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 2019

FINANCIAL HIGHLIGHTS

For the six months ended 31 December 2019:

– The Group recorded revenue of approximately HK$46.49 million, representing a decrease of approximately 18.54% as compared to approximately HK$57.07 million for the corresponding period in 2018.

– The Group recorded a loss of approximately HK$35.32 million (2018: loss of approximately HK$45.21 million).

As at 31 December 2019:

– The Group had a current ratio (defined as total current assets divided by total current liabilities) of 2.94 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 27.78%.

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2019 (2018: 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 2019 ("**Period**"), together with the comparative unaudited figures for the corresponding period in 2018 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	**For the six months ended 31 December 2019 (Unaudited) *HK$'000***	2018 (Unaudited) *HK$'000*
Revenue			
– Provision of private educational services		**44,516**	54,911
– Interest income from money lending		**1,969**	2,157
	4	**46,485**	57,068
Other income, gains and losses	5	**1,577**	3,963
Staff costs	7	**(24,646)**	(25,311)
Tutor contractor fee		**(8,487)**	(11,514)
Operating lease payments		**(7,853)**	(21,389)
Marketing expenses		**(2,071)**	(3,287)
Printing costs		**(520)**	(303)
Depreciation and amortisation		**(16,150)**	(5,125)
Change in fair value of financial assets at fair value through profit or loss		**(9,395)**	(18,729)
Other operating expenses		**(12,599)**	(20,281)
Finance costs	6	**(1,383)**	–
Share of results of a joint venture		**(298)**	(325)
Loss before tax	7	**(35,340)**	(45,233)
Income tax credit	8	**16**	25
Loss for the period		**(35,324)**	(45,208)

	NOTE	For the six months ended 31 December 2019 (Unaudited) HK$'000	2018 (Unaudited) HK$'000
Other comprehensive expense, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		**(6)**	(62)
Other comprehensive expense for the period, net of income tax		**(6)**	(62)
Total comprehensive expense for the period		**(35,330)**	(45,270)
(Loss) profit for the period attributable to:			
Owners of the Company		**(35,321)**	(45,248)
Non-controlling interests		**(3)**	40
		(35,324)	(45,208)
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		**(35,327)**	(45,310)
Non-controlling interests		**(3)**	40
		(35,330)	(45,270)
Loss per share	9		
– Basic *(HK$)*		**(0.06)**	(0.08)
– Diluted *(HK$)*		**(0.06)**	(0.08)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	31 December 2019 (Unaudited) HK$'000	30 June 2019 (Audited) HK$'000
Non-current assets			
Property, plant and equipment		**12,421**	16,829
Right-of-use assets		**34,764**	–
Goodwill		**23,843**	23,843
Other intangible assets		**198**	297
Interest in a joint venture		**4,053**	4,851
Financial assets at fair value through other comprehensive income		**15,422**	15,422
Non-current deposits		**5,940**	9,260
		96,641	70,502
Current assets			
Trade and other receivables	11	**23,290**	25,908
Other loan receivables		**32,549**	43,000
Loan receivables	12	**41,713**	40,900
Current tax assets		**72**	72
Amounts due from an associate		**792**	780
Financial assets at fair value through profit or loss		**51,751**	65,984
Bank balances and cash		**6,485**	6,839
		156,652	183,483
Current liabilities			
Contract liabilities		**6,870**	10,336
Other payables and accruals	13	**19,295**	15,606
Current tax liabilities		**21**	74
Amounts due to related parties		**5,368**	5,868
Other borrowing	14	**2,842**	3,001
Lease liabilities		**18,939**	–
		53,335	34,885
Net current assets		**103,317**	148,598
Total assets less current liabilities		**199,958**	219,100

	NOTE	31 December 2019 (Unaudited) HK$'000	30 June 2019 (Audited) HK$'000
Non-current liabilities			
Lease liabilities		**16,163**	–
Deferred tax liabilities		**121**	137
Provision for long service payments		**847**	806
		17,131	943
Net assets		**182,827**	218,157
Capital and reserves			
Share capital	15	**27,379**	27,379
Reserves		**155,353**	190,680
Equity attributable to owners of the Company		**182,732**	218,059
Non-controlling interests		**95**	98
Total equity		**182,827**	218,157

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 Rooms 1006-7, 10/F., China United Centre, 28 Marble Road, North Point, 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 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 AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The condensed consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments which are measured at fair values at the end of each reporting period.

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 2019. In addition, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA effective for annual periods beginning on or after 1 January 2019.

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

Except as described below, the adoption of the above new and amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior period and/or on the disclosures set out in these condensed consolidated financial statements.

Adoption of HKFRS 16 Leases

HKFRS 16 superseded HKAS 17 "Leases" and the related interpretations.

The Group has elected to use the modified retrospective approach for the adoption of HKFRS 16. Therefore, the cumulative effect of initial application has been recognised as an adjustment to the opening balance of equity as at 1 July 2019, with no restatement of comparative information. Upon the initial adoption of HKFRS 16, the opening balances of lease liabilities and the corresponding right-of-use assets were adjusted, after taking into account the effects of discounting, as at 1 July 2019. The Group elected to present the right-of-use assets separately in the consolidated statement of financial position.

Based on the allowed practical expedients under HKFRS 16, the Group has elected not to apply the requirements of HKFRS 16 in respect of recognition of right-of-use assets and lease liabilities to (i) leases with lease term that ends within 12 months of the date of initial application; and (ii) leases of low-value assets.

