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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 FOR ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

For the year ended 30 June 2024:

- The Group recorded revenue of approximately HK\$122.32 million, representing an increase of approximately 4.00% as compared to approximately HK\$117.61 million for the last financial year.
- The Group recorded a loss attributable to owners of the Company of approximately HK\$27.56 million (2023: loss of approximately HK\$28.54 million).

As at 30 June 2024:

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

The Board does not recommend the payment of a final dividend for the year ended 30 June 2024 (2023: HK\$Nil).

FINANCIAL RESULTS

The board (“**Board**”) of directors (“**Directors**”) of Bradaverse Education (Int’l) Investments Group Limited (“**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (“**Group**”) for the year ended 30 June 2024, together with the comparative audited figures for the corresponding year ended 30 June 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2024

	<i>NOTES</i>	2024 <i>HK\$’000</i>	2023 <i>HK\$’000</i>
Revenue			
– Provision of private educational services		30,524	27,125
– Interest income from money lending		2,436	1,674
– Trading and services income from virtual reality (“ VR ”) and digital entertainment		89,358	88,813
		<hr/>	<hr/>
	4	122,318	117,612
Changes in inventories of finished goods		(78,807)	(76,591)
Other income, gains and losses, net	5	7,996	1,063
Staff costs	7	(30,576)	(27,058)
Tutor contractor fee	7	(2,484)	(2,483)
Lease payments	7	(819)	(899)
Marketing expenses		(2,705)	(3,796)
Printing costs		(517)	(374)
Depreciation and amortisation		(6,691)	(6,848)
Change in fair value of financial assets at fair value through profit or loss		(17,408)	(13,983)
Other operating expenses	7	(8,499)	(10,902)
Finance costs	6	(2,781)	(2,103)
Share of results of a joint venture		5	(824)
Share of results of associates		(4)	(19)
		<hr/>	<hr/>
Loss before tax	7	(20,972)	(27,205)
Income tax expense	8	(1,532)	(1,446)
		<hr/>	<hr/>
Loss for the year		(22,504)	(28,651)

	NOTES	2024 HK\$'000	2023 HK\$'000
Other comprehensive (expense) income, net of income tax			
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value changes on movements in equity instruments at fair value through other comprehensive income		(735)	(5,761)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translating foreign operations		–	(2)
Cumulative exchange loss reclassified to profit or loss on deregistration of a subsidiary		–	111
Other comprehensive expense for the year, net of income tax		(735)	(5,652)
Total comprehensive expense for the year		(23,239)	(34,303)
(Loss) profit for the year attributable to:			
Owners of the Company		(27,558)	(28,541)
Non-controlling interests		5,054	(110)
		(22,504)	(28,651)
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		(28,293)	(34,193)
Non-controlling interests		5,054	(110)
		(23,239)	(34,303)
Loss per share	9		
– Basic (HK\$)		(0.05)	(0.05)
– Diluted (HK\$)		(0.05)	(0.05)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

		2024	2023
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		3,042	3,692
Right-of-use assets		6,699	8,170
Goodwill		20,715	20,715
Other intangible assets		893	1,340
Interests in associates		6	10
Interest in a joint venture		126	121
Financial assets at fair value through other comprehensive income (“FVOCI”)		3,786	4,521
Non-current deposits	11	<u>4,089</u>	<u>1,744</u>
		<u>39,356</u>	<u>40,313</u>
Current assets			
Inventories		86	525
Trade and other receivables	11	30,948	32,554
Loan receivables	12	24,461	13,976
Amounts due from related parties		3,190	2,690
Financial assets at fair value through profit or loss (“FVPL”)	13	40,796	65,557
Bank balances and cash		<u>8,651</u>	<u>13,862</u>
		<u>108,132</u>	<u>129,164</u>
Current liabilities			
Trade and other payables	14	5,410	21,844
Contract liabilities		3,797	3,271
Lease liabilities		4,334	5,131
Current tax liabilities		3,117	1,615
Amounts due to related parties		1,240	430
Other borrowing	15	<u>–</u>	<u>21,063</u>
		<u>17,898</u>	<u>53,354</u>

	<i>NOTES</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Net current assets		<u>90,234</u>	<u>75,810</u>
Total assets less current liabilities		<u>129,590</u>	<u>116,123</u>
Non-current liabilities			
Lease liabilities		2,773	3,541
Other borrowing	15	17,000	–
Retirement benefit obligations		<u>331</u>	<u>359</u>
		<u>20,104</u>	<u>3,900</u>
Net assets		<u><u>109,486</u></u>	<u><u>112,223</u></u>
Capital and reserves			
Share capital	16	30,402	29,822
Reserves		<u>74,228</u>	<u>81,786</u>
Equity attributable to owners of the Company		104,630	111,608
Non-controlling interests		<u>4,856</u>	<u>615</u>
Total equity		<u><u>109,486</u></u>	<u><u>112,223</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

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

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

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

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 July 2023 for the preparation of the consolidated financial statements:

HKFRS 17 and related amendments	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two model Rules

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

Impact on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies.

Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases. For leases, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to accumulated losses or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

Prior to the amendments, the Group did not apply the initial recognition exemption to lease transactions and had recognised the related deferred tax, except that the Group previously determined the temporary difference arising from a right-of-use asset and the related lease liability on a net basis on the basis they arise from a single transaction. The overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualify for offsetting under HKAS 12.

New and amendments to HKFRSs in issue but not yet effective

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

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Amendments to HKAS 21	Lack of Exchangeability ²
Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments ³
HKFRS 18	Presentation and Disclosures in Financial Statements ⁴
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵

- ¹ *Effective for annual periods beginning on or after 1 January 2024.*
- ² *Effective for annual periods beginning on or after 1 January 2025.*
- ³ *Effective for annual periods beginning on or after 1 January 2026.*
- ⁴ *Effective for annual periods beginning on or after 1 January 2027.*
- ⁵ *Effective for annual periods beginning on or after a date to be determined.*

The directors of the Company is in the process of assessing the potential impact of the above, other than HKFRS 18 and amendments to HKAS 1, the directors anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Impact on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”) and Amendments to HKAS 1 Non-current Liabilities with Covenants (the “2022 Amendments”)

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation.
- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity’s right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if an entity classifies liabilities arising from loan arrangements as non-current when the entity’s right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 Amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Based on the Group’s outstanding liabilities as at 30 June 2024, the application of the 2020 and 2022 Amendments will not result in reclassification of the Group’s liabilities.

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values, and in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”) and by the disclosure requirements of Companies Ordinance (Chapter 622 of the laws of Hong Kong).

4. REVENUE AND SEGMENT INFORMATION

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

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

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

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

(a) **Segment revenue and results**

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

For the year ended 30 June 2024

	Provision of private educational services <i>HK\$'000</i>	Investment in securities <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	VR and digital entertainment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Disaggregated by timing of revenue recognition					
Over time	30,524	-	2,436	1,107	34,067
At a point in time	-	-	-	88,251	88,251
Segment revenue (revenue from external customers)	<u>30,524</u>	<u>-</u>	<u>2,436</u>	<u>89,358</u>	<u>122,318</u>
Segment results	<u>367</u>	<u>(17,488)</u>	<u>1,251</u>	<u>12,984</u>	(2,886)
Bank interest income					6
Interests expenses on other borrowing					(1,785)
Share of results of a joint venture					5
Share of results of associates					(4)
Unallocated corporate expenses					<u>(16,308)</u>
Loss before tax					<u>(20,972)</u>

For the year ended 30 June 2023

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

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

(b) **Segment assets and liabilities**

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

As at 30 June 2024

	Provision of private educational services <i>HK\$'000</i>	Investment in securities <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	VR and digital entertainment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Assets					
Segment assets	<u>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 associates					6
Interest in a joint venture					126
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>

As at 30 June 2023

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

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

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

(c) **Other segment information**

	Provision of private educational services <i>HK\$'000</i>	Investment in securities <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	VR and digital entertainment <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
For the year ended 30 June 2024						
Capital additions	(3,191)	-	-	(27)	(1,706)	(4,924)
Depreciation charge on owned property, plant and equipment	(270)	-	(4)	(93)	(675)	(1,042)
Depreciation charge on right-of-use assets	(4,806)	-	-	-	(843)	(5,649)
Reversal of retirement benefit obligations	28	-	-	-	-	28
Change in fair value of financial assets at FVPL	-	(14,214)	-	-	(3,194)	(17,408)
(Impairment loss) reversal of impairment loss on trade receivables	(69)	-	-	4,887	-	4,818
Impairment loss on loan receivables	-	-	(939)	-	-	(939)
For the year ended 30 June 2023						
Capital additions	(7,531)	-	(19)	(225)	(4,604)	(12,379)
Depreciation charge on owned property, plant and equipment	(370)	-	(2)	(180)	(347)	(899)
Depreciation charge on right-of-use assets	(4,260)	-	-	(723)	(966)	(5,949)
Reversal of retirement benefit obligations	64	-	-	-	-	64
Change in fair value of financial assets at FVPL	-	(13,983)	-	-	-	(13,983)
Reversal of impairment loss (impairment loss) on trade receivables	42	-	-	(3,967)	-	(3,925)
Impairment loss on other receivables	-	-	(4,000)	-	-	(4,000)
Reversal of impairment loss on loan receivables	-	-	7,048	-	-	7,048
Write off of loan interest receivable	-	-	(79)	-	-	(79)
Write off of amount due from an associate	(746)	-	-	-	-	(746)

No geographical information is presented as more than 90% of the Group's assets, revenue and results for the both years are derived from activities located in Hong Kong.

