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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 OF INTERIM RESULTS** **FOR THE SIX MONTHS ENDED 31 DECEMBER 2023**

#### **FINANCIAL HIGHLIGHTS**

For the six months ended 31 December 2023:

- The Group recorded revenue of approximately HK\$67.4 million, representing an increase of approximately 39.5% as compared to approximately HK\$48.3 million for the corresponding period in 2022.
- The Group recorded a loss of approximately HK\$16.1 million (2022: approximately HK\$5.9 million).

As at 31 December 2023:

- The Group had a current ratio (defined as total current assets divided by total current liabilities) of approximately 2.4 times, compared with approximately 2.4 times as at 30 June 2023, 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 33.6%, compared with approximately 33.2% as at 30 June 2023.

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2023 (2022: nil).

## INTERIM RESULTS (UNAUDITED)

The board (“**Board**”) of directors (“**Directors**”) of Bradaverse Education (Int’l) Investments Group Limited (formerly known as “Hong Kong Education (Int’l) Investments Limited”) (“**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (“**Group**”) for the six months ended 31 December 2023 (“**Period**”), together with the comparative unaudited figures for the corresponding period in 2022 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>NOTES</i>	<b>For the six months ended</b>	
		<b>31 December</b>	
		<b>2023</b>	<b>2022</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>HK\$’000</b>	<b>HK\$’000</b>
Revenue			
– Provision of private educational services		<b>15,570</b>	13,903
– Interest income from money lending		<b>1,034</b>	893
– Trading and services income from VR and digital entertainment		<b>50,792</b>	33,491
		<u>67,396</u>	<u>48,287</u>
	<i>3</i>	<b>67,396</b>	48,287
Changes in inventories of finished goods		<b>(43,478)</b>	(28,017)
Other income, gains and losses, net	<i>4</i>	<b>(2,694)</b>	4,835
Staff costs	<i>6</i>	<b>(15,238)</b>	(13,434)
Tutor contractor fee		<b>(1,375)</b>	(1,439)
Lease payments		<b>(408)</b>	(404)
Marketing expenses		<b>(1,678)</b>	(2,287)
Printing costs		<b>(386)</b>	(245)
Depreciation and amortisation		<b>(3,362)</b>	(3,385)
Change in fair value of financial assets at fair value through profit or loss		<b>(8,260)</b>	(3,786)
Other operating expenses	<i>6</i>	<b>(4,126)</b>	(4,898)
Finance costs	<i>5</i>	<b>(1,616)</b>	(535)
Share of results of joint ventures and associates		<b>(4)</b>	(564)
		<u>(15,229)</u>	<u>(5,872)</u>
Loss before tax	<i>6</i>	<b>(15,229)</b>	(5,872)
Income tax expense	<i>7</i>	<b>(833)</b>	–

	<b>For the six months ended</b>	
	<b>31 December</b>	
	<b>2023</b>	2022
<i>NOTES</i>	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Loss and total comprehensive expense for the period</b>	<u><b>(16,062)</b></u>	<u>(5,872)</u>
(Loss) profit and total comprehensive (expense) income for the period attributable to:		
Owners of the Company	<b>(16,453)</b>	(6,460)
Non-controlling interests	<u><b>391</b></u>	<u>588</u>
	<u><b>(16,062)</b></u>	<u>(5,872)</u>
<b>Loss per share</b>	<b>8</b>	
– Basic and diluted ( <i>HK cents</i> )	<u><b>(2.73)</b></u>	<u>(1.08)</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31 December 2023 (Unaudited) HK\$'000	30 June 2023 (Audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		3,230	3,692
Right-of-use assets		7,757	8,170
Goodwill	10	20,715	20,715
Other intangible assets		893	1,340
Interests in joint ventures and associates		127	131
Financial assets at fair value through other comprehensive income		4,521	4,521
Non-current deposits		1,413	1,744
		<b>38,656</b>	40,313
<b>Current assets</b>			
Inventories		429	525
Trade and other receivables	11	34,437	32,554
Loan receivables	12	22,013	13,976
Amounts due from related parties		2,857	2,690
Financial assets at fair value through profit or loss	13	45,955	65,557
Bank balances and cash		18,427	13,862
		<b>124,118</b>	129,164
<b>Current liabilities</b>			
Trade and other payables	14	29,457	21,844
Contract liabilities		1,407	3,271
Lease liabilities		4,980	5,131
Current tax liabilities		2,448	1,615
Amounts due to related parties		300	430
Other borrowing	15	14,046	21,063
		<b>52,638</b>	53,354
<b>Net current assets</b>		<b>71,480</b>	75,810
<b>Total assets less current liabilities</b>		<b>110,136</b>	116,123

