be achieved in the coming years.

Other Investments

(i) Early Education

With regard to the ban on "doubly non-permanent resident babies" in 2012, number of Shenzhen–Hong Kong cross-boundary students who were born and studied in Hong Kong dropped significantly. Their contribution to early education was unsatisfactory compared with local parents who strongly believe in education in early developmental years. Full Profit Hong Kong Development Limited and its subsidiary, being joint ventures of the Group, are specialized in providing management and consultancy services in early education. During the Year, the Group maintained a stable development in the business despite a drop in revenue and profit. In the coming year, the Group will continue to further scale up its cooperation with joint venture partner and other pre-schools or kindergartens with expertise to enhance its competitiveness and to increase the Group's profit.

(ii) IE China

On 9 September 2016, the Group purchased 492,576,511 ordinary shares of IE China at the consideration of HK$32,510,050 under a sale and purchase agreement signed between the purchaser (a wholly-owned subsidiary of the Company) and an independent third party vendor. After completion of the acquisition, the Group, through the purchaser, holds an aggregate of 1,422,572,191 ordinary shares of IE China, representing approximately 28.88% of the total issued share capital of IE China as at the date of the acquisition, and IE China has become an associate of the Company. Based on the unaudited interim results of IE China, it recorded a loss attributable to its shareholders of approximately HK$207.77 million for the six months ended 30 June 2017. As IE China is a significant and a valuable investment, the management consider that IE China has ample growth potential because of its diversified and solid business portfolio and IE China group's business plans for its hospitality services in Australia and provision of IT services business. The Group will work closely with IE China to explore appropriate business cooperation and opportunities to enhance return to the Group. During the Year, the Group recorded loss in respect of interest in IE China of approximately HK$117.12 million.

(iii) Continuing and Tertiary Education

As disclosed in the interim report of the Company for the six months ended 31 December 2016, the Group had disposed of its entire interest in Seasoned Leader Limited (together with its subsidiaries) on 30 December 2016 to an independent third party at the consideration of HK$53 million to be settled by the purchaser's delivery of a promissory note issued by the purchaser to the vendor. Details of the disposal were disclosed in the announcement of the Company dated 2 January 2017. Upon completion of the disposal, the Group has ceased its investments in continuing and tertiary education.

Money Lending Business

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

During the Year, the Group recorded loan interest income of approximately HK$2.98 million (2016: approximately HK$3.46 million) from granting loans to both corporate and individual clients, representing a relatively stable development of the money lending segment. The outstanding principal amount of loan receivables as at 30 June 2017 was approximately HK$26.08 million (2016: approximately HK$40.09 million). During the Year, the Group did not record any doubtful or bad debt in its money lending activities.

FINANCIAL REVIEW

Revenue

During the Year, the Group recorded revenue of approximately HK$153.86 million, representing a decrease of approximately 18.93% as compared with approximately HK$189.78 million recorded last year. Such decrease was mainly due to the decrease in revenue from secondary tutoring services to approximately HK$108.41 million, representing a decrease of approximately 19.38% as compared to approximately HK$134.48 million recorded last year. In addition, there were drops in revenue from (i) secondary day school education to approximately HK$1.15 million, representing a decrease of approximately 42.61% as compared to the previous year; and (ii) English language training and test preparation courses to approximately HK$22.44 million, representing a slight decrease of approximately 4.94% as compared to approximately HK$23.61 million recorded last year.

On the other hand, revenue from primary tutoring services, skill courses and test preparation courses (including franchising income) was approximately HK$17.44 million, representing an increase of approximately 6.88% as compared to approximately HK$16.31 million recorded last year. In addition, the Group recorded rental income of approximately HK$1.44 million (2016: approximately HK$0.77 million) during the Year from investment properties.

During the Year, the Group recorded loan interest income from the money lending business of approximately HK$2.98 million (2016: approximately HK$3.46 million), representing a decrease of approximately 13.96% as compared to last year. Due to the disposal of relevant subsidiaries, no revenue of technical consultation, management and software licensing services and advertising income was recorded during the Year.

Other income, gains and losses

For the Year, the Group's other income, gains and losses recorded net gain of approximately HK$6.15 million (2016: net gain of approximately HK$12.21 million). Such decrease was due to the combined effect of, among other things, (i) the decrease in supporting services income by approximately HK$12.36 million and gain on disposal of subsidiaries by approximately HK$1.18 million; (ii) interest income on promissory note of approximately HK$2.58 million and gain on disposal of associates of approximately HK$2.21 million were recorded during the Year; and (iii) no change in fair value loss of other financial assets were recorded for the Year.

