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 2020

FINANCIAL HIGHLIGHTS

For the year ended 30 June 2020:

– The Group recorded revenue of approximately HK$67.24 million, representing a decrease of approximately 38.28% as compared to approximately HK$108.94 million for the last financial year.

– The Group recorded a loss of approximately HK$107.21 million (2019: loss of approximately HK$76.83 million).

As at 30 June 2020:

– The Group had a current ratio (defined as total current assets divided by total current liabilities) of 2.99 times and a 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)) of 28.20%.

The Board does not recommend the payment of a final dividend for the year ended 30 June 2020 (2019: 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 2020, together with the comparative audited figures for the corresponding year ended 30 June 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2020

		2020	2019
	NOTES	***HK$'000***	*HK$'000*
Revenue			
– Provision of private educational services		**63,191**	104,934
– Interest income from money lending		**4,052**	4,006
	4	**67,243**	108,940
Other income, gains and losses, net	*5*	**(42,656)**	405
Staff costs	*7*	**(41,097)**	(51,286)
Tutor contractor fee		**(12,608)**	(22,337)
Lease payments		**(25,550)**	(42,004)
Marketing expenses		**(2,504)**	(5,266)
Printing costs		**(733)**	(367)
Depreciation and amortisation		**(13,159)**	(10,202)
Change in fair value of financial assets at fair value through profit or loss ("**FVPL**")		**(10,752)**	(19,826)
Other operating expenses		**(23,200)**	(34,341)
Finance costs	*6*	**(1,518)**	(40)
Share of results of a joint venture		**(726)**	(571)
Loss before tax	*7*	**(107,260)**	(76,895)
Income tax credit	*8*	**53**	65
Loss for the year		**(107,207)**	(76,830)

	NOTES	2020 HK$'000	2019 HK$'000
Other comprehensive (expense) income, net of income tax			
Items that will not be reclassified to profit or loss:			
Fair value changes on movements in equity instruments at fair value through other comprehensive income ("**FVOCI**")		**(2,993)**	6,816
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		**(8)**	(85)
Other comprehensive (expense) income for the year, net of income tax		**(3,001)**	6,731
Total comprehensive expense for the year		**(110,208)**	(70,099)
(Loss) profit for the year attributable to:			
Owners of the Company		**(107,194)**	(77,438)
Non-controlling interests		**(13)**	608
		(107,207)	(76,830)
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(110,195)**	(70,707)
Non-controlling interests		**(13)**	608
		(110,208)	(70,099)
Loss per share	*9*		
– Basic *(HK$)*		**(0.20)**	(0.14)
– Diluted *(HK$)*		**(0.20)**	(0.14)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

	NOTES	2020 HK$'000	2019 HK$'000 (Note)
Non-current assets			
Property, plant and equipment		**4,786**	16,829
Right-of-use assets		**6,886**	–
Goodwill		**5,170**	23,843
Other intangible assets		**99**	297
Interest in an associate		**–**	–
Interest in a joint venture		**3,325**	4,851
Financial assets at fair value through other comprehensive income		**12,429**	15,422
Non-current deposits		**1,902**	9,260
		34,597	70,502
Current assets			
Trade and other receivables	*11*	**12,779**	25,908
Other loan receivables		**12,000**	43,000
Loan receivables	*12*	**36,250**	40,900
Current tax assets		**72**	72
Amount due from an associate		**793**	780
Financial assets at fair value through profit or loss	*13*	**48,548**	65,984
Bank balances and cash		**5,437**	6,839
		115,879	183,483
Current liabilities			
Other payables and accruals	*14*	**15,470**	15,606
Contract liabilities		**5,790**	10,336
Lease liabilities		**4,247**	–
Current tax liabilities		**25**	74
Amounts due to related parties		**5,368**	5,868
Other borrowings		**7,816**	3,001
		38,716	34,885

	NOTES	2020 HK$'000	2019 HK$'000 (Note)
Net current assets		**77,163**	148,598
Total assets less current liabilities		**111,760**	219,100
Non-current liabilities			
Deferred tax liabilities		**104**	137
Lease liabilities		**3,044**	–
Provision for long service payments		**663**	806
		3,811	943
Net assets		**107,949**	218,157
Capital and reserves			
Share capital	*15*	**27,379**	27,379
Reserves		**80,485**	190,680
Equity attributable to owners of the Company		**107,864**	218,059
Non-controlling interests		**85**	98
Total equity		**107,949**	218,157

Note: The Group has initially applied HKFRS 16 at 1 July 2019. Under the transition methods chosen, comparative information is not restated.

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. With effect from 2 March 2020, the principal place of business of the Company in Hong Kong has been changed to Room 1003A, 10th Floor, Exchange Tower, 33 Wang Chiu Road, Kowloon Bay, Kowloon, 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 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")

New and 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:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
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 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.

HKFRS 16 "Leases"

HKFRS 16 replaces HKAS 17, Leases, and the related interpretations, HK(IFRIC) 4, Determining whether an arrangement contains a lease, HK(SIC) 15, Operating leases – incentives, and HK(SIC) 27, Evaluating the substance of transactions involving the legal form of a lease. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("**short-term leases**") and leases of low-value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 July 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 July 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 July 2019. For contracts entered into before 1 July 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(ii) Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt. As far as the Group is concerned, these newly capitalised leases are primarily in relation to properties.

At the date of transition to HKFRS 16 (i.e. 1 July 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 July 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 12%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(A) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 30 June 2020; and

(B) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment).

The following table reconciles the operating lease commitments as at 30 June 2019 to the opening balance for lease liabilities recognised as at 1 July 2019:

	1 July 2019
	HK$'000
Operating lease commitments at 30 June 2019	64,130
Less: commitments relating to leases exempt from capitalisation:	
– short-term leases and other leases with remaining lease term ending on or before 30 June 2020	(9,497)
– leases early terminated on or before 30 June 2020	(48,355)
Less: rent concession received during the year	(52)
	6,226
Less: total future interest expenses	(556)
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 July 2019	5,670
Analysed as:	
– Current portion	3,570
– Non-current portion	2,100
	5,670

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position at 30 June 2019.

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 30 June 2019	**Capitalisation of operating lease contracts**	**Carrying amount at 1 July 2019**
	HK$'000	*HK$'000*	*HK$'000*
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:			
Right-of-use assets	–	5,670	5,670
Total non-current assets	**70,502**	**5,670**	**76,172**
Lease liabilities (current)	–	3,570	3,570
Total current liabilities	**34,885**	**3,570**	**38,455**
Net current assets	**148,598**	**(3,570)**	**145,028**
Total assets less current liabilities	**219,100**	**2,100**	**221,200**
Lease liabilities (non-current)	–	2,100	2,100
Total non-current liabilities	**943**	**2,100**	**3,043**
Net assets	**218,157**	**–**	**218,157**

(iii) Impact on the financial result and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 July 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liabilities, and the depreciation of the right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in an insignificant impact on the reported loss for the year ended 30 June 2020 in the Group's consolidated statement of profit or loss, as compared to the results if HKAS 17 had been applied during the year.