Major customers

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

	2024	2023
	HK\$'000	HK\$'000
Customer A	79,395	39,671
Customer B	N/A*	30,019
Customer C	N/A*	13,848

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

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

(d) Revenue from major services

	2024	2023
	HK\$'000	HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Secondary tutoring services	962	893
Primary tutoring services, skill courses and test preparation courses	23,778	20,231
Franchising income	3,904	4,082
English language training and test preparation courses	–	85
STEAM education services	1,880	1,834
Trading of VR and gaming products and provision of related services	89,358	88,813
	119,882	115,938
Revenue from other sources		
Loan interest income	2,436	1,674
	122,318	117,612

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

5. OTHER INCOME, GAINS AND LOSSES, NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest income from bank deposits	6	4
Dividend income from listed equity securities	85	61
Government grants (<i>Note</i>)	54	503
Sponsorship fee income	1,500	–
Service charge income	2,385	1,956
Loss on write off/disposal of property, plant and equipment	(6)	(434)
Loss on write off/disposal of intangible assets	(377)	–
Gain on deemed disposal of a subsidiary	–	6
Loss on deregistration of subsidiaries	–	(7)
Reversal of impairment loss (impairment loss) on		
– trade receivables and contract assets, net	4,818	(3,925)
– other receivables	–	(4,000)
– loan receivables, net	(939)	7,048
Write off of loan interest receivables	–	(79)
Write off of amount due from an associate	–	(746)
Gain on lease modifications	44	124
Others	426	552
	<u>7,996</u>	<u>1,063</u>

Note:

For the year ended 30 June 2024, the Group received subsidies of approximately HK\$18,000 from the Reimbursement of Maternity Leave Pay (“RMLP”) Scheme launched by the Government of the HKSAR supporting the additional maternity leave pay to the Company’s employee. Under RMLP Scheme, the Group has to commit to paid 14 weeks’ maturity leave payment to the employee. The Group also recognised government grants in respect of SME Export Marketing Fund of approximately HK\$36,000 provided by the Government of the HKSAR. The purpose of the SME Export Marketing Fund is to encourage entities to expand their markets outside Hong Kong by providing financial assistance to entities for participation in export promotion activities.

For the year ended 30 June 2023, the Group successfully applied for funding support from the Employment Support Scheme (“ESS”) of approximately HK\$503,000 under the Anti-epidemic Fund set up by the Government of the HKSAR. 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.

6. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on other borrowing	1,785	1,064
Interest on lease liabilities	<u>996</u>	<u>1,039</u>
	<u>2,781</u>	<u>2,103</u>

7. LOSS BEFORE TAX

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Directors' emoluments	1,272	1,333
Other staff costs	28,169	24,683
Other staff's retirement benefit scheme contributions	<u>1,135</u>	<u>1,042</u>
Total staff costs	<u>30,576</u>	<u>27,058</u>
Auditors' remuneration	780	840
Legal and professional fee	1,152	1,283
Rental related fees and charges (including building management fee, air conditioning charges and government rent and rates)	1,738	1,753
Related expenses for copiers	52	42
Other daily operation related expenses	<u>4,777</u>	<u>6,984</u>
Total other operating expenses	<u>8,499</u>	<u>10,902</u>
Reversal of retirement benefit obligations	(27)	(64)
Short-term lease payments not included in the measurement of lease liabilities	<u>819</u>	<u>899</u>

Tutor contractor fee is calculated based on (i) certain percentage of revenue derived from secondary tutoring services and English language training and test preparation courses; and (ii) fixed hourly rate on primary tutoring services, skill courses and test preparation courses.

8. INCOME TAX

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax		
– Provision for the year	1,580	1,323
– (Over) under-provision for prior year	<u>(48)</u>	<u>211</u>
	1,532	1,534
Deferred tax	<u>–</u>	<u>(88)</u>
Total income tax expense recognised in profit or loss	<u><u>1,532</u></u>	<u><u>1,446</u></u>

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.

9. LOSS PER SHARE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss for the purpose of basic and diluted loss per share		
Loss for the year attributable to owners of the Company	<u><u>(27,558)</u></u>	<u><u>(28,541)</u></u>
	2024	2023
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share		
Issued ordinary shares at 1 July	596,430,880	596,430,880
Effect of shares issued under share option scheme on 5 October 2023	4,284,590	–
Effect of shares issued under share option scheme on 3 January 2024	<u>2,856,393</u>	<u>–</u>
Weighted average number of ordinary shares at 30 June	<u><u>603,571,863</u></u>	<u><u>596,430,880</u></u>

The computation of diluted loss per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price for shares for the years ended 30 June 2024 and 2023.

10. DIVIDENDS

The board of Directors does not recommend the payment of a final dividend for the year ended 30 June 2024 (2023: HK\$Nil).

11. TRADE AND OTHER RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Contract assets and trade receivables, net of loss allowance	13,784	27,832
Rental deposits	2,704	2,747
Other deposits	4,970	375
Prepayments	12,987	2,615
Other receivables, net of loss allowance	<u>592</u>	<u>729</u>
	35,037	34,298
Less: Rental deposits and other deposits (shown under non-current assets)	<u>(4,089)</u>	<u>(1,744)</u>
Trade and other receivables (shown under current assets)	<u><u>30,948</u></u>	<u><u>32,554</u></u>

Included in the Group's other receivables, prepayments and deposits were rental deposits and other deposits amounting to approximately HK\$1,089,000 and HK\$3,000,000 (2023: approximately HK\$1,744,000 and HK\$Nil) respectively, which is expected to be recovered or recognised as expenses after more than one year. All of the other trade and other receivables are expected to be recovered or recognised as expenses within one year.