Staff costs

The Group's staff costs slightly decreased by approximately HK$0.22 million or approximately 0.38% compared with the last financial year. Such decrease was mainly attributable to the net effect of (i) the equity-settled share-based payments to Directors and employees of approximately HK$10.65 million recorded during the Year; and (ii) the decrease in other staff salaries and other related expenses by approximately HK$10.99 million compared with the last financial year.

Tutor contractor fee

The Group's tutor contractor fee decreased by approximately HK$12.19 million or approximately 21.77% compared with the last financial year. Such decrease was in line with the decline in revenue derived from secondary tutoring services.

Operating lease payments

The Group's operating lease payments decreased by approximately HK$7.23 million or approximately 16.05% compared with the previous year. 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 Year.

Marketing expenses

The Group's marketing expenses decreased by approximately HK$6 million or approximately 27.52% compared with last year. Such decrease was mainly attributable to the decrease in media placement and various marketing activities during the Year.

Other operating expenses

The Group's other operating expenses decreased by approximately HK$10.65 million or approximately 20.35% compared with the previous year. Such decrease was due to the decrease in various operating expenses, in which the operating expenses of overseas travelling, legal and professional fees and building management fees decreased by approximately HK$5.11 million in total during the Year.

Finance costs

The Group incurred finance costs of approximately HK$16.60 million from loan notes and bank and other borrowings during the Year (2016: approximately HK$9.15 million).

Loss attributable to owners of the Company

Loss attributable to owners of the Company for the Year was approximately HK333.33 million (2016: loss of approximately HK$144.72 million). Such loss was mainly attributable to i) the loss arising on change in fair value of financial assets at FVTPL of approximately HK$210.58 million; and ii) the loss in respect of interest in an assoicate, IE China, of approximately HK$117.12 million. Loss per share was HK$0.64 for the Year (2016: HK$0.34).

OUTLOOK

Looking ahead, the Group will consolidate its existing business sectors in Hong Kong through leveraging on its top notched brand, high calibre teaching quality, infrastructure upgrade and system revamp, experienced management team and economies of scales. The Group plans to devote great efforts and reasonable resources into secondary tutoring services by offering classes and subjects at different levels to attract more recurring and new students in order to boost the number of enrollment. Despite the drop in the number of DSE candidates, the Group will spare no efforts in working at its best for profession, such as diversify the standardized test preparation courses and optimise tailor made teaching contents. One of the tactics to maximise learning efficiency is the signature intelligent e-learning system, "iMODE". Through assessing students' learning progress, iMODE will provide targeted exam trainings and practices to better equip our students to conquer forthcoming challenges and achieve excellent grades in DSE. The Group will also diversify its business to increase the Group's flexibility in its financial treasury management.

Apart from continuing the proven business model based on years of experience in providing local tutoring services, the Group's plan to re-enter the People's Republic of China ("**PRC**") will be one of the Group's concerns. Owing to the limitless opportunities from the two-child policy and strategic educational reform under the 13th Five-Year Plan, the Group foresees a high growth potential in the PRC market. The Group is keen to explore collaboration opportunities with the PRC educators with relevant experience. To create long-term value and strive for the best interests of the shareholders, the Group will continue to employ a prudent and stable investment strategy in order to expand its business footprint 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 its liquidity management requirements.

As at 30 June 2017, the Group's total balance of cash and cash equivalents amounted to approximately HK$16.28 million (30 June 2016: approximately HK$93.37 million), of which 96.60% is held in Hong Kong dollars and 3.40% is held in Renminbi. As at 30 June 2017, the Group had bank borrowings of HK$37.40 million bearing variable interest rate at HIBOR plus 1.5% and 2.3% per annum (30 June 2016: HK$14.80 million bearing variable interest rate at HIBOR plus 1.5% per annum). Current ratio (defined as total current assets divided by total current liabilities) was 1.96 times (30 June 2016: 2.77 times).

As at 30 June 2017, the gearing ratio of the Group was 37.79% (30 June 2016: 23.51%). Gearing ratio is total debts divided by the sum of total equity and total debts. Total debts refer to total liabilities minus the sum of tax payable, deferred tax liabilities and dividend payable (if any).