In the consolidated statement of cash flows, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in change in presentation of cash flows within the consolidated statement of cash flows.

Except as mentioned above, the adoption of HKFRS 16 does not have significant impact on certain line items on the consolidated statement of profit or loss and consolidated statement of cash flows if HKAS 17 had been applied during the year.

New and revised HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts [3]
Amendment to HKFRS 16	COVID-19-Related Rent Concession [2]
Amendments to HKFRS 3	Definition of a Business [5]
Amendments to HKAS 1 and HKAS 8	Definition of Material [1]
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Hedge accounting [1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [4]
Conceptual framework for Financial reporting 2018	Revised conceptual Framework for Financial Reporting [1]

[1] *Effective for annual periods beginning on or after 1 January 2020.*

[2] *Effective for annual periods beginning on or after 1 June 2020.*

[3] *Effective for annual periods beginning on or after 1 January 2021.*

[4] *Effective for annual periods beginning on or after a date to be determined.*

[5] *Effective for business combination for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.*

The Group is in the process of making an assessment of what the impact of these new standards, interpretations and amendments is expected to be in the period of initial applications. So far, it has concluded that the adoption of them will not have a significant 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 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 disclosure requirements of 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 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 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
- Investments 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 year ended 30 June 2020

	Provision of private educational services *HK$'000*	Investment in securities *HK$'000*	Money lending *HK$'000*	Consolidated *HK$'000*
Disaggregated by timing of revenue recognition				
Over time	62,765	–	4,052	66,817
Point in time	426	–	–	426
Segment revenue (revenue from external customers)	63,191	–	4,052	67,243
Segment results	(61,121)	(10,681)	(2,586)	(74,388)
Interest on other borrowings				(626)
Share of results of a joint venture				(726)
Unallocated corporate income				1,117
Unallocated corporate expenses				(32,637)
Loss before tax				(107,260)

For the year ended 30 June 2019

	Provision of private educational services *HK$'000*	Investment in securities *HK$'000*	Money lending *HK$'000*	Consolidated *HK$'000*
Disaggregated by timing of revenue recognition				
Over time	103,687	–	4,006	107,693
Point in time	1,247	–	–	1,247
Segment revenue (revenue from external customers)	104,934	–	4,006	108,940
Segment results	(47,838)	(20,977)	3,939	(64,876)
Interest on other borrowings				(40)
Share of results of a joint venture				(571)
Unallocated corporate income				3,866
Unallocated corporate expenses				(15,274)
Loss before tax				(76,895)

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. interest on other borrowings, share of results of a joint venture, 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 30 June 2020

	Provision of private educational services *HK$'000*	Investment in securities *HK$'000*	Money lending *HK$'000*	Consolidated *HK$'000*
Assets				
Segment assets	**25,624**	**49,171**	**36,940**	**111,735**
Unallocated assets				
Bank balances and cash				**4,827**
Other loan receivables				**12,000**
Interest in a joint venture				**3,325**
Financial assets at FVOCI				**12,429**
Other corporate assets				**6,160**
				150,476
Liabilities				
Segment liabilities	**31,234**	**1,177**	**50**	**32,461**
Unallocated liabilities				
Current tax liabilities				**25**
Deferred tax liabilities				**104**
Other borrowings				**7,816**
Other corporate liabilities				**2,121**
				42,527

As at 30 June 2019

	Provision of private educational services HK$'000	Investment in securities HK$'000	Money lending HK$'000	Consolidated HK$'000
Assets				
Segment assets	63,201	73,367	41,636	178,204
Unallocated assets				
Bank balances and cash				6,174
Other loan receivables				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 borrowings				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 receivables, 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 borrowings 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*
For the year ended 30 June 2020					
Capital additions	**(209)**	**(3)**	**–**	**–**	**(212)**
Amortisation cost of intangible assets	**(198)**	**–**	**–**	**–**	**(198)**
Depreciation charge on owned property, plant and equipment	**(7,121)**	**(463)**	**–**	**(70)**	**(7,654)**
Depreciation charge on right-of-use assets	**(3,940)**	**–**	**–**	**(1,367)**	**(5,307)**
Reversal of provision for long service payments	**109**	**–**	**–**	**–**	**109**
Change in fair value of financial assets at FVPL	**–**	**(10,752)**	**–**	**–**	**(10,752)**
Impairment loss on goodwill	**(18,673)**	**–**	**–**	**–**	**(18,673)**
Reversal of impairment loss (impairment loss) on other receivables	**2,491**	**(701)**	**–**	**(3,050)**	**(1,260)**
Impairment loss on other loan receivables	**–**	**(249)**	**–**	**(18,000)**	**(18,249)**
Impairment loss on a loan receivable	**–**	**–**	**(6,574)**	**–**	**(6,574)**
Write off of trade receivables	**(2)**	**–**	**–**	**–**	**(2)**
Write off of other payables	**3,251**	**–**	**–**	**–**	**3,251**
For the year ended 30 June 2019					
Capital additions	(1,873)	(47)	–	(352)	(2,272)
Amortisation cost of intangible assets	(198)	–	–	–	(198)
Depreciation charge on owned property, plant and equipment	(9,335)	(617)	–	(52)	(10,004)
Reversal of provision for long service payments	456	–	–	–	456
Change in fair value of financial assets at FVPL	–	(19,826)	–	–	(19,826)
Impairment loss on goodwill	(1,665)	–	–	–	(1,665)
Impairment loss on other receivable	(2,939)	(29)	–	(167)	(3,135)

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

	2020 *HK$'000*	2019 *HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Secondary tutoring services	**28,757**	53,879
Primary tutoring services, skill courses and test preparation courses	**16,507**	18,555
Franchising income	**4,769**	5,704
English language training and test preparation courses	**2,271**	9,229
Dance tuition services	**10,887**	17,567
	63,191	104,934
Revenue from other sources		
Loan interest income	**4,052**	4,006
	67,243	108,940

5. OTHER INCOME, GAINS AND LOSSES, NET

	2020 *HK$'000*	2019 *HK$'000*
Interest income on		
– other loan receivables	**731**	3,216
– unlisted convertible bonds	**105**	635
– bank deposits	**1**	6
– other interest income	**280**	9
Government grants *(Note)*	**978**	–
Supporting services income	**–**	139
Loss on write off of property, plant and equipment	**(4,601)**	(903)
Impairment loss on		
– goodwill	**(18,673)**	(1,665)
– other receivables, net	**(1,260)**	(3,135)
– other loan receivables	**(18,249)**	–
– a loan receivable	**(6,574)**	–
Write off of trade receivables	**(2)**	–
Write off of other payables	**3,251**	–
Others	**1,357**	2,103
	(42,656)	405

Note:

The Group successfully applied for funding support from the Employment Support Scheme ("**ESS**") and One-off Relief Grant for Private Schools Offering Non-formal Curriculum ("**Grant for PSNFCs**") under the Anti-epidemic Fund, set up by the Hong Kong Special Administrative Region ("**HKSAR**") Government.

