



Modern Education Group Limited
 Stock Code: 1082

Announces Annual Results for the Year Ended 30 June 2012
Profit Significantly Increased 55.88% to HK\$31.97 million
Boom in Liberal Studies Course Enrollment

| <u>Financial Highlights</u> <u>(HK\$'000)</u> | For the 12 months ended 30 June 2012 | | |
|--|--------------------------------------|---------------|-----------|
| | 2012 | 2011 | Change |
| Revenue | 318,654 | 268,614 | +18.63% |
| Profit for the Year | 31,972 | 20,510 | +55.88% |
| Net Profit Margin | 10.03% | 7.64% | +2.39 pts |
| Basic Earnings per Share | HK 7.81 cents | HK 7.23 cents | +8.02% |

(Hong Kong, 20 September 2012) – **Modern Education Group Limited** (Stock code: 1082) (“Modern Education” or “The Group”) announced its annual results for the 12 months ended 30 June 2012 (“the Year”).

During the Year, due to the combined effect of the recovery in revenue derived from the Group’s secondary tutoring services, the recognition of revenue derived from the Group’s new service streams which had commenced operation in the second half of the year ended 30 June 2011 or during the Year, such as primary tutoring services, overseas studies consultation services and bridging courses services, the Group’s revenue increased 18.63% to HK\$319 million (2011: HK\$269 million). Profit for the Year amounted to HK\$31.97 million (2011: HK\$20.51 million), representing a significant increase of approximately 55.88%. Net profit margin was 10.03% (2011: 7.64%). Basic earnings per share for the Year was HK7.81 cents (2011: HK 7.23 cents) with an increase of approximately 8.02%.

Secondary Tutoring Services

During the Year, the Group recorded a significantly higher number of course enrolments in secondary tutoring services as compared with last year. The Group’s secondary tutoring services recorded revenue of HK\$259.43 million, representing a growth of 23.97% (2011: HK\$209.26 million). The increase was primarily because of (i) the boom in course enrolments in the Liberal Studies subject, which was one of the fastest growing subjects during the Year, (ii) the co-existence of the first HKDSE for Secondary 6 candidates and the last HKALE and HKASLE for Form 7 candidates in the academic year of 2011, and (iii) the joining of more tutors who are seasoned in quality tutoring services and well-recognised among students.

Primary Tutoring Services, Skill Courses and Test Preparation Courses

The revenue of primary tutoring services increased 240.31% to HK\$17.38 million (2011: HK\$5.11 million). The Group enriched its primary tutoring services by offering more test preparation courses, such as Cambridge Young Learners’ English Tests, Olympic Mathematics, Pearson Test of English and

GAPSK certificate classes, as well as interview preparation classes for students' application for admission to renowned secondary schools. As at 30 June 2012, the Group had 9 directly owned learning centres and 15 franchised centres in operation as well as 8 franchised centres under construction or looking for appropriate locations.

Secondary Day School Education

Day school education recorded revenue of HK\$18.60 million, representing a drop of 44.31% (2011: HK\$33.39 million). The number of course enrolments of the Group's day school students dropped during the Year mainly because there was no class run for Form 5/Secondary 5 students. It is expected that there will be day school repeaters of the first HKDSE in the coming academic year.

English Language Training and Test Preparation Courses

During the Year, English language and test preparation courses recorded revenue of HK\$18.33 million (2011: HK\$17.93 million). The Group provides English language training and test preparation courses under the brand of "Modern Education". The International English Language Testing System ("IELTS") Preparation Course and Diploma in Workplace English ("TOEIC") Preparatory Course were the most popular courses among students.

Overseas Studies Consultation Services

Pursuant to the cooperation agreement with an overseas studies consultation company based in Hong Kong, the Group has been providing consultation services since May 2011 for students, who intend to study abroad, through the brand of "Modern Overseas", and during the Year, the revenue increased 153.95% to HK\$1.80 million (2011: HK\$0.71 million). The Group provides tailor-made professional advice and analysis for each student and has approximately 1,000 overseas educational partners all over the world. With the Group's strategic promotion, the brand of "Modern Overseas" (現代海外升學) has been built up rapidly to differentiate its services from those of others in the market.

Bridging Courses

During the Year, the Group expanded its overseas studies services by providing the international foundation year courses (the "IFY courses") which are in form of a one-semester full-time pathway programme for secondary school students in pursuit of overseas higher education. The Group's IFY courses revenue of HK\$0.67 million. The Group aims to achieve synergy in providing all-round services in this market as upon completion of the IFY courses, students would be further assisted by the Group's overseas studies consultation services.

PRC Operations

During the Year, the Group continued to provide technical consultation, management and software licensing services to Beijing Yasi School (北京雅思). To expand the Group's operations in China, one of the Group's subsidiaries started providing educational consultation and management services at Shaoguan No. 1 High School. Furthermore, a bridging course has been run at Shaoguan No. 1 High School to prepare local Chinese students for overseas higher education. The Group's revenue derived from PRC operations was HK\$2.46 million for the Year.

Mr. Ng Kam Lun (Ken Sir), Chairman of Modern Education, said, "The Group will continue our proven profitable business model in secondary tutoring services in Hong Kong. We have also devoted ourselves to developing more adjacent education services markets, such as primary tutoring services, overseas studies consultation services and overseas university bridging courses, and English language training and test preparation courses. Leveraging our strong brands, economies of scale, high teaching

quality, diverse products and experienced management team, we keep in a steady expansion of the geographical network of our education and tutoring services business and boost our revenues in the existing markets by offering more classes and subjects at various levels, attracting more new and recurring students.” He continued, “We also intend to further expand our business into cities in the PRC with high-growth potentials to reach a wider and more diverse customer and student base of the Group. We are confident that we will be able to achieve sustainable growth and development in both Hong Kong and the growing PRC education market.”

About Modern Education Group Limited

Modern Education is one of the major chain education service providers in Hong Kong and it is the only company listed on the Main Board of the Hong Kong Stock Exchange in the industry. The Group offers a wide range of education programmes and services consisting of primary and secondary school tutoring services, English language training and test preparation courses, secondary day school education, overseas studies consultation services and other bridge programmes and services leading to overseas higher education. The Group successfully entered the Chinese education market in 2010 and provides technical consultation, management and software licensing services to Beijing Yasi School (北京雅思學校). In recent years, leveraging the soft power of Hong Kong, the Group principally develops English education and test preparation courses with English as the medium of instruction and examination language. At the same time, the Group offers international courses for students in the PRC, and has launched international higher secondary education programmes at the top secondary schools of 3 cities in Guangdong Province, and wishes to expand its coverage to 10 cities in the coming 3 years. Additional information on Modern Education can be found at www.moderneducationgroup.com.

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