The Group's right-of-use assets are depreciated on a straight-line basis over the lease term. When recognising the lease liabilities, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application, and the weighted average lessees's incremental borrowing rate applied is 5.125%.

(a) The impacts arising from the adoption of HKFRS 16 as at 1 July 2019 are as follows:

	Carrying amounts previously reported at 30 June 2019 *HK$'000*	**Adjustments under HKFRS 16** *HK$'000*	**Carrying amounts under HKFRS 16 at 1 July 2019** *HK$'000* **(Unaudited)**
Non-current asset			
Right-of-use assets	–	51,766	51,766
Current liabilities			
Lease liabilities	–	23,731	23,731
Non-current liabilities			
Lease liabilities	–	28,035	28,035

(b) The impacts arising from the adoption of HKFRS 16 for the six months ended 31 December 2019 are as follows:

	Right-of-use assets *HK$'000* (Unaudited)	Lease liabilities *HK$'000* (Unaudited)
Carrying amounts at 1 July 2019 (after adjustments made under HKFRS 16)	51,766	51,766
Additions	6,571	6,571
Adjustments	(12,020)	(12,020)
Depreciation	(11,553)	–
Interest expense	–	1,073
Payments	–	(12,288)
Carrying amounts as at 31 December 2019	34,764	35,102

The Group has not early applied the new and amendments to HKFRSs that have been issued but are not yet effective. The Group is in the process of making an assessment of their impact on the Group's results of operations and financial position.

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 three operating divisions as described below. Similarly, the information reported to the CODM is also prepared on such basis. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

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

- Provision of private educational services – secondary tutoring services, primary tutoring services, skill courses and test preparation courses, franchising income, English language training and test preparation courses and dance tuition services
- Investment in securities – trading of securities
- Money lending – providing loans as money lender

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

(a) Segment revenue 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 2019

	Provision of private educational services *HK$'000*	**Investment in securities** *HK$'000*	**Money lending** *HK$'000*	**Others** *HK$'000*	**Consolidated** *HK$'000* **(Unaudited)**
Segment revenue (revenue from external customers)	**44,516**	**–**	**1,969**	**–**	**46,485**
Segment results	**(21,600)**	**(9,679)**	**1,957**	**(74)**	**(29,396)**
Finance costs					**(310)**
Share of results of a joint venture					**(298)**
Unallocated corporate income					**199**
Unallocated corporate expenses					**(5,535)**
Loss before tax					**(35,340)**

For the six months ended 31 December 2018

	Provision of private educational services *HK$'000*	Investment in securities *HK$'000*	Money lending *HK$'000*	Others *HK$'000*	Consolidated *HK$'000* (Unaudited)
Segment revenue (revenue from external customers)	54,911	–	2,157	–	57,068
Segment results	(20,748)	(19,462)	1,992	–	(38,218)
Loss on disposal of financial assets at fair value through other comprehensive income ("**FVOCI**")					(48)
Share of results of a joint venture					(325)
Unallocated corporate income					2,596
Unallocated corporate expenses					(9,238)
Loss before tax					(45,233)

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. loss on disposal of financial assets at FVOCI, finance costs, share of results of a joint venture and unallocated corporate income and 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 2019

	Provision of private educational services *HK$'000*	Investment in securities *HK$'000*	Money lending *HK$'000*	Consolidated *HK$'000* (Unaudited)
Assets				
Segment assets	**88,153**	**52,619**	**42,463**	**183,235**
Unallocated assets				
Bank balances and cash				**5,806**
Other loan receivables				**32,549**
Interest in a joint venture				**4,053**
Financial assets at FVOCI				**15,422**
Other corporate assets				**12,228**
				253,293
Liabilities				
Segment liabilities	**62,812**	**926**	**51**	**63,789**
Unallocated liabilities				
Current tax liabilities				**21**
Deferred tax liabilities				**121**
Other borrowing				**2,842**
Other corporate liabilities				**3,693**
				70,466

As at 30 June 2019

	Provision of private educational services *HK$'000*	Investment in securities *HK$'000*	Money lending *HK$'000*	Consolidated *HK$'000* (Audited)
Assets				
Segment assets	63,201	73,367	41,636	178,204
Unallocated assets				
Bank balances and cash				6,174
Other loan receivable				43,000
Interest in a joint venture				4,851
Financial assets at FVOCI				15,422
Other corporate assets				6,334
				253,985
Liabilities				
Segment liabilities	30,475	911	50	31,436
Unallocated liabilities				
Current tax liabilities				74
Deferred tax liabilities				137
Other borrowing				3,001
Other corporate liabilities				1,180
				35,828

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), other loan receivable(s), interest in a joint venture, financial assets at FVOCI and other corporate assets; and

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

(c) Other segment information

	Provision of private educational services *HK$'000*	Investment in securities *HK$'000*	Money lending *HK$'000*	Others *HK$'000*	Consolidated *HK$'000* (Unaudited)
For the six months ended 31 December 2019					
Capital additions	(95)	(3)	–	–	(98)
Depreciation and amortisation	(14,915)	(233)	–	(1,002)	(16,150)
Provision for long service payments	(41)	–	–	–	(41)
Change in fair value of financial assets at fair value through profit or loss ("**FVPL**")	–	(9,395)	–	–	(9,395)
For the six months ended 31 December 2018					
Capital additions	(1,575)	(37)	–	(338)	(1,950)
Depreciation and amortisation	(4,739)	(369)	–	(17)	(5,125)
Reversal of provision for long service payments	149	–	–	–	149
Change in fair value of financial assets at FVPL	–	(18,729)	–	–	(18,729)

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.

