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Bradaverse Education (Int'l) Investments Group Limited
源宇宙教育(國際)投資集團有限公司

(Formerly known as “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 2023

FINANCIAL HIGHLIGHTS

For the year ended 30 June 2023:

- The Group recorded revenue of approximately HK\$117.61 million, representing an increase of approximately 30.61% as compared to approximately HK\$90.05 million for the last financial year.
- The Group recorded a loss attributable to owners of the Company of approximately HK\$28.54 million (2022: loss of approximately HK\$32.89 million).

As at 30 June 2023:

- The Group had a current ratio (defined as total current assets divided by total current liabilities) of 2.42 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 33.15%.

The Board does not recommend the payment of a final dividend for the year ended 30 June 2023 (2022: HK\$Nil).

FINANCIAL RESULTS

The board (“**Board**”) of directors (“**Directors**”) of Bradaverse Education (Int’l) Investments Group Limited (“**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (“**Group**”) for the year ended 30 June 2023, together with the comparative audited figures for the corresponding year ended 30 June 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2023

	<i>NOTES</i>	2023 <i>HK\$’000</i>	2022 <i>HK\$’000</i>
Revenue			
– Provision of private educational services		27,125	26,328
– Interest income from money lending		1,674	3,245
– Trading and services income from virtual reality (“ VR ”) and digital entertainment		88,813	60,475
		<hr/>	<hr/>
	4	117,612	90,048
Changes in inventories of finished goods	7	(76,591)	(54,273)
Other income, gains and losses, net	5	1,063	4,536
Staff costs	7	(27,058)	(45,975)
Tutor contractor fee		(2,483)	(2,067)
Lease payments	7	(899)	(582)
Marketing expenses		(3,796)	(787)
Printing costs		(374)	(552)
Depreciation and amortisation		(6,848)	(6,863)
Change in fair value of financial assets at fair value through profit or loss		(13,983)	(6,184)
Other operating expenses	7	(10,902)	(7,904)
Finance costs	6	(2,103)	(950)
Share of results of a joint venture		(824)	(1,094)
Share of results of associates		(19)	–
		<hr/>	<hr/>
Loss before tax	7	(27,205)	(32,647)
Income tax expense	8	(1,446)	–
		<hr/>	<hr/>
Loss for the year		(28,651)	(32,647)

	NOTES	2023 HK\$'000	2022 HK\$'000
Other comprehensive (expense) income, net of income tax			
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value changes on movements in equity instruments at fair value through other comprehensive income		(5,761)	(7,961)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translating foreign operations		(2)	–
Cumulative exchange loss reclassified to profit or loss on deregistration of a subsidiary		<u>111</u>	<u>–</u>
Other comprehensive expense for the year, net of income tax		<u>(5,652)</u>	<u>(7,961)</u>
Total comprehensive expense for the year		<u>(34,303)</u>	<u>(40,608)</u>
(Loss) profit for the year attributable to:			
Owners of the Company		(28,541)	(32,892)
Non-controlling interests		<u>(110)</u>	<u>245</u>
		<u>(28,651)</u>	<u>(32,647)</u>
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		(34,193)	(40,853)
Non-controlling interests		<u>(110)</u>	<u>245</u>
		<u>(34,303)</u>	<u>(40,608)</u>
Loss per share	9		
– Basic (HK\$)		<u>(0.05)</u>	<u>(0.06)</u>
– Diluted (HK\$)		<u>(0.05)</u>	<u>(0.06)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

	<i>NOTES</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		3,692	1,486
Right-of-use assets		8,170	5,918
Goodwill		20,715	20,715
Other intangible assets		1,340	1,340
Interests in associates		10	–
Interest in a joint venture		121	945
Financial assets at fair value through other comprehensive income (“FVOCI”)		4,521	10,282
Non-current deposits		1,744	826
		40,313	41,512
Current assets			
Inventories		525	790
Trade and other receivables	<i>11</i>	32,554	29,018
Loan receivables	<i>12</i>	13,976	19,379
Amounts due from related parties		2,690	793
Financial assets at fair value through profit or loss (“FVPL”)	<i>13</i>	65,557	59,271
Bank balances and cash		13,862	14,512
		129,164	123,763
Current liabilities			
Trade and other payables	<i>14</i>	21,844	9,605
Contract liabilities		3,271	1,841
Lease liabilities		5,131	4,405
Current tax liabilities		1,615	81
Amounts due to related parties		430	300
Other borrowing	<i>15</i>	21,063	–
		53,354	16,232

	<i>NOTES</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Net current assets		<u>75,810</u>	<u>107,531</u>
Total assets less current liabilities		<u>116,123</u>	<u>149,043</u>
Non-current liabilities			
Deferred tax liabilities		–	88
Lease liabilities		3,541	2,093
Provision for long service payments		<u>359</u>	<u>432</u>
		<u>3,900</u>	<u>2,613</u>
Net assets		<u><u>112,223</u></u>	<u><u>146,430</u></u>
Capital and reserves			
Share capital	<i>16</i>	29,822	29,822
Reserves		<u>81,786</u>	<u>115,979</u>
Equity attributable to owners of the Company		111,608	145,801
Non-controlling interests		<u>615</u>	<u>629</u>
Total equity		<u><u>112,223</u></u>	<u><u>146,430</u></u>

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 31 October 2022, the principal place of business of the Company in Hong Kong has been changed to Unit 1708, 17/F., Tower II, Admiralty Centre, No. 18 Harcourt Road, 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.

Pursuant to the approval by the shareholders at the annual general meeting of the Company held on 30 December 2022, the name of the Company in English was changed from “Hong Kong Education (Int’l) Investments Limited” to “Bradaverse Education (Int’l) Investments Group Limited” and the dual foreign name of the Company in Chinese from “香港教育(國際)投資集團有限公司” to “源宇宙教育(國際)投資集團有限公司”. The certificate of registration of alteration of name of registered non-Hong Kong company was issued by the Registrar of Companies in Hong Kong on 14 February 2023 certifying that the new English and Chinese names of the Company have been registered in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

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, money lending business and trading of VR and gaming products and provision of related services.

