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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

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

(Stock Code: 1082)

ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

For the six months ended 31 December 2024:

- The Group recorded revenue of approximately HK\$50.22 million, representing a decrease of approximately 25.49% as compared to approximately HK\$67.40 million for the corresponding period in 2023.
- The Group recorded a loss of approximately HK\$14.04 million (2023: approximately HK\$16.06 million).

As at 31 December 2024:

- The Group had a current ratio (defined as total current assets divided by total current liabilities) of approximately 2.53 times, compared to approximately 6.04 times as at 30 June 2024, and a gearing ratio, expressed as total debts divided by the sum of total equity plus total debts (total debts refer to total liabilities minus the sum of tax payable, deferred tax liabilities and dividend payable (if any)) of approximately 28.83%, compared to approximately 24.16% as at 30 June 2024.

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2024 (2023: nil).

INTERIM RESULTS (UNAUDITED)

The board (“**Board**”) of directors (“**Directors**”) of Bradaverse Education (Int’l) Investments Group Limited (“**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (“**Group**”) for the six months ended 31 December 2024 (“**Period**”), together with the comparative unaudited figures for the corresponding period in 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the six months ended 31 December	
		2024	2023
	NOTES	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Revenue			
– Provision of private educational services		16,391	15,570
– Interest income from money lending		1,348	1,034
– Trading and services income from virtual reality (“ VR ”) and digital entertainment		<u>32,479</u>	<u>50,792</u>
	3	50,218	67,396
Changes in inventories of finished goods		(30,179)	(43,478)
Other income, gains and losses, net	4	(4,150)	(2,694)
Staff costs	6	(14,547)	(15,238)
Tutor contractor fee		(1,722)	(1,375)
Lease payments		(584)	(408)
Marketing expenses		(1,355)	(1,678)
Printing costs		(388)	(386)
Depreciation and amortisation		(3,124)	(3,362)
Change in fair value of financial assets at fair value through profit or loss		(2,915)	(8,260)
Other operating expenses	6	(3,712)	(4,126)
Finance costs	5	(1,402)	(1,616)
Share of results of joint ventures and associates		<u>(4)</u>	<u>(4)</u>
Loss before tax	6	(13,864)	(15,229)
Income tax expense	7	<u>(176)</u>	<u>(833)</u>
Loss for the period		<u>(14,040)</u>	<u>(16,062)</u>

		For the six months ended	
		31 December	
		2024	2023
NOTES	(Unaudited)	(Unaudited)	
	HK\$'000	HK\$'000	
Other comprehensive income, net of income tax			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translating foreign operations		<u>4</u>	<u>–</u>
Other comprehensive income for the period, net of income tax		<u>4</u>	<u>–</u>
Total comprehensive expense for the period		<u>(14,036)</u>	<u>(16,062)</u>
(Loss) profit for the period attributable to:			
Owners of the Company		(11,566)	(16,453)
Non-controlling interests		<u>(2,474)</u>	<u>391</u>
		<u>(14,040)</u>	<u>(16,062)</u>
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		(11,562)	(16,453)
Non-controlling interests		<u>(2,474)</u>	<u>391</u>
		<u>(14,036)</u>	<u>(16,062)</u>
Loss per share			
– Basic and diluted (<i>HK cents</i>)	8	<u>(1.90)</u>	<u>(2.73)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31 December 2024 <i>(Unaudited)</i> <i>HK\$'000</i>	30 June 2024 <i>(Audited)</i> <i>HK\$'000</i>
	<i>NOTES</i>		
Non-current assets			
Property, plant and equipment		2,470	3,042
Right-of-use assets		7,081	6,699
Goodwill	10	20,715	20,715
Other intangible assets		893	893
Interests in joint ventures and associates		3,126	132
Financial assets at fair value through other comprehensive income (“FVOCI”)		3,786	3,786
Non-current deposits	11	1,774	4,089
		<u>39,845</u>	<u>39,356</u>
Current assets			
Inventories		86	86
Trade and other receivables	11	31,392	30,948
Loan receivables	12	23,676	24,461
Amounts due from related parties		4,185	3,190
Financial assets at fair value through profit or loss	13	37,542	40,796
Bank balances and cash		690	8,651
		<u>97,571</u>	<u>108,132</u>
Current liabilities			
Trade and other payables	14	8,849	5,410
Contract liabilities		1,729	3,797
Lease liabilities		4,260	4,334
Current tax liabilities		3,292	3,117
Amounts due to related parties		2,050	1,240
Other borrowing	15	18,331	–
		<u>38,511</u>	<u>17,898</u>
Net current assets		<u>59,060</u>	<u>90,234</u>
Total assets less current liabilities		<u>98,905</u>	<u>129,590</u>