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

(d) Revenue from major services

	For the six months ended 31 December	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Secondary tutoring services	**20,063**	28,493
Primary tutoring services, skill courses and test preparation courses	**10,394**	9,489
Franchising income	**3,248**	2,621
English language training and test preparation courses	**1,632**	5,900
Dance tuition services	**9,179**	8,408
Loan interest income	**1,969**	2,157
Total revenue	**46,485**	57,068

5. OTHER INCOME, GAINS AND LOSSES

	For the six months ended 31 December	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest income on		
– promissory note receivable	**–**	2,198
– unlisted convertible bonds	**105**	396
– bank deposits	**1**	2
– other interest income	**93**	–
Loss on write off of property, plant and equipment	**(8)**	(248)
Loss on disposal of financial assets at FVOCI	**–**	(48)
Supporting services income	**–**	223
Reversal of impairment loss on other receivable	**70**	–
Impairment loss on loan receivable	**–**	(150)
Others	**1,316**	1,590
	1,577	3,963

6. FINANCE COSTS

	For the six months ended 31 December	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on other borrowings	**310**	–
Interest on lease liabilities	**1,073**	–
	1,383	–

7. LOSS BEFORE TAX

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

	For the six months ended 31 December	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Directors' emoluments	**716**	716
Other staff costs	**22,948**	23,463
Other staff's retirement benefit scheme contributions	**982**	1,132
Staff costs	**24,646**	25,311
Depreciation of right-of-use assets	**11,553**	–
Write off of promissory note receivable	**–**	950
(Reversal of) provision for long service payments	**41**	(149)

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 are independent third parties.

8. INCOME TAX

	For the six months ended 31 December	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax		
– Provision for the period	**–**	39
– Over-provision in respect of prior years	**–**	(48)
Deferred tax	**(16)**	(16)
Total income tax credit recognised in profit or loss	**(16)**	(25)

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

9. LOSS PER SHARE

The calculations of the basic and diluted 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	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss for the purpose of basic and diluted loss per share (Loss for the period attributable to owners of the Company)	**(35,321)**	(45,248)
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**547,570,880**	547,570,880

No adjustment has been made in calculating the diluted loss per share amount presented for the six months ended 31 December 2019 and 2018 as there were no dilutive potential ordinary shares in issue during both periods.

10. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2019 (2018: nil).

11. TRADE AND OTHER RECEIVABLES

	31 December 2019 (Unaudited) HK$'000	30 June 2019 (Audited) HK$'000
Accrued revenue and trade receivables	**770**	967
Rental deposits	**13,729**	13,449
Other deposits	**592**	646
Prepayments	**526**	1,497
Other receivables	**13,613**	21,744
Less: Impairment loss on other receivables	**–**	(3,135)
	29,230	35,168
Less: Rental deposits (shown under non-current assets)	**(5,940)**	(9,260)
Trade and other receivables (shown under current assets)	**23,290**	25,908

The following is an ageing 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 2019 (Unaudited) HK$'000	30 June 2019 (Audited) HK$'000
Accrued revenue not yet billed	**276**	443
Trade receivables:		
1 to 30 days	**471**	410
31 to 60 days	**18**	107
61 to 90 days	**–**	–
More than 90 days	**5**	7
	770	967

Trade receivables are usually due within 30 days (30 June 2019: within 30 days) from the date of billing.

The ageing analysis of trade receivables that are not impaired is as follows:

	31 December 2019 (Unaudited) ***HK$'000***	30 June 2019 (Audited) *HK$'000*
Neither past due nor impaired	**436**	485
1 to 30 days past due	**311**	386
31 to 60 days past due	**18**	89
61 to 90 days past due	**3**	–
More than 90 days past due	**2**	7
Amounts past due	**334**	482
	770	967

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default. Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable.

12. LOAN RECEIVABLES

	31 December 2019 (Unaudited) ***HK$'000***	30 June 2019 (Audited) *HK$'000*
Loan receivables	**49,206**	48,393
Less: Impairment loss	**(7,493)**	(7,493)
	41,713	40,900

The Group seeks to maintain strict control over its loan receivables in order to minimise credit risk by reviewing borrowers' and their guarantors' financial positions.

As at 31 December 2019, the loan receivables are interest-bearing at fixed rates mutually agreed between the contracting parties, ranging from 9.0% to 10.5% (30 June 2019: 8.5% to 10.5%) per annum and all loan receivables were unsecured and repayable with fixed terms.

13. OTHER PAYABLES AND ACCRUALS

	31 December 2019 (Unaudited) *HK$'000*	30 June 2019 (Audited) *HK$'000*
Other payables	**6,957**	3,724
Accrued tutor contractor fee, salary and other accruals	**12,338**	11,882
	19,295	15,606

14. OTHER BORROWING

As at 31 December 2019, other borrowing of the Group from an independent third party is unsecured, repayable within one year and carried a fixed interest rate at 12% per annum.

15. SHARE CAPITAL

	Number of shares	**Amount** *HK$'000*
Authorised		
Ordinary shares of HK$0.05 each		
At 1 July 2018, 30 June 2019 and 31 December 2019	6,000,000,000	300,000
Issued and fully paid		
Ordinary shares of HK$0.05 each		
At 1 July 2018 (Audited), 30 June 2019 (Audited) and 31 December 2019 (Unaudited)	547,570,880	27,379

The issued shares of the Company rank *pari passu* in all respects.

16. 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.