The purpose of the ESS is to provide financial support to employers to retain employees who may otherwise be made redundant. Under the terms of the grant, the Group is required not to implement redundancies during the subsidy period and to spend all the funding on paying wages to their employees.

The Grant for PSNFCs is provided as a relief measure in light of that the classes of the Group have been suspended since end of January 2020 due to coronavirus disease 2019. The Group is required to use the Grant for PSNFCs for expenses in school operation and be responsible for ensuring its effective use.

6. FINANCE COSTS

	2020 *HK$'000*	2019 *HK$'000*
Interest on other borrowings	**626**	40
Interest on lease liabilities	**882**	–
Interest expenses to securities companies	**10**	–
	1,518	40

7. LOSS BEFORE TAX

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

	2020	2019
	HK$'000	*HK$'000*
Directors' emoluments	**1,229**	1,432
Other staff costs	**38,195**	47,602
Other staff's retirement benefit scheme contributions	**1,673**	2,252
Total staff costs	**41,097**	51,286
Compensation to landlords due to early termination of leases	**2,496**	–
Legal and professional fee	**1,423**	4,789
Rental related fees and charges (including building management fee, air conditioning charges and government rent and rates)	**7,147**	9,015
Related expenses for copiers	**1,413**	5,319
Sales commission	**466**	3,409
Other daily operation related expenses	**10,255**	11,809
Total other operating expenses	**23,200**	34,341
Auditor's remuneration	**690**	690
Write off of other receivables	**–**	1
Reversal of provision for long service payments	**(109)**	(456)
Expense relating to short-term leases for properties and other leases for properties with remaining lease term ending on or before 30 June 2020	**8,746**	–
Expense relating to leases for properties early terminated on or before 30 June 2020	**16,804**	–
Total minimum lease payments for properties previously classified as operating leases under HKAS 17 *(Note)*	**–**	42,004

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.

Lease payments represent the minimum lease payments paid or payable to lessors which mainly are independent third parties.

Note:

The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 July 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. After initial recognition of right-of-use assets at 1 July 2019, the Group as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated.

8. INCOME TAX

	2020	2019
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax		
– Provision for the year	**–**	45
– Over-provision in respect of prior years	**(20)**	(78)
The People's Republic of China ("**PRC**")		
Enterprise Income Tax	**–**	–
	(20)	(33)
Deferred tax	**(33)**	(32)
Total income tax credit recognised in profit or loss	**(53)**	(65)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No provision for Hong Kong Profits Tax has been made as the subsidiaries of the Group have no assessable profit or have sufficient tax losses brought forward to set off against current year's estimated assessable profit for the year.

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. A subsidiary established in the PRC was subject to the PRC 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:

	2020	2019
	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	**(107,194)**	(77,438)

	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 years ended 30 June 2020 and 2019 as there were no dilutive potential ordinary shares in issue during the year.

10. DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 30 June 2020 (2019: HK$nil).

11. TRADE AND OTHER RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Accrued revenue and trade receivables	**665**	967
Rental deposits	**3,293**	13,449
Other deposits	**346**	646
Prepayments	**945**	1,497
Other receivables	**13,827**	21,744
Less: Impairment loss on other receivables, net	**(4,395)**	(3,135)
	14,681	35,168
Less: Rental deposits (shown under non-current assets)	**(1,902)**	(9,260)
Trade and other receivables (shown under current assets)	**12,779**	25,908

Included in the Group's other receivables, prepayments and deposits were rental deposits and other receivable amounting to approximately HK$1,902,000 (2019: approximately HK$9,260,000) and approximately HK$1,234,000 (2019: approximately HK$3,388,000) respectively, which are expected to be recovered or recognised as expenses after more than one year. All of the other trade and other receivables are expected to be recovered or recognised as expenses within one year.

(a) Ageing analysis

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:

	2020	2019
	HK$'000	*HK$'000*
Accrued revenue not yet billed	**473**	443
Trade receivables:		
1 to 30 days	**144**	410
31 to 60 days	**37**	107
61 to 90 days	**3**	–
More than 90 days	**8**	7
	665	967

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

(b) Trade receivables that are not impaired

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	2020	2019
	HK$'000	*HK$'000*
Neither past due nor impaired	**502**	485
1 to 30 days past due	**123**	386
31 to 60 days past due	**29**	89
61 to 90 days past due	**3**	–
More than 90 days past due	**8**	7
Amounts past due	**163**	482
	665	967

During the year, impairment loss of approximately HK$2,000 (2019: HK$nil) was written off against trade receivables directly for which the Group considered that recovery of the amounts was remote.

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

As at 30 June 2020, 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

	2020	2019
	HK$'000	*HK$'000*
Loan receivables	**42,824**	48,393
Less: Impairment loss	**(6,574)**	(7,493)
	36,250	40,900

Loan receivables represent outstanding principals and interest arising from the money lending business of the Group.

As at 30 June 2020, all of the loan receivables are entered with the counterparties with a maturity within the next twelve months, unsecured and interest-bearing at fixed rates mutually agreed between the contracting parties, ranging from 9% to 10.5% (2019: 8.5% to 10.5%) per annum.

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.

Except for a loan receivable with outstanding principal and interest as at 30 June 2020 in aggregate amount of approximately HK$6,574,000 (2019: approximately HK$7,493,000) which has been past due and impaired during the year with a maturity in March 2020, all other loan receivables were neither past due nor impaired at 30 June 2020. Receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	2020 HK$'000	2019 HK$'000
Listed equity securities in Hong Kong, at fair value	*(i)*	**18,227**	26,379
Suspended listed equity securities in Hong Kong, at fair value	*(ii)*	**30,321**	31,808
Unlisted convertible bonds, at fair value	*(iii)*	**–**	7,797
		48,548	65,984

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) The fair value of the suspended listed equity securities represents the equity securities of Convoy Global Holdings Limited (a company listed on the Main Board of the Stock Exchange with stock code: 1019), which was determined by the Directors with reference to valuations carried out by an independent qualified professional valuer.