FUND RAISING ACTIVITIES

Issue of shares during the Year

On 30 September 2016, the Company and a placing agent entered into a placing agreement pursuant to which the Company conditionally agreed to place through the placing agent, on a best effort basis, up to 91,256,000 placing shares at a price of HK$0.663 per placing share under a general mandate granted to the Directors at the annual general meeting of the Company held on 27 November 2015, to not less than six placees, who were individuals, corporate, institutional or other investors and who and whose ultimate beneficial owners were independent third parties. The placing was completed on 25 October 2016 and the net proceeds were approximately HK$58.25 million, which were intended to be used as general working capital of the Group and/or for financing the Group's future investment opportunities (including but not limited to property investment and/or securities investment). The net proceeds were fully utilised during the Year as intended, in which approximately HK$44.48 million were used for investment in securities (listed and unlisted) and approximately HK$13.77 million were used as working capital of the Group.

Previous fund raising activity

During the Year, the Company further utilised the net proceeds from the rights issue completed on 7 August 2015. Updates on the actual use of proceeds during the Year are as follows:

Amount of unutilized net proceeds as at 30 June 2016 (approximate)	**Intended/change of use of proceeds**	**Actual use as at 30 June 2017**
HK$12.14 million *(Note)*	payment of interest and/or repayment of principal of the loan notes issued by the Company on 17 December 2015 ("**Loan Notes**") *(Note)*	(i) HK$6 million has been used for payment of interest due under the Loan Notes; and (ii) Approximately HK$6.14 million has not been utilized.
HK$6 million	payment of interest due under the Loan Notes	Fully utilised as intended
HK$26.04 million	general working capital of the Group	Fully utilised as intended below: (i) approximately HK$6.04 million has been used for the rental of four education centres in Hong Kong, leasehold improvement for new premises and purchase of additional equipment; and (ii) approximately HK$20 million has been used for operating expenses including staff costs, rental and marketing expenses.

Note: On 20 January 2017, the Company announced that, due to reconsideration of the Group's business plan and in order to increase the Group's flexibility in its financial and treasury management, the unused proceeds of approximately HK$12.14 million (being HK$9.40 million originally allocated for property investment and HK$2.74 million originally allocated for infrastructure upgrade and system revamp, potential investments in companies engaging in online education businesses, and development of information technology related company) would be allocated for the payment of interest and/or repayment of principal of the Loan Notes instead.

CAPITAL STRUCTURE AND TREASURY POLICIES

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

EXPOSURE TO FOREIGN EXCHANGE RISK

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

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2017, the Group had a total of 196 employees (30 June 2016: 268 employees). They receive competitive remuneration packages that are constantly monitored with reference to the market circumstances, with incentives such as discretionary bonuses based on the Group's and individual performance. The Group provides comprehensive benefits packages and career development opportunities.

The Company has adopted a share option scheme, the primary purpose of which is to motivate the eligible persons referred to in the scheme, which include executive Directors and employees of the Group, to optimise their future contributions to the Group and to reward them for their efforts.

CONTINGENT LIABILITIES

As at 30 June 2017, the Group had no significant contingent liabilities (30 June 2016: nil).

CAPITAL COMMITMENTS

As at 30 June 2017, there were respective capital commitments contracted for but not provided in the consolidated financial statements amounting to HK$9.75 million (30 June 2016: approximately HK$12.04 million).

CHARGES ON THE GROUP'S ASSETS

As at 30 June 2017, investment properties of the Group, which was classified as "Assets associated with disposal group classified as held for sale" in the consolidated statement of financial position, with carrying value of HK$151.50 million (30 June 2016: HK$29.10 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 Year.

MATERIAL ACQUISITIONS AND DISPOSALS

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

(i) On 30 June 2016, the Group through Infinity Domain International Limited entered into a sale and purchase agreement with South Right Limited (as purchaser) and Bradley Maclean and Wang Lihe (as guarantors), both independent third parties, to dispose of approximately 43% of the issued share capital of Link Resources (Asia) Limited, an associate of the Group, at a cash consideration of HK$7 million. The disposal was completed on 27 July 2016. Details of the disposal were disclosed in the announcement of the Company dated 30 June 2016.

(ii) On 9 September 2016, the Group through Fastek Investments Limited entered into a sale and purchase agreement with Turbo Pointer Limited, an independent third party, to further acquire approximately 10% of the then total issued share capital of IE China, at a cash consideration of approximately HK$32.51 million. The acquisition was completed on 9 September 2016. Immediately before the acquisition, the Group held approximately 18.88% of the then total issued share capital of IE China. Immediately after the acquisition, the Group held an aggregate of approximately 28.88% of the then total issued share capital of IE China, which become an associate of the Group. Details of the acquisition were disclosed in the announcement of the Company dated 9 September 2016.