(a) Ageing analysis

The following is an ageing analysis of contract assets and trade receivables (net of loss allowance), presented based on the invoice date at the end of the reporting period which approximated the respective revenue recognition dates:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Contract assets	26	255
Trade receivables:		
0 to 30 days	7,736	4,283
31 to 60 days	3,818	6,727
61 to 90 days	2,180	4,666
More than 90 days	<u>24</u>	<u>11,901</u>
	<u><u>13,784</u></u>	<u><u>27,832</u></u>

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

12. LOAN RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loan receivables	28,919	17,495
Less: Impairment loss	<u>(4,458)</u>	<u>(3,519)</u>
	<u>24,461</u>	<u>13,976</u>

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

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 follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0–90 days	12,967	2,811
91–180 days	4,973	–
181–365 days	<u>6,521</u>	<u>11,165</u>
	<u>24,461</u>	<u>13,976</u>

The Group seeks to maintain strict control over its outstanding loan receivables so as to minimise credit risk by receiving borrower's and their guarantors' financial positions. The granting of loan is subject to approval by the management, whilst overdue balances are reviewed regularly for recoverability. As at 30 June 2024, loan receivables are charging on effective interest rates mutually agreed with the contracting parties, ranging from 9% to 15% (2023: 9% to 15%) per annum.

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

Loan receivables with outstanding principal and interest as at 30 June 2024 in aggregate amount of approximately HK\$4,458,000 (2023: approximately HK\$3,519,000) which have been impaired, and additional impairment loss of approximately HK\$998,000 (2023: approximately HK\$22,000) and reversal of impairment loss of approximately HK\$59,000 (2023: approximately HK\$7,070,000) were respectively recognised for the year ended 30 June 2024.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Listed equity securities in Hong Kong, at fair value	<i>(i)</i>	15,417	34,693
Unlisted equity securities in Hong Kong, at fair value	<i>(ii)</i>	16,671	17,369
Convertible bond in Hong Kong	<i>(iii)</i>	–	1,544
Unlisted equity funds outside Hong Kong	<i>(iv)</i>	8,708	11,951
		40,796	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) As at 30 June 2024, the fair value of the unlisted equity securities represents the equity securities of Convoy Global Holdings Limited (“**Convoy Shares**”) and EJE (Hong Kong) Holdings Limited (“**EJE (Hong Kong) Shares**”), which were determined by the Directors with reference to valuations carried out by an independent qualified professional valuer. During the year ended 30 June 2024, the aggregate loss on change in fair value in respect of the Convoy Shares and EJE (Hong Kong) Shares amounting to approximately HK\$698,000 (2023: approximately HK\$3,929,000) were recognised in profit or loss.

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

- (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 year ended 30 June 2023, gain on change in fair value in respect of the convertible bonds amounting to approximately HK\$45,000 was recognised in profit or loss.

During the year ended 30 June 2024, the convertible bonds were disposed to an independent third party and gain on disposal of approximately HK\$26,000 was recognised in profit or loss.

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

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

14. TRADE AND OTHER PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	265	16,566
Other payables	1,126	1,143
Accrued tutor contractor fee, salary and other accruals	<u>4,019</u>	<u>4,135</u>
	<u><u>5,410</u></u>	<u><u>21,844</u></u>

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

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 to 30 days	37	4,104
31 to 60 days	116	7,772
61 to 90 days	–	4,674
More than 90 days	<u>112</u>	<u>16</u>
	<u><u>265</u></u>	<u><u>16,566</u></u>

15. OTHER BORROWING

As at 30 June 2024, other borrowing of the Group from an independent third party was secured by the corporate guarantee executed by the Company, carried a fixed interest rate at 11% (2023: 11%) per annum and repayable over one year (2023: repayable within one year).

16. SHARE CAPITAL

	Number of shares	Amount HK\$'000
<i>Authorised</i>		
Ordinary shares of HK\$0.05 each		
At 1 July 2022, 30 June 2023 and 30 June 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 2022, 30 June 2023 and 1 July 2023	596,430,880	29,822
Exercise of share options	<u>11,616,000</u>	<u>580</u>
At 30 June 2024	<u>608,046,880</u>	<u>30,402</u>

The shares issued rank *pari passu* with other shares of the Company in issue in all respects. None of the Company or its subsidiaries repurchased, sold, redeemed or cancelled any of the Company's shares during the years ended 30 June 2024 and 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Bradaverse Education (Int'l) Investments Group Limited (“**Company**”) and its subsidiaries (together with the Company, collectively the “**Group**”) principally engages in the provision of (i) private educational services; (ii) 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.