(iii) The unlisted convertible bonds were issued by Larry Jewelry International Company Limited (a company listed on GEM of the Stock Exchange with stock code: 8351). The convertible bonds is unsecured, bears interest at a fixed rate of 7.5% per annum and matured on 4 September 2019.

14. OTHER PAYABLES AND ACCRUALS

	2020 HK$'000	2019 HK$'000
Other payables	**8,778**	3,724
Accrued tutor contractor fee, salary and other accruals	**6,692**	11,882
	15,470	15,606

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 30 June 2020	6,000,000,000	300,000
Issued and fully paid		
Ordinary shares of HK$0.05 each		
At 1 July 2018, 30 June 2019 and 30 June 2020	547,570,880	27,379

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 years ended 30 June 2020 and 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Hong Kong Education (Int'l) Investments Limited ("**Company**") and its subsidiaries (together with the Company, collectively the "**Group**") faced a tough and challenging operating environment during the year ended 30 June 2020 ("**Year**"). The unfavourable market conditions, such as decreasing enrolment of secondary school students, declining number of candidates participating in the Diploma of Secondary Education Examination ("**DSE**"), increasing number of students studying abroad, and fierce competition among the industry peers to recruit and retain quality tutors as well as to attract and retain students for enrolments, coupled with the continuing impact of the social incidents and the outbreak of coronavirus disease 2019 ("**COVID-19**") in Hong Kong, not only caused a distinct reduction in course enrolments but also suspension of face-to-face classes in the Group's education centres.

For the Year, the Group recorded revenue of approximately HK$67.24 million (2019: approximately HK$108.94 million), representing a significant decrease of approximately 38.28% as compared to the previous year. Loss attributable to owners of the Company for the Year amounted to approximately HK$107.19 million (2019: loss of approximately HK$77.44 million), which was mainly due to (i) impairment loss on goodwill of approximately HK$18.67 million; (ii) impairment loss on other loan receivables of approximately HK$18.25 million; (iii) impairment loss on a loan receivable of approximately HK$6.57 million; and (iv) loss on change in fair value of financial assets at fair value through profit or loss ("**FVPL**") of approximately HK$10.75 million recorded during the Year.

BUSINESS REVIEW

Provision of private educational services

Secondary Tutoring Services

The Year was a difficult time to the private education industry, especially for the segment of secondary tutoring services. 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. The Group had actively formulated the business strategies to deal with this hard time. In the time of a pandemic, online learning is the need of the hour and an inevitable trend due to social distancing measures to prevent the spread of COVID-19. The Group was using its best endeavour to adjust its business model by moving more classes online. Therefore, the Group had downsized the scale of its traditional classroom setting lessons. 6 out of 7 learning centres operated by the Group under the brand of "Modern Education"(現代教育) ("**Secondary Tutoring Centres**") were closed during the first half of 2020.

For the Year, revenue recorded from secondary tutoring services was approximately HK$28.76 million, representing a significant decrease of approximately 46.63% as compared to approximately HK$53.88 million for the last financial year. Rental expenses took up approximately 32% of this segment's expenses before the closure of 6 Secondary Tutoring Centres. The closure has allowed the Group to reallocate resources for developing the Group's online learning infrastructure and promoting the online course enrolments. The Group acknowledged that the traditional way of classroom setting teaching is irreplaceable in some sense, therefore, the Group retains a Secondary Tutoring Centre to serve the needs for those students who prefer face-to-face classes. The Group will consider re-opening the Secondary Tutoring Centres subject to the social and market conditions.

The following table shows the number of course enrolments, the number of tutors and the average course fees for each category of secondary tutoring courses covering the two years ended 30 June 2020.

	For the year ended 30 June	
	2020	2019
Number of course enrolments *(approximately)*		
Regular courses	**35,000**	65,000
Intensive courses	**3,500**	12,000
Summer courses	**8,500**	12,000
T.I.P.S. courses	**1,500**	6,000
Special courses	**1,000**	5,000
Number of tutors *(Note 1)*		
Regular courses	**23**	35
Intensive courses	**16**	22
Summer courses	**21**	29
T.I.P.S. courses	**11**	16
Special courses	**13**	13
Average course fees (HK$) *(Note 2)*		
Regular courses	**558**	533
Intensive courses	**617**	572
Summer courses	**564**	458
T.I.P.S. courses	**604**	565
Special courses	**460**	381

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, T.I.P.S. courses and special courses is not equal to the total number of tutors for the year.

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

English Language Training and Test Preparation Courses

During the Year, the Group continued to deliver high-quality English language training and examination preparation courses for the International English Language Testing System (IELTS) and Test of English for International Communication (TOEIC). These courses are required to be conducted on site to qualify for the subsidy from the Continuing Education Fund set up by the Hong Kong government. Due to the outbreak of COVID-19, the Group has decided to suspend the classes temporarily out of concern for the well-being of its staff and students since February 2020, which were resumed in June 2020. The number of course enrolments dropped significantly from approximately 5,500 to 1,300 during the Year and the Group recorded revenue of approximately HK$2.27 million, representing a significant decrease of approximately 75.39% compared to approximately HK$9.23 million for the last financial year.

Given the global recognition of IELTS and TOEIC, the Group believes there is market demand in Hong Kong for professional English language training and test preparation courses. These courses benefit from being reimbursable courses under the Continuing Education Fund and thus are popular with the working population. Further, these courses are also crucial for those seeking to apply to universities overseas or emmigrate. The Group plans to continue operating courses once face-to-face teaching suspended due to the outbreak of COVID-19 is allowed to resume. The Group will earmark a certain amount of internal resources to explore methods and expand sales channels to continue the operation of this segment.

Primary Tutoring Services, Skill Courses and Test Preparation Courses

Given the steady and increasing number of course enrolments recorded over the past years, the Group is optimistic about the market demand for the primary tutoring services in Hong Kong. The business strategy to promote primary tutoring services and enlarge the services network through the franchisee scheme ("**Scheme**") has strategically satisfied market demand and contributed strong revenue to the Group. In the first half of 2020, the COVID-19 pandemic brought certain negative impact on the business operation. The Group has taken immediate action and moved some classes online due to COVID-19-related social distancing measures. Some classes were conducted in the centres when the situation allowed. The Group makes every endeavour to provide quality services to students to meet their needs even under the impact of COVID-19. Nevertheless, the number of course enrolments has shrunk for the Year. There were approximately 14,000 (2019: approximately 17,000) course enrolments recorded from directly-owned education centres which recorded revenue of approximately HK$16.51 million (2019: approximately HK$18.56 million). Total revenue to the Group from franchised centres amounted to approximately HK$4.77 million, representing a decrease of approximately 16.39% compared to approximately HK$5.70 million for the previous year.