		<b>31 December</b>	30 June
		<b>2023</b>	2023
	<i>NOTES</i>	<b>(Unaudited)</b>	(Audited)
		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Non-current liabilities</b>			
Lease liabilities		<b>3,343</b>	3,541
Provision for long service payments		<b>352</b>	359
		<b>3,695</b>	3,900
<b>Net assets</b>		<b>106,441</b>	112,223
<b>Capital and reserves</b>			
Share capital	<i>16</i>	<b>30,112</b>	29,822
Reserves		<b>75,265</b>	81,786
Equity attributable to owners of the Company		<b>105,377</b>	111,608
Non-controlling interests		<b>1,064</b>	615
<b>Total equity</b>		<b>106,441</b>	112,223

## 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. 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 Virtual Reality (“**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 2023.

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, 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 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>

For the six months ended 31 December 2022

	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>13,903</u>	<u>–</u>	<u>893</u>	<u>33,491</u>	<u>48,287</u>
Segment results	<u>(2,298)</u>	<u>(3,883)</u>	<u>4,696</u>	<u>1,291</u>	(194)
Share of results of joint ventures					(564)
Interest on other borrowing					(13)
Unallocated corporate income					1
Unallocated corporate expenses					<u>(5,102)</u>
Loss before tax					<u>(5,872)</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 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>
<b>Assets</b>					
Segment assets	<u>12,504</u>	<u>35,807</u>	<u>22,631</u>	<u>48,054</u>	118,996
Unallocated assets					
Bank balances and cash					17,824
Interests in joint ventures and associates					127
Financial assets at fair value through other comprehensive income ("FVOCI")					4,521
Other corporate assets					<u>21,306</u>
					<u>162,774</u>
<b>Liabilities</b>					
Segment liabilities	<u>14,321</u>	<u>327</u>	<u>50</u>	<u>12,890</u>	27,588
Unallocated liabilities					
Other borrowing					14,046
Current tax liabilities					2,448
Other corporate liabilities					<u>12,251</u>
					<u>56,333</u>

As at 30 June 2023

	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>
<b>Assets</b>					
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 joint ventures and associates					131
Financial assets at FVOCI					4,521
Other corporate assets					<u>8,340</u>
					<u>169,477</u>
<b>Liabilities</b>					
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>

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**

	<b>For the six months ended</b>	
	<b>31 December</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Secondary tutoring services	<b>602</b>	436
Primary tutoring services, skill courses and test preparation courses	<b>11,745</b>	10,520
Franchising income	<b>2,535</b>	1,973
English language training and test preparation courses	<b>–</b>	85
STEAM education services	<b>688</b>	889
Trading and services income from VR and digital entertainment	<b>50,792</b>	33,491
	<b>66,362</b>	47,394
<b>Revenue from other sources</b>		
Loan interest income	<b>1,034</b>	893
<b>Total revenue</b>	<b>67,396</b>	48,287

#### 4. OTHER INCOME, GAINS AND LOSSES, NET

	For the six months ended	
	31 December	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest income on bank deposits	4	1
Services fee income	1,252	597
Government grants ( <i>Note</i> )	–	503
Dividend income from financial assets at fair value through profit or loss	85	30
Impairment loss on trade receivables	(2,788)	(356)
(Impairment loss) reversal of impairment loss on loan receivables	(1,081)	3,835
Others	(166)	225
	<u>(2,694)</u>	<u>4,835</u>

*Note:*

For the six months ended 31 December 2022, the Group successfully applied for funding support from the Employment Support Scheme (“ESS”) 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.