For the year ended 30 June 2024 (“**Year**”), the Group recorded revenue of approximately HK\$122.32 million (2023: approximately HK\$117.61 million), representing an increase of approximately 4.00% as compared to the last financial year. Loss attributable to owners of the Company for the Year amounted to approximately HK\$27.56 million (2023: loss of approximately HK\$28.54 million), such loss was mainly due to a significant loss on change in fair value of financial assets at fair value through profit or loss of approximately HK\$17.41 million (2023: approximately HK\$13.98 million) primarily as a result of the fair value loss on both listed securities and private investments with reference to the bearish sentiment in Hong Kong and global stock market.

BUSINESS REVIEW

(i) Provision of Private Educational Services

Our provision of private educational services business include primary tutoring services, skill course and test preparation courses, secondary tutoring services and English language training and test preparation courses. The revenue derived from provision of private educational service amounted to approximately HK\$30.52 million during the Year (2023: approximately HK\$27.13 million). The Group has launched online classes and other online learning modes to allow students to keep up with the pace of learning.

During the Year and as at 30 June 2024, our learning centre was operated under our brand name of “Modern Education (現代教育)” to provide secondary tutoring services, where we offered both physical class and online class to students to meet different needs. Revenue recorded from secondary tutoring services was approximately HK\$0.96 million, representing an increase of approximately 7.87% as compared to the last financial year (2023: approximately HK\$0.89 million).

During the Year, there was no revenue generated from the English language training and test preparation courses (2023: approximately HK\$85,000).

As at 30 June 2024, the Group had 8 directly-owned education centres and 26 franchised centres operating under the brand name of “Modern Bachelor Education (現代小學士)”. During the Year, there were 3 new franchisees (2023: 3) joined the franchisee scheme. The number of course enrolments recorded from directly-owned education centres was approximately 16,300 (2023: approximately 15,300). Revenue generated from directly-owned education centres and non-profit making organisations was approximately HK\$23.78 million, representing an increase of approximately 17.55% as compared to the last financial year (2023: approximately HK\$20.23 million). Revenue contributed from franchised centres to the Group during the Year remained relatively stable at approximately HK\$3.90 million as compared to approximately HK\$4.08 million in 2023.

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

Following the emergence of the concept of Web 3.0, and a growing demand on STEAM education services in Hong Kong, the Group offered various STEAM courses under the brand name of “UFO Tech Academy (優孚奧科技學院)” (formerly known as “UFO School (優孚奧學校)”). During the Year, the Group generated revenue of approximately HK\$1.88 million from the provision of STEAM education services, represented a slight increase of approximately 2.73% as compared to approximately HK\$1.83 million in the last financial year.

Apart from the provision of STEAM education services, the Group also generated revenue of approximately HK\$2.26 million from sales of VR products and provision of related services and approximately HK\$87.10 million from sales of gaming products during the Year (2023: approximately HK\$4.82 million and approximately HK\$83.99 million, respectively).

(iii) Money Lending Business

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

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

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

Loan application and approval

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

- verification and background checking, such as the identity documents and statutory records (i.e. identity card, address proof, business registration certificate, latest annual return, etc.);
- 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 will be further subject to the judgement of the management, where certain factors may also be considered in loan assessment as additional factors that would greatly affect the likelihood of the loan recoverability, such as the credit history, career profile, business or family background of the borrower/guarantor and the purpose of the borrowing.

Recovery and collection of loan receivables

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

As at 30 June 2024, the loans receivables of China Rich were loan with guarantee and unsecured loans. The management of China Rich are of the view that the composition is reasonable and in the interests of the shareholders as a whole, considering that a relatively higher interest yield could be associated with an unsecured loan, given that the borrower can fulfill China Rich's loan approval requirements as mentioned above.

Impairment provisions

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

The following table shows the China Rich's loan balance as at 30 June 2024 by different nature of loans.

	Total number of borrowers	Loan principal as at 30 June 2024 <i>HK\$'000</i>	Interest rate per annum %	Term Months	% of total loan principal as at 30 June 2024 %
Loan with guarantee	1	5,000	12	12	17.65
Unsecured loans	9	23,327	9–15	12	82.35
Total	10	28,327			100.00

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0–90 days	12,967	2,811
91–180 days	4,973	–
181–365 days	6,521	11,165
	24,461	13,976

China Rich's five largest loan receivables and interest receivables amounted to approximately HK\$24.74 million or 85.56% (2023: approximately HK\$16.22 million or 92.68%) of its total loan receivables and interest receivables, of which approximately HK\$7.25 million or 25.06% (2023: approximately HK\$7.28 million or 41.60%) was made to the largest customer.

Loan receivables with outstanding principal and interest as at 30 June 2024 in aggregate amount of approximately HK\$4.46 million (2023: approximately HK\$3.52 million) which have been past due and impaired as at the reporting date, and additional impairment loss of approximately HK\$998,000 (2023: approximately HK\$22,000) and reversal of impairment loss of approximately HK\$59,000 (2023: approximately HK\$7.07 million) were respectively recognised for the Year.

