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**BExcellent Group Holdings Limited**  
**精英匯集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1775)**

**ANNOUNCEMENT OF ANNUAL RESULTS**  
**FOR THE YEAR ENDED 31 JULY 2022**

**FINANCIAL HIGHLIGHTS**

Summary of the results of the Group for the financial year ended 31 July 2022 compared to that of the year ended 31 July 2021 is as follows:

- The Group's revenue decreased by 20.1% from HK\$177.4 million to HK\$141.8 million.
- Total number of session enrollments of private supplementary secondary school education services decreased by 20.4% from 225,000 to 179,000.
- Loss before taxation of the Group decreased by 15.5% from HK\$28.8 million to HK\$24.3 million.
- Loss attributable to owners of the Company decreased by 5.4% from HK\$27.0 million to HK\$25.5 million.

As at 31 July 2022, the Group had cash and cash equivalents of HK\$103.9 million (2021: HK\$81.1 million).

The Board does not recommend the payment of a final dividend for the year ended 31 July 2022.

**ANNUAL RESULTS**

The board (the “**Board**”) of directors (the “**Directors**”) of BExcellent Group Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 July 2022, which have been reviewed by the Company's Audit Committee. Unless specified otherwise, (i) capitalised terms used herein shall have the same meanings as used in the immediately preceding annual report of the Company; and (ii) where appropriate, numerical figures or percentages presented herein shall be approximate figures and percentages (as the case may be).

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 July 2022

	<i>Note</i>	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
Revenue	3	141,829	177,398
Other income	4	15,011	19,579
Other losses - net	4	(1,102)	(325)
Staff costs	5	(70,047)	(81,008)
Tutor service fees		(33,012)	(48,404)
Short-term lease, variable lease and low-value lease payments		(11,012)	(6,709)
Advertising and promotion expenses		(4,288)	(4,965)
Printing and other operating expenses		(38,320)	(44,520)
Depreciation and amortisation expenses		(22,890)	(37,261)
Reversal of impairment loss/(impairment loss) on financial assets		460	(1,073)
		<hr/>	<hr/>
Operating loss		(23,371)	(27,288)
Finance costs	6	(1,224)	(1,376)
Share of profits/(losses) of associates		270	(126)
		<hr/>	<hr/>
<b>Loss before taxation</b>	7	<b>(24,325)</b>	<b>(28,790)</b>
Taxation	8	(1,886)	1,235
		<hr/>	<hr/>
<b>Loss for the year</b>		<b>(26,211)</b>	<b>(27,555)</b>
Other comprehensive loss			
<i>Item that will not be reclassified to profit or loss</i>			
Change in the fair value of equity investment at fair value through other comprehensive income		(91)	(215)
		<hr/>	<hr/>
Other comprehensive loss for the year		(91)	(215)
		<hr/>	<hr/>
Total comprehensive loss for the year		<b>(26,302)</b>	<b>(27,770)</b>
		<hr/>	<hr/>
Loss attributable to			
– Owners of the Company		(25,506)	(26,963)
– Non-controlling interests		(705)	(592)
		<hr/>	<hr/>
		<b>(26,211)</b>	<b>(27,555)</b>
		<hr/>	<hr/>
Total comprehensive loss for the year attributable to			
– Owners of the Company		(25,597)	(27,178)
– Non-controlling interests		(705)	(592)
		<hr/>	<hr/>
		<b>(26,302)</b>	<b>(27,770)</b>
		<hr/>	<hr/>
Loss per share for loss attributable to the owners of the Company (expressed in HK cent per share):			
Basic loss per share	9(a)	(5.10)	(5.39)
Diluted loss per share	9(b)	(5.10)	(5.39)
		<hr/>	<hr/>

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 July 2022

	Note	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		10,787	16,759
Right-of-use assets	11	33,205	29,444
Investment property	12	19,100	19,400
Intangible assets		4,732	4,659
Interest in associates		271	—
Financial asset at fair value through other comprehensive income		194	285
Deferred income tax assets		4,660	6,668
Deposits and prepayments	14	2,064	2,463
		<u>75,013</u>	<u>79,678</u>
<b>Current assets</b>			
Accounts receivables	13	2,499	3,398
Deposits, prepayments and other receivables	14	20,255	18,033
Income tax recoverable		22	1,064
Cash and cash equivalents		103,888	81,148
		<u>126,664</u>	<u>103,643</u>
<b>Total assets</b>		<u><u>201,677</u></u>	<u><u>183,321</u></u>
<b>Equity</b>			
Share capital	17	120,956	120,956
Other reserves		9,054	16,676
Accumulated losses		(28,078)	(10,737)
<b>Equity attributable to owners of the Company</b>		<u>101,932</u>	126,895
Non-controlling interests		(1,605)	(901)
<b>Total equity</b>		<u>100,327</u>	125,994

	<i>Note</i>	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Other payables	<i>15</i>	<b>16,982</b>	16,371
Contract liabilities		<b>7,285</b>	15,352
Current income tax payable		<b>140</b>	345
Borrowings		<b>55,074</b>	7,585
Lease liabilities	<i>11</i>	<b>8,758</b>	11,264
		<u><b>88,239</b></u>	<u>50,917</u>
		-----	-----
<b>Non-current liabilities</b>			
Other non-current liabilities	<i>16</i>	<b>585</b>	579
Deferred income tax liabilities		<b>11</b>	10
Lease liabilities	<i>11</i>	<b>12,515</b>	5,821
		<u><b>13,111</b></u>	<u>6,410</u>
		-----	-----
<b>Total liabilities</b>		<u><b>101,350</b></u>	<u>57,327</u>
<b>Total equity and liabilities</b>		<u><b>201,677</b></u>	<u>183,321</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

# Notes to the Consolidated Financial Statements

## 1 GENERAL INFORMATION

BExcellent Group Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and listed (the “**Listing**”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 13 July 2018. The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together “**the Group**”) are principally engaged in the provision of private supplementary secondary school education services, the operation of private secondary day schools and offer ancillary education services and products in Hong Kong. The ultimate holding company is Beacon Enterprise Limited, a company incorporated in the British Virgin Islands with limited liability.

These consolidated financial statements are presented in thousands of Hong Kong dollar (“**HK\$’000**”), unless otherwise stated.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), and disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). These consolidated financial statements also include applicable disclosure required by the Rules Governing the Listing of Securities on the Stock Exchange.

The following amendments to existing standards are mandatory for the first time for the financial year beginning 1 August 2021, but have no material effect on the Group’s reported results and financial position for the current and prior accounting periods.

— Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 “Interest Rebate Reform – Phase 2”

New standard and amendments published by the HKICPA that are not yet effective and have not been early adopted by the Group are as follows:

		<b>Effective for accounting years beginning on or after</b>
AG 5 (Revised)	Merger Accounting for Common Control Combinations	1 January 2022
Amendments to HKAS 16	Property, Plant and Equipment Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to HKFRSs 2018 – 2020		1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 1	Presentation of Financial Statements	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKFRS 17	Insurance Contracts	1 January 2023
HK Int 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has already commenced an assessment of the impact of these new or revised standards and amendments, certain of which may be relevant to the Group's operations and may give rise to changes in accounting policies, changes in disclosures and remeasurement of certain items in the consolidated financial statements.

Certain new standards and amendments, which are effective after 31 July 2022, have been published and will be adopted by the Group from their effective dates. The Group is currently assessing the potential impact of these standards and amendments but expects their adoption will not have a significant effect on the Group's consolidated financial statements.

The consolidated financial statements have been prepared under the historical cost basis, except for the following:

- investment property (see note 12); and
- financial assets at fair value through other comprehensive income (“**FVOCI**”).

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of judgements about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are disclosed in the consolidated financial statements.

### **3 REVENUE AND SEGMENT INFORMATION**

The executive Directors are the Group's chief operating decision-makers (“**CODM**”). Management has determined the operating segments based on the information reviewed by the CODM for the purposes of allocating resources and assessing performance.

The CODM consider the business by nature of business activities and assess the performance of private supplementary secondary school education services, private secondary day school services and ancillary education services and products. Ancillary education services and products mainly represent (i) IELTS and foreign language courses under our “Beacon BExcellent” brand; (ii) mock examination services; (iii) education services to schools, tutorial and consultation services, interview preparation, language and supplementary primary school education, under our “Diverse Learning Club”, “Beacon Childhood”, “BeConfident”, “Glocal Education” and “Mathgic” brands; (iv) VIP self-study services; (v) other services and products including but not limited to HKDSE school services, online course scheduling and management services, other educational services under our “Ascent Prep” brand, overseas study consultation services under our “GES” and “Academic Advisers” brands and online retail and education business under our “Beacon Living” and “CourseZ” brands respectively, as well as education services offered in mainland China. The CODM consider that the Group operates and is managed as a single operating segment.

In the following table, revenue recognised during the year is disaggregated by major products/service lines and timing of revenue recognition.

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Major products/service lines</b>		
Private supplementary secondary school education services	<b>113,942</b>	145,899
Private secondary day school services	<b>8,784</b>	8,026
Ancillary education services and products	<b>19,103</b>	23,473
	<u><b>141,829</b></u>	<u>177,398</u>
	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Timing of revenue recognition:</b>		
Over time	<b>133,508</b>	167,084
At a point in time	<b>8,321</b>	10,314
	<u><b>141,829</b></u>	<u>177,398</u>

Majority of the Group's revenue from external customers and assets were generated from and located in Hong Kong. All unsatisfied contracts of the Group are related to education service contracts and those contracts are for periods of one year or less. Revenue recognised during the year that was included in contract liabilities at the beginning of the year amounts to HK\$15,352,000 (2021: HK\$14,676,000). As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.



#### 4 OTHER INCOME AND OTHER LOSSES - NET

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Other income		
Government subsidies ( <i>Note (a)</i> )	10,700	14,620
IT service income	2,917	3,437
Interest income	176	232
Advertising income	63	176
Rental income from investment property	574	656
Sundry income	581	458
	<u>15,011</u>	<u>19,579</u>
Other losses - net		
(Decrease)/increase in fair value of investment property ( <i>note 12</i> )	(300)	100
Loss on disposal of property, plant and equipment	(528)	(423)
Loss on deemed disposal of an associate	—	(78)
Exchange differences - net	(274)	76
	<u>(1,102)</u>	<u>(325)</u>

*Note:*

- (a) During the year ended 31 July 2022, the Group recognised subsidies under the Employment Support Scheme of HK\$9,890,000 (2021: HK\$13,485,000) for the period from May to July 2022 (2021: from August to November 2020) and a one-off relief grant for Private Schools Offering Non-formal Curriculum registered under the Education Ordinance (Cap. 279) of HK\$810,000 (2021: HK\$1,120,000).

## 5 STAFF COSTS (INCLUDING DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS)

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries, allowances and bonus	66,241	75,152
Share-based compensation expenses	634	2,559
Pension costs - defined contribution retirement plans ( <i>Note (a)</i> )	3,172	3,297
	<u>70,047</u>	<u>81,008</u>

*Notes:*

### (a) Pension costs - defined contribution retirement plans

The Group participates in a Mandatory Provident Fund scheme (the “MPF Scheme”) in accordance with the Mandatory Provident Fund Scheme Ordinance of Hong Kong. Under the rules of the MPF Scheme, the employer and its employees in Hong Kong are each required to contribute 5% of the employees’ gross earnings with a ceiling of HK\$1,500 per month commencing on 1 June 2014 to the MPF Scheme.

### (b) Five highest paid individuals

The emoluments payable to the five highest paid individuals are as follows:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Basic salaries, housing allowances, other allowances and benefits in kind	8,509	7,971
Pension costs - defined contribution retirement plans	90	90
Bonuses	279	83
	<u>8,878</u>	<u>8,144</u>

The five individuals whose emoluments were the highest in the Group included 4 directors (2021: 3 directors) for the year ended 31 July 2022. The emoluments of the remaining individuals fell within the following bands:

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
HK\$1 - HK\$500,000	—	—
HK\$500,001 - HK\$1,000,000	—	1
HK\$1,000,001 - HK\$1,500,000	—	—
HK\$1,500,001 - HK\$2,000,000	<b>1</b>	1
	<u>1</u>	<u>1</u>
	<b><u>1</u></b>	<b><u>2</u></b>

During the year ended 31 July 2022, no emolument was paid by the Group to any of the Directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2021: Nil).

## 6 FINANCE COSTS

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Interest expenses on lease liabilities	<b>849</b>	1,208
Interest expenses on bank loans	<b>375</b>	168
	<u>1,224</u>	<u>1,376</u>
	<b><u>1,224</u></b>	<b><u>1,376</u></b>

## 7 LOSS BEFORE TAXATION

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Loss before taxation has been arrived at after charging:</b>		
Auditor's remuneration		
– audit and audit-related services	<b>1,168</b>	1,129
– non-audit services	<b>150</b>	92
Printing and stationery	<b>6,794</b>	9,030
	<u>6,794</u>	<u>9,030</u>
	<b><u>6,794</u></b>	<b><u>9,030</u></b>

## 8 TAXATION

The amounts of taxation charged/(credited) to the consolidated statement of comprehensive income represent:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong profits tax		
– provision for current year	91	46
– over-provision in prior years	<u>(214)</u>	<u>(43)</u>
Current income tax	(123)	3
Deferred income tax	<u>2,009</u>	<u>(1,238)</u>
	<u><b>1,886</b></u>	<u><b>(1,235)</b></u>

Hong Kong profits tax has been provided at a rate of 16.5% (2021: 16.5%) on the estimated assessable profit for the year ended 31 July 2022. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

The taxation on the Group's loss before taxation differs from the theoretical amount that would arise using the Hong Kong profits tax rate as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss before taxation	<u>(24,325)</u>	<u>(28,790)</u>
Calculated at a taxation rate of 16.5% (2021: 16.5%)	(4,014)	(4,750)
Effect of different taxation rate in other territory	(292)	—
Income not subject to taxation	(1,825)	(2,479)
Expenses not deductible for taxation purposes	140	452
Recognition of previously unrecognised tax loss	—	(49)
Utilisation of previously unrecognised deferred tax	—	(1,240)
Tax losses with no deferred tax assets recognised	6,860	6,889
Derecognition of previously recognised deferred tax	1,347	—
Over-provision in prior years	(214)	(43)
Others	<u>(116)</u>	<u>(15)</u>
Income tax expense/(credit)	<u><b>1,886</b></u>	<u><b>(1,235)</b></u>

## 9 LOSS PER SHARE

### (a) Basic

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. In determining the weighted average number of ordinary shares, the following have been accounted for:

	2022	2021
Loss attributable to owners of the Company ( <i>HK\$'000</i> )	(25,506)	(26,963)
Weighted average number of shares in issue ( <i>thousand shares</i> )	<u>500,000</u>	<u>500,000</u>
Total basic loss per share attributable to owners of the Company ( <i>HK cent</i> )	<u>(5.10)</u>	<u>(5.39)</u>

### (b) Diluted

Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

	2022	2021
Loss attributable to owners of the Company ( <i>HK\$'000</i> )	<u>(25,506)</u>	<u>(26,963)</u>
Total diluted loss per share attributable to owners of the Company ( <i>HK cent</i> )	<u>(5.10)</u>	<u>(5.39)</u>

### Weighted average number of shares used as the denominator

	2022	2021
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share ( <i>thousand shares</i> )	500,000	500,000
Adjustments for calculation of diluted loss per share:		
Options ( <i>thousand shares</i> )	<u>—</u>	<u>—</u>
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted loss per share ( <i>thousand shares</i> )	<u>500,000</u>	<u>500,000</u>

Basic and diluted loss per share for the year ended 31 July 2022 are the same since the potential shares from options are anti-dilutive.

## 10 DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 July 2022 (2021: Nil).

## 11 LEASES

This note provides information for leases where the Group is a lessee.

### (a) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

<b>Right-of-use assets</b>	<b>2022</b>	<b>2021</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Properties leases	<b>20,336</b>	16,058
Leasehold land	<b>12,869</b>	13,386
	<b><u>33,205</u></b>	<b><u>29,444</u></b>
<b>Lease liabilities</b>	<b>2022</b>	<b>2021</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Current liabilities	<b>8,758</b>	11,264
Non-current liabilities	<b>12,515</b>	5,821
	<b><u>21,273</u></b>	<b><u>17,085</u></b>

During the year ended 31 July 2022, additions to the right-of-use assets were HK\$18,380,000 (2021: HK\$15,738,000) and there was no written-off of right-of-use assets (2021: HK\$2,382,000) due to early termination of the leases.

**(b) Amounts recognised in the consolidated statement of comprehensive income**

The consolidated statement of comprehensive income shows the following amounts relating to leases:

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Depreciation	<b>14,619</b>	26,910
Interest expense (included in finance costs) ( <i>note 6</i> )	<b>849</b>	1,208
Expense relating to short-term leases	<b>11,186</b>	9,775
Expense relating to low-value leases	<b>48</b>	79
Variable lease payment – Rent concession under COVID-19	<b>(222)</b>	(3,145)

The total cash outflow for leases for the year ended 31 July 2022 was HK\$25,653,000 (2021: HK\$36,862,000).

**(c) The Group's leasing activities and how these are accounted for**

The Group obtains right to control the use of assets including teaching centres, offices, staff quarter and warehouse for a period of time through lease arrangements. Lease arrangements are negotiated on an individual basis and contain a wide range of different terms and conditions including lease payments and lease term ranging from 1 to 6 years.

**12 INVESTMENT PROPERTY**

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
At 1 August ( <i>Note (i)</i> )	<b>19,400</b>	19,300
Change in fair value ( <i>note 4</i> )	<b>(300)</b>	100
At 31 July ( <i>Notes (ii), (iii) and (iv)</i> )	<b>19,100</b>	19,400

*Notes:*

- (i) On 11 July 2019, the Group completed the acquisition of a commercial property with a tenancy which was renewed in August 2022. The Group intends to use the commercial property as its teaching center after the expiration of the tenancy.
- (ii) The Group measures its investment property at fair value. The fair value of the Group's investment property as at 31 July 2022 was valued on 31 July 2022 by an independent professional qualified valuer, based on a market value assessment. The valuer applied direct comparison approach and cross-referenced to recent sales transactions where applicable.

The Group's investment property carried at fair value of HK\$19,100,000 was valued by fair value measurements using significant unobservable inputs (Level 3). The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between Levels 1, 2 and 3 during the year.

The valuation method used by the Group to measure the fair value of the investment property is direct comparison method. It is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

The significant unobservable input used is the unit price, which is HK\$8,353 (2021: HK\$8,500) per square feet.

- (iii) As at 31 July 2022, the Group's investment property with carrying value of approximately HK\$19,100,000 (2021: HK\$19,400,000) was pledged to secure bank facilities of the Group.
- (iv) Particulars of the Group's investment property for tenancy purpose as at 31 July 2022 are as follows:

<b>Location</b>	<b>Usage</b>	<b>Lease Term</b>
Offices 1, 2 and 3 on the 3rd Floor of Tai Shing Commercial (Yaumati) Building, Nos. 498 & 500, Nathan Road, Kowloon, Hong Kong	Commercial	Short



### 13 ACCOUNTS RECEIVABLES

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Accounts receivables	<b><u>2,499</u></b>	<u>3,398</u>

There is no credit period granted as the income from private supplementary secondary school education services and private secondary day school services are normally received in advance through settlement in cash, cheque or credit cards. As at 31 July 2022 and 2021, the ageing analysis of the accounts receivables based on invoice date were as follows:

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
1 - 30 days	<b>2,358</b>	3,025
31 - 60 days	<b>91</b>	37
Over 60 days	<b><u>50</u></b>	<u>336</u>
	<b><u>2,499</u></b>	<u>3,398</u>

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all accounts receivables. To measure the expected credit losses, accounts receivables have been grouped based on shared credit risk characteristics and the days past due.

The ECL rates are based on the past repayment history and the historical credit losses experience. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The ECL provided on a collective basis is insignificant as there has been no history of material default from accounts receivables.

For accounts receivables relating to accounts with objective evidence that the Group is unable to contact some of the students to recover the debts, they are assessed individually for impairment allowance. Accordingly, no individual provision were made as at 31 July 2022 (2021: Nil).

The carrying amount of the Group's accounts receivables was denominated in the following currencies:

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Hong Kong dollar	<b>2,482</b>	3,156
Australian dollar	—	143
British Pound	<b>17</b>	35
United States dollar	—	29
Canadian dollar	—	21
Renminbi	—	14
	<u><b>2,499</b></u>	<u>3,398</u>

The Group does not hold any collateral as security for accounts receivables.

#### 14 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

		<b>2022</b>	2021
	<i>Note</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Other receivables	<i>(i)</i>	<b>10,896</b>	5,381
Deposits and prepayments	<i>(ii)</i>	<b>13,442</b>	17,594
		<u><b>24,338</b></u>	<u>22,975</u>
Less: Allowance for impairment		<b>(2,019)</b>	(2,479)
		<u><b>22,319</b></u>	<u>20,496</u>
Less: non-current portion		<b>(2,064)</b>	(2,463)
Deposits, prepayments and other receivables – current portion		<u><b>20,255</b></u>	<u>18,033</u>

*Notes:*

- (i) As at 31 July 2022, other receivables of HK\$2,291,000 (2021: HK\$3,554,000) represent amounts due from tutors which arise from variable expenses incurred by the Group on behalf of the tutors. As at 31 July 2022, other receivable includes an amount of HK\$379,000 (2021: Nil) due from an associate and a loan to an associate of HK\$400,000 (2021: Nil).
- (ii) Deposits and prepayments mainly represent deposits for utilities, lease payments, building management fees, prepayments for service fees, renovation, licence fees, advertising and others.

As at 31 July 2022, deposits of HK\$8,282,000 (2021: HK\$12,327,000), prepayments of HK\$3,096,000 (2021: HK\$2,804,000) and other receivables of HK\$8,877,000 (2021: HK\$2,902,000) are expected to be recovered within one year.

The carrying amount of the Group's other receivables and deposits was denominated in Hong Kong dollar.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

## 15 OTHER PAYABLES

		2022	2021
	<i>Note</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Other payables	<i>(i)</i>	<b>14,648</b>	12,337
Provision of reinstatement cost	<i>(ii)</i>	<b>2,334</b>	4,034
Current portion		<b><u>16,982</u></b>	<u>16,371</u>

Notes:

- (i) Other payables mainly represent accrued staff costs, printing expenses, and advertising expenses, etc.
- (ii) Included in other payables is a current portion of provision of reinstatement cost of HK\$2,334,000 (2021: HK\$4,034,000).  
Movement of provision of reinstatement cost is as follows:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance as at beginning of the year	4,613	3,972
Additions	401	1,176
Utilisation	<u>(2,230)</u>	<u>(535)</u>
Balance as at closing of the year	2,784	4,613
Less: non-current portion	<u>(450)</u>	<u>(579)</u>
Current portion	<u><u>2,334</u></u>	<u><u>4,034</u></u>

## 16 OTHER NON-CURRENT LIABILITIES

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Provision of reinstatement cost ( <i>note 15</i> )	450	579
Rental deposits	<u>135</u>	<u>—</u>
Other non-current liabilities	<u><u>585</u></u>	<u><u>579</u></u>

## 17 SHARE CAPITAL

	Number of shares	<i>HK\$'000</i>
Authorised:		
Ordinary shares of HK\$0.01 each at 31 July 2021 and 2022	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
Ordinary shares at 31 July 2021 and 2022	<u>500,000,000</u>	<u>120,956</u>

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### Introduction

Our Group is a leading provider of private supplementary secondary school education services in Hong Kong. We principally engage in the provision of private supplementary secondary school education services and the operation of private secondary day schools in Hong Kong. We also offer ancillary education services and products targeted at pre-school, kindergarten, primary and secondary school students and individuals pursuing further education, other interest learning or personal development. We provide all of our private supplementary education services in teaching centres located on Hong Kong Island, in Kowloon and the New Territories. Certain amounts and percentage figures set out in this section “Management Discussion and Analysis” have been subject to rounding adjustments for ease of presentation. Accordingly, figures presented herein may not be an arithmetic sum of such figures. As at 31 July 2022, we operated 9 teaching centres, with a total of 72 classrooms, which, in accordance with the EDB’s guidelines, allow a maximum classroom capacity of 2,143 students to attend class at any one time.

The operating environment of private supplementary education in Hong Kong has been unpleasant in the past three academic years, since the COVID-19 pandemic. The government has been imposing public health measures in face of the fluctuating pandemic, such as the suspension of, as well as the restriction on the number of students in face-to-face classes from time to time, which has adversely affected the operation of our teaching centres seriously. The pandemic situation fluctuated during the year, with continuous offline class suspension and early summer break instructed by the EDB; followed by various stringent implementation of anti-pandemic measures in the teaching centres; the situation worsened during the fifth wave of the COVID-19 since late 2021 when the number of new COVID-19 confirmed cases reached a historic high. Adverse impacts on the financial performance of the Group for both the years ended 31 July 2021 and 2022 were obvious. The pandemic led to a gloomy learning environment for students of all levels and a continuous decrease in students’ motivation of obtaining supplementary education services. As a result, there was a decrease in the number of both new and current enrolled students, though the provision of online classes had helped to partly offset the adverse impacts. Accordingly, the Group recorded a significant decrease in revenue from HK\$177.4 million for the year ended 31 July 2021 to HK\$141.8 million for the year ended 31 July 2022, representing a decrease of 20.1%. Despite the worse situation which Hong Kong and the Group faced in current year when compared with prior year, our Group was able to reduce the operating loss by 14.4% or HK\$3.9 million from HK\$27.3 million for the year ended 31 July 2021 to HK\$23.4 million for the year ended 31 July 2022.

## Revenue

We offer a range of education programmes and services in Hong Kong under the following three categories:

- i) private supplementary secondary school education services;
- ii) private secondary day school services; and
- iii) ancillary education services and products.

Set out below is a summary of our revenue and session enrollments for each category of services which we provided for each of the years ended 31 July 2022 and 2021:

	<b>For the year ended 31 July</b>	
	<b>2022</b>	<b>2021</b>
Private supplementary secondary school education services		
– Revenue (HK\$'000)	<b>113,942</b>	145,899
– Session enrollment ('000)	<b>179</b>	225
Private secondary day school services		
– Revenue (HK\$'000)	<b>8,784</b>	8,026
– Session enrollment ('000)	<b>2</b>	2
Ancillary education services and products		
– Revenue (HK\$'000)	<b>19,103</b>	23,473
– Session enrollment ('000)	<b>12</b>	17

*i) Private supplementary secondary school education services*

Our Group provides private supplementary secondary school education services for students from Secondary 1 to Secondary 6 under our “Beacon College” (遵理學校) brand. The following table sets forth the gross revenue, the number of session enrollments of each category and the average course fee of private supplementary secondary school education services for each of the years ended 31 July 2022 and 2021:

	<b>For the year ended 31 July</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Session</b>		<b>Session</b>	
	<b>enrollment</b>	<b>Revenue</b>	<b>enrollment</b>	<b>Revenue</b>
	<b>'000</b>	<b>HK\$'000</b>	<b>'000</b>	<b>HK\$'000</b>
Regular courses	117	81,034	169	112,052
Intensive courses	27	13,838	31	15,342
Summer courses	35	19,070	25	18,505
Total	<u>179</u>	<u>113,942</u>	<u>225</u>	<u>145,899</u>
Average course fee per session enrollment (HK\$)		<u>637</u>		<u>648</u>

The Group’s revenue derived from private supplementary secondary school education services declined by 21.9% when compared with the previous financial year. This was mainly attributable to the decrease in the overall number of session enrollments during the year due to the worsening of the COVID-19 pandemic in late 2021 and early 2022 when the number of new confirmed cases in Hong Kong reached a historic high. Moreover, the Group offered various allowances and bursaries to students during the pandemic, which resulted in a lower average course fee per session enrollment.

**ii) Private secondary day school services**

We operated two private secondary day schools located respectively in Yuen Long and Mong Kok under our “Beacon Day School” (遵理日校) brand. Due to the increase in the number of private secondary day school unique student enrollments during the year ended 31 July 2022, the revenue increased by 9.4% when compared with that in the previous financial year.

**iii) Ancillary education services and products**

Our Group offers various ancillary education services and products such as (i) IELTS and foreign language courses under our “Beacon BExcellent” brand; (ii) mock examination services; (iii) education services to schools, tutorial and consultation services, interview preparation, language and supplementary primary school education, under our “Diverse Learning Club”, “Beacon Childhood”, “BeConfident”, “Glocal Education” and “Mathgic” brands; (iv) VIP self-study services; (v) other services and products including but not limited to HKDSE school services, online course scheduling and management services, other educational services under our “Ascent Prep” brand, overseas study consultation services under our “GES” and “Academic Advisers” brands and online retail and education business under our “Beacon Living” and “CourseZ” brands respectively, as well as education services offered in mainland China. Our Group also received service fees from another private supplementary secondary school education service provider pursuant to a collaboration arrangement. The table below shows the revenue components of the ancillary education services and products for each of the years ended 31 July 2022 and 2021:

	<b>For the year ended 31 July</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Beacon BExcellent	<b>5,468</b>	7,073
Mock examination services	<b>3,942</b>	6,004
Childhood education services	<b>3,174</b>	4,866
VIP self-study services	<b>853</b>	1,073
Others	<b>5,666</b>	4,457
Total	<b>19,103</b>	23,473



Beacon BExcellent is the largest revenue contributor of our ancillary education services and products during the year. The demand for overseas study, migration, continuing education and training provided strong momentum for the demand of IELTS courses. Nevertheless, the COVID-19 pandemic across the globe has resulted in the suspension of academic exchanges and uncertainties in overseas studies and has hence affected the demand for IELTS tests preparation for these purposes. During the year, the fifth wave of COVID-19 led to the suspension of face-to-face classes for over three months, it directly led to a decrease of session enrollment in IELTS courses. Since the major part of the revenue is contributed by IELTS courses, the revenue of Beacon BExcellent decreased by HK\$1.6 million or 22.7% from HK\$7.1 million for the year ended 31 July 2021 to HK\$5.5 million for the year ended 31 July 2022.

During the period that the mock examinations were held, which was January 2022 to February 2022, the fifth wave of COVID-19 pandemic soared in Hong Kong, students were reluctant to attend sizeable activities like our mock examinations. The revenue from such services decreased significantly by HK\$2.1 million or 34.3% from HK\$6.0 million for the year ended 31 July 2021 to HK\$3.9 million for the year ended 31 July 2022.

Revenue from childhood education decreased by HK\$1.7 million, or 34.8% from HK\$4.9 million for the year ended 31 July 2021 to HK\$3.2 million for the year ended 31 July 2022. The fluctuating pandemic situation in the past two years has heavily affected the demand for childhood education services since parents were reluctant to let their children attend face-to-face classes. However, our childhood education services relied much on face-to-face delivery. The Group was in the process of restructuring the childhood education services and streamlining the operation of our childhood education teaching centres in order to alleviate the impact of business decline during the pandemic. Nonetheless, the organic growth on revenue arising from our HKDSE school services to various secondary schools, our online course platform namely CourseZ as well as our education services offered in mainland China resulted in a significant increase in the revenue for other services and products by HK\$1.2 million or 27.1% from HK\$4.5 million for the year ended 31 July 2021 to HK\$5.7 million for the year ended 31 July 2022.

## **OUTLOOK AND FUTURE DEVELOPMENT**

The fifth wave of COVID-19 outbreak in Hong Kong since late 2021 has significantly hampered the operation of education services of the Group. Specifically, continuous offline class suspension and early summer break were instructed by the EDB, followed by various stringent implementation of anti-pandemic measures in our teaching centres. Despite the disruption of business, COVID-19 has expedited the growth of online learning products. Students has got more and more used to distant and online learning. Our previous investment in the information technology for online learning has enabled the Group to surf in this wave of learning behavior change. Different lesson modes such as “Home-Live” and “Live and Live-Broadcast” have been developed and launched in order to bring extra convenience to students who wish to stay at home for pandemic-risk-free lessons or to enjoy live lessons simultaneously in their home districts. These investment and rapid changes are believed to have created a broader market for our private supplementary secondary school education services.

Our Group is determined to continue our efforts to maintain our leading position in the Hong Kong private education market through, among others, i) strengthening our teaching team by recruiting and retaining high calibers in the teaching force; ii) optimizing our network of teaching centres for cost efficiency and even better classroom utilisation; and iii) further expanding the provision of education services to primary and secondary schools. Apart from the core education services in Hong Kong, the Group is optimistic about the expansion of our HKDSE education services to the international senior secondary school market of the Greater Bay Area in mainland China. The Group has been providing teaching services to a HKDSE programme in an international school in Shenzhen since the second half of this financial year. It exemplifies a successful model of the extension of our Group’s education expertise from Hong Kong to the Greater Bay Area in mainland China. With this track record, we are confident of expanding the development of our full spectrum of education services, such as assessment, programme development as well as teachers’ continuous development in mainland China when sound opportunity arises. We believe our strong position in the Hong Kong HKDSE education market will enable us benefit from the robust international education market growth in mainland China in the coming years.

Looking ahead, the Group will continue to enhance our students’ learning experience by offering high-quality and vast-variety education products and services. We will also closely monitor the market conditions and respond promptly as appropriate. The Group foresees a positive development of our expansion to mainland China, given the rising demand for HKDSE-based international education services there. With persistence and our substantial experience in the education industry, our Group will strive to strengthen our core competencies and seize the opportunities arising as the pandemic becomes under control locally and nationally.

## **FINANCIAL REVIEW**

### **Revenue**

For the components of our revenue, please refer to the section headed “Business Review” above.

The Group’s total revenue decreased by HK\$35.6 million, or 20.1%, from HK\$177.4 million for the year ended 31 July 2021 to HK\$141.8 million for the year ended 31 July 2022. This was mainly due to the revenue decline from the provision of private supplementary secondary school education services and ancillary education services and products.

Revenue from the provision of private supplementary secondary school education services decreased by HK\$32.0 million, or 21.9% from HK\$145.9 million for the year ended 31 July 2021 to HK\$113.9 million for the year ended 31 July 2022, which was largely due to the decrease in the number of the Group’s session enrollments by 46,000 or 20.4% from 225,000 for the year ended 31 July 2021 to 179,000 for the year ended 31 July 2022. Revenue from the provision of the ancillary education services and products decreased by HK\$4.4 million, or 18.6% from HK\$23.5 million for the year ended 31 July 2021 to HK\$19.1 million for the year ended 31 July 2022. This was mainly due to the decrease in the revenue of mock examination services which amounted to HK\$2.1 million or 34.3%, from HK\$6.0 million for the year ended 31 July 2021 to HK\$3.9 million for the year ended 31 July 2022, as well as the decrease in revenue of childhood education services amounting to HK\$1.7 million or 34.8%, from HK\$4.9 million for the year ended 31 July 2021 to HK\$3.2 million for the year ended 31 July 2022.

### **Other income**

Other income primarily consists of government subsidies, IT service income, rental income from an investment property, interest income from bank deposits and advertising income. Other income decreased by HK\$4.6 million or 23.3%, from HK\$19.6 million for the year ended 31 July 2021 to HK\$15.0 million for the year ended 31 July 2022. This decrease was primarily attributable to the decrease in “Anti-epidemic Fund” received from the government by HK\$3.9 million to HK\$10.7 million for the year ended 31 July 2022 (2021: HK\$14.6 million).

## Major costs component

The summary below shows the major costs components of our Group among which approximately 60.2% (2021: approximately 60.9%) is related to labour costs (comprising staff costs and tutor service fees), followed by printing and other operating expenses, depreciation of right-of-use (“ROU”) assets, short-term lease, variable lease and low-value lease payments and advertising and promotion expenses:

	2022		2021	
	<i>HK\$'000</i>	<i>% of revenue</i>	<i>HK\$'000</i>	<i>% of revenue</i>
Staff costs	<b>70,047</b>	<b>49.4</b>	81,008	45.7
Tutor service fees	<b>33,012</b>	<b>23.3</b>	48,404	27.3
Depreciation of ROU assets	<b>14,619</b>	<b>10.3</b>	26,910	15.2
Short-term lease, variable lease and low-value lease payments	<b>11,012</b>	<b>7.8</b>	6,709	3.8
Advertising and promotion expenses	<b>4,288</b>	<b>3.0</b>	4,965	2.8
Printing and other operating expenses	<b>38,320</b>	<b>27.0</b>	44,520	25.1

## Staff costs

As at 31 July 2022, the Group had 329 full-time employees and maintained an accumulated pool of 167 part-time employees for seasonal and cyclical business needs.

Staff costs mainly consist of (i) salaries, allowances and bonus; (ii) pension costs and (iii) share-based payment incurred for our employees.

The staff costs decreased by approximately HK\$11.0 million or approximately 13.5% from approximately HK\$81.0 million for the year ended 31 July 2021 to approximately HK\$70.0 million for the year ended 31 July 2022. Such a decrease was mainly attributable to the general decrease in staff headcount because of the reduced scale of business operations during the pandemic, which was partially compensated by the staff costs arising from the additional taskforce acquired under the Employment Support Scheme between May to July 2022.

## **Tutor service fees**

Tutor service fees include service agreements and share-based payments. Typically we offer a revenue sharing scheme to our tutors and thus the tutor service fees are in general positively correlated to our Group's revenue. Such expenses decreased from approximately HK\$48.4 million for the year ended 31 July 2021 to approximately HK\$33.0 million for the year ended 31 July 2022. The decrease was mainly attributable to the decrease in revenue from the provision of private supplementary secondary school education services.

## **Depreciation of ROU assets and short-term lease, variable lease and low-value lease payments**

Depreciation of ROU assets and short-term lease, variable lease and low-value lease payments are part of the largest components of the Group's operating costs, accounting for 10.3% and 7.8% respectively (2021: 15.2% and 3.8%) of the Group's total revenue. During the financial year, the Group continued its negotiations with landlords for rental concessions and more favorable lease terms in respect of the renewal of lease contracts. The Group has taken steps to continuously review the utilisation and efficiency of the classroom resources by taking into account factors including but not limited to the occupancy rate, the rent and the lease terms. During the year ended 31 July 2022, the Group had optimized our teaching centres for the private supplementary secondary school services in Tuen Mun, Yau Tsim Mong district and on Hong Kong Island. The newly rented teaching centre in North Point and Causeway Bay have commenced operation in the second and third quarter of 2022. On the other hand, a childhood education centre in Prince Edward was closed during the year.

## **Advertising and promotion expenses**

In response to the shift in the learning mode towards online education during the COVID-19 pandemic, our Group has provided more and more online courses. Our regular promotion and advertising strategically shifted to focus on online channels and social media platforms such as Instagram, Google and Facebook, which were relatively more effective and efficient. Short videos and live broadcast marketing for promotional purposes were implemented periodically. The spending on traditional marketing channels like placing advertisements on public transit vehicles, outdoor billboards or newspapers, of which costs are high, was reduced. The marketing expenditure of the Group decreased by approximately HK\$0.7 million or 13.6% from HK\$5.0 million for the year ended 31 July 2021 to HK\$4.3 million for the year ended 31 July 2022.

## **Printing and other operating expenses**

Printing and other operating expenses primarily consist of the printing expenses, building management fees, service fees to freelancers, legal and professional fees, utilities and other administrative expenses. These expenses decreased by HK\$6.2 million or 13.9%, from HK\$44.5 million for the year ended 31 July 2021 to HK\$38.3 million for the year ended 31 July 2022. The decrease was mainly attributable to the decrease in printing expenses in relation to the private supplementary secondary school education services by HK\$2.2 million or 24.8%, from HK\$9.0 million to HK\$6.8 million. Moreover, the building management fee decreased by HK\$2.0 million or 18.2% from HK\$11.2 million for the year ended 31 July 2021 to HK\$9.1 million for the year ended 31 July 2022 resulting from the optimization of teaching centre network during the year.

## **Income tax expense/(credit)**

The income tax expense for the year ended 31 July 2022 was HK\$1.9 million (income tax credit for the year ended 31 July 2021 was HK\$1.2 million). The increase of tax expenses was mainly attributable to the increase of deferred income tax in relation to share-based compensation and accelerated accounting depreciation of HK\$1.2 million and HK\$0.7 million, respectively, for the year ended 31 July 2022.

## **Loss for the year**

The Group recorded a loss of HK\$26.2 million for the year ended 31 July 2022. The loss during the year was mainly due to the decrease in revenue.

## **Liquidity, financial resources and capital structure**

As at 31 July 2022, the Group's net current asset value was HK\$38.4 million, which mainly consisted of accounts receivables, deposits, prepayments and other receivables and cash and cash equivalents less other payables, contract liabilities, current income tax payable, borrowings and lease liabilities. The Group's current assets increased from HK\$103.6 million as at 31 July 2021 to HK\$126.7 million as at 31 July 2022. Such an increase in current assets was primarily due to the increase in cash and cash equivalents from HK\$81.1 million as at 31 July 2021 to HK\$103.9 million as at 31 July 2022. As at 31 July 2022, the current ratio of the Group (expressed as current assets divided by current liabilities) was 1.44, compared with 2.04 as at 31 July 2021. Such a decrease in current ratio is mainly attributed to the increase in borrowing from HK\$7.6 million as at 31 July 2021 to HK\$55.1 million as at 31 July 2022.

## **Charges on the Group's Assets**

The Group has an investment property with carrying value of approximately HK\$19.1 million pledged to secure borrowings and general banking facilities granted to the Group. There was no charge on the Group's other assets.

## **Gearing ratio**

As at 31 July 2022, the Group's gearing ratio (calculated based on bank borrowings amounting to approximately HK\$55.1 million and lease liabilities amounting to approximately HK\$21.3 million divided by equity attributable to the owners of the Company as at the year-end date amounting to approximately HK\$101.9 million) was approximately 74.9% (31 July 2021: 19.4%).

## **Contingent liabilities**

The Group did not have any material contingent liabilities as at 31 July 2022 (2021: Nil).

## **Dividends**

The Board does not recommend the payment of a final dividend for the year ended 31 July 2022 (2021: Nil).

## **Acquisition and disposal of subsidiaries, associates and joint ventures**

There was no material acquisition or disposal of subsidiaries, associates or joint ventures during the year ended 31 July 2022.

## **LITIGATION**

Reference is made to the Prospectus, the Annual Reports 2018, 2019, 2020 and 2021, and the Company's announcements dated 1 August 2018 and 22 October 2018 respectively. Capitalised terms used in this section of this announcement shall have the meanings as ascribed therein. The legal action of the alleged claims by the Tutorial Services Provider had been settled without payment of any damages or legal costs to the other parties of this legal action.

## USE OF NET PROCEEDS FROM THE LISTING

The net proceeds from the Listing of the Company in July 2018 (“**Net Proceeds**”) amounted to approximately HK\$92.0 million, after deducting the underwriting fees, the Stock Exchange trading fee, SFC transaction levy and the Listing expense in connection with the Share Offer as defined in the prospectus of the Company dated 30 June 2018.

On 20 January 2020, the Board resolved to change the use of the remaining unutilized amount of the Net Proceeds (the “**First Reallocation**”). For details of the First Reallocation, please refer to the announcement of the Company dated 20 January 2020. On 29 March 2022, the Board resolved to further change the use of the remaining unutilized amount of the Net Proceeds (the “**Second Reallocation**”). For details of the Second Reallocation, please refer to the announcement of the Company dated 29 March 2022. As of 31 July 2022 and the date of this announcement, all the Net Proceeds have been utilized. Details of the revised allocation of the Net Proceeds after the Second Reallocation and the utilization of the Net Proceeds during the year ended 31 July 2022 are set out below:

	<b>Amount of Net Proceeds utilized as of the date of the Second Reallocation <i>HK\$ million</i></b>	<b>Amount of Net Proceeds unutilized immediately after the date of the Second Reallocation <i>HK\$ million</i></b>	<b>Amount of Net Proceeds utilized up to 31 July 2022 and the date of this announcement <i>HK\$ million</i></b>	<b>Progress up to the date of this announcement</b>
Acquisition of premise(s)	31.1	—	31.1	N/A
Optimization of teaching centres	10.0	—	10.0	The Group has optimized the teaching centres at Tuen Mun, Mong Kok and Hong Kong Island for better utilization and efficiency of the classroom resources during the year. Further to the Second Reallocation, the remaining unutilized Net Proceeds after the date of the Second Reallocation have been used for the general working capital of the Group.



	<b>Amount of Net Proceeds utilized as of the date of the Second Reallocation <i>HK\$ million</i></b>	<b>Amount of Net Proceeds unutilized immediately after the date of the Second Reallocation <i>HK\$ million</i></b>	<b>Amount of Net Proceeds utilized up to 31 July 2022 and the date of this announcement <i>HK\$ million</i></b>	<b>Progress up to the date of this announcement</b>
Acquisition of established teaching centres or opening new teaching centres for Childhood education services	4.9	—	4.9	The Group continued to invest in building course content during the year and has invested in learning centres at Yau Ma Tei and Prince Edward in late 2021 and May 2022, respectively. Further to the Second Reallocation, the remaining unutilized Net Proceeds after the date of the Second Reallocation have been used for the general working capital of the Group.
Upgrades of teaching centres' facilities, IT infrastructure and recruitment of non-teaching staff	16.9	—	16.9	N/A
Enhancing brand awareness	5.8	—	5.8	N/A
General working capital	2.1	19.3	21.4	Further to the Second Reallocation, the remaining unutilized Net Proceeds after the date of the Second Reallocation have been fully utilized to pay for rent, salary, tutor service fee and other operating expenses incurred by the Group during the year.
Enhancement and development of online education services and content; and investment in education-related projects	1.9	—	1.9	The Group continued to develop new content on our online education platform, "CourseZ" and launched another brand, namely "June Wing Education" that offers online education services to primary students during the year. Further to the Second Reallocation, the remaining unutilized Net Proceeds after the date of the Second Reallocation have been used for the