## 5. FINANCE COSTS

	For the six months ended 31 December	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on other borrowing	1,046	13
Interest on lease liabilities	570	522
	<u>1,616</u>	<u>535</u>

## 6. LOSS BEFORE TAX

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

	For the six months ended 31 December	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Directors' emoluments	330	356
Other staff costs	14,343	12,541
Other staff's retirement benefit scheme contributions	565	537
Total staff costs	<u>15,238</u>	<u>13,434</u>
Legal and professional fee	579	544
Rental related fees and charges (including building management fee, air conditioning charges and government rent and rates)	858	858
Other daily operation related expenses	2,689	3,496
Total other operating expenses	<u>4,126</u>	<u>4,898</u>
Reversal of provision for long service payments	<u>(7)</u>	<u>(95)</u>

## 7. INCOME TAX

	<b>For the six months ended</b>	
	<b>31 December</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Current tax:		
Hong Kong Profits Tax		
– Provision for the period	<b>884</b>	–
– Over-provision for prior periods	<b>(51)</b>	–
	<u><b>833</b></u>	<u>–</u>

The provision for Hong Kong Profits Tax for the Period of the Group 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 periods.

For the six months ended 31 December 2022, no provision for Hong Kong Profits Tax has been made as the Group has no assessable profits or has sufficient tax losses brought forward to set off against the six months' estimated assessable profit.

## 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:

	<b>For the six months ended</b>	
	<b>31 December</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Loss for the purpose of basic and diluted loss per share (Loss for the period attributable to owners of the Company)	<u><b>(16,453)</b></u>	<u>(6,460)</u>
	<b>Number</b>	Number
	<b>of shares</b>	of shares
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u><b>602,238,880</b></u>	<u>596,430,880</u>

No adjustment has been made in calculating the diluted loss per share amounts presented for the Period as there was no dilutive potential ordinary shares in issue during the Period.

No adjustment has been made in calculating the diluted loss per share amounts presented for the Period in respect of the share options outstanding as the share options had an anti-dilutive effect on the basic loss per share amounts presented.

## 9. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the Period (2022: nil).

## 10. GOODWILL

	<b>CGU 1</b> <i>HK\$'000</i>	<b>CGU 2</b> <i>HK\$'000</i>	<b>CGU 3</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>COST</b>				
At 1 July 2022 (Audited), 30 June 2023 (Audited) and 31 December 2023 (Unaudited)	<u>60</u>	<u>559</u>	<u>20,655</u>	<u>21,274</u>
<b>ACCUMULATED IMPAIRMENT</b>				
At 1 July 2022 (Audited), 30 June 2023 (Audited) and 31 December 2023 (Unaudited)	<u>–</u>	<u>559</u>	<u>–</u>	<u>559</u>
<b>CARRYING AMOUNTS</b>				
At 31 December 2023 (Unaudited)	<u>60</u>	<u>–</u>	<u>20,655</u>	<u>20,715</u>
At 30 June 2023 (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

	<b>31 December 2023 (Unaudited) HK\$'000</b>	30 June 2023 (Audited) HK\$'000
Accrued revenue and trade receivables	35,566	33,493
Less: Impairment loss on trade receivables, net	<u>(8,449)</u>	<u>(5,661)</u>
	<b>27,117</b>	27,832
Rental deposits	2,767	2,747
Other deposits	2,827	375
Prepayments	2,327	2,615
Other receivables	<u>812</u>	<u>729</u>
	<b>35,850</b>	34,298
Less: Rental deposits (shown under non-current assets)	<u>(1,413)</u>	<u>(1,744)</u>
Trade and other receivables (shown under current assets)	<u><b>34,437</b></u>	<u>32,554</u>

### Ageing analysis

The following is an ageing analysis of accrued revenue and trade receivables, presented based on the invoice date at the end of the reporting period which approximated the respective revenue recognition dates:

	<b>31 December 2023 (Unaudited) HK\$'000</b>	30 June 2023 (Audited) HK\$'000
Contract assets	320	255
Trade receivables:		
1 to 30 days	9,623	4,283
31 to 60 days	3,840	6,727
61 to 90 days	3,615	4,666
More than 90 days	<u>9,719</u>	<u>11,901</u>
	<u><b>27,117</b></u>	<u>27,832</u>

Trade receivables are usually due within 30 days (30 June 2023: within 30 days) from the date of billing.