		31 December 2024	30 June 2024
	<i>NOTES</i>	(Unaudited) HK\$'000	(Audited) HK\$'000
Non-current liabilities			
Lease liabilities		3,265	2,773
Other borrowing	<i>15</i>	–	17,000
Retirement benefit obligations		<u>190</u>	<u>331</u>
		<u>3,455</u>	<u>20,104</u>
Net assets		<u>95,450</u>	<u>109,486</u>
Capital and reserves			
Share capital	<i>16</i>	30,402	30,402
Reserves		<u>62,666</u>	<u>74,228</u>
Equity attributable to owners of the Company		93,068	104,630
Non-controlling interests		<u>2,382</u>	<u>4,856</u>
Total equity		<u>95,450</u>	<u>109,486</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 26 January 2011 and continued in Bermuda on 7 May 2015 (Bermuda time). The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business in Hong Kong is located at 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.

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 VR and digital entertainment sales and services.

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

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”).

The accounting policies and methods of computation used in the preparation of the condensed consolidated financial statements for the Period are consistent with those applied in the Group’s audited financial statements for the year ended 30 June 2024.

HKICPA has issued a number of new and amendments to Hong Kong Financial Reporting Standards (“**HKFRS**”) that are first effective or available for early adoption for the Period. There have been no significant changes to the accounting policies applied in these financial statements for the Period presented as a result of these developments.

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

The condensed consolidated financial statements for the Period have not been audited by the Company’s independent auditor, but have been reviewed by the Company’s audit committee.

The preparation of the condensed consolidated financial statements for the Period is in conformity with the HKFRSs requirements in the use of certain critical accounting estimates. The HKFRSs also require the management to exercise their judgements in the process of applying the Group’s accounting policies.

3. 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 that 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 at the reportable segments of the Group.

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

- Provision of private educational services – secondary tutoring services, primary tutoring services, skill courses and test preparation courses, franchising income, and Science, Technology, Engineering, Art and Math ("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 six months ended 31 December 2024

	Provision of private educational services	Investment in securities	Money lending	VR and digital entertainment	Consolidated (Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue (revenue from external customers)	<u>16,391</u>	<u>—</u>	<u>1,348</u>	<u>32,479</u>	<u>50,218</u>
Segment results	<u>(1,776)</u>	<u>(1,318)</u>	<u>1,654</u>	<u>(5,255)</u>	(6,695)
Bank interest income					2
Interest on other borrowing					(959)
Share of results of joint ventures and associates					(4)
Unallocated corporate expenses					<u>(6,208)</u>
Loss before tax					<u>(13,864)</u>

For the six months ended 31 December 2023

	Provision of private educational services	Investment in securities	Money lending	VR and digital entertainment	Consolidated (Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue (revenue from external customers)	<u>15,570</u>	<u>–</u>	<u>1,034</u>	<u>50,792</u>	<u>67,396</u>
Segment results	<u>(2,082)</u>	<u>(6,456)</u>	<u>(121)</u>	<u>1,732</u>	(6,927)
Bank interest income					4
Interest on other borrowing					(1,046)
Share of results of joint ventures and associates					(4)
Unallocated corporate expenses					<u>(7,256)</u>
Loss before tax					<u>(15,229)</u>

The CODM assesses segment results using a measure of operating profit whereby certain items are not included in arriving at the segment results of the operating segments (i.e. bank interest income, interest on other borrowing, share of results of joint ventures 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 31 December 2024

	Provision of private educational services	Investment in securities	Money lending	VR and digital entertainment	Consolidated (Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Assets					
Segment assets	<u>10,634</u>	<u>30,469</u>	<u>23,721</u>	<u>47,484</u>	112,308
Unallocated assets					
Bank balances and cash					656
Interests in joint ventures and associates					3,126
Financial assets at FVOCI					3,786
Other corporate assets					<u>17,540</u>
					<u>137,416</u>
Liabilities					
Segment liabilities	<u>12,374</u>	<u>327</u>	<u>–</u>	<u>4,477</u>	17,178
Unallocated liabilities					
Other borrowing					18,331
Current tax liabilities					3,292
Other corporate liabilities					<u>3,165</u>
					<u>41,966</u>