In late June 2020, one of the directly-owned education centres was newly opened to replace another directly-owned education centre in another location. The Group is confident of the prospects of this segment and is willing to invest further even during this difficult time. There has been a steady increase in number of the franchise partners over the past few years and 6 new franchisees have already signed agreements to join the Scheme and the franchised centres are expected to be operational by around March 2021. The Company plans to allocate more resources and expand its network by promoting the Scheme and attracting more business partners. As at 30 June 2020, there were 7 directly-owned education centres and 37 franchised centres operated under the brand of "Modern Bachelor Education"（現代小學士）.

Dance tuition services

While the competition for dance industry in Hong Kong is intensive, the Group continued to provide quality dance tuition services and attract students to enrol in the Group's dance classes. During the first half of the financial year, the Group has arranged students to participate in various dance competitions to gain performance experience, launched overseas study tours and enhanced the provision of courses to respond to changes in market trends so as to expand the Group's business coverage and broaden the student base.

Unfortunately, dance tuition faced the hardest hit since the COVID-19 pandemic has begun. As the Group was conscious of the pressing need to protect its staff, tutors and students from possible exposure to the COVID-19 pandemic, some dance classes have been temporarily suspended. Due to the mode of dance tuition which does not allow for easy online teaching compared to secondary tuition and primary tuition, all business activities have been severely affected. As a result, the enrolment has dropped sharply in the second half of the financial year. After serious consideration of the difficult operating environment under the huge impact of the COVID-19 pandemic, the Group had downsized the scale of operation by closing some of its dance colleges so as to control the operating costs. 5 out of 6 professional dance colleges operated by the Group under the brand of Shelly Lo Jazz and Ballet School were closed. As at 30 June 2020, the Group has retained 1 professional dance college which continues to provide the courses of ballet and jazz dance. The Group is taking effort to formulate appropriate business strategies to cope with such adverse changes and making good use of any opportunities to offer more diversified dance services to students.

During the Year, the Group recorded revenue from dance tuition services of approximately HK$10.89 million, representing a decrease of approximately 38.03% as compared to approximately HK$17.57 million recorded in the last financial year.

Investments

Assets Investments

Financial assets at FVPL

During the Year, the Group adopted a relatively prudent and diversified strategies for securities investment. The Group had acquired listed securities in 9 listed companies in Hong Kong and disposed of 7 listed securities in its investment portfolio during the Year. Throughout the second half of the financial year, the stock market in Hong Kong was volatile, Heng Seng Index dropped from 28,543.52 points on 2 January 2020 to 24,427.19 points on 30 June 2020. As at 30 June 2020, the Group had financial assets at FVPL with a fair value of approximately HK$48.55 million and recorded a loss on change in fair value of financial assets at FVPL of approximately HK$10.75 million for the Year.

Details of the significant investments in the portfolio under financial assets at FVPL with a value of 5% or more of the Group's audited total assets as at 30 June 2020 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 *HK$'000*	Fair value as at 30 June 2020 *HK$'000*	Percentage to the Group's audited total assets as at 30 June 2020 *(approximately)*
Significant investment						
Convoy Global Holdings Limited ("**Convoy**") (stock code: 1019)	Financial advisory business, money lending business, proprietary investment business, asset management business and securities dealing business.	348,904,000	2.34%	122,116	30,321	20.15%
Other investments						
Other listed shares*	–	–	–	38,639	18,227	12.11%
Grand total for financial assets at FVPL				160,755	48,548	32.26%

* *Other listed shares included the shares of 7 companies which are listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") and the shares of 4 companies which are listed on GEM of 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 30 June 2020.*

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

Description of investments (stock code)	**Realised fair value gain for the Year** *HK$'000*	**Unrealised fair value gain (loss) for the Year** *HK$'000*	**Dividend received during the Year** *HK$'000*
Convoy (1019)	–	(1,487)	–
Other listed shares*	1,500	(10,889)	21
Unlisted convertible bonds	–	103	–
Grand total	1,500	(12,273)	21

* *Other listed shares included the shares of 14 companies which are listed on the Main Board of the Stock Exchange and the shares of 4 companies which are listed on GEM of the Stock Exchange.*

Financial assets at fair value through other comprehensive income ("FVOCI")

The Group also held significant investment under financial assets at FVOCI with a value of 5% or more of the Group's audited total assets as at 30 June 2020 as below:

Description of investment	**Principal businesses**	**Number of shares held**	**Percentage held to the total issued share capital of Gransing** *(approximately)*	**Investment cost** *HK$'000*	**Carrying amount as at 30 June 2020** *HK$'000*	**Percentage to the Group's audited total assets as at 30 June 2020** *(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	12,429	8.26%

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. From the announcement of Convoy dated 5 June 2020, Convoy received a letter from the Stock Exchange on 29 May 2020 stating the decision of the Listing Committee of the Stock Exchange made on 28 May 2020 to cancel Convoy's listing under Rule 6.01A of the Listing Rules ("**Delisting Decision**"). Convoy lodged a written request to the Listing Review Committee of the Stock Exchange pursuant to Chapter 2B of the Listing Rules to review the Delisting Decision. From the announcement of Convoy dated 28 August 2020, the review hearing date is to be scheduled in due course.

According to the announcement of Convoy dated 21 May 2020, the board of directors of Convoy ("**Convoy Board**") confirmed Convoy is financially healthy and continues to maintain a healthy level of operations in its principal businesses. Convoy has transformed from an independent financial advisory business into a one-stop omni-channel financial service platform since 2018 and its business strategy comprises of three core priorities, including (i) growing and strengthening the fundamental pillars by proactive recruitment of the financial advisory salesforce, potential acquisitions of small competitors and increasing product coverage; (ii) diversifying the business portfolio by launching new products and services related to Fintech investments and partnerships in the United Kingdom, the United States and Europe; and (iii) optimizing operational performance with powerful infrastructure through investment in product intelligence, technology and operations for improving customer experience and driving efficiency across the businesses.

Convoy also continues to focus on strengthening its overall risk management capabilities and maintains its commitment to build a new corporate culture by upskilling its work-force and institutionalizing the achievement culture based on three core values of professionalism, integrity and passion through promotion of open communication across the entire organization, provision of training programmes to upgrade employees' capabilities, and launching trainee programmes and Hackathon to nurture young talents in Hong Kong. Convoy believes that it has successfully rebuilt its brand and is investing across its businesses and bringing advanced technology and expertise to serve the customers.