## 12. LOAN RECEIVABLES

	<b>31 December</b>	30 June
	<b>2023</b>	2023
	<b>(Unaudited)</b>	(Audited)
	<b>HK\$'000</b>	HK\$'000
Loan receivables	<b>26,613</b>	17,495
Less: Impairment loss	<u><b>(4,600)</b></u>	<u>(3,519)</u>
	<u><b>22,013</b></u>	<u>13,976</u>

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

As at 31 December 2023, all of the loan receivables are with a maturity date within the next three to twelve months and interest-bearing at fixed rates mutually agreed between the contracting parties, ranging from 9% to 15% (30 June 2023: 9% to 15%) per annum.

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

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 and past collection history of each borrower.

### 13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

		<b>31 December</b>	30 June
		<b>2023</b>	2023
		<b>(Unaudited)</b>	(Audited)
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
Listed equity securities in Hong Kong, at fair value	<i>(i)</i>	<b>18,437</b>	34,693
Unlisted equity securities in Hong Kong, at fair value	<i>(ii)</i>	<b>17,369</b>	17,369
Convertible bond in Hong Kong	<i>(iii)</i>	–	1,544
Unlisted equity funds	<i>(iv)</i>	<b>10,149</b>	11,951
		<b>45,955</b>	65,557

*Notes:*

- (i) The amount represents equity securities listed in Hong Kong. The fair values of the investments are determined with reference to the quoted market bid prices in the Stock Exchange.
- (ii) The fair value of the unlisted equity securities represents the equity securities of Convoy Global Holdings Limited and EJE (Hong Kong) Holdings Limited.
- (iii) 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 Period, the convertible bond was sold.
- (iv) The unlisted equity funds at fair value represent the investments placed to private funds.

### 14. TRADE AND OTHER PAYABLES

	<b>31 December</b>	30 June
	<b>2023</b>	2023
	<b>(Unaudited)</b>	(Audited)
	<b>HK\$'000</b>	<b>HK\$'000</b>
Trade payables	<b>11,408</b>	16,566
Receipts in advance	<b>10,222</b>	–
Other payables	<b>2,392</b>	1,143
Accrued tutor contractor fee, salary and other accruals	<b>5,435</b>	4,135
	<b>29,457</b>	21,844

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:

	<b>31 December 2023 (Unaudited) HK\$'000</b>	30 June 2023 (Audited) HK\$'000
1 to 30 days	10,290	4,104
31 to 60 days	1,083	7,772
61 to 90 days	–	4,674
More than 90 days	<u>35</u>	<u>16</u>
	<b><u>11,408</u></b>	<b><u>16,566</u></b>

## 15. OTHER BORROWING

As at 31 December 2023, 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 two years (30 June 2023: within one year) and carried a fixed interest rate at 11% per annum.

## 16. SHARE CAPITAL

	<b>Number of shares</b>	<b>Amount HK\$'000</b>
<i>Authorised</i>		
Ordinary shares of HK\$0.05 each		
At 1 July 2022, 30 June 2023 and 31 December 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 2022 (Audited) and 30 June 2023 (Audited)	596,430,880	29,822
Exercise of share options	<u>5,808,000</u>	<u>290</u>
At 31 December 2023 (Unaudited)	<b><u>602,238,880</u></b>	<b><u>30,112</u></b>

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

## 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, secondary tutoring services and English language training and test preparation courses; (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 strong cash flow generated from our business.

#### Provision of Private Educational Services

The Group has launched online classes and other online learning modes to allow students to keep up with the pace of learning. The aggregate revenue generated from primary tutoring services, skill course and test preparation courses, secondary tutoring services and English language training and test preparation courses was approximately HK\$14.9 million during the six months ended 31 December 2023 (“**Period**”), represented an increase of approximately 14.6% from approximately HK\$13.0 million for the corresponding period in 2022.

As at 31 December 2023, 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 28 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.

#### 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” (formerly known as “UFO School”). During the Period, the Group has generated revenue from (i) STEAM education services of approximately HK\$0.7 million (2022: approximately HK\$0.9 million); (ii) sales of VR products and provision of related services of approximately HK\$1.2 million (2022: approximately HK\$3.5 million); and (iii) sales of gaming products of approximately HK\$49.6 million (2022: approximately HK\$30.0 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**”). The Group has adopted money lending policies and procedures for handling and/or monitoring the money lending business in compliance with the Money Lenders Ordinance.