As at 30 June 2024

	Provision of private educational services	Investment in securities	Money lending	VR and digital entertainment	Consolidated (Audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Assets					
Segment assets	<u>10,083</u>	<u>40,798</u>	<u>25,397</u>	<u>47,612</u>	123,890
Unallocated assets					
Bank balances and cash					7,729
Interests in joint ventures and associates					132
Financial assets at FVOCI					3,786
Other corporate assets					<u>11,951</u>
					<u>147,488</u>
Liabilities					
Segment liabilities	<u>12,491</u>	<u>327</u>	<u>–</u>	<u>1,728</u>	14,546
Unallocated liabilities					
Other borrowing					17,000
Current tax liabilities					3,117
Other corporate liabilities					<u>3,339</u>
					<u>38,002</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 joint ventures and associates, financial assets at FVOCI and other corporate assets; and
- all liabilities are allocated to the operating segments other than other borrowing, current tax liabilities and other corporate liabilities.

(c) Revenue from major services

	For the six months ended	
	31 December	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Secondary tutoring services	73	602
Primary tutoring services, skill courses and test preparation courses	13,072	11,745
Franchising income	2,577	2,535
STEAM education services	669	688
Trading and services income from VR and digital entertainment	32,479	50,792
	<u>48,870</u>	<u>66,362</u>
Revenue from other sources		
Loan interest income	1,348	1,034
	<u>50,218</u>	<u>67,396</u>

4. OTHER INCOME, GAINS AND LOSSES, NET

	For the six months ended	
	31 December	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest income on bank deposits	2	4
Dividend income from listed equity securities	18	85
Sponsorship fee income	300	–
Services charge income	1,129	1,252
Impairment loss on trade receivables	(6,153)	(2,788)
Reversal of impairment loss (impairment loss) on loan receivables	469	(1,081)
Others	85	(166)
	<u>(4,150)</u>	<u>(2,694)</u>

5. FINANCE COSTS

	For the six months ended 31 December	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on other borrowing	959	1,046
Interest on lease liabilities	443	570
	<u>1,402</u>	<u>1,616</u>

6. LOSS BEFORE TAX

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

	For the six months ended 31 December	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Directors' emoluments	330	330
Other staff costs	13,628	14,343
Other staff's retirement benefit scheme contributions	589	565
Total staff costs	<u>14,547</u>	<u>15,238</u>
Legal and professional fee	511	579
Rental related fees and charges (including building management fee, air conditioning charges and government rent and rates)	948	858
Other daily operation related expenses	2,253	2,689
Total other operating expenses	<u>3,712</u>	<u>4,126</u>
Reversal of retirement benefit obligations	<u>(106)</u>	<u>(7)</u>

7. INCOME TAX

	For the six months ended	
	31 December	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax:		
Hong Kong Profits Tax		
– Provision for the period	176	884
– Over-provision for prior periods	–	(51)
	176	833

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2,000,000 of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2,000,000.

8. LOSS PER SHARE

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

	For the six months ended	
	31 December	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss for the purpose of basic and diluted loss per share		
(Loss for the period attributable to owners of the Company)	(11,566)	(16,453)
	Number	Number
	of shares	of shares
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	608,046,880	602,238,880

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 Period and year ended 30 June 2024.

9. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the Period (2023: nil).

10. GOODWILL

	CGU 1 <i>HK\$'000</i>	CGU 2 <i>HK\$'000</i>	CGU 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
COST				
At 1 July 2023 (Audited),				
30 June 2024 (Audited) and				
31 December 2024 (Unaudited)	<u>60</u>	<u>559</u>	<u>20,655</u>	<u>21,274</u>
ACCUMULATED IMPAIRMENT				
At 1 July 2023 (Audited),				
30 June 2024 (Audited) and				
31 December 2024 (Unaudited)	<u>–</u>	<u>559</u>	<u>–</u>	<u>559</u>
CARRYING AMOUNTS				
At 31 December 2024 (Unaudited)	<u>60</u>	<u>–</u>	<u>20,655</u>	<u>20,715</u>
At 30 June 2024 (Audited)	<u>60</u>	<u>–</u>	<u>20,655</u>	<u>20,715</u>

Goodwill has been allocated to three CGUs which are engaged in money lending business (“CGU 1”), IT services (“CGU 2”), and VR and digital entertainment services (“CGU 3”) respectively.