	Level 1 (Unaudited) *HK$'000*	**Level 2 (Unaudited)** *HK$'000*	**Level 3 (Unaudited)** *HK$'000*	**Total (Unaudited)** *HK$'000*
As at 31 December 2019				
Financial assets at FVOCI				
– Unlisted equity interest	**–**	**–**	**15,422**	**15,422**
Financial assets at FVPL				
– Listed equity securities excluding suspended shares	**24,921**	**–**	**–**	**24,921**
– Suspended shares	**–**	**–**	**26,830**	**26,830**
	24,921	**–**	**42,252**	**67,173**
	(Audited) *HK$'000*	(Audited) *HK$'000*	(Audited) *HK$'000*	(Audited) *HK$'000*
As at 30 June 2019				
Financial assets at FVOCI				
– Unlisted equity interest	–	–	15,422	15,422
Financial assets at FVPL				
– Listed equity securities excluding suspended shares	26,379	–	–	26,379
– Suspended shares	–	–	31,808	31,808
– Unlisted convertible bonds	–	–	7,797	7,797
	26,379	–	55,027	81,406

There were no transfers between Level 1 and 2 in the current period and prior year. On 4 September 2019, there was a transfer of fair value measurement out of Level 3 due to maturity of the unlisted convertible bonds. The details of movements in fair value measurements in Level 3 are as follows:

Reconciliation of Level 3 fair value measurements

	Financial assets at FVPL *HK$'000*	**Financial assets at FVOCI** *HK$'000*
At 1 July 2018	47,098	16,114
Redemption	(1,100)	–
Change in fair value recognised in profit or loss (included in change in fair value of financial assets at FVPL)	(6,393)	–
Change in fair value recognised in other comprehensive income (included in fair value reserve (non-recycling))	–	(692)
At 1 July 2019	39,605	15,422
Change in fair value recognised in profit or loss (included in change in fair value of financial assets at FVPL)	(4,875)	–
Transfer out of Level 3	(7,900)	–
At 31 December 2019	**26,830**	**15,422**

The Group did not have any financial liabilities measured at fair value as at 31 December 2019 and 30 June 2019.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Provision of private educational services

Secondary Tutoring Services

The Group's secondary tutoring service business segment faces many challenges in the tough business environment throughout the Period. The continuing decline in teenage population and the increasing trend of studying abroad in recent years led to decreasing number of candidates participating in the Diploma of Secondary Education Examination ("**DSE**") and resulted in diminishing demand for secondary tutoring services. Coupled with the continuing impact of the local political events and the keen competition in the secondary tutoring market, the Group recorded a decrease in course enrolments which imposed huge impact to this business segment for the Period. In view of the current unfavorable market conditions, the Group has strived to withstand the challenges and optimized operational efficiency and flexibility to minimize the adverse effect. During the Period, the Group recorded revenue of approximately HK$20.06 million, representing a decrease of approximately 29.59% as compared to the corresponding period in 2018.

Amongst the difficulties, the Group still aims at offering quality services in the market. In order to achieve the objective, the Group has been striving to deliver valuable services for meeting expectations of the students. With the decline of the candidates for DSE, strategical promotions have been carried out to attract more students so as to maintain our prominent position in the market.

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 following periods:

	For the six months ended 31 December	
	2019	2018
Number of course enrolments *(approximately)*		
Regular courses	**25,000**	41,000
Intensive courses	**900**	1,000
Summer courses	**8,000**	12,000
Special courses	**300**	2,000
Number of tutors *(Note 1)*		
Regular courses	**29**	31
Intensive courses	**10**	16
Summer courses	**21**	29
Special courses	**11**	11
Average course fees *(HK$) (Note 2)*		
Regular courses	**546**	525
Intensive courses	**619**	530
Summer courses	**564**	458
Special courses	**652**	253

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 periods.

Note 2: Being the amount of revenue divided by the number of course enrolments for the periods.

As of 31 December 2019, the Group had 7 learning centres operated under the brand of "Modern Education"（現代教育）.

English Language Training and Test Preparation Courses

With the existence of market demand for English language training and test preparation courses, the Group continued to provide professional English language training and test preparation courses for the International English Language Testing System (IELTS) and Test of English for International Communication (TOEIC) and our qualified and experienced tutor continuously helped students and professional work force to be equipped with techniques for the examinations. Nevertheless, the continuing impact of the social unrest and the reduction in the number of students referred from external agent caused a distinct decrease in course enrolments. The Group has endeavored to diversify and expand sales channels to improve the enrolment situation. During the Period, the Group recorded revenue of approximately HK$1.63 million from English language training and test preparation courses, representing a decrease of approximately 72.34% as compared with the previous corresponding period.

Primary Tutoring Services, Skill Courses and Test Preparation Courses

In order to meet the constant market needs, our services network of the primary tutoring segment is getting wider and the primary education centres are situated at different locations to serve students. As at 31 December 2019, there were 7 directly-owned education centres and 38 franchised centres operated under the brand of "Modern Bachelor Education"(現代小學士). During the Period, there were 7,400 (2018: approximately 7,100) course enrolments recorded from directly-owned education centres and recorded revenue of approximately HK$10.39 million, representing an increase of approximately 9.54% as compared with that for the corresponding period in 2018. In addition, revenue contributed by franchised centres to the Group was approximately HK$3.25 million, representing an increase of approximately 23.92% compared to approximately HK$2.62 million for the corresponding period in 2018.