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

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

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 July 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous contracts – Cost of fulfilling a Contract

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

New and amendments to HKFRSs in issue but not yet effective

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

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules ¹
HKFRS 17	Insurance Contract and related amendments ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ²
Amendments to HKAS 1	Non-Current Liabilities with Covenants ²
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

¹ *Effective for annual periods beginning on or after 1 January 2023.*

² *Effective for annual periods beginning on or after 1 January 2024.*

³ *Effective for annual periods beginning on or after a date to be determined.*

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 Companies Ordinance (Chapter 622 of the laws of Hong Kong).

4. REVENUE AND SEGMENT INFORMATION

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

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

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

- Provision of private educational services – secondary tutoring services, primary tutoring services, skill courses and test preparation courses, franchising income, English language training and test preparation courses, dance tuition services and STEAM education services
- Investment in securities – trading of securities
- Money lending – providing loans as money lender
- VR and digital entertainment – trading of VR and gaming products and provision of related services

(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 2023

	Provision of private educational services <i>HK\$'000</i>	Investment in securities <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	VR and digital entertainment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Disaggregated by timing of revenue recognition					
Over time	27,125	-	1,674	1,813	30,612
Point in time	-	-	-	87,000	87,000
Segment revenue (revenue from external customers)	<u>27,125</u>	<u>-</u>	<u>1,674</u>	<u>88,813</u>	<u>117,612</u>
Segment results	<u>(5,095)</u>	<u>(15,080)</u>	<u>3,871</u>	<u>834</u>	<u>(15,470)</u>
Bank interest income					4
Interests expenses on other borrowing					(1,064)
Share of results of a joint venture					(824)
Share of results of associates					(19)
Gain on deemed disposal of a subsidiary					6
Gain on deregistration of a subsidiary					104
Unallocated corporate expenses					<u>(9,942)</u>
Loss before tax					<u>(27,205)</u>

For the year ended 30 June 2022

	Provision of private educational services <i>HK\$'000</i>	Investment in securities <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	VR and digital entertainment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Disaggregated by timing of revenue recognition					
Over time	26,278	–	3,245	1,203	30,726
Point in time	<u>50</u>	<u>–</u>	<u>–</u>	<u>59,272</u>	<u>59,322</u>
Segment revenue (revenue from external customers)	<u>26,328</u>	<u>–</u>	<u>3,245</u>	<u>60,475</u>	<u>90,048</u>
Segment results	<u>32</u>	<u>(6,584)</u>	<u>(1,727)</u>	<u>473</u>	(7,806)
Gain on disposal of a subsidiary					670
Share of results of a joint venture					(1,094)
Unallocated corporate income					515
Unallocated corporate expenses					<u>(24,932)</u>
Loss before tax					<u>(32,647)</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. The CODM assesses segment results using a measure of operating profit (loss) whereby certain items are not included in arriving at the segment results of the operating segments (i.e. bank interest income, interest expenses on other borrowing, gain on deemed disposal of a subsidiary, gain on deregistration of a subsidiary, share of results of a joint venture and associates, and unallocated corporate income and expenses).

(b) **Segment assets and liabilities**

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

As at 30 June 2023

	Provision of private educational services <i>HK\$'000</i>	Investment in securities <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	VR and digital entertainment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Assets					
Segment assets	<u>12,590</u>	<u>65,572</u>	<u>19,016</u>	<u>50,468</u>	147,646
Unallocated assets					
Bank balances and cash					8,839
Interests in associates					10
Interest in a joint venture					121
Financial assets at FVOCI					4,521
Other corporate assets					<u>8,340</u>
					<u>169,477</u>
Liabilities					
Segment liabilities	<u>14,318</u>	<u>327</u>	<u>-</u>	<u>17,193</u>	31,838
Unallocated liabilities					
Other borrowing					21,063
Current tax liabilities					1,615
Other corporate liabilities					<u>2,738</u>
					<u>57,254</u>

As at 30 June 2022

	Provision of private educational services <i>HK\$'000</i>	Investment in securities <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	VR and digital entertainment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Assets					
Segment assets	<u>13,640</u>	<u>59,296</u>	<u>29,609</u>	<u>33,047</u>	135,592
Unallocated assets					
Bank balances and cash					11,282
Interest in a joint venture					945
Financial assets at FVOCI					10,282
Other corporate assets					<u>7,174</u>
					<u>165,275</u>
Liabilities					
Segment liabilities	<u>10,488</u>	<u>327</u>	<u>–</u>	<u>5,890</u>	16,705
Unallocated liabilities					
Current tax liabilities					81
Deferred tax liabilities					88
Other corporate liabilities					<u>1,971</u>
					<u>18,845</u>

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

- all assets are allocated to the operating segments other than bank balances and cash (other than those included in the money lending segment), interests in associates, interest in a joint venture, financial assets at FVOCI and other corporate assets; and
- all liabilities are allocated to the operating segments other than other borrowing, current tax liabilities, deferred tax liabilities and other corporate liabilities.

(c) **Other segment information**

	Provision of private educational services <i>HK\$'000</i>	Investment in securities <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	VR and digital entertainment <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
For the year ended 30 June 2023						
Capital additions	(7,531)	-	(19)	(225)	(4,604)	(12,379)
Depreciation charge on owned property, plant and equipment	(370)	-	(2)	(180)	(347)	(899)
Depreciation charge on right-of-use assets	(4,260)	-	-	(723)	(966)	(5,949)
Reversal of provision for long service payments	64	-	-	-	-	64
Change in fair value of financial assets at FVPL	-	(13,983)	-	-	-	(13,983)
Reversal of impairment loss (impairment loss) on trade receivables	42	-	-	(3,967)	-	(3,925)
Impairment loss on other receivables	-	-	(4,000)	-	-	(4,000)
Reversal of impairment loss on loan receivables	-	-	7,048	-	-	7,048
Write off of loan interest receivable	-	-	(79)	-	-	(79)
Write off of amount due from an associate	(746)	-	-	-	-	(746)
For the year ended 30 June 2022						
Capital additions	(3,447)	(2)	-	(3,564)	(747)	(7,760)
Depreciation charge on owned property, plant and equipment	(1,098)	(136)	-	(95)	(70)	(1,399)
Depreciation charge on right-of-use assets	(4,362)	-	-	(723)	(378)	(5,463)
Reversal of provision for long service payments	71	-	-	-	-	71
Change in fair value of financial assets at FVPL	-	(6,184)	-	-	-	(6,184)
Impairment loss on trade receivables	(43)	-	-	(1,694)	-	(1,737)
Impairment loss on loan receivables	-	-	(4,461)	-	-	(4,461)

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.