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 2023, loan with guarantee of China Rich amounted to approximately HK\$5 million or 19.0% and unsecured loans amounted to approximately HK\$21.3 million or 81.0%. 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 2023 by different nature of loans.

	Total number of borrowers	Loan principal as at 31 December 2023 (Unaudited) <i>HK\$'000</i>	Interest rate per annum  %	Term  Months	Percentage of total loan principal as at 31 December 2023 (Unaudited)  %
Loan with guarantee	1	5,000	12	12	19.0
Unsecured loans	8	21,317	9-15	3-12	81.0
<b>Total</b>	<b>9</b>	<b>26,317</b>			<b>100.0</b>

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 2023 (Unaudited) <i>HK\$'000</i>	30 June 2023 (Audited) <i>HK\$'000</i>
0-90 days	4,988	2,811
91-180 days	—	—
181-365 days	17,025	11,165
	<b>22,013</b>	<b>13,976</b>

China Rich's five largest loan and interest receivables amounted to approximately HK\$22.5 million or 84.5% (30 June 2023: HK\$16.2 million or 92.7%) of its total loan and interest receivables, of which approximately HK\$7.1 million or 26.6% (30 June 2023: HK\$7.3 million or 41.6%) was made to the largest customer.

Loan receivables with outstanding principal and interest as at 31 December 2023 in aggregate amount of approximately HK\$4.6 million (30 June 2023: approximately HK\$3.5 million) which have been past due and impaired as at the reporting date, and additional impairment loss of approximately HK\$1.2 million (30 June 2023: approximately HK\$22,000) and reversal of impairment loss of approximately HK\$91,000 (30 June 2023: approximately HK\$7.1 million) were recognised 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 12 listed companies in its investment portfolio. The Group also invested in unlisted equity funds during the Period. As at 31 December 2023, the Group had financial assets at FVPL with a fair value of approximately HK\$46.0 million and recorded a loss on change in fair value of financial assets at FVPL of approximately HK\$8.3 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 2023 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	Percentage to the Group’s unaudited total assets
					as at 31 December 2023 HK\$'000	as at 31 December 2023 (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	10.07%
<i>Other investments</i>						
Listed equity securities*		-	-	48,734	18,437	11.33%
Unlisted equity funds		-	-	<u>11,019</u>	<u>10,149</u>	<u>6.24%</u>

\* Listed equity securities included the equity securities of 9 companies which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) and the equity securities of 5 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 2023.

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

<b>Description of investments</b>	<b>Net realised fair value (loss) gain for the Period HK\$'000</b>	<b>Net unrealised fair value loss for the Period HK\$'000</b>
Listed equity securities*	(399)	(6,115)
Unlisted equity funds	–	(1,772)
Convertible bond	<u>26</u>	<u>–</u>
Grand total	<u><u>(373)</u></u>	<u><u>(7,887)</u></u>

\* *Listed equity securities included the equity securities of 16 companies which are listed on the Main Board of the Stock Exchange and the equity securities of 9 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 (“**AGBA**”), a special purpose-acquisition company listed on the National Association of Securities Dealers Automated Quotations (“**NASDAQ**”) 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.

Subsequently as disclosed in the announcements of Convoy dated 5 November 2021 and 16 November 2022 published on Convoy’s website, TAG Holdings Limited (“**TAG**”), the wholly owned subsidiary of Convoy, has completed the business combination with AGBA. AGBA would purchase two of Convoy’s wholly-owned subsidiaries (and their respective subsidiaries) which are involved in B2B services and Fintech (“**Platform Business**”) in consideration of the issue by AGBA of certain AGBA ordinary shares to TAG in a share exchange transaction and/or cash which values the Platform Business at US\$555,000,000. The post-combination company shall take on the name AGBA Group Holding Limited (also referred to as “**AGBA**”). Convoy (through TAG) would be the majority owner of the post-combination AGBA while the Platform Business would be operated by AGBA. Apart from its ownership of AGBA, Convoy retained its security dealing business and certain legacy proprietary investments. At the moment, the AGBA shares held by TAG are restricted shares and are required to be registered before the shares are freely tradable.