The Group is optimistic about the development of the primary tutoring services and the business strategies over the past years have been proven success. New joiners to the franchise programme were recorded and expected to be in operation in the year of 2020 which would bring revenue to the Group. The Group will make continuous effort to maintain the services quality, at the same time, to provide valuable training to students for enhancing their competitiveness over peers. The Group may allocate more resources in this segment when opportunities arise in order to support the market demand and capture a bigger share in the market.

Dance Tuition Services

As at 31 December 2019, the Group had 6 professional dance colleges in Hong Kong operating under the brand of Shelly Lo Jazz and Ballet School, which offer a wide range of dance courses for learners aged from 1 to 16 consisting of ballet, jazz dance, K-pop dance and other dance courses. In order to maintain and attract students to enroll the dance courses, the Group expanded its service offerings by developing new courses, participating in various dance competitions, organizing overseas study tours and cooperating with art centre in the People's Republic of China ("**PRC**"). Cooperation with kindergartens and primary schools is one of the income sources in this segment.

During the Period, the Group recorded revenue of approximately HK$9.18 million from dance tuition services, representing an increase of approximately 9.17% as compared with approximately HK$8.41 million recorded in the corresponding period of last year. The Group will deepen the existing cooperation and try to explore more cooperation opportunities with other potential schools.

Investments

Assets Investments

Financial assets at FVPL

During the Period, the Group adopted a relatively prudent investment strategy as compared to the corresponding period in 2018 due to volatility in the stock market. The Group acquired listed securities in 3 listed companies in Hong Kong and disposed of several listed securities in its investment portfolio. The Group recorded a loss on change in fair value of financial assets at FVPL of approximately HK$9.40 million during the Period (as detailed below). As at 31 December 2019, the Group had financial assets at FVPL of approximately HK$51.75 million.

Details of the significant investments in the portfolio under financial assets at FVPL with a value of 5% or more of the Group's unaudited total assets as at 31 December 2019 are as follows:

Description of investments	Principal businesses	Number of shares held	Percentage held to the total issued share capital of the company *(approximately)*	Investment cost/cost of acquisition *HK$'000*	Fair value as at 31 December 2019 *HK$'000*	Percentage to the Group's unaudited total assets as at 31 December 2019 *(approximately)*
Significant investment						
Convoy Global Holdings Limited ("**Convoy**") (stock code: 1019)	Financial advisory business, money lending business, fintech business, asset management business and securities dealing business.	348,904,000	2.34%	122,116	26,830	10.59%
Other investments						
Other listed shares*	–	–	–	39,794	24,921	9.84%
Grand total for financial assets at FVPL				161,910	51,751	20.43%

* *Other listed shares included the shares of 8 companies which are listed on the Main Board of the Stock Exchange and the shares of 3 companies which are listed on GEM of the Stock Exchange. Each of the investments included in the other listed shares does not exceed 5% of the Group's unaudited total assets as at 31 December 2019.*

Details of the change in fair value of financial assets at FVPL during the Period are as follows:

Description of investments (stock code)	**Realised fair value gain for the Period** *HK$'000*	**Unrealised fair value gain (loss) for the Period** *HK$'000*	**Dividend received during the Period** *HK$'000*
Convoy (1019)	–	(4,978)	–
Unlisted convertible bonds	–	103	–
Other listed shares*	30	(4,561)	11
Grand total	30	(9,436)	11

* *Other listed shares included the shares of 10 companies which are listed on the Main Board of the Stock Exchange and the shares of 3 companies which are listed on GEM of the Stock Exchange.*

Financial assets at FVOCI

The Group also held significant investment under financial assets at FVOCI with a value of 5% or more of the Group's unaudited total assets as at 31 December 2019 as below:

Description of investment	**Principal businesses**	**Number of shares held**	**Percentage held in the total issued share capital of Gransing** *(approximately)*	**Investment cost** *HK$'000*	**Carrying amount as at 31 December 2019** *HK$'000*	**Percentage to the Group's unaudited total assets as at 31 December 2019** *(approximately)*
Gransing Financial Group Limited ("**Gransing**", incorporated outside Hong Kong)	Dealing in securities, securities advisory, corporate finance advisory, asset management and wealth management services and money lending in Hong Kong.	26	8.41%	30,831	15,422	6.09%

Performance and future prospects of the Company's significant investments

(1) Convoy

Trading in the shares of Convoy has been halted since 7 December 2017 and remain suspended up to the date of this announcement. As disclosed in the announcements of Convoy dated 1 August 2018 and 3 February 2020, Convoy's listing might be cancelled by the Stock Exchange if its trading in the shares has remained suspended for 18 continuous months under Rule 6.01A(2)(b)(i) of the Listing Rules which would expire on 31 January 2020. Convoy made a submission to the Stock Exchange requesting an extension of the remedial period for it to satisfy all the resumption conditions. From the announcement of Convoy dated 7 February 2020, Convoy has implemented further steps to fulfill the resumption conditions and it is still in the process of further communicating with the Stock Exchange. From the announcement of Convoy dated 24 January 2020, the 2017 annual results announcement and annual report, 2018 interim/annual results announcements and interim/annual reports and 2019 interim results announcement and interim report would be tentatively published by end of March 2020, mid of June 2020 and end of July 2020 respectively.

From the announcement of Convoy dated 7 February 2020, Convoy has operated normally and has had substantial business and operations before and after the suspension of its shares. It is noted that Convoy is by far one of the largest financial advisory firms in Hong Kong with over 1,300 financial advisors and currently employs approximately 400 corporate staff and has approximately 150,000 customers. It is also one of the largest independent insurance distribution firms in Hong Kong. As a result of the business review and transformation implemented by the new management team of Convoy and the implementation of various measures to transform its business, it has achieved significant financial and operational improvements in 2019 compared to 2018. Convoy has adopted a vigilant posture in its overall business growth strategy and cost management in the context of the recent uncertainties in the business environment.