Investments

Assets Investments

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

During the Year, the Group continued to participate in the stock market for securities trading. The Group acquired listed securities in 8 listed companies in Hong Kong and disposed listed securities in 22 listed companies in its investment portfolio during the Year. As at 30 June 2024, the Group had financial assets at FVPL with a fair value of approximately HK\$40.80 million (30 June 2023: approximately HK\$65.56 million). The Group recorded a loss in fair value change of approximately HK\$17.41 million, in aggregate, on financial assets at FVPL (2023: loss of approximately HK\$13.98 million) with reference to the bearish sentiment in Hong Kong and global stock market.

Details of the significant investments and other investments in the portfolio under financial assets at FVPL with a value of 5% or more of the Group’s audited total assets as at 30 June 2024 are as follows:

Description of investments	Principal businesses	Number of shares held	Percentage held to the total issued	Investment cost	Fair value	Percentage to the Group’s audited total assets as at
			of the company		as at 30 June 2024	30 June 2024
			(approximately)	HK\$’000	HK\$’000	(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	10.65%
Other investments						
Listed equity securities*				40,552	15,417	10.45%
Unlisted equity securities				8,150	970	0.66%
Unlisted equity funds				11,020	8,708	5.90%
Grand total				<u>181,838</u>	<u>40,796</u>	<u>27.66%</u>

* Listed equity securities included the equity securities of 6 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 audited total assets as at 30 June 2024.

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

Description of investments	Net realised fair value (loss) gain for the Year HK\$'000	Net unrealised fair value loss for the Year HK\$'000
Convoy	–	(698)
Listed equity securities*	(2,664)	(10,878)
Unlisted equity funds	–	(3,194)
Convertible bond	<u>26</u>	<u>–</u>
Grand total	<u>(2,638)</u>	<u>(14,770)</u>

* *Listed equity securities included the equity securities of 13 companies which are listed on the Main Board of the Stock Exchange and the equity securities of 10 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.

Subsequently, 100% of Convoy's Platform Business and a 30% stake in its independent financial advisory (IFA) business were acquired by AGBA Acquisition Limited (Nasdaq: AGBA) in a reverse merger transaction on 14 November 2022. The post-combination company has been renamed "AGBA Group Holding Limited" and its ordinary shares and warrants began trading on the Nasdaq Capital Market ("Nasdaq") on 15 November 2022 under the ticker symbols "AGBA" and "AGBAW" respectively.

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\$122.32 million for the Year, representing an increase of approximately 4.00% as compared to approximately HK\$117.61 million recorded in the last financial year.

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

- Secondary tutoring services: an increase in revenue to approximately HK\$0.96 million, representing an increase of approximately 7.87% as compared to approximately HK\$0.89 million recorded in the last financial year.
- English language training and test preparation courses: no revenue generated as compared to approximately HK\$85,000 recorded in the last financial year.
- Primary tutoring services, skill courses and test preparation courses, and franchising: an increase in revenue to approximately HK\$27.68 million, representing an increase of approximately 13.86% as compared to approximately HK\$24.31 million recorded in the last financial year.

During the Year, the Group recorded revenue from the segment of STEAM education services, VR and digital entertainment: (i) trading of VR products and provision of related services of approximately HK\$2.26 million (2023: approximately HK\$4.82 million); (ii) the STEAM education services of approximately HK\$1.88 million (2023: approximately HK\$1.83 million); and (iii) trading of gaming products of approximately HK\$87.09 million (2023: approximately HK\$83.99 million).

During the Year, the Group recorded loan interest income from the segment of money lending business of approximately HK\$2.44 million (2023: approximately HK\$1.67 million).

Other income, gains and losses, net

For the Year, the Group's other income, gains and losses recorded a net gain of approximately HK\$8.00 million (2023: net gain of approximately HK\$1.06 million). Such gain was mainly due to the net effect of (i) sponsorship fee income of approximately HK\$1.50 million; (ii) service charge income of approximately HK\$2.39 million; (iii) reversal of impairment loss on trade receivables of approximately HK\$4.82 million in aggregate; and (iv) impairment loss on loan receivables of approximately HK\$0.94 million.

Staff costs

The Group's staff costs increased by approximately HK\$3.52 million or 13.01% to approximately HK\$30.58 million as compared to approximately HK\$27.06 million recorded in the last financial year, which was primarily due to a result of ongoing development in private educational services.

Tutor contractor fee

The Group's tutor contractor fee remained steady at approximately HK\$2.48 million for the Year and the last financial year.

Marketing expenses

The Group's marketing expenses decreased significantly by approximately HK\$1.09 million or 28.68% to approximately HK\$2.71 million for the Year as compared to approximately HK\$3.80 million for the last financial year, which was primarily due to the one-off collaboration with a YouTube Channel during the last financial year but absent during the Year.

Other operating expenses

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

	<i>HK\$'000</i> <i>(approximately)</i>
Rental related fees and charges (including building management fee, air conditioning charges and government rent and rates)	1,738
Legal and professional fee	1,152
Auditor's remuneration	780
Printing and stationery	178
Other daily operation related expenses*	<u>4,651</u>
Total	<u><u>8,499</u></u>

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

For the Year, Other Operating Expenses decreased by approximately HK\$2.40 million or 22.04% to approximately HK\$8.50 million as compared to the last financial year. Such decrease was mainly as a result of the decrease in the business entertainment expenses of approximately HK\$0.92 million and the decrease in transaction fee of approximately HK\$0.46 million for the Year as compared to the last financial year.