11. TRADE AND OTHER RECEIVABLES

	31 December 2024 (Unaudited) HK\$'000	30 June 2024 (Audited) HK\$'000
Contract assets and trade receivables	34,166	14,627
Less: Impairment loss on trade receivables, net	<u>(6,996)</u>	<u>(843)</u>
	27,170	13,784
Rental deposits	2,631	2,704
Other deposits	1,928	4,970
Prepayments	846	12,987
Other receivables, net of loss allowance	<u>591</u>	<u>592</u>
	33,166	35,037
Less: Rental deposits (shown under non-current assets)	<u>(1,774)</u>	<u>(4,089)</u>
Trade and other receivables (shown under current assets)	<u><u>31,392</u></u>	<u><u>30,948</u></u>

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:

	31 December 2024 (Unaudited) HK\$'000	30 June 2024 (Audited) HK\$'000
Contract assets	183	26
Trade receivables:		
1 to 30 days	705	7,736
31 to 60 days	–	3,818
61 to 90 days	6,340	2,180
More than 90 days	<u>19,942</u>	<u>24</u>
	<u><u>27,170</u></u>	<u><u>13,784</u></u>

Trade receivables are usually due within 30 days (30 June 2024: within 30 days) from the date of billing.

12. LOAN RECEIVABLES

	31 December	30 June
	2024	2024
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Loan receivables	27,665	28,919
Less: Impairment loss	(3,989)	(4,458)
	<u>23,676</u>	<u>24,461</u>

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

The Group seeks to maintain strict control over its outstanding loan receivables so as to minimise credit risk by reviewing borrowers' and their guarantors' financial positions. As at 31 December 2024, all of the loan receivables are with a maturity date within the next twelve months and interest-bearing at fixed rates mutually agreed between the contracting parties, ranging from 9% to 15% (30 June 2024: 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, collateral, past collection history of each borrower and forward-looking information.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

		31 December 2024 (Unaudited) HK\$'000	30 June 2024 (Audited) HK\$'000
	<i>Notes</i>		
Listed equity securities in Hong Kong, at fair value	(i)	13,797	15,417
Unlisted equity securities in Hong Kong, at fair value		16,671	16,671
Unlisted equity funds	(ii)	7,074	8,708
		37,542	40,796

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 unlisted equity funds at fair value represent the investments placed to private funds.

14. TRADE AND OTHER PAYABLES

	31 December 2024 (Unaudited) HK\$'000	30 June 2024 (Audited) HK\$'000
Trade payables	2,152	265
Other payables	2,020	1,126
Accrued tutor contractor fee, salary and other accruals	4,677	4,019
	8,849	5,410

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:

	31 December 2024 (Unaudited) HK\$'000	30 June 2024 (Audited) HK\$'000
1 to 30 days	46	37
31 to 60 days	–	116
61 to 90 days	1,792	–
More than 90 days	<u>314</u>	<u>112</u>
	<u>2,152</u>	<u>265</u>

15. OTHER BORROWING

As at 31 December 2024, other borrowing of the Group from an independent third party was secured by the corporate guarantee executed by the Company, repayable on demand and within one year (30 June 2024: over one year) and carried a fixed interest rate at 11% (30 June 2024: 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 2023, 30 June 2024 and 31 December 2024	<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 2023 (Audited)	596,430,880	29,822
Exercise of share options	<u>11,616,000</u>	<u>580</u>
At 30 June 2024 (Audited) and 31 December 2024 (Unaudited)	<u>608,046,880</u>	<u>30,402</u>

The shares of the Company in issue rank *pari passu* in all respects. None of the Company or its subsidiaries repurchased, sold, redeemed or cancelled any of the Company's shares during the Period and the year ended 30 June 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Introduction

The Group principally engages in the provision of (i) private educational services, which include primary tutoring services, skill course and test preparation courses and secondary tutoring services; (ii) Science, Technology, Engineering, Art and Math (“**STEAM**”) Education, Virtual Reality (“**VR**”) and digital entertainment sales and services; and (iii) investment in securities. The Group also offers money lending service to further utilize the cash flow generated from our business.

Provision of Private Educational Services

The Group is dedicated to providing local students with high-quality and comprehensive educational services aimed at helping them improve their academic performance and achieve all-round development in their studies. The Group offers homework tutoring classes for various grade levels as well as specialized subject courses that align with school curriculum. As at 31 December 2024, a learning centre was operated by the Group under the brand name of “Modern Education (現代教育)” and 8 directly-owned education centres and 27 franchised centres operating under the brand name of “Modern Bachelor Education (現代小學士)” to offer both physical class and online class to students to meet different needs.

The aggregate revenue generated from primary tutoring services, skill course and test preparation courses and secondary tutoring services was approximately HK\$15.72 million during the six months ended 31 December 2024 (“**Period**”), represented an increase of approximately 5.65% from approximately HK\$14.88 million for the corresponding period in 2023.