The Directors would continue to closely monitor the recent situation of Convoy and formulate appropriate strategies to protect the interest of the Group.

(2) Gransing

During the Period, an independent third party ("**Subscriber**") has subscribed for 35 shares of Gransing in consideration of 594,430,000 new issued shares of the Subscriber (collectively as "**Subscription**"). As a result, the shareholding of the Group in Gransing has been diluted from 9.49% to 8.41%. Based on the information provided from and explanation given by the management of Gransing ("**Gransing Management**"), the Subscription was planned to extend and strengthen the money lending business of Gransing and its subsidiaries ("**Gransing Group**") and synergy effect is expected to be created as the Subscriber has been doing well in money lending business for a long time that has built a set of good managerial skills and techniques.

Based on the unaudited financial results of Gransing Group for the year ended 31 December 2019 provided from the Gransing Management, the Directors noted that Gransing Group recorded a decrease in loss in the period of 2019 by 25% as compared to that in the period of 2018. The Gransing Management explained that, during the year of 2019, relevant measures have been carried out for reducing the operating costs and unprofitable business segment was discontinued in order to minimize the losses. In addition, income started to record in late 2019 under the business in the PRC. In 2020, Gransing Group will make continuous development in its principal businesses in Hong Kong and the PRC and try to explore more business opportunities with its strategic partners for deriving more income sources. The Directors would keep monitoring the business development of Gransing Group and protect the interest of the Group by formulating appropriate strategies.

Other Investment – Early Education

Full Profit Hong Kong Development Limited and its subsidiary ("**Full Profit Group**"), joint venture of the Group, continued to provide management and consultancy services in early education sector. In view of the challenging operating environment of early education, the Group and the joint venture partner have compromised and further carried out some measures to minimize the operating costs in order to maximize the profit. During the Period, Full Profit Group has generated stable revenue and profit as compared to the corresponding period in 2018. The Group will keep monitor the development of Full Profit Group and formulate appropriate strategies to derive maximum return.

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 Period, the Group recorded loan interest income of approximately HK$1.97 million (2018: approximately HK$2.16 million) from granting loans to both corporate and individual clients. The money lending business generated relatively stable income to the Group. The outstanding principal amount of loan receivables as at 31 December 2019 was approximately HK$40.30 million (30 June 2019: approximately HK$40.30 million).

FINANCIAL REVIEW

Revenue

During the Period, the Group recorded revenue of approximately HK$46.49 million, representing a decrease of approximately 18.54% as compared with approximately HK$57.07 million recorded for the corresponding period in 2018. During the Period, the Group recorded decrease in revenue from secondary tutoring services and English language training and test preparation courses to approximately HK$20.06 million (2018: approximately HK$28.49 million) and HK$1.63 million (2018: approximately HK$5.90 million) respectively, representing a decrease of approximately 29.59% and 72.34% as compared to the corresponding period in 2018 respectively.

On the other hand, revenue generated from primary tutoring services, skill courses and test preparation courses (including franchising income) of approximately HK$13.64 million were recorded in the Period, representing an increase of approximately 12.65% as compared to approximately HK$12.11 million recorded in the corresponding period in 2018. In addition, the Group recorded revenue from dance tuition services of approximately HK$9.18 million during the Period (2018: approximately HK$8.41 million), representing an increase of approximately 9.17% as compared to the corresponding period in 2018.

During the Period, the Group recorded loan interest income from the money lending business of approximately HK$1.97 million (2018: approximately HK$2.16 million), representing a decrease of approximately 8.72% as compared to the corresponding period in 2018.

Other income, gains and losses

For the Period, the Group's other income, gains and losses recorded net gain of approximately HK$1.58 million (2018: net gain of approximately HK$3.96 million). Such decrease was mainly due to the absence of interest income on promissory note receivable while that of approximately HK$2.20 million was recorded in the corresponding period in 2018.

Staff costs

The Group's staff costs decreased by approximately HK$0.67 million or approximately 2.63% compared with the corresponding period in 2018, which was mainly attributable to the decrease in staff salaries during the Period.

Tutor contractor fee

The Group's tutor contractor fee decreased by approximately HK$3.03 million or approximately 26.29% compared with the corresponding period in 2018. 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$13.54 million or approximately 63.28% compared with the corresponding period in 2018. Such decrease was due to the initial adoption of HKFRS 16 since 1 July 2019 where the lease payments were treated as repayment of lease liabilities and finance costs.

Had the impact of HKFRS 16 adoption been excluded for both periods, the amount of operating lease payments for the Period would have been approximately HK$20.14 million, representing a decrease of approximately HK$1.25 million or approximately 5.83% as compared with the corresponding period in 2018.

Marketing expenses

The Group's marketing expenses decreased by approximately HK$1.22 million or approximately 36.99% compared with the corresponding period in 2018. Such decrease was mainly due to the reduction in various marketing activities during the Period.

Other operating expenses

The Group's other operating expenses decreased by approximately HK$7.68 million or approximately 37.88% compared with the corresponding period in 2018. Such decrease was due to the combined effect of, among other things, the decrease of (i) legal and professional fee by approximately HK$1.94 million; (ii) sales commission to external agent by approximately HK$1.85 million; (iii) printing related expenses by approximately HK$1.76 million; and (iv) the absence of write off of promissory note receivable of approximately HK$0.95 million recorded in the corresponding period in 2018.