From the joint announcement of Convoy and National Arts Entertainment and Culture Group Limited ("**National Arts**"), a company listed on GEM of the Stock Exchange (stock code: 8228), dated 29 July 2020, the board of directors of National Arts approached the Convoy Board about a conditional voluntary share exchange offer by National Arts to acquire all of the issued shares in the share capital of Convoy subject to fulfilment of certain conditions ("**Possible Offer**"). From the joint announcement of Convoy and National Arts dated 28 August 2020, discussions are still on-going between the parties on the Possible Offer, including as to how and when the Possible Offer will be made, which will be subject to, inter alia, the timetable and outcome of the review of the decision of the Stock Exchange to consider the Possible Offer a reverse takeover of National Arts under Rule 19.06B of the Rules Governing the Listing of Securities on GEM of the Stock Exchange ("**GEM Listing Rules**") and it would treat National Arts as a new listing applicant under Rule 19.54 of the GEM Listing Rules if the Possible Offer were to proceed, the financial information of Convoy and other information which would be required to be included in documentation to be sent to shareholders of National Arts and Convoy in relation to the Possible Offer. The Directors would continue to closely monitor the development of the Possible Offer and the recent situation of Convoy and formulate appropriate strategies to protect the interest of the Group.

(2) Gransing

In December 2019, an independent third party ("**Subscriber**") has subscribed for 35 shares of Gransing (together with its subsidiaries, "**Gransing Group**") in consideration of 594,430,000 new issued shares of the Subscriber ("**Subscription**"). As a result, the shareholding of the Group in Gransing has been diluted from 9.49% to 8.41%. As explained by the management of Gransing ("**Gransing Management**"), a synergy effect is expected to be created in Gransing Group after the Subscription, especially in the segment of money lending business.

Based on the financial information provided from the Gransing Management, the Directors noted from the unaudited financial results of Gransing Group for the six months ended 30 June 2020 that a decrease in loss by approximately 20% was recorded as compared to the corresponding period in 2019, and cost control measures continued to be carried out for reducing the operating costs in order to minimize the losses. Looking ahead, the Gransing Management mentioned that Gransing Group is actively conducting a business transformation and making its endeavour to develop technology in the application of financial services. In the second half of 2020, Gransing Group is going to launch various technology applications in respect of its securities brokerage segment. The enhancement is to provide fast response to potential clients so as to boost the client base and also, provide value-added services to existing clients through an advanced services platform. In the long run, Gransing Group targets to become one of the high-quality securities brokers in the industry.

The Directors would keep monitoring the business development of Gransing Group and formulate appropriate strategies to protect the interest of the Group.

Other Investment – Early Education

Full Profit Hong Kong Development Limited ("**Full Profit**"), a joint venture of the Group, is focused primarily on providing early education management and consultancy services. Due to the outbreak of COVID-19, school for all kindergartens in Hong Kong was suspended since February 2020 and school was resumed only for kindergarten 3 students in mid–June 2020. As a result, revenue recorded by Full Profit during the Year decreased by approximately 28.20% as compared to the previous financial year. Due to the unfavourable business environment, the Group will work closely with the joint venture partner to monitor the situation and take necessary steps to maintain a reasonable return to Full Profit and to the Group.

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$4.05 million (2019: approximately HK$4.01 million) from granting loans to both corporate and individual clients. The outstanding principal amount of loan receivables as at 30 June 2020 was approximately HK$33.85 million (2019: approximately HK$40.30 million).

FINANCIAL REVIEW

Revenue

The Group recorded revenue of approximately HK$67.24 million for the Year, representing a decrease of approximately 38.28% as compared to approximately HK$108.94 million recorded last year, revenue generated from the segment of provision of private educational services is as below:

– Secondary tutoring services: a significant drop in revenue to approximately HK$28.76 million, representing a decrease of approximately 46.63% as compared to approximately HK$53.88 million recorded last year.

– English language training and test preparation courses: a significant drop in revenue to approximately HK$2.27 million, representing a decrease of approximately 75.39% as compared to approximately HK$9.23 million recorded last year.

– Primary tutoring services, skill courses and test preparation courses (including franchising income): a decrease in revenue to approximately HK$21.28 million, representing a decrease of approximately 12.30% as compared to approximately HK$24.26 million recorded last year.

– Dance tuition services: a decrease in revenue to approximately HK$10.89 million, representing a decrease of approximately 38.03% as compared to approximately HK$17.57 million recorded last year.

– Money lending business: the Group recorded relatively stable loan interest of approximately HK$4.05 million (2019: approximately HK$4.01 million).

Other income, gains and losses, net

For the Year, the Group's other income, gains and losses recorded net loss of approximately HK$42.66 million (2019: net gain of approximately HK$0.41 million). Such loss was mainly due to (i) impairment loss on goodwill of approximately HK$18.67 million; (ii) impairment loss on other loan receivables of approximately HK$18.25 million; (iii) impairment loss on a loan receivable of approximately HK$6.57 million; and (iv) loss on write-off of property, plant and equipment of approximately HK$4.60 million recorded during the Year.

Staff costs

The Group's staff costs decreased by approximately HK$10.19 million or approximately 19.87% compared with the last financial year. Such decrease was mainly due to downsizing of business units in secondary tutoring services and dance tuition services during the Year.

Tutor contractor fee

The Group's tutor contractor fee decreased by approximately HK$9.73 million or approximately 43.56% compared with the last financial year. Such decrease was in line with the decline in revenue derived from secondary tutoring services.

Lease payments

The Group's lease payments decreased by approximately HK$16.45 million or approximately 39.17% compared with the previous year. 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 years, the amount of lease payments for the Year would have been approximately HK$31.16 million, representing a decrease of approximately HK$10.84 million or approximately 25.81% as compared with the last financial year. Such decrease was mainly due to the closure of certain Secondary Tutoring Centres and dance colleges of the Group during the Year.

Marketing expenses

The Group's marketing expenses decreased by approximately HK$2.76 million or approximately 52.45% compared with last year. Such decrease was mainly attributable to the reduction in various marketing activities during the Year.

Other operating expenses

The Group's other operating expenses ("**Other Operating Expenses**") were daily operation related and were mainly comprised of the following:

	HK$'000 *(approximately)*
Rental related fees and charges (including building management fee, air conditioning charges and government rent and rates)	7,147
Sundry expenses	2,718
Repair and maintenance	2,355
Related expenses for copiers	1,413
Legal and professional fee	1,423
Other daily operation related expenses*	8,144
Total	23,200

* *Other daily operation related expenses mainly consisted of electricity and water charges, other interest charges, cleaning charges, consulting fee, sales commission, printing and stationery, telephone and fax charges, postage and courier fees, computer expenses and electronic payment charges.*

For the Year, the Other Operating Expenses decreased by approximately HK$11.14 million or approximately 32.44% compared with the previous year. Various operating expenses, including but not limited to rental related fees and charges, legal and professional fee, related expenses for copiers, sales commission, printing and stationery, electricity and charges, decreased by approximately HK$13.18 million in total. On the other hand, repair and maintenance fee and sundry expenses increased by approximately HK$3.68 million in total. Such increase was mainly resulted from termination of the tenancy of certain premises of the Group.