Further announced by AGBA on 3 January 2024, AGBA received written notice from the Listing Qualifications Department of The NASDAQ that AGBA is not in compliance with the Market Value of Listed Securities requirement of the NASDAQ Listing Rule. If AGBA fails to regain compliance by 1 July 2024, the AGBA shares would be delisted, subject to appeal. 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 trading halt of Convoy Shares since 7 December 2017 and the subsequent cancellation of Convoy’s listing status by the Stock Exchange on 4 May 2021, 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\$67.4 million during the Period, representing a significant increase of approximately 39.5% as compared with approximately HK\$48.3 million recorded for the corresponding period in 2022.

Revenue generated from the segment of provision of private educational services is as below:

- Primary tutoring services, skill courses and test preparation course (including franchising income and STEAM education services): an increase in revenue to approximately HK\$15.0 million or 11.9% as compared to approximately HK\$13.4 million recorded in the corresponding period in 2022;
- Secondary tutoring services: an increase in revenue to approximately HK\$0.6 million or 38.1% as compared to approximately HK\$0.4 million recorded in the corresponding period in 2022; and
- English language training and test preparation courses: there was no revenue generated as compared to approximately HK\$85,000 recorded in the corresponding period in 2022.

Revenue generated from the segment of trading and services 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\$1.2 million or 65.7% as compared to approximately HK\$3.5 million in the corresponding period in 2022; and
- Trading of gaming products: an increase in revenue to approximately HK\$49.6 million or 65.3% as compared to approximately HK\$30.0 million in the corresponding period in 2022.

During the Period, the Group recorded loan interest income from the segment of money lending business of approximately HK\$1.0 million (2022: approximately HK\$0.9 million), representing an increase of approximately 11.1% as compared to the corresponding period in 2022.

### **Other income, gains and losses, net**

During the Period, the Group's other income, gains and losses recorded net loss of approximately HK\$2.7 million (2022: net gain of approximately HK\$4.8 million). Such loss was mainly attributable to (i) the impairment loss on loan receivables of approximately HK\$1.1 million during the Period, as compared with the reversal of impairment loss on loan receivables of approximately HK\$3.8 million recorded for the corresponding period in 2022; and (ii) the expected credit loss ("ECL") associated with trade receivables of approximately HK\$2.8 million during the Period, as compared with the ECL of approximately HK\$0.4 million for the corresponding period in 2022.

### **Staff costs**

The Group's staff costs increased to approximately HK\$15.2 million during the Period from approximately HK\$13.4 million for the corresponding period in 2022. Such increase was mainly due to the increase in headcounts as a result of expansion in private tutoring service during the Period.

### **Tutor contractor fee**

The Group's tutor contractor fee decreased slightly to approximately HK\$1.38 million during the Period from approximately HK\$1.44 million for the corresponding period in 2022, which was primarily attributable to the decrease in the enrollments of the Group's emerging STEAM educational services.

### **Marketing expenses**

The Group's marketing expenses decreased slightly to approximately HK\$1.7 million during the Period from approximately HK\$2.3 million for the corresponding period in 2022. Such decrease was mainly due to the shifting to more cost-efficient advertising media during the Period.

## Other operating expenses

The Group's other operating expenses (“**Other Operating Expenses**”) were daily operation related and 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)	858
Legal and professional fee	579
Other daily operation related expenses*	<u>2,689</u>
Total	<u><u>4,126</u></u>

\* *Other daily operation related expenses mainly consisted of consulting fee, postage and courier fees, telephone and fax charges, business registration and licence fee, cleaning charges, computer charges and sundry expenses.*

During the Period, the Other Operating Expenses decreased by approximately HK\$0.8 million or 15.8% compared with the corresponding period in 2022. Such decrease was mainly due to the decrease in various operating expenses during the Period, including but not limited to outsource service expenses.

## Finance costs

The Group recorded finance costs on other borrowing of approximately HK\$1.0 million and lease liabilities of approximately HK\$0.6 million during the Period, respectively (2022: approximately HK\$13,000 and approximately HK\$0.5 million, respectively).