Finance costs

The Group recorded finance costs of approximately HK$1.38 million during the Period (2018: nil), in which approximately HK$0.31 million were interest incurred on other borrowings and approximately HK$1.07 million were the finance costs recognised on lease liabilities upon the initial adoption of HKFRS 16 since 1 July 2019.

Loss attributable to owners of the Company

Loss attributable to owners of the Company for the Period was approximately HK$35.32 million (2018: loss of approximately HK$45.25 million). Loss per share was HK$0.06 for the Period (2018: loss per share of HK$0.08).

OUTLOOK

The Group has encountered significant impact from the prolonged political issues such as occupations, protests and demonstrations in Hong Kong over the past six months which have significantly affected students of our targeted age groups of the secondary tuition business, bringing unforeseeable challenges to the said business. It is undeniable that different levels of social incidents disrupted our planned business activities. Social disputes may not be fully resolved within a foreseeable short period of time. The operating environment has been further affected by the outbreak of novel coronavirus in Hong Kong as students are refrained from attending classes at our centres. In order to prevent the spread of the novel coronavirus in centres and protect the health of our students, tutors and staff, some of our centres have temporarily suspended classes. The Group has to explore viable plans to deal with the prevalent situation.

The Group will further assess the current resources including but not limited to optimize or restructure the scale of existing infrastructure. Students, tutors and employees are playing important roles in the business development. The Group will continue to reinforce effective communication with tutors which facilitates the ultimate goal of delivering valuable services to students and the well-established and developed relationship with tutors will further enhance value to all stakeholders of the Company.

Primary tutoring services will remain another key focus of the Group's business operation, continuous expansion through the franchise programme with good monitoring system will reinforce the brand name of "Modern Bachelor Education" and the Group will further increase its share in the primary tutoring services market.

Apart from this, the Group's management team will look for potential education-related business partners for business collaboration, aiming for business diversification and positive synergy effects in order to maximize returns to the Group.

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 31 December 2019, the Group's total balance of cash and cash equivalents amounted to approximately HK$6.49 million (30 June 2019: approximately HK$6.84 million), of which 98.85% is held in Hong Kong dollars and 1.15% is held in Renminbi. Current ratio (defined as total current assets divided by total current liabilities) was 2.94 times (30 June 2019: 5.26 times).

As at 31 December 2019, the gearing ratio of the Group was 27.78% (30 June 2019: 14.03%). 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).

Other borrowing of the Group from an independent third party amounted to approximately HK$2.84 million held in Hong Kong dollars is unsecured, repayable within one year and carried a fixed interest rate at 12% per annum.

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 2019, the Group had a total of 208 employees (30 June 2019: 216 employees). They receive competitive remuneration packages that are constantly monitored with reference to the market circumstances, with incentives such as discretionary bonuses based on the Group's and individual performance. The Group provides a comprehensive benefits package and career development opportunities. In-house and external training programmes are provided as and when required.

Pursuant to a share option scheme adopted by the Company on 11 June 2011 ("**Share Option Scheme**"), 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 2019 and 30 June 2019, the Group had no significant contingent liabilities.

CAPITAL COMMITMENTS

As at 31 December 2019 and 30 June 2019, there was no capital expenditure contracted for but not provided in the condensed consolidated financial statements of the Group.

CHARGES ON THE GROUP'S ASSETS

The Group had neither pledged any assets nor any general banking facility as at 31 December 2019 and 30 June 2019.

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

During the Period, the Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures.

Advance to an entity

On 7 September 2018, Rosy Lane Investments Limited ("**Rosy Lane**", as vendor), a wholly-owned subsidiary of the Company, entered into a loan disposal agreement ("**Loan Disposal Agreement**") with Mr. Wong Kui Shing ("**Mr. Wong**", as purchaser), pursuant to which Rosy Lane has conditionally agreed to sell and assign, and Mr. Wong has conditionally agreed to purchase and be assigned, Rosy Lane's rights, titles, benefits and interests in and to a loan (including the aggregate outstanding principal sum and the interests accrued thereon in the amount of approximately HK$54.48 million owing by Mr. Poon Chun Yin ("**Mr. Poon**") to Rosy Lane as at 7 September 2018, the promissory note issued by Mr. Poon (as debtor) to Rosy Lane dated 30 December 2016 and the share mortgage (executed in favour of Rosy Lane over the shares of Seasoned Leader Limited)) at the consideration of HK$48 million. Completion of the loan disposal took place on 17 September 2018 and the Group has ceased to have any interest in the said loan. Please refer to the announcements of the Company dated 7 September 2018 and 10 September 2018 for further details of the loan disposal.

Pursuant to the unsecured promissory note issued by Mr. Wong to Rosy Lane pursuant to the Loan Disposal Agreement, Mr. Wong shall pay the balance of consideration in the amount of HK$43 million ("**Balance Payment**") to Rosy Lane in accordance with the following schedule:

HK$15 million repayable on or before 17 December 2018
HK$15 million repayable on or before 18 March 2019
HK$13 million repayable on or before 17 June 2019

Such promissory note is unsecured but interest is chargeable on the Balance Payment at the interest rate of 10% per annum repayable on 17 June 2019.

On 31 August 2019, Mr. Wong settled the first instalment of the Balance Payment in the amount of HK$15 million. As at 31 December 2019, the balance of HK$28 million and interest accrued was still outstanding and exceeded 8% of the unaudited total assets of the Group as at 31 December 2019.