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 Tech Academy (優孚奧科技學院)”. During the Period, the Group has generated revenue from (i) STEAM education services of approximately HK\$0.67 million (2023: approximately HK\$0.69 million); (ii) sales of VR products and provision of related services of approximately HK\$0.52 million (2023: approximately HK\$1.21 million); and (iii) sales of gaming products of approximately HK\$31.96 million (2023: approximately HK\$49.58 million).

Money Lending Business

Besides the private educational services and STEAM Education, VR and Digital Entertainment sales and services, the Group, to a less extent, 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.);
- obtaining 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 would 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 31 December 2024, loan with guarantee of China Rich amounted to approximately HK\$5.00 million or 18.50% and unsecured loans amounted to approximately HK\$22.03 million or 81.50%. 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 expected 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 31 December 2024 by different nature of loans.

	Total number of borrowers	Loan principal as at 31 December 2024 (Unaudited) <i>HK\$'000</i>	Interest rate per annum <i>%</i>	Term <i>Months</i>	Percentage of total loan principal as at 31 December 2024 (Unaudited) <i>%</i>
Loan with guarantee	1	5,000	12	12	18.50
Unsecured loans	7	22,029	9-15	12	81.50
Total	8	27,029			100.00

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

	31 December 2024 (Unaudited) <i>HK\$'000</i>	30 June 2024 (Audited) <i>HK\$'000</i>
0-90 days	11,676	12,967
91-180 days	—	4,973
181-365 days	12,000	6,521
	23,676	24,461

China Rich's five largest loan and interest receivables amounted to approximately HK\$23.80 million or 86.01% (30 June 2024: approximately HK\$24.74 million or 85.56%) of its total loan and interest receivables, of which approximately HK\$7.18 million or 25.94% (30 June 2024: approximately HK\$7.25 million or 25.06%) was made to the largest customer.

Loan receivables with outstanding principal and interest as at 31 December 2024 in aggregate amount of approximately HK\$3.99 million (30 June 2024: approximately HK\$4.46 million) which have been past due and impaired as at the reporting date, and additional impairment loss of approximately HK\$107,000 (30 June 2024: approximately HK\$998,000) and reversal of impairment loss of approximately HK\$576,000 (30 June 2024: approximately HK\$59,000) were recognised respectively for the Period.

Investments

Assets Investments

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

During the Period, the Group continued to participate in the stock market for securities trading. The Group acquired listed equity securities in 3 listed companies in Hong Kong and disposed listed equity securities in 4 listed companies in its investment portfolio. As at 31 December 2024, the Group had financial assets at FVPL with a fair value of approximately HK\$37.54 million and recorded a loss on change in fair value of financial assets at FVPL of approximately HK\$2.92 million for the Period.

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 unaudited total assets as at 31 December 2024 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 31 December 2024 HK\$'000	Percentage to the Group’s unaudited total assets as at 31 December 2024 (approximately)
Significant investment						
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	15,701	11.43%
Other investments						
Listed equity securities*				30,917	13,797	10.04%
Unlisted equity securities				8,150	970	0.71%
Unlisted equity funds				11,020	7,074	5.15%
Grand total				<u>172,203</u>	<u>37,542</u>	<u>27.33%</u>

* Listed equity securities included the equity securities of 4 companies which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) and the equity securities of 3 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 unaudited total assets as at 31 December 2024.

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

Description of investments	Net realised fair value loss for the Period HK\$'000	Net unrealised fair value loss for the Period HK\$'000
Listed equity securities*	(69)	(1,249)
Unlisted equity funds	<u>—</u>	<u>(1,597)</u>
Grand total	<u><u>(69)</u></u>	<u><u>(2,846)</u></u>

* *Listed equity securities included the equity securities of 6 companies which are listed on the Main Board of the Stock Exchange and the equity securities of 3 companies which are listed on GEM of the Stock Exchange.*

Performance and future prospects of the Company's significant investments

The Listing Committee of the Stock Exchange cancelled Convoy's listing under Rule 6.01A of the Listing Rules with effect from 9:00 a.m. on 4 May 2021.