Major customers

Revenue from major customers, each of whom accounted for 10% or more of the total revenue, is set out below:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Customer A	39,671	11,625
Customer B	30,019	28,609
Customer C	<u>13,848</u>	<u>13,734</u>

The above customers are related to the VR and digital entertainment segment.

(d) Revenue from major services

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Secondary tutoring services	893	1,197
Primary tutoring services, skill courses and test preparation courses	20,231	19,855
Franchising income	4,082	3,915
English language training and test preparation courses	85	77
Dance tuition services	–	807
STEAM education services	1,834	477
Trading of VR and gaming products and provision of related services	<u>88,813</u>	<u>60,475</u>
	<u>115,938</u>	<u>86,803</u>
Revenue from other sources		
Loan interest income	<u>1,674</u>	<u>3,245</u>
	<u>117,612</u>	<u>90,048</u>

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its revenue contracts such that information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under those revenue contracts that had an original expected duration of one year or less is not disclosed.

5. OTHER INCOME, GAINS AND LOSSES, NET

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest income from		
– bank deposits	4	–
– others	–	515
Dividend income from listed equity securities	61	–
Government grants (<i>Note</i>)	503	1,674
Supporting services income	–	43
Sponsorship fee income	–	2,100
Service charge income	1,956	3,091
Loss on write off/disposal of property, plant and equipment	(434)	(312)
Loss on disposal of loan receivable	–	(444)
Gain on disposal of a subsidiary	–	670
Gain on deemed disposal of a subsidiary	6	–
Loss on deregistration of subsidiaries	(7)	–
(Impairment loss) reversal of impairment loss on		
– trade receivables and contract assets, net	(3,925)	(1,737)
– other receivables	(4,000)	–
– loan receivables, net	7,048	(4,461)
Write off of loan interest receivables	(79)	–
Write off of amount due from an associate	(746)	–
Settlement from legal case	–	2,079
Gain on lease modifications	124	37
COVID-19-related rent concessions	–	150
Others	552	1,131
	<u>1,063</u>	<u>4,536</u>

Note:

For the years ended 30 June 2023 and 2022, 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.

For the year ended 30 June 2022, 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 (“**COVID-19**”). 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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on other borrowing	1,064	–
Interest on lease liabilities	<u>1,039</u>	<u>950</u>
	<u>2,103</u>	<u>950</u>

7. LOSS BEFORE TAX

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Directors' emoluments	1,333	3,171
Other staff costs	24,683	24,595
Other staff's retirement benefit scheme contributions	1,042	1,057
Other staff's equity settled share-based transactions	<u>–</u>	<u>17,152</u>
Total staff costs	<u>27,058</u>	<u>45,975</u>
Auditors' remuneration	840	740
Legal and professional fee	1,283	1,004
Rental related fees and charges (including building management fee, air conditioning charges and government rent and rates)	1,753	1,617
Related expenses for copiers	42	32
Other daily operation related expenses	<u>6,984</u>	<u>4,511</u>
Total other operating expenses	<u>10,902</u>	<u>7,904</u>
Changes in inventories of finished goods	76,591	54,273
Reversal of provision for long service payments	(64)	(71)
Short-term lease payments not included in the measurement of lease liabilities	899	582
COVID-19-related rent concessions	<u>–</u>	<u>(150)</u>

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.

8. INCOME TAX

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax		
– Provision for the year	1,323	–
– Under-provision for prior year	<u>211</u>	<u>–</u>
	1,534	–
Deferred tax	<u>(88)</u>	<u>–</u>
Total income tax expense recognised in profit or loss	<u><u>1,446</u></u>	<u><u>–</u></u>

The provision for Hong Kong Profits Tax for the year ended 30 June 2023 is calculated at 8.25% of the first HK\$2,000,000 estimated assessable profit and 16.5% of the remaining estimated assessable profit for the relevant years.

For the year ended 30 June 2022, no provision for Hong Kong Profits Tax has been made as the Group has no assessable profits or have sufficient tax losses brought forward to set off against the year's estimated assessable profit.

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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss for the purpose of basic and diluted loss per share		
Loss for the year attributable to owners of the Company	<u>(28,541)</u>	<u>(32,892)</u>
	2023	2022
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>596,430,880</u>	<u>596,430,880</u>

The computation of diluted loss per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price for shares for the years ended 30 June 2023 and 2022.

10. DIVIDENDS

The board of Directors does not recommend the payment of a final dividend for the year ended 30 June 2023 (2022: HK\$Nil).

11. TRADE AND OTHER RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Contract assets and trade receivables, net of loss allowance	27,832	8,955
Rental deposits	2,747	2,659
Other deposits	375	482
Prepayments	2,615	577
Other receivables, net of loss allowance	<u>729</u>	<u>17,171</u>
	34,298	29,844
Less: Rental deposits (shown under non-current assets)	<u>(1,744)</u>	<u>(826)</u>
Trade and other receivables (shown under current assets)	<u>32,554</u>	<u>29,018</u>

Included in the Group's other receivables, prepayments and deposits were rental deposits amounting to approximately HK\$1,744,000 (2022: approximately HK\$826,000), which is 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 contract assets and trade receivables (net of loss allowance), presented based on the invoice date at the end of the reporting period which approximated the respective revenue recognition dates:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Contract assets	255	447
Trade receivables:		
1 to 30 days	4,283	7,706
31 to 60 days	6,727	578
61 to 90 days	4,666	224
More than 90 days	<u>11,901</u>	<u>–</u>
	<u>27,832</u>	<u>8,955</u>

Trade receivables are usually due within 30 days (2022: within 30 days) from the date of billing.