FUTURE PLANS FOR MATERIAL INVESTMENT

As at 31 December 2019, the Group did not have any other plans for material investment or capital assets.

COMPLIANCE WITH THE MODEL CODE FOR 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 Period.

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 Period, the Company has complied with all the provisions of the CG Code and the Listing Rules except the deviations mentioned in the following paragraphs.

The positions of the chief executive officer of the Company and the chairman of the Board have been vacated since 9 November 2017 and 19 December 2017 respectively and remain vacated as at the date of this announcement, which constitutes deviation from Code Provision A.2 of the CG Code, as the Company has not been able to identify suitable candidates for the positions.

Code Provision A.1.8 of the CG Code provides that appropriate insurance cover in respect of legal action against directors should be arranged. Currently, the Company does not have insurance cover for legal action against the Directors. However, every Director is, subject to the provisions of the applicable laws, indemnified out of the assets of the Company against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty in their offices pursuant to the bye-laws of the Company. In view of the above, the Board considers that the Directors' exposure to risk is manageable and that benefits to be derived from taking out insurance may not outweigh the cost.

LITIGATION

(1) On 19 December 2017, Fastek Investments Limited ("**Fastek**"), an indirect wholly-owned subsidiary of the Company, received a writ of summons ("**Writ**") with Statement of Claim issued in the Court of First Instance of the High Court of Hong Kong ("**CFI**") by Convoy and certain of Convoy's subsidiaries ("**Plaintiffs**") to claim an order against Fastek, as one of the placees under the placing of shares ("**Convoy Shares**") of Convoy conducted in October 2015, that Fastek was wrongly placed the Convoy Shares and wrongly received certain circular financing facilities by one of the Plaintiffs.

On 31 May 2018, the Plaintiffs filed an amended Statement of Claim against, among other defendant, Fastek, as one of the defendants, pursuant to which:

(i) Convoy (the 1st plaintiff) seeks, inter alia, (a) a declaration and order as against the placees that the allotment of the Convoy Shares is null and void or has been rescinded and set aside; (b) an account of profits and an order for payment of any sums found to be due, equitable compensation to be assessed, and/or damages to be assessed for breach of fiduciary, common law and/or statutory duties, dishonest assistance, unlawful means conspiracy and/or lawful means conspiracy, as against, among others, Fastek;

(ii) Convoy Collateral Limited and CSL Securities Limited (the 2nd plaintiff and the 3rd plaintiff) seek, inter alia, an order against, among others, Fastek as one of the direct recipients of funds under the said circular financing arrangement for an account of profits and an order for payment of any sums found to be due, equitable compensation to be assessed, and/or damages to be assessed for breach of fiduciary, common law and/or statutory duties, dishonest assistance, unlawful means conspiracy and/or lawful means conspiracy; and

(iii) the Plaintiffs seek against all the defendants (a) general or special damages; (b) interests; (c) costs; (d) further and/or other reliefs.

On 5 June 2018, the solicitors for Fastek received a letter from the solicitors for the Plaintiffs dated 4 June 2018 which clarified that the amended Statement of Claim (which states "re-filled on 31 May 2018") serves on Fastek on 31 May 2018 has yet to be officially filed in the Court pending the resolutions of the Plaintiffs' applications lodged to Mr. Justice Harris on 4 June 2018 to amend the Statement of Claim and to add new parties by amending the Writ.

On 25 July 2018, Fastek received a sealed order of the hearing for the Plaintiffs' summons held on 28 June 2018 ("**Order**"). Pursuant to the Order, it is ordered, among other matters, that as between the Plaintiffs and Fastek (among certain other defendants), the Plaintiffs do have leave to file and serve the amended Statement of Claim. On 9 July 2018, the Plaintiffs served on Fastek copies of the amended Writ and amended Statement of Claim.

Pursuant to the Order of Mr. Justice Harris granted on 12 July 2019, the Plaintiffs have filed and served its re-amended Writ and the re-amended Statement of Claim on 16 July 2019.

(2) On 2 January 2018, Fastek received a petition dated 27 December 2017 made by the petitioner filed with the CFI, whereby the petitioner seeks, among other things, a declaration that the placement of Convoy Shares to Fastek in October 2015 is void *ab initio* and of no legal effect.

Please refer to the announcements of the Company dated 19 December 2017, 2 January 2018, 4 June 2018, 7 June 2018 and 25 July 2018 for details on the litigation involving the Group.

Given that the litigations are still at a preliminary stage and has not gone into substantive pleading stage, having considered the alleged claims and consulted with the Company's legal advisers, the Directors are of the views that (i) it is premature to assess the possible outcome of any claim which is pending, either individually or on a combined basis; (ii) it is uncertain as to whether there will be any impact, and if so, the quantum, on the financial position of the Group; and (iii) no provision for the claims in these legal proceedings is required to be made based on their current development. The Directors will monitor these litigations against the Group closely.

EVENT AFTER THE REPORTING PERIOD

There is no important event affecting the Group which have occurred since the end of the Period.

REVIEW OF INTERIM RESULTS

The audit committee of the Board has reviewed with the management the accounting principles and practices adopted by the Group and discussed 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 2019.

By order of the Board
Hong Kong Education (Int'l) Investments Limited
Tsang Ka Wai
Executive Director

Hong Kong, 27 February 2020

As of the date of this announcement, the executive Directors are Mr. Tsang Ka Wai and Mr. Wong King Hoi; and the independent non-executive Directors are Ms. Jor Stephanie Wing Yee, Mr. Leung Ki Chi James and Mr. Fenn David.