Finance costs

The Group recorded finance costs of approximately HK\$2.78 million during the Year (2023: approximately HK\$2.10 million), in which the amount represented the finance costs recognised on lease liabilities and other borrowing.

Loss attributable to owners of the Company

Loss attributable to owners of the Company for the Year was approximately HK\$27.56 million (2023: approximately HK\$28.54 million). Such loss was due to a significant loss on change in fair value of financial assets at fair value through profit or loss of approximately HK\$17.41 million (2023: approximately HK\$13.98 million) primarily as a result of the impairment loss on both listed securities and private investments with reference to the bearish sentiment in Hong Kong and global stock market.

OUTLOOK

With the application of VR, augmented reality and artificial intelligence (“AI”) 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 of “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 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.

In view of the vast education market and the strong demand for digital and intelligent education in China, the Group planned to introduce its AI assisted education platform and various innovative education technologies into China via collaboration with major industry leaders.

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 retails clients but also to corporations.

LIQUIDITY AND FINANCIAL RESOURCES

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

As at 30 June 2024, the Group's total balance of cash and cash equivalents amounted to approximately HK\$8.65 million (30 June 2023: approximately HK\$13.86 million), of which approximately 99.01% is held in Hong Kong dollars and approximately 0.99% is held in Renminbi. Current ratio (defined as total current assets divided by total current liabilities) was approximately 6.04 times (30 June 2023: approximately 2.42 times).

During the Year, the Company renewed a guarantee agreement with an independent third-party financial institution pursuant to which the Company guaranteed to repay the unsecured indebtedness in respect of the revolving loan facility agreement renewed between the financial institution and a wholly-owned subsidiary of the Company. The advancement of principal sum of HK\$8.00 million was made during the Year. The borrowing will mature in December 2025 and bear a fixed interest rate of 11.00% per annum. The amount is denominated in Hong Kong dollars.

As at 30 June 2024, the Group's interest-bearing other borrowing and net borrowings (total interest-bearing liabilities less cash and cash equivalents) were amounted to approximately HK\$17.00 million and HK\$8.35 million, respectively (30 June 2023: approximately HK\$21.06 million and HK\$7.20 million, respectively).

As at 30 June 2024, the gearing ratio of the Group was approximately 24.16% (30 June 2023: approximately 33.15%). Gearing ratio is total debts divided by the sum of total equity and total debts. Total debts refer to total liabilities minus the sum of tax payable, deferred tax liabilities and dividend payable (if any).

IMPAIRMENT ASSESSMENT OF LOAN RECEIVABLES AS AT 30 JUNE 2024

As at 30 June 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 30 June 2024 in aggregate amount of approximately HK\$4.46 million (2023: approximately HK\$3.52 million) which have been past due and impaired before the date of this announcement. During the Year, approximately HK\$0.94 million of impairment loss on loan and interest receivables was recognised (2023: reversal of impairment loss of approximately HK\$7.05 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 and past collection history of each borrower. Further details of the impairment assessment of the loan receivables are disclosed in notes 5 and 12 to this announcement.

CAPITAL STRUCTURE AND TREASURY POLICIES

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

EXPOSURE TO FOREIGN EXCHANGE RISK

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

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2024, the Group had a total of 94 full-time employees (30 June 2023: 88 full-time employees). They received competitive remuneration packages that were constantly monitored against the market pay rate, and with incentives such as discretionary bonuses or employee share options based on the Group's and individual's performance. The Group provided comprehensive benefits packages and career development opportunities. In-house and external training programmes were provided as and when required.

EQUITY-LINKED AGREEMENTS

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

ADOPTION OF 2023 SHARE OPTION SCHEME

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**”) which 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**”) 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.

CONTINGENT LIABILITIES

As at 30 June 2024 and 2023, the Group had no significant contingent liabilities.

CAPITAL COMMITMENTS

As at 30 June 2024 and 2023, there were no capital commitments contracted for but not provided in the consolidated financial statements of the Group.

CHARGES ON THE GROUP’S ASSETS

The Group had neither pledged any assets nor any general banking facilities as at 30 June 2024 and 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 Year.

MATERIAL ACQUISITIONS AND DISPOSALS

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

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

Save as disclosed in this announcement, as at 30 June 2024, the Group did not have any other plans for material investment or capital assets.

EVENTS AFTER THE REPORTING PERIOD

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

As at the date of the board of Directors' approval of these consolidated financial statements, the unrealised losses on financial assets at FVPL from changes in fair value on financial assets at FVPL held as at 30 June 2024 amounted to approximately HK\$1.54 million.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has applied the principles in and adopted the code provisions of the corporate governance code set out in Appendix C1 to the Listing Rules (“**CG Code**”) as its own corporate governance code. During the Year, the Company has complied with all the code provisions of the CG Code except the deviations disclosed in the following paragraphs.

The positions of the chief executive officer of the Company and the chairman of the Board have been vacated since 9 November 2017 and 19 December 2017 respectively as the Company has not been able to identify suitable candidates for the positions and remain vacated as at the date of this announcement. The aforesaid vacancies constitute a deviation from Code Provision 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.

Code provision C.5.1 of the CG Code stipulates that regular Board meetings should be held at least four times a year at approximately quarterly intervals. During the Year, the Company only convened two regular Board meetings and written resolutions on Board-level decisions were circulated to obtain consent from the Board. The Board considers there were sufficient measures taken to ensure that the Company's corporate governance practices are in compliance with the CG Code. The Company would arrange additional Board meetings as required in the future.

LITIGATION

- (1) On 19 December 2017, Fastek Investments Limited ("**Fastek**"), an indirectly wholly-owned subsidiary of the Company, received a writ of summons ("**Writ**") with statement of claim issued in the Court of First Instance of the High Court of Hong Kong ("**CFI**") by Convoy and certain subsidiaries of Convoy ("**Plaintiffs**") to claim an order against Fastek, as one of the placees under the placing of Convoy Shares conducted in October 2015, that Fastek was wrongly placed the Convoy Shares and wrongly received certain circular financing facilities by one of the Plaintiffs.

On 31 May 2018, the Plaintiffs filed an amended statement of claim ("**Amended SoC**") against, among other defendants, Fastek, pursuant to which:

- (i) Convoy (the 1st plaintiff) seeks, inter alia, (i) a declaration and order as against the placees that the allotment of the Convoy Shares is null and void or has been rescinded and set aside; (ii) an account of profits and an order for payment of any sums found to be due, equitable compensation to be assessed, and/or damages to be assessed for breach of fiduciary, common law and/or statutory duties, dishonest assistance, unlawful means conspiracy and/or lawful means conspiracy, as against, among others, Fastek;
- (ii) Convoy Collateral Limited and CSL Securities Limited (the 2nd plaintiff and the 3rd plaintiff) seek, inter alia, an order against, among others, Fastek as one of the direct recipients of funds under the said circular financing arrangement for an account of profits and an order for payment of any sums found to be due, equitable compensation to be assessed, and/or damages to be assessed for breach of fiduciary, common law and/or statutory duties, dishonest assistance, unlawful means conspiracy and/or lawful means conspiracy; and

- (iii) the Plaintiffs seek against all the defendants (a) general or special damages; (b) interests; (c) costs; (d) further and/or other reliefs.

On 5 June 2018, the solicitors for Fastek received a letter from the solicitors for the Plaintiffs dated 4 June 2018 which clarified that the Amended SoC (which states “**re-filed on 31 May 2018**”) served on Fastek on 31 May 2018 has yet to be officially filed in the CFI pending the resolutions of the Plaintiffs’ applications lodged with Mr. Justice Harris on 4 June 2018 to amend the statement of claim and to add new parties by amending the Writ.

On 25 July 2018, Fastek received a sealed order of the hearing for the Plaintiffs’ summons held on 28 June 2018 (“**Order**”). Pursuant to the Order, it is ordered, among other matters, that as between the Plaintiffs and Fastek (among certain other defendants), the Plaintiffs do have leave to file and serve the Amended SoC. On 9 July 2018, the Plaintiffs served on Fastek copies of the amended Writ and Amended SoC.

Pursuant to the order of Mr. Justice Harris granted on 12 July 2019, the Plaintiffs have filed and served its re-amended Writ and the re-amended statement of claim on 16 July 2019.

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

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

- (2) On 2 January 2018, Fastek received a petition dated 27 December 2017 made by the petitioner filed with the CFI, whereby the petitioner seeks, among other things, a declaration that the placement of Convoy Shares to Fastek in October 2015 is void ab initio and of no legal effect.

Please refer to the announcements of the Company dated 19 December 2017, 2 January 2018, 4 June 2018, 7 June 2018 and 25 July 2018 for details on the litigations involving the Group.

Given that the litigations are still at a preliminary stage and has not gone into substantive pleading stage, and having considered the alleged claims and consulted with the Company’s legal advisers, the Directors are of the views that (i) it is premature to assess the possible outcome of any claim which is pending, either individually or on a combined basis; (ii) it is uncertain as to whether there will be any impact, and if so, the quantum, on the financial position of the Group; and (iii) no provision for the claims in these legal proceedings is required to be made based on their current development. The Directors will monitor these litigations against the Group closely and the Company will continue to keep the shareholders of the Company and potential investors informed of any further material development.

REVIEW OF ANNUAL RESULTS

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

SCOPE OF WORK OF THE GROUP'S AUDITORS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in this results announcement have been agreed by the Group's auditors, Baker Tilly Hong Kong Limited. The work performed by Baker Tilly Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Baker Tilly Hong Kong Limited in this announcement.

ACKNOWLEDGEMENT

The Group would like to express its heartfelt appreciation to its employees for their contributions to the Group. The Group would also like to express its deepest gratitude to the shareholders and investors of the Company for their support. The Group will continue to create value and contribute to the Group to benefit all its stakeholders.

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

Hong Kong, 27 September 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.