## Loss attributable to owners of the Company

Loss attributable to owners of the Company for the Period was approximately HK\$16.5 million (2022: approximately HK\$6.5 million). Loss per share was approximately HK cents 2.73 for the Period (2022: loss per share of approximately HK cents 1.08). Despite a significant increase in the Group's overall revenue as a result of the development in private tutoring services and in trading and services from VR and digital entertainment business, the increase in loss was mainly due to (i) the impairment loss on loan receivables of approximately HK\$1.1 million (2022: reversal of impairment loss on loan receivables of approximately HK\$3.8 million); and (ii) a loss on change in fair value of financial assets at fair value through profit or loss of approximately HK\$8.3 million recorded (2022: approximately HK\$3.8 million).

## 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.

Through the brand name “UFO Tech Academy (優孚奧科技學院)”, the Group aims to be a content and solution provider in the STEAM education industry. The Group has developed the Artificial Intelligence (“AI”) Generative Pre-trained Transformer (“GPT”) platform, known as “EduGPT”, which offers various AI powered learning experiences and solutions to schools, and this platform represents the Group’s commitment to delivering cutting-edge AI educational approaches. 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 31 December 2023, the Group’s total balance of cash and cash equivalents amounted to approximately HK\$18.4 million (30 June 2023: approximately HK\$13.9 million), of which approximately 98.3% is held in Hong Kong dollars, 0.5% is held in Renminbi and 1.2% is held in United States dollars. Current ratio (defined as total current assets divided by total current liabilities) was approximately 2.4 times (30 June 2023: approximately 2.4 times).

As at 31 December 2023, the total amount of interest-bearing borrowing of the Group was approximately HK\$14.0 million (30 June 2023: approximately HK\$21.1 million), all of which would be repayable on demand and due within two years (30 June 2023: within 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 2023, the gearing ratio of the Group was approximately 33.6% (30 June 2023: approximately 33.2%). 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).

## **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 2023, the Group had a total of 98 full-time employees (30 June 2023: 88 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.

## **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**

Pursuant to the share option scheme adopted by the Company at the annual general meeting held on 21 December 2023 ("**2023 Share Option Scheme**") and the share option scheme of the Company adopted pursuant to an ordinary resolution passed on 4 December 2020 and terminated with effect from 21 December 2023 ("**2020 Share Option Scheme**", and collectively as "**Share Option Schemes**"), the Board may grant options to eligible persons under each of the Share Option Schemes, including directors and employees of the Group and the associated companies of the Company/related entities to the Group, to subscribe for shares of the Company.

During the Period, 5,808,000 ordinary shares were issued upon exercise of share options pursuant to the 2020 Share Option Scheme.

As at 31 December 2023, the total number of shares available for issue pursuant to the options granted under the 2020 Share Option Scheme was 52,272,000 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 9% of the weighted average number of issued shares for the Period. No share options have been cancelled or lapsed pursuant to the Share Option Schemes during the Period.

As at 1 July 2023 and 31 December 2023, the total number of shares in respect of which options available for grant under the Share Option Schemes were 27,088 shares and 60,223,888 shares respectively.

### **CONTINGENT LIABILITIES**

As at 31 December 2023 and 30 June 2023, the Group had no significant contingent liabilities.

### **CAPITAL COMMITMENTS**

As at 31 December 2023 and 30 June 2023, 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 2023 and 30 June 2023.

### **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 2023, 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 and secured harmless 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 or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts pursuant to Bye-law 164 of the Bye-laws of the Company. In view of the above, the Board considers that the Directors’ exposure to litigation risk is manageable and that benefits to be derived from taking out insurance may not outweigh the cost.

## CONSTITUTIONAL DOCUMENTS

For (i) bringing the Bye-laws of the Company up to date and in line with the applicable laws of Bermuda and the applicable amendments made to the Listing Rules; (ii) providing flexibility to the Company to hold general meetings as physical meetings, or hybrid meetings or electronic meetings where the shareholders may attend by means of electronic facilities; and (iii) incorporating certain consequential and minor house-keeping amendments (“**Amendment of Bye-laws**”), the shareholders approved the Amendment of Bye-laws at the annual general meeting held on 21 December 2023.

## 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 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**

Subsequent to the end of the reporting period, on 3 January 2024, a total of 5,808,000 ordinary shares of HK\$0.05 each were issued upon the exercise of share options granted pursuant to the 2020 Share Option Scheme.

## **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 2024

*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.*