Finance costs

The Group recorded finance costs of approximately HK$1.52 million during the Year (2019: approximately HK$0.04 million), in which approximately HK$0.63 million were interest incurred on other borrowings and approximately HK$0.88 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 Year was approximately HK$107.19 million (2019: loss of approximately HK$77.44 million), which was mainly due to (i) impairment loss on goodwill of approximately HK$18.67 million; (ii) impairment loss on other loan receivables of approximately HK$18.25 million; (iii) impairment loss on a loan receivable of approximately HK$6.57 million; and (iv) loss on change in fair value of financial assets at FVPL of approximately HK$10.75 million recorded during the Year. Loss per share was HK$0.20 for the Year (2019: loss per share of HK$0.14).

Other loan receivables

Included in the Group's other loan receivables as at 30 June 2020 are (i) the book value of the Balance Payment (the details of which are set out under the paragraphs headed "Advance to an entity" under the section headed "MATERIAL ACQUISITIONS AND DISPOSALS" in this announcement), and (ii) the book value of the outstanding balance of the convertible bonds ("**CB**") issued by Larry Jewelry International Company Limited ("**Larry Jewelry**"), which was unsecured, bearing interest at a fixed rate of 7.5% per annum and matured on 4 September 2019.

In respect of the Balance Payment

As at 30 June 2020, the Balance Payment was in the amount of HK$28 million. Since the end of the Year and up to the date of this announcement, Mr. Wong Kui Shing ("**Mr. Wong**") has repaid HK$10 million of the Balance Payment. Impairment loss of HK$18 million in respect of the Balance Payment was recognised during the Year, details of which are set out under the section headed "IMPAIRMENT ASSESSMENT ON OTHER LOAN RECEIVABLES AND OTHER RECEIVABLES". Accordingly, the book value of the Balance Payment amounted to HK$10 million as at 30 June 2020.

The Group has always been able to contact Mr. Wong and has been in the course of discussing a further revised repayment schedule. The Directors understand from Mr. Wong that due to the political issues and social incidents such as occupations, protests and demonstrations in Hong Kong in the second half of 2019, Mr. Wong has difficulty to pay the Balance Payment in accordance with the revised repayment schedule. At that time, the Directors considered that after these political issues and social incidents, Mr. Wong would be able to repay the Balance Payment. Unfortunately, the outbreak of COVID-19 in early 2020 has further affected Mr. Wong's repayment ability. Therefore, in March 2020, the Group considered to commence legal proceedings against Mr. Wong. Such plan was delayed as court services in Hong Kong had been suspended. With the resumption of court services, the Group is considering to commence necessary legal actions to recover the overdue Balance Payment.

In respect of the outstanding balance of the CB

As at 30 June 2020, the outstanding balance of the CB was in the amount of approximately HK$2.25 million.

As at the maturity date of the CB on 4 September 2019, the outstanding sum under the CB amounted to approximately HK$8.05 million. Shortly after the original maturity date, the parties agreed on a repayment schedule of CB pursuant to which Larry Jewelry shall settle the outstanding sum in five instalments with the last instalment on 31 December 2019. As at 31 December 2019, Larry Jewelry repaid HK$3.50 million and the outstanding sum amounted to approximately HK$4.55 million. Subsequent to 31 December 2019 and up to the end of the Year, Larry Jewelry has further repaid HK$2.30 million.

The Company has been using various means to give numerous reminders to Larry Jewelry to request repayment, including issuance of statutory demand dated 23 January 2020 by Fastek Investments Limited ("**Fastek**"), an indirect wholly-owned subsidiary of the Company, to Tung Fong Hung Medicine Company Limited, a subsidiary company of Larry Jewelry, for payment of debt in an aggregate sum of HK$4.20 million from two returned cheques incurred on 31 December 2019 which had been drawn for settlement of the CB. Subsequently to the end of the Year, on 9 July 2020, a statutory demand was served on Larry Jewelry by Fastek for repayment of the balance of the CB in the amount of approximately HK$2.25 million and the default interest of approximately HK$0.74 million.

Since the end of the Year and up to the date of this announcement, Larry Jewelry has further repaid HK$2 million of the balance of the CB. Impairment loss of approximately HK$0.25 million in respect of the outstanding balance of the CB was recognised during the Year, details of which are set out under the section headed "IMPAIRMENT ASSESSMENT ON OTHER LOAN RECEIVABLES AND OTHER RECEIVABLES". Accordingly, the book value of the outstanding balance of CB amounted to HK$2 million as at 30 June 2020.

OUTLOOK

Looking ahead, the business environment for the industry of private education remains tough as it is uncertain when the COVID-19 pandemic will end. The adverse impacts to the industry of private education persist. Despite the difficult situation, the Group is flexibly adjusting its business strategies in order to strengthen the core businesses. In view of the decreasing DSE student numbers and the high rent situation in Hong Kong, it is believed that the closure of the Secondary Tutoring Centres as a result of a revised and decisive business strategy will benefit the Group in the long term.

The COVID-19 pandemic has presented an opportunity for the Group to accelerate its endeavour in exploring the transition from the traditional face-to-face classroom teaching to online classes. The Group is actively managing the drastic change by focusing and strengthening its online services for long term sustainability. The Group remains confident in the demand for private education in Hong Kong. The secondary and primary tutoring services, which are provided through the brands of "Modern Education"（現代教育）and "Modern Bachelor Education"（現代小學士）, continuously serve as the key income drivers of the Group. Especially for the primary tutoring service, the Group will continue to explore more new potential franchisees and seek opportunities to expand its presence to better serve the demand for primary tuition.

In addition, the Group's management team will make dedicated efforts to explore potential education-related business partners for business collaboration and to seek for potential merger and acquisition opportunities in both Hong Kong and the People's Republic of China for business diversification 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 30 June 2020, the Group's total balance of cash and cash equivalents amounted to approximately HK$5.44 million (30 June 2019: approximately HK$6.84 million), of which 98.64% is held in Hong Kong dollars and 1.36% is held in Renminbi. Current ratio (defined as total current assets divided by total current liabilities) was 2.99 times (30 June 2019: 5.26 times).

As at 30 June 2020, other borrowings of the Group from independent third parties amounted to approximately HK$7.82 million held in Hong Kong dollars were unsecured, repayable within one year and carried a fixed interest rate at 12% per annum.