On 14 November 2022, AGBA Acquisition Limited (Nasdaq: AGBA) completed a reverse merger to acquire 100% of Convoy's Platform Business and a 30% stake in its independent financial advisory (IFA) business. Following the transaction, the combined entity was renamed "AGBA Group Holding Limited", with its common stock and warrants trading on the Nasdaq Capital Market ("Nasdaq") under the ticker symbols "AGBA" and "AGBAW" starting 15 November 2022. Recently, AGBA announced the completion of its merger with Triller Corp. ("Triller"). As a result of this merger, AGBA has rebranded itself as Triller Group Inc.. The combined company's common stock and warrants began trading under the new ticker symbols "ILLR" and "ILLRW" on the Nasdaq on 16 October 2024. Following the merger, former AGBA shareholders would own 30% of the combined company's outstanding common stock, while former Triller stockholders would own 70%.

The Directors would continue to monitor the situation of Convoy to protect the interest of the Group.

Investment strategy for the Company's significant investments

Following the cancellation of Convoy's listing status, the liquidity for Convoy Shares as private equities has been significantly limited. In light of these circumstances, the Group has implemented a prudent investment strategy for its substantial investment in Convoy.

Given this situation, the primary approach of the Group is on long-term holding, which allows the Group to weather market fluctuations and potential volatility arising from unfavorable changes in Convoy's circumstances. While the preference of the Group is to continue holding, the Group remains attentive to market updates and open to exploring various exit options. These options include private sales or potential opportunities for Convoy to relist in different markets.

The overarching objective of the Group is to safeguard shareholder value through careful consideration of the investment landscape. The Group regularly assesses market conditions and adjusts investment strategy accordingly to ensure the best possible outcomes for the shareholders.

FINANCIAL REVIEW

Revenue

The Group recorded revenue of approximately HK\$50.22 million during the Period, representing a decrease of approximately 25.49% as compared to approximately HK\$67.40 million recorded for the corresponding period in 2023.

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

- Secondary tutoring services: a decrease in revenue to approximately HK\$73,000, representing a decrease of approximately 87.87% as compared to approximately HK\$602,000 recorded in the corresponding period in 2023; and
- Primary tutoring services, skill courses and test preparation course (including franchising income and STEAM education services): an increase in revenue to approximately HK\$16.32 million, representing an increase of approximately 9.02% as compared to approximately HK\$14.97 million recorded in the corresponding period in 2023.

During the Period, revenue generated from the segment of trading and service income from VR and digital entertainment is as below:

- Trading of VR products and provision of related services: a decrease in revenue to approximately HK\$0.52 million, representing a decrease of approximately 57.02% as compared to approximately HK\$1.21 million in the corresponding period in 2023; and
- Trading of gaming products: a decrease in revenue to approximately HK\$31.96 million, representing a decrease of approximately 35.54% as compared to approximately HK\$49.58 million in the corresponding period in 2023.

During the Period, the Group recorded loan interest income from the segment of money lending business of approximately HK\$1.35 million, representing an increase of approximately 31.07% as compared to approximately HK\$1.03 million in the corresponding period in 2023.

Other income, gains and losses, net

During the Period, the Group's other income, gains and losses recorded net loss of approximately HK\$4.15 million (2023: net loss of approximately HK\$2.69 million). Such loss was mainly attributable to the expected credit loss ("ECL") associated with trade receivables of approximately HK\$6.15 million during the Period, as compared to the ECL of approximately HK\$2.79 million for the corresponding period in 2023.

Staff costs

The Group's staff costs decreased to approximately HK\$14.55 million during the Period from approximately HK\$15.24 million for the corresponding period in 2023. Such decrease was mainly due to the improved efficiency on human resources allocation in the provision of private tutoring service during the Period.

Tutor contractor fee

The Group's tutor contractor fee increased to approximately HK\$1.72 million during the Period from approximately HK\$1.38 million for the corresponding period in 2023, which was primarily attributable to the change in the recruitment approach that achieved flexibility in workforce management.

Marketing expenses

The Group's marketing expenses decreased to approximately HK\$1.36 million during the Period from approximately HK\$1.68 million for the corresponding period in 2023. Such decrease was mainly due to the satisfactory outcomes of the segmented promotional campaigns in the prior periods that allowed for lower spending during the Period.

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)	948
Legal and professional fee	511
Other daily operation related expenses*	<u>2,253</u>
Total	<u><u>3,712</u></u>

* Other daily operation related expenses mainly consisted of consulting fee, electricity and water charges, repair and maintenance fee, postage and courier fees, telephone and fax charges, licence fee, cleaning charges, computer charges and sundry expenses.

During the Period, the Other Operating Expenses decreased by approximately HK\$0.41 million or 10.03% as compared to the corresponding period in 2023. Such decrease was mainly due to the streamlining of operations to enhance efficiency during the Period.