(iii) On 30 December 2016, the Group through Rosy Lane Investments Limited ("**Rosy Lane**") as vendor entered into a sale and purchase agreement with Mr. Poon Chun Yin ("**Mr. Poon**") as purchaser, an independent third party, to dispose of 47% of the issued share capital of Seasoned Leader Limited, an associate of the Group, at the consideration of HK$53 million, which was settled by the promissory note issued by Mr. Poon to Rosy Lane at completion. The disposal was completed on 30 December 2016 and the Group ceased to hold any interest in Seasoned Leader Limited. Details of the disposal were disclosed in the announcement of the Company dated 2 January 2017.

(iv) On 22 March 2017, the Group through Wise Action Limited ("**Wise Action**") entered into a subscription agreement with Heemin Bond Fund to subscribe for 7,750 participating shares in Heemin Bond Fund with a subscription amount of US$7.75 million. On 27 June 2017 and 28 July 2017, Wise Action served notice to redeem its interests in Heemin Bond Fund respectively in the amount of US$3,875,000 and US$3,975,540, representing approximately 3,794 and 3,892 participating shares in Heemin Bond Fund, both at the redemption price of US$1,021.36 per participating share. Details of the subscription and the redemptions were set out in the announcements of the Company dated 22 March 2017 and 28 July 2017.

(v) On 1 June 2017, the Group through Rosy Lane (as vendor) and the Company (as guarantor) entered into a memorandum of understanding with (among other parties) Keen Elite Developments Limited (as purchaser), an independent third party, to dispose of 60% of the issued share capital of Ultimate Elite, which directly held 100% of the issued share capital of Vision Smart Limited ("**Vision Smart**") (together as "**Ultimate Elite Group**") at a cash consideration of HK$89,238,000 (subject to adjustment). The conditional sale and purchase agreement was entered amongst the parties on 31 July 2017. Details of the disposal were disclosed in the announcements of the Company dated 1 June 2017, 17 July 2017, 31 July 2017 and 28 August 2017. Completion of the disposal took place on 28 August 2017 and the Group has ceased to hold any interest in the Ultimate Elite Group.

Save as disclosed above, the Group had no other material acquisitions or disposals of subsidiaries, associates and joint ventures during the Year.

FUTURE PLANS FOR MATERIAL INVESTMENT

As at 30 June 2017, the Group did not have any other plans for material investment or capital assets save as disclosed in this announcement.

EVENTS AFTER THE REPORTING PERIOD

Redemption of Heemin Bond Fund

On 27 June 2017 and 28 July 2017, the Group served notice to redeem its interests in Heemin Bond Fund respectively in the amount of US$3,875,000 and US$3,975,540, representing approximately 3,794 and 3,892 participating shares in Heemin Bond Fund, both at the redemption price of US$1,021.36 per participating share. After the said redemptions and as at the date of this announcement, the Group remains to hold approximately 64 participating shares in Heemin Bond Fund. Details of the redemptions are set out in the announcement of the Company dated 28 July 2017.

Completion of disposal of Ultimate Elite Group

Completion of the disposal of Ultimate Elite Group took place on 28 August 2017 and the Group has ceased to hold any interest in the Ultimate Elite Group.

Disposal of GET Shares

On 24 August 2017, the Group disposed of an aggregate of 9,000,000 GET Shares on the market through the Stock Exchange for an aggregate consideration of HK$4,770,600, representing approximately HK$0.5301 per GET Share. On 25 August 2017, the Group further disposed of an aggregate of 17,010,000 GET Shares on the market through the Stock Exchange for an aggregate consideration of HK$8,604,900, representing an average price of approximately HK$0.5059 per GET Share. As at the date of this announcement, the Group remains to hold 21,858,235 GET Shares, representing approximately 4.92% of the issued share capital of GET. Please refer to the announcement of the Company dated 25 August 2017 for details.

Disposal of Convoy Shares

From 11 August 2017 and up to the date of this announcement, the Group disposed of an aggregate of 281,096,000 Convoy Shares on the market through the Stock Exchange for an aggregate consideration of approximately HK$55,031,000, representing an average price of approximately HK$0.1958 per Convoy Share. As at the date of this announcement, the Group remains to hold 418,900,000 Convoy Shares, representing approximately 2.80% of the issued share capital of Convoy.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiries to the Directors, each of the Directors confirmed his/her compliance with the required standard set out in the Model Code throughout the Year.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

Code Provision of A.2.7 of the CG Code requires the chairman of the Board to hold meetings at least annually with the non-executive Directors (including the 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 ("**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 discussed auditing, internal control and financial reporting matters including the review of the audited 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 our stakeholders.

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

Hong Kong, 27 September 2017

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.