As at 30 June 2020, the gearing ratio of the Group was 28.20% (30 June 2019: 14.03%). 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).

IMPAIRMENT ASSESSMENT ON OTHER LOAN RECEIVABLES AND OTHER RECEIVABLES

For the Year, impairment loss on other loan receivables consisted of impairment loss of HK$18 million in respect of the Balance Payment and approximately HK$0.25 million in respect of the outstanding balance of the CB.

Impairment loss on other receivables for the Year consisted of reversal of impairment loss of approximately HK$2.49 million relating to provision of private educational services, impairment loss of approximately HK$3.12 million in respect of the interest accrued on the Balance Payment and impairment loss of approximately HK$0.73 million in respect of the default interest accrued on the balance of the CB.

Impairment loss on the Balance Payment and the balance of CB, and the respective outstanding interest was recognised during the Year in accordance with the Group's accounting policy based on the expected credit loss ("**ECL**") assessment required under the HKFRS 9 applied by the Group.

In determining the ECLs of other loan receivables and other receivables, the recoverability of these receivables was assessed by the management taking into account the credit quality, likelihood of their collection and the past settlement history and records. For the Balance Payment of HK$18 million, the balance of CB of approximately HK$0.25 million and their respective interest receivable of approximately HK$3.12 million and approximately HK$0.73 million, the Directors considered that the recovery of the unsettled balances were remote and impairment losses were recognised during the Year.

IMPAIRMENT ASSESSMENT ON GOODWILL

For the Year, impairment loss on goodwill of approximately HK$18.67 million in respect of a cash-generating unit of dance tuition services ("**CGU**") was recognised by reference to valuations carried out by an independent qualified professional valuer. The assessment of the recoverability of goodwill is based on the future business prospects and the forecast business performance of the business.

The recoverable amount of CGU is determined based on value-in-use calculation using discounted cash flow method under the income approach. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate. Other key assumptions for the value-in-use calculation relate to the estimation of cash inflows/outflows which included budgeted revenue, such estimation is based on the CGU's past performance and management's expectations for the market development including the fluctuation in dance tuition services business in the current economic environment in Hong Kong. The Directors believe that any adverse change in the assumptions used in the calculation of the recoverable amount of the CGU would result in the impairment loss.

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 2020, the Group had a total of 136 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 comprehensive benefits packages 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 Year, no share options have been granted by the Company pursuant to the Share Option Scheme.

CONTINGENT LIABILITIES

As at 30 June 2020 and 2019, the Group had no significant contingent liabilities.

CAPITAL COMMITMENTS

As at 30 June 2020 and 2019, there was no capital commitments contracted for but not provided in the 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 30 June 2020 and 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 Year.

MATERIAL ACQUISITIONS AND DISPOSALS

During the Year, 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, 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 three instalments 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 and 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 30 June 2020, the balance of HK$28 million and interest accrued was still outstanding and exceeded 8% of the audited total assets of the Group as at 30 June 2020. Subsequent to the end of the Year, Mr. Wong has settled the Balance Payment in the amount of HK$10 million and as at the date of this announcement, the outstanding Balance Payment amounts to HK$18 million.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

Save as disclosed in this announcement, as at 30 June 2020, the Group did not have any other plans for material investment or capital assets.

EVENTS AFTER THE REPORTING PERIOD

(a) Placing of new shares under general mandate

On 27 July 2020, the Company and Orient Securities Limited ("**Placing Agent**") entered into a placing agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best endeavour basis, up to 33,500,000 shares of the Company to be allotted and issued pursuant to the terms and conditions of the placing agreement at a price of HK$0.90 per share, which represented a discount of approximately 8.16% to the closing market price of the shares of the Company on 27 July 2020, under a general mandate granted to the Directors at the annual general meeting of the Company held on 19 December 2019, to not less than six placees, who and whose ultimate beneficial owners are independent third parties ("**Placing**"). The Placing was completed on 14 August 2020 and the net proceeds were approximately HK$29.40 million. For more details, please refer to the announcements of the Company dated 27 July 2020 and 14 August 2020.

(b) Effect on the Group of COVID-19

With the outbreak and spread of the COVID-19 in 2020, the Group's provision of private educational services business is being adversely affected. As a result of the HKSAR Government's announcement of the closure of all schools in Hong Kong from end of January 2020 to May 2020 and from July 2020 to September 2020, the Group has suspended all classes and either changed to online teaching, cancelled or rearranged the classes, resulting in certain loss of tuition fee income from all education centres during the period of such closures. The Group will closely monitor the evolving COVID-19 situation, yet an estimate of its financial impact on the Group cannot be reliably measured at this stage due to the uncertainty of the spread of the epidemic.

(c) Listed equity securities in Hong Kong

The fair values of listed equity securities are determined based on the quoted market closing price available on the Main Board and GEM of the Stock Exchange at the end of the reporting period.

As at the date of the Board's approval of these consolidated financial statements, the realised and unrealised losses on financial assets at FVPL from changes in fair value on financial assets at FVPL held as at 30 June 2020 amounted to approximately HK$12,000 and HK$1,347,000 respectively.

Save as disclosed above, there is no other important event affecting the Group which has occurred since the end of the Year.

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 ("**Code of Conduct**"). 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 and the Code of Conduct 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 ("**CG Code**") as its own corporate governance code. During the Year, 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 (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 subsidiaries of Convoy ("**Plaintiffs**") to claim an order against Fastek, as one of the placees under the placing of shares of Convoy ("**Convoy Shares**") 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 defendants, Fastek as one of the defendants, pursuant to which:

(i) Convoy (the 1st plaintiff) seeks, inter alia, (i) 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; (ii) 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-filed on 31 May 2018") served on Fastek on 31 May 2018 has yet to be officially filed in the CFI 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.

The Plaintiffs filed and served their reply to Fastek's defence filed on 18 October 2018 on 13 February 2020.

Thereafter, the Plaintiffs filed their re-re-amended statement of claim on 27 July 2020 pursuant to the order of Mr. Justice Harris granted during the hearing of the striking out application taken out by the 26th defendant on 9 January 2020.

(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 litigations 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 and the Company will keep the shareholders of the Company and potential investors informed of any further material development.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company has reviewed the accounting principles and practices adopted by the Group and the audited consolidated results of the Group for the Year and discussed auditing, internal controls and financial reporting matters of the Group for the Year.

SCOPE OF WORK OF BAKER TILLY HONG KONG 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, Baker Tilly Hong Kong Limited. The work performed by Baker Tilly Hong Kong 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 Baker Tilly Hong Kong Limited in 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
Tsang Ka Wai
Executive Director

Hong Kong, 28 September 2020

As at 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.