12. LOAN RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loan receivables	17,495	29,946
Less: Impairment loss	<u>(3,519)</u>	<u>(10,567)</u>
	<u>13,976</u>	<u>19,379</u>

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

A maturity profile of the loans and interest receivables as at the end of the reporting period, based on the maturity date, net of provision, is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0–90 days	2,811	8,059
91–180 days	–	11,320
181–365 days	<u>11,165</u>	<u>–</u>
	<u>13,976</u>	<u>19,379</u>

The Group seeks to maintain strict control over its outstanding loans receivables so as to minimise credit risk by receiving borrower's and their guarantors' financial positions. The granting of loans is subject to approval by the management, whilst overdue balances are reviewed regularly for recoverability. As at 30 June 2023, loans receivables are charging on effective interest rates mutually agreed with the contracting parties, ranging from 9% to 15% (2022: 9% to 15%) per annum.

The Group has a policy for assessing the impairment on loan receivables on an individual basis. The assessment includes evaluation of collectability and ageing analysis of the loan receivables and on management's judgement on creditworthiness, past collection history of each borrower and forward-looking information.

Loan receivables with outstanding principal and interest as at 30 June 2023 in aggregate amount of approximately HK\$3,519,000 (2022: approximately HK\$10,567,000) which have been past due and impaired as at the reporting date, and additional impairment loss of approximately HK\$22,000 (2022: approximately HK\$4,461,000) and reversal of impairment loss of approximately HK\$7,070,000 (2022: HK\$Nil) were respectively recognised for the year ended 30 June 2023.

During the year ended 30 June 2022, the Group disposed one of the loan receivables with outstanding principal and interest in aggregate amount of approximately HK\$13,836,000 and accumulated impairment loss of approximately HK\$6,392,000 to an independent third party at a consideration of HK\$7,000,000. As a result, loss on disposal of a loan receivable of approximately HK\$444,000 was recognised in profit or loss during the year ended 30 June 2022.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>Notes</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
Listed equity securities in Hong Kong, at fair value	<i>(i)</i>	34,693	37,277
Suspended listed equity securities in Hong Kong, at fair value	<i>(ii)</i>	–	1,667
Unlisted equity securities in Hong Kong, at fair value	<i>(iii)</i>	17,369	20,327
Convertible bond in Hong Kong	<i>(iv)</i>	1,544	–
Unlisted equity funds outside Hong Kong	<i>(v)</i>	11,951	–
		65,557	59,271

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) As at 30 June 2022, the fair value of the suspended listed equity securities represents the equity securities of Beijing Gas Blue Sky Holdings Limited (a company listed on the Main Board of the Stock Exchange with stock code: 6828) (“**BG Blue Sky Shares**”) and EJE (Hong Kong) Holdings Limited (a company listed on the Main Board of the Stock Exchange with stock code: 8101) (“**EJE (Hong Kong) Shares**”), which were determined by the Directors with reference to valuations carried out by an independent qualified professional valuer. During the year ended 30 June 2022, loss on change in fair value in respect of the BG Blue Sky Shares and EJE (Hong Kong) Shares amounting to approximately HK\$343,000 and HK\$994,000 respectively were recognised in profit or loss.

On 25 July 2022, BG Blue Sky Shares had been resumed trading upon the exchange notice by the Stock Exchange and was classified as listed equity securities. During the year ended 30 June 2023, gain on change in fair value in respect of the BG Blue Sky Shares amounting to approximately HK\$335,000 was recognised in profit or loss.

On 21 December 2022, EJE (Hong Kong) shares was delisted from the Main Board of the Stock Exchange. During the year ended 30 June 2023, the EJE (Hong Kong) Shares was classified as unlisted equity securities.

As at 30 June 2022, BG Blue Sky Shares and EJE (Hong Kong) shares were assessed by index return method, which is a generally accepted approach in the industry.

- (iii) As at 30 June 2023, the fair value of the unlisted equity securities represents the equity securities of Convoy Global Holdings Limited (“**Convoy Shares**”) and EJE (Hong Kong) Shares, which were determined by the Directors with reference to valuations carried out by an independent qualified professional valuer. During the year ended 30 June 2023, loss on change in fair value in respect of the Convoy Shares and EJE (Hong Kong) Shares amounting to approximately HK\$3,929,000 and HK\$Nil (2022: approximately HK\$6,490,000 and HK\$994,000) were recognised in profit or loss, respectively.

The fair value of Convoy Shares and EJE (Hong Kong) Shares are assessed by index return method, which is a generally accepted approach in the industry.

- (iv) On 5 June 2023, the Group subscribed two-year maturity 3% coupon convertible bonds with a principal amount of approximately HK\$1,499,000 from a listed company incorporated in Hong Kong, During the year ended 30 June 2023, gain on change in fair value in respect of the convertible bonds amounting to approximately HK\$45,000 (2022: HK\$Nil) was recognised in profit or loss.

The fair value of the convertible bonds is assessed by discounted cash flow model and Binomial option pricing model with reference to the valuations carried out by an independent qualified professional valuer, which is a generally accepted approach in the industry.

- (v) The unlisted equity funds at fair value represent the investments placed to private funds incorporated in the Cayman Islands.

14. TRADE AND OTHER PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables	16,566	4,164
Other payables	1,143	844
Accrued tutor contractor fee, salary and other accruals	<u>4,135</u>	<u>4,597</u>
	<u>21,844</u>	<u>9,605</u>

All of the trade and other payables are expected to be settled within one year or are repayable on demand.

Included in trade and other payables are trade creditors with the following ageing analysis, based on the invoice date, as of the end of the reporting period:

	2023 HK\$'000	2022 <i>HK\$'000</i>
1 to 30 days	4,104	4,076
31 to 60 days	7,772	50
61 to 90 days	4,674	13
More than 90 days	16	25
	<u>16,566</u>	<u>4,164</u>

15. OTHER BORROWING

As at 30 June 2023, other borrowing of the Group from an independent third party was secured by the corporate guarantee executed by the Company, repayable within one year and carried a fixed interest rate at 11% per annum.

16. SHARE CAPITAL

	Number of shares	Amount HK\$'000
<i>Authorised</i>		
Ordinary shares of HK\$0.05 each		
At 1 July 2021, 30 June 2022 and 30 June 2023	<u>6,000,000,000</u>	<u>300,000</u>
<i>Issued and fully paid</i>		
Ordinary shares of HK\$0.05 each		
At 1 July 2021, 30 June 2022 and 30 June 2023	<u>596,430,880</u>	<u>29,822</u>

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 2023 and 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Bradaverse Education (Int'l) Investments Group Limited (“**Company**”) and its subsidiaries (together with the Company, collectively the “**Group**”) principally engages in the provision of (i) private educational services; (ii) STEAM Education, VR and Digital Entertainment sales and services; and (iii) investment in securities. The Group also offer money lending service to further utilize the cash flow generated from our business.

For the year ended 30 June 2023 (“**Year**”), the Group recorded revenue of approximately HK\$117.61 million (2022: approximately HK\$90.05 million), representing an increase of approximately 30.61% as compared to the last financial year. Despite the absence of share-based transactions during the Year, loss attributable to owners of the Company for the Year amounted to approximately HK\$28.54 million (2022: loss of approximately HK\$32.89 million), such loss was mainly attributable to (i) a significant decrease in fair value of financial assets at fair value through profit or loss of approximately HK\$13.98 million primarily as a result of the impairment loss on both listed securities and private investments with reference to the bearish sentiment in Hong Kong and global stock market; (ii) an increase in marketing expenses to approximately HK\$3.80 million; (iii) an increase in finance cost to approximately HK\$2.10 million; and (iv) the impairment loss on trade and other receivables of approximately HK\$7.93 million in aggregate.

BUSINESS REVIEW

(i) Provision of Private Educational Services

Our provision of private education services business include primary tutoring services, skill course and test preparation courses, secondary tutoring services and English language training and test preparation courses. The revenue derived from provision of private education service amount to approximately HK\$27.13 million during the Year (2022: approximately HK\$26.33 million). The business environment for the education industry in Hong Kong has been changing rapidly since the outbreak of COVID-19 pandemic. To adopt the changes, the Group has launched online classes and other online learning modes to allow students to keep up with the pace of learning.

During the Year and as at 30 June 2023, our learning centre was operated under our brand name of “Modern Education (現代教育)” to provide secondary tutoring services, where we offered both physical class and online class to students to meet different needs. Revenue recorded from secondary tutoring services was approximately HK\$0.89 million, representing a decrease of approximately 25.83% compared to the last financial year (2022: approximately HK\$1.20 million).

During the Year, the Group derived revenue from the English language training and test preparation courses approximately HK\$85,000 (2022: approximately HK\$77,000).

As at 30 June 2023, the Group had 7 directly-owned education centres and 29 franchised centres operating under the brand name of “Modern Bachelor Education (現代小學士)”. During the Year, there were 3 new franchisees joined the franchisee scheme. The number of course enrolments recorded from directly-owned education centres was approximately 15,300 (2022: approximately 15,500). Revenue generated from directly-owned education centres was approximately HK\$20.23 million, representing a slight increase of approximately 1.86% as compared with approximately HK\$19.86 million for the last financial year. Revenue contributed from franchised centres to the Group during the Year remained relatively stable at approximately HK\$4.08 million as compared to approximately HK\$3.91 million in 2022.

(ii) STEAM Education, VR and Digital Entertainment sales and services

Following the emergence of the concept of Web 3.0, and a growing demand on STEAM education services in Hong Kong. The Group offered various STEAM courses under the brand name of “UFO School”. During the Year, the Group generated revenue of approximately HK\$1.83 million from the provision of STEAM Education services, represented a growth of approximately 281.25% as compared to approximately HK\$0.48 million in the last financial year.

Apart from the provision of STEAM education services, the Group also generated revenue of approximately HK\$4.82 million from sales of VR products and provision of related services and approximately HK\$83.99 million from sales of gaming products during the Year (2022: approximately HK\$6.43 million and HK\$54.04 million, respectively).

(iii) Money Lending Business

Besides the aforementioned business segments, the Group also offered money lending service to utilize the cash flow generated from other segments for corporations and individuals. China Rich Finance Limited (“**China Rich**”), an indirect wholly-owned subsidiary of the Company, is a holder of the money lender’s license under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) (“**Money Lenders Ordinance**”). China Rich has adopted money lending policies and procedures for handling and/or monitoring the money lending business in compliance with the Money Lenders Ordinance.

China Rich is principally engaged in carrying out money lending business by providing secured and unsecured loans to its customers. It is operated and managed by a director and a loan manager, who have years of experience in accounting, business development and/or financial services and management.

Through the business and social networks of the senior management of the Group, China Rich would identify and be referred potential clients, which would include corporate and high net wealth individual clients. China Rich would then assess the credit and risk of such potential customers based on its credit policy and procedure. Below set forth the key internal control measures and procedures of China Rich:

Loan application and approval

In progress of loan applications, internal credit assessments would be performed to decide the proposed loan size and interest rate charged. The internal credit assessment included but not limited to:

- verification and background checking, such as the identity documents and statutory records (i.e. identity card, address proof, business registration certificate, latest annual return, etc.);
- obtain income or asset proof of the borrower and guarantor, such as share certificates, bank statements and security statements, etc.;
- the valuation documents of the collaterals (if any); and
- the verification of the authenticity of the information provided.

Furthermore, China Rich would perform public search towards the borrower and guarantor (if any) to ensure compliance with the relevant requirements and regulations of anti-money laundering and counter-terrorist financing (“**AML & CTF**”). For each loan application, rather than a pre-set minimum amount of income/revenue/profit/total asset/net asset level, the management would determine and approve the loan amount and interest rates based on the relevant financials, repayment ability and the overall quality of borrowers/guarantors and the respective collaterals, subject to business negotiations and market conditions. In general, the aggregate value of 12-month income/profit before tax and net asset value/net worth of the prospective borrower or its guarantor are the key financial benchmarks adopted by China Rich and which should not be less than the proposed loan amount and the relevant interest. The loan approval will be further subject to the judgement of the management, where certain factors may also be considered in loan assessment as additional factors that would greatly affect the likelihood of the loan recoverability, such as the credit history, career profile, business or family background of the borrower/guarantor and the purpose of the borrowing.

Recovery and collection of loan receivables

Upon granting the loan, China Rich would keep track of the repayment records and loan portfolio on an on-going basis and conduct recoverability review at each period end, in particular for any past due loan accounts. China Rich would follow the review procedure as follow: (i) obtain and review the repayment records of every loan and interests repayment to ensure every repayment is repaid on schedule and at the appropriate amount; (ii) communicate actively with the customers for past due repayment; and (iii) conduct legal action when considered necessary. China Rich would further obtain the updated financial information from the borrowers when late repayment records were noted to assess the recoverability of loan. Different procedures and effort are put onto the loan recovery, appropriate actions, such as sending legal demand letter, legal proceedings arrangement, etc., would be considered by China Rich, subject to the recovery situation of the loans and negotiation with customers.

As at 30 June 2023, all the loans receivables of China Rich were unsecured loans. The management of China Rich are of the view that the composition is reasonable and in the interests of the shareholders as a whole, considering that a relatively higher interest yield could be associated with an unsecured loan, given that the borrower can fulfill China Rich's loan approval requirements as mentioned above.

Impairment provisions

The Group adopted estimated credit loss allowances (“**ECLs**”) according to the requirements of Hong Kong Financial Reporting Standard (“**HKFRS**”) 9 issued by the Hong Kong Institute of Certified Public Accountants. The Group made impairment provision on loan and interest receivables primarily based on the future macroeconomic conditions and borrowers' creditworthiness (e.g. the likelihood of default by customers). Such assessment has taken regard of quantitative and qualitative historical information and also, the forward-looking analysis.

The following table shows the China Rich's loan balance as at 30 June 2023 by different nature of loans.

	Total number of borrowers	Loan principal as at 30 June 2023 <i>HK\$'000</i>	Interest rate per annum %	Term Months	% of total loan principal as at 30 June 2023 %
Unsecured loans	<u>7</u>	<u>17,353</u>	9-15	12	<u>100.0</u>
Total	<u>7</u>	<u>17,353</u>			<u>100.0</u>

A maturity profile of the loans and interest receivables as at the end of the reporting period, based on the maturity date, net of provision, is as follow:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0-90 days	2,811	8,059
91-180 days	–	11,320
181-365 days	<u>11,165</u>	–
	<u>13,976</u>	<u>19,379</u>

China Rich's five largest loan receivables and interest receivables amounted to approximately HK\$16.22 million or 92.68% (2022: HK\$24.23 million or 80.90%) of its total loan receivables and interest receivables, of which approximately HK\$7.28 million or 41.60% (2022: HK\$10.89 million or 36.36%) was made to the largest customer.

Loan receivables with outstanding principal and interest as at 30 June 2023 in aggregate amount of approximately HK\$3.52 million (2022: approximately HK\$10.57 million) which have been past due and impaired as at the reporting date, and additional impairment loss of approximately HK\$22,000 (2022: approximately HK\$4.46 million) and reversal of impairment loss of approximately HK\$7.07 million (2022: HK\$Nil) were respectively recognised for the Year.

Investments

Assets Investments

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

During the Year, the Group continued to participate in the stock market for securities trading. The Group acquired listed securities in 21 listed companies in Hong Kong and disposed listed securities in 13 listed companies in its investment portfolio during the Year. As at 30 June 2023, the Group had financial assets at FVPL with a fair value of approximately HK\$65.56 million. The Group recorded a loss in fair value change of approximately HK\$13.98 million, in aggregate, on financial assets at FVPL (2022: loss of approximately HK\$6.18 million) with reference to the bearish sentiment in Hong Kong and global stock market.

Details of the significant investments and other 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 2023 are as follows:

Description of investments	Principal businesses	Number of shares held	Percentage	Investment cost	Fair value	Percentage to
			held to the total issued share capital of the company		as at 30 June 2023	the Group’s audited total assets as at 30 June 2023
			(approximately)	HK\$’000	HK\$’000	(approximately)
<i>Significant investment</i>						
Convoy Global Holdings Limited (“Convoy”), incorporated in the Cayman Islands	Financial advisory business, money lending business, proprietary investment business, asset management business and securities dealing business.	348,904,000	2.34%	122,116	16,399	9.68%
<i>Other investments</i>						
Listed equity securities*		–	–	48,488	34,693	20.47%
Unlisted equity funds				11,019	11,951	7.05%
Grand total				<u>181,623</u>	<u>63,043</u>	<u>37.20%</u>

* *Listed equity securities included the securities of 13 companies which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (“Stock Exchange”) and the securities of 10 companies which are listed on GEM of the Stock Exchange. Each of the investments included in the listed equity securities does not exceed 5% of the Group’s audited total assets as at 30 June 2023.*

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

Description of investments	Net realised fair value gain for the Year HK\$'000	Net unrealised fair value gain (loss) for the Year HK\$'000
Convoy	–	(3,929)
Listed equity securities*	1,914	(12,983)
Unlisted equity funds	–	970
Convertible bond	–	45
	<hr/>	<hr/>
Grand total	<u>1,914</u>	<u>(15,897)</u>

* *Listed equity securities included the securities of 21 companies which are listed on the Main Board of the Stock Exchange and the securities of 11 companies which are listed on GEM of the Stock Exchange.*

Performance and future prospects of the Company's significant investments

Trading in the shares of Convoy (“**Convoy Shares**”) has been halted since 7 December 2017, and the Listing Committee of the Stock Exchange decided to cancel Convoy’s listing under Rule 6.01A of the Listing Rules on 28 May 2020 (“**Delisting Decision**”). Although Convoy had made a written request for a review of the Delisting Decision on 5 June 2020, the Listing Review Committee of the Stock Exchange upheld the Delisting Decision on 21 April 2021. Accordingly, the Stock Exchange cancelled the listing of Convoy Shares with effect from 9:00 a.m. on 4 May 2021.

From the announcements of Convoy dated 21 and 22 May 2021, both of which were published on Convoy’s website, Convoy has appointed J P Jenkins Ltd in the United Kingdom, an electronic trading platform for non-listed companies, to provide matching services for shareholders of Convoy who wish to sell Convoy Shares with potential investors who wish to acquire Convoy Shares. From the announcement of Convoy dated 29 April 2021, a possible offer (“**Possible Offer**”) in relation to the purchase of all Convoy Shares was made by AGBA Acquisition Limited, a special purpose-acquisition company listed on the National Association of Securities Dealers Automated Quotations exchange of the United States of America. The Possible Offer was later terminated which was disclosed in the announcement of Convoy dated 12 June 2021. The Directors would continue to monitor the situation of Convoy to protect the interest of the Group.

FINANCIAL REVIEW

Revenue

The Group recorded revenue of approximately HK\$117.61 million for the Year, representing an increase of approximately 30.61% as compared to approximately HK\$90.05 million recorded in the last financial year.

During the Year, revenue generated from the segment of provision of private educational services is as below:

- Secondary tutoring services: a drop in revenue to approximately HK\$0.89 million, representing a decrease of approximately 25.83% as compared to approximately HK\$1.20 million recorded in the last financial year.
- English language training and test preparation courses: a relatively stable revenue at approximately HK\$85,000, representing an increase of approximately 10.39% as compared to approximately HK\$77,000 recorded in the last financial year.
- Primary tutoring services, skill courses and test preparation courses, and franchising: an increase in revenue to approximately HK\$24.31 million, representing an increase of approximately 2.27% as compared to approximately HK\$23.77 million recorded in the last financial year.

During the Year, the Group recorded revenue from the segment of STEAM education services, VR and digital entertainment: (i) trading of VR products and provision of related services of approximately HK\$4.82 million (2022: approximately HK\$6.43 million); (ii) the STEAM education services of approximately HK\$1.83 million (2022: approximately HK\$0.48 million); and (iii) trading of gaming products of approximately HK\$83.99 million (2022: approximately HK\$54.04 million).

During the Year, the Group recorded loan interest income from the segment of money lending business of approximately HK\$1.67 million (2022: approximately HK\$3.25 million).

Other income, gains and losses, net

For the Year, the Group's other income, gains and losses recorded a net gain of approximately HK\$1.06 million (2022: net gain of approximately HK\$4.54 million). Such gain was mainly due to the net effect of (i) service charge income of approximately HK\$1.96 million; (ii) impairment loss on trade and other receivables of approximately HK\$7.93 million in aggregate; and (iii) reversal of impairment loss on loan receivables of approximately HK\$7.05 million.

Staff costs

The Group's staff costs decreased by approximately HK\$18.92 million or approximately 41.15% compared with the last financial year, which was primarily a result of absence of the one-off equity settled share-based transactions of approximately HK\$19.06 million incurred during the last financial year.

Tutor contractor fee

The Group's tutor contractor fee increased by approximately HK\$0.42 million or 20.13% to approximately HK\$2.48 million as compared with the last financial year. Such movement was generally consistent with the increased revenue from STEAM education services.

Marketing expenses

The Group's marketing expenses increased significantly by approximately HK\$3.01 million or approximately 382.34% to approximately HK\$3.80 million for the Year as compared with approximately HK\$0.79 million for the last financial year, which was mainly due to the extension of the Group's marketing activities, including the collaboration with a YouTube Channel, during the Year.

Other operating expenses

The Group's other operating expenses (“**other operating expenses**”) were mainly comprised of the following:

	<i>HK\$'000</i> <i>(approximately)</i>
Rental related fees and charges (including building management fee, air conditioning charges and government rent and rates)	1,753
Legal and professional fee	1,283
Auditor's remuneration	840
Printing and stationery	300
Other daily operation related expenses*	<u>6,726</u>
Total	<u><u>10,902</u></u>

* *Other daily operation related expenses mainly include but not limited to consulting fee, electricity and water charges, cleaning charges, telephone and fax charges, postage and courier fees, computer expenses, cartage, licence fee, transaction fee, repair and maintenance fee, insurance fee and other interest charges.*

For the Year, other operating expenses increased by approximately HK\$3.00 million or approximately 37.93% compared with the last financial year. Such increase was mainly as a result of the increase in the business entertainment expenses of approximately HK\$1.09 million for the Year as compared to the last financial year.

Finance costs

The Group recorded finance costs of approximately HK\$2.10 million during the Year (2022: approximately HK\$0.95 million), in which the amount represented the finance costs recognised on lease liabilities and other borrowing.

Loss attributable to owners of the Company

Loss attributable to owners of the Company for the Year was approximately HK\$28.54 million (2022: approximately HK\$32.89 million). Despite the absence of share-based transactions during the Year, loss attributable to owners of the Company for the Year amounted to approximately HK\$28.54 million (2022: loss of approximately HK\$32.89 million), such loss was mainly attributable to (i) a significant decrease in fair value of financial assets at fair value through profit or loss of approximately HK\$13.98 million primarily as a result of the impairment loss on both listed securities and private investments with reference to the bearish sentiment in Hong Kong and global stock market; (ii) an increase in marketing expenses to approximately HK\$3.80 million; (iii) an increase in finance cost to approximately HK\$2.10 million; and (iv) the impairment loss on trade and other receivables of approximately HK\$7.93 million in aggregate.

OUTLOOK

With the application of VR, augmented reality and artificial intelligence to our distinct businesses under the brand names of “Modern Education (現代教育)” and “Modern Bachelor Education (現代小學士)”, our students can allocate their study schedules flexibly without geographical and time boundaries, and at the same time, allow the Group to expand its business to bigger markets and new segments. The mixture of traditional learning and technology-based learning will help our students and the Group improve their efficiencies as a whole.

With the help from the experts across the Group, the Group aims to be a content and solution provider in the STEAM education industry. The Group has become a more comprehensive education services provider by diversifying and expanding its business in the education industry and is more agile in response to market dynamics and opportunities.

Looking forward, the Group foresees the complementary effect and synergies, in particular, the new approach of learning and a more diversified business of the Group. The Group targets to explore more business sectors and provide more professional education supports not only to retail clients but also to corporations.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has established an adequate liquidity risk management system to manage its short, medium and long-term funding and to satisfy its liquidity management requirements.

As at 30 June 2023, the Group's total balance of cash and cash equivalents amounted to approximately HK\$13.86 million (30 June 2022: approximately HK\$14.51 million), of which 99.19% is held in Hong Kong dollars, 0.23% is held in Renminbi and 0.58% is held in United States dollars. Current ratio (defined as total current assets divided by total current liabilities) was 2.42 times (30 June 2022: 7.62 times).

During the Year, the Company entered into a guarantee agreement with an independent third-party financial institution pursuant to which the Company guaranteed to repay the unsecured indebtedness in respect of the revolving loan facility agreement entered between the financial institution and a wholly-owned subsidiary of the Company. The advancement of principal sum of HK\$22.00 million was made during the Year. The borrowing will mature in December 2023 and bear a fixed interest rate of 11.00% per annum. The amount is denominated in Hong Kong dollars.

As at 30 June 2023, the Group's interest-bearing other borrowing and net borrowings (total interest-bearing liabilities less cash and cash equivalents) were amounted to approximately HK\$21.06 million and HK\$7.20 million, respectively.

As at 30 June 2023, the gearing ratio of the Group was 33.15% (30 June 2022: 11.31%). 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 OF LOAN RECEIVABLES AS AT 30 JUNE 2023

As at 30 June 2023, all of the loan receivables were entered with the counterparties with maturities before the date of this report, unsecured and interest-bearing at fixed rates mutually agreed between the contracting parties, ranging from 9% to 15% (2022: 9% to 15%) per annum. Loan receivables with outstanding principal and interest as at 30 June 2023 in aggregate amount of approximately HK\$3.52 million (2022: approximately HK\$10.57 million) which have been past due and impaired before the date of this report. During the Year, approximately HK\$7.05 million of reversal of impairment loss on loan and interest receivables was recognised (2022: impairment loss of approximately HK\$4.46 million) due to the partial settlement of a loan impaired in the previous financial years.

The Group estimates the loss allowances for loan receivables by assessing the expected credit losses (“ECL”). This requires the use of estimates and judgements. Where the estimation is different from the previous estimate, such difference will affect the carrying amounts of loan receivables and thus the impairment loss in the period in which such estimate is changed. The Group has a policy for assessing the impairment on loan receivables on an individual basis. The assessment includes evaluation of collectability and ageing analysis of the loan receivables and on management’s judgement on credit worthiness, collateral and past collection history of each borrower. Further details of the impairment assessment of the loan receivables are disclosed in notes 5 and 12 to the consolidated financial statements.

CAPITAL STRUCTURE AND TREASURY POLICIES

The Group consistently employed prudent treasury policies 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 risks on the Group was considered minimal. Hence, no hedging or other arrangements have been implemented to reduce the foreign exchange risks.

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2023, the Group had a total of 88 full-time employees (30 June 2022: 81 full-time employees). They received competitive remuneration packages that were constantly monitored against the market pay rate, and with incentives such as discretionary bonuses or employee share options based on the Group’s and individual’s performance. The Group provided comprehensive benefits packages and career development opportunities. In-house and external training programmes were provided as and when required.

CONTINGENT LIABILITIES

As at 30 June 2023 and 2022, the Group had no significant contingent liabilities.

CAPITAL COMMITMENTS

As at 30 June 2023 and 2022, there were 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 facilities as at 30 June 2023 and 2022.

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

The Group did not have any material acquisition and disposal during the Year.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

Save as disclosed in this announcement, as at 30 June 2023, the Group did not have any other plans for material investment or capital assets.

EVENTS AFTER THE REPORTING PERIOD

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 of Directors' 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 2023 amounted to approximately HK\$1.22 million and HK\$5.85 million respectively.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 its own 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 code provisions of the CG Code except the deviations disclosed 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 as the Company has not been able to identify suitable candidates for the positions and remain vacated as at the date of this announcement. The aforesaid vacancies constitute a deviation from Code Provision A.2 of the CG Code, which set out the code provisions applicable to the chairman and the chief executive of a company.

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 and profits 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 Bye-law 164 of the bye-laws of the Company. In view of the above, the Board considered that the Directors’ exposure to risk is manageable and that benefits to be derived from taking out insurance may not outweigh the cost.

LITIGATION

- (1) On 19 December 2017, Fastek Investments Limited (“**Fastek**”), an indirectly 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 places under the placing of 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 (“**Amended SoC**”) against, among other defendants, Fastek, 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 SoC (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 with 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 SoC. On 9 July 2018, the Plaintiffs served on Fastek copies of the amended Writ and Amended SoC.

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, and 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 continue to 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 THE GROUP'S AUDITORS

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 HKICPA 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 its stakeholders.

By order of the Board
Bradaverse Education (Int'l) Investments Group Limited
Yip Kai Pong
Executive Director

Hong Kong, 22 September 2023

As at the date of this announcement, the executive Directors are Mr. Yip Kai Pong and Mr. Li Ming Him; and the independent non-executive Directors are Mr. Yuen Chun Fai, Mr. Hong Ka Kei and Ms. Leung Sze Ki.