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)

PROFIT WARNING AND UPDATES ON BUSINESS AND FINANCIAL PERFORMANCE OF THE GROUP

This announcement is made by Hong Kong Education (Int'l) Investments Limited (“**Company**” together with its subsidiaries, “**Group**”) pursuant to Rule 13.09 of the Rules (“**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

PROFIT WARNING

The board (“**Board**”) of directors (“**Directors**”) of the Company wishes to inform the shareholders of the Company (“**Shareholders**”) and potential investors that, based on its preliminary review of the unaudited consolidated management accounts of the Group for the year ended 30 June 2020 (“**FY2019/20**”), the Group is expected to record net loss of not less than HK$65.0 million for FY2019/20 (Year ended 30 June 2019 (“**FY2018/19**”): net loss of HK$76.8 million.) The aforesaid amount of loss for FY2019/20 is further subject to the amount of the impairment loss on goodwill and certain receivables and the fair value of the Group's financial assets for which the Company is still assessing. Therefore, the amount of loss for FY2019/20 as aforesaid is likely to increase and subject to further change.

UPDATES ON BUSINESS AND FINANCIAL PERFORMANCE OF THE GROUP

FY2019/20 is a difficult time to the private education industry.

Since the introduction of the Diploma of Secondary Education Examination ("**DSE**"), diminishing demand for secondary tutoring services was resulted from decreasing numbers of candidates participating in the DSE. Later in the second half of 2019, the Group encountered significant impact from the prolonged political issues such as protests and demonstrations in Hong Kong which once resulted in class suspension of schools in Hong Kong. Worse still, since 2020, the Group's business operations have been further adversely affected by the outbreak of COVID-19 and its prolonged impacts. The Group is conscious of the pressing need to protect its staff, tutors and students from possible exposure to the COVID-19 pandemic, and due to social distancing measures, a significant number of face-to-face lessons are either cancelled or changed to online lessons. These factors have brought significant challenges and adverse impacts to the industry of private education.

Therefore, for the best interests of the Group and the shareholders, the Group had to downsize the scale of its traditional classroom setting lessons operation by closing some of its branches so as to control the operating costs. During the first half of 2020, 6 out of 7 learning centres operated by the Group under the brand of "Modern Education" ("**Secondary Tutoring Centres**"); and (ii) 5 out of 6 professional dance colleges operated by the Group under the brand of Shelly Lo Jazz and Ballet School ("**Dance Colleges**") were closed.

Primarily due to the factors mentioned above and based on the unaudited consolidated management accounts of the Group for FY2019/20, the revenue of the Group under provision of private educational services segment has decreased by approximately 40% as compared to that of FY2018/19, detailed of which are set out below. However, due to the cost control measures as aforesaid, the major operating costs of the provision of private educational services segment of the Group for FY2019/20 also decreased.

Major services under provision of private educational services segment	**Percentage change as compared to FY2018/19** *approximately*
Secondary tutoring services	-47%
Primary tutoring services, skill courses and test preparation courses	-11%
Franchising income	-16%
English language training and test preparation courses	-75%
Dance tuition services	-38%

It is uncertain when the COVID-19 pandemic will end. In the time of a pandemic, online learning is the need of the hour and an inevitable trend. Therefore, for the best interests of the Group and the shareholders, the Group is using its best endeavours to adjust its business model by moving more classes online. The Group will continue allocating more resources to its online teaching to improve the technology and quality and to make online teaching more effective. On the other hand, the Group also acknowledges that the traditional way of classroom setting teaching is irreplaceable in some sense, and therefore the Group will consider re-opening the Secondary Tutoring Centres and Dance Colleges as and when appropriate.

GENERAL

The information contained in this announcement is only based on the preliminary assessment by the Company's management on the information currently available, which has not been confirmed nor reviewed by the Company's auditors and the audit committee of the Board.

The Company is in the process of finalising the consolidated annual results of the Group for FY2019/20 which is expected to be released by the end of September 2020.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 24 July 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.