Finance costs

The Group recorded finance costs of approximately HK\$1.40 million during the Period as compared to approximately HK\$1.62 million for the corresponding period in 2023, in which the amount represented the finance costs recognized on lease liabilities and other borrowing.

Loss attributable to owners of the Company

Loss attributable to owners of the Company for the Period was approximately HK\$11.57 million (2023: approximately HK\$16.45 million). Loss per share was approximately HK cents 1.90 for the Period (2023: loss per share of approximately HK cents 2.73). Despite the sustained expansion in the private education sector, trading and services from VR and digital entertainment business faces challenges from dynamic market changes and swift technological progress, leading to a decrease in the Group's overall revenue. In response, a series of strategies have been implemented, leading to a significant decrease in the Group's loss as compared to the corresponding period. The decrease in loss was mainly due to (i) the reversal of impairment loss on loan receivables of approximately HK\$0.47 million (2023: impairment loss of approximately HK\$1.08 million); (ii) the ECL associated with trade receivables of approximately HK\$6.15 million (2023: approximately HK\$2.79 million); and (iii) a loss of change in fair value of financial assets at fair value through profit or loss of approximately HK\$2.92 million (2023: approximately HK\$8.26 million).

OUTLOOK

With the integration of VR, augmented reality and artificial intelligence (“AI”) under our brands “Modern Education (現代教育)” and “Modern Bachelor Education (現代小學士),” our students can manage their study schedules flexibly, free from geographical and temporal constraints. This innovation enables our Group to expand into larger markets and new segments, enhancing efficiencies for both our students and the Group as a whole through a blend of traditional and technology-based learning. Through our brand “UFO Tech Academy (優孚奧科技學院),” we aspire to be a leading content and solution provider in the STEAM education sector.

We have developed the AI Generative Pre-trained Transformer (“GPT”) platform, known as “EduGPT,” which offers a variety of AI-powered learning experiences and solutions for schools. This platform reflects our commitment to delivering cutting-edge AI educational approaches. We believe that our AI tutoring platform will significantly improve students’ learning experiences and efficiency. A Harvard study indicates that students using AI tutoring tools achieve over twice the learning gains compared to those in traditional classrooms.

Additionally, AI tutoring can reduce grading time by up to 90%, allowing educators to focus more on direct instruction and student interaction. The personalised learning experiences provided by our AI technology highlight its potential to effectively transform educational practices and outcomes. Our Group is committed to actively promoting the digital and intelligent education industry in the People’s Republic of China (“PRC”) while developing educational business across various fields. We have expanded cooperation with stakeholders in the education, professional development and vocational training industry in the PRC, including the Education Science Research Institute in Futian District, Shenzhen* (深圳市福田區教育科學研究院), Shenzhen Heyang Technological Innovation Co., Ltd.* (深圳和泱科創有限公司), and the Artificial Intelligence Education Research Center of Southern University of Science and Technology* (南方科技大學人工智能教育研究中心). We strive to foster AI-enabled educational reform and innovation, alongside high-end vocational training services, promoting deep interaction and precise evaluation of online teaching and learning to enhance the quality and efficiency of education.

By diversifying and expanding our offerings, the Group has transformed into a comprehensive provider of education and AI-powered educational services, showcasing greater agility in responding to market dynamics and opportunities. Looking ahead, we anticipate complementary effects and synergies, particularly through our innovative learning approaches and business diversification. The Group will continue to explore additional sectors and provide professional education support to both retail clients and 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.

* For identification purposes only

As at 31 December 2024, the Group's total balance of cash and cash equivalents amounted to approximately HK\$0.69 million (30 June 2024: approximately HK\$8.65 million), of which approximately 97.16% is held in Hong Kong dollars, 2.83% is held in Renminbi and 0.01% is held in United States dollars. Current ratio (defined as total current assets divided by total current liabilities) was approximately 2.53 times (30 June 2024: approximately 6.04 times).

As at 31 December 2024, the total amount of interest-bearing borrowing of the Group was approximately HK\$18.33 million (30 June 2024: approximately HK\$17.00 million), all of which would be repayable on demand and due within one year (30 June 2024: over one year). The total amount of interest-bearing borrowing was secured by guarantee provided by the Company and denominated in Hong Kong dollars and bore a fixed interest rate.

As at 31 December 2024, the gearing ratio of the Group was approximately 28.83% (30 June 2024: approximately 24.16%). 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 31 DECEMBER 2024

As at 31 December 2024, all of the loan receivables were with guarantee or unsecured and interest bearing at fixed rates mutually agreed between the contracting parties, ranging from 9% to 15% (2023: 9% to 15%) per annum. Loan receivables with outstanding principal and interest as at 31 December 2024 in aggregate amount of approximately HK\$3.99 million (30 June 2024: approximately HK\$4.46 million) which have been past due and impaired before the date of this announcement. During the Period, reversal of impairment loss of approximately HK\$0.47 million on loan and interest receivables was recognised (2023: impairment loss of approximately HK\$1.08 million).

The Group estimates the loss allowances for loan receivables by assessing the expected credit losses. 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, past collection history of each borrower and forward-looking information. Further details of the impairment assessment of the loan receivables are disclosed in notes 12 to this announcement.

CAPITAL STRUCTURE AND TREASURY POLICIES

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

EXPOSURE TO FOREIGN EXCHANGE RISK

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

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2024, the Group had a total of 90 full-time employees (30 June 2024: 94 full-time employees). They receive competitive remuneration packages that are 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 provides comprehensive benefits packages and career development opportunities. In-house and external training programmes are provided as and when required.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the Period (2023: Nil).

EQUITY-LINKED AGREEMENTS

Save as disclosed below, during the Period, the Company has not entered into, or there has not subsisted at the end of the Period, any other equity-linked agreement (as defined in section 6 of the Companies (Director's Report) Regulation (Chapter 622D of the HK Laws)).

Share option schemes

At the annual general meeting of the Company held on 21 December 2023, ordinary resolutions were approved by the shareholders for the adoption of new share option scheme ("**2023 Share Option Scheme**") where is effective for a period of 10 years commencing on the adoption date. The terms of the 2023 Share Option Scheme were aligned with the requirements of the amended Chapter 17 of the Listing Rules, which had taken effect on 1 January 2023. A summary of the principal terms of the 2023 Share Option Scheme was set out in a circular to shareholders dated 29 November 2023.

Upon adoption of the 2023 Share Option Scheme on 21 December 2023, the share option scheme adopted pursuant to an ordinary resolution passed on 4 December 2020 (“**2020 Share Option Scheme**”, together with 2023 Share Option Scheme collectively as “**Share Option Schemes**”) was terminated. Upon termination of the 2020 Share Option Scheme, no further share options may be granted but in all other respects, the provisions of the 2020 Share Option Scheme shall remain in full force and effect. Options granted during the life of the 2020 Share Option Scheme and remain unexpired prior to the termination of the 2020 Share Option Scheme continue to be exercisable in accordance with their terms of issue after the termination of the 2020 Share Option Scheme.

As at 31 December 2024, the total number of shares available for issue pursuant to the options granted under the 2020 Share Option Scheme was 46,464,000 shares, while no share options have been granted to the eligible participants by the Company pursuant to the 2023 Share Option Scheme, which represented approximately 7.64% of the weighted average number of issued shares for the Period. No share options have been exercised, vested, cancelled or lapsed pursuant to the Share Option Schemes during the Period.

As at 1 July 2024 and 31 December 2024, the total number of shares in respect of which options available for grant under the Share Option Schemes were 60,223,888 shares, respectively.

CONTINGENT LIABILITIES

As at 31 December 2024 and 30 June 2024, the Group had no significant contingent liabilities.

CAPITAL COMMITMENTS

As at 31 December 2024 and 30 June 2024, there was no capital expenditure contracted for but not provided in the condensed consolidated financial statements of the Group.

CHARGES ON THE GROUP’S ASSETS

The Group had neither pledged any assets nor any general banking facility as at 31 December 2024 and 30 June 2024.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the Period.

MATERIAL ACQUISITIONS AND DISPOSALS

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

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

Save as disclosed in this announcement, as at 31 December 2024, the Group did not have any other plans for material investment or capital assets.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) as set out in Appendix C3 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 Period.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has applied the principles in and adopted the code provisions of the corporate governance code set out in Appendix C1 to the Listing Rules (“**CG Code**”) as its own corporate governance code. During the Period, the Company has complied with all the code 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 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 C.2 of the CG Code, which set out the code provisions applicable to the chairman and the chief executive of a company.

Code Provision C.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 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, 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; and (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; and (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 had 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 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 of 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.

EVENTS AFTER THE REPORTING PERIOD

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

REVIEW OF INTERIM RESULTS

The audit committee of the Company has reviewed the accounting principles and practices adopted by the Group, the condensed consolidated financial statements of the Group for the Period and this announcement, and discussed internal controls and financial reporting matters of the Group for the Period.

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

Hong Kong, 28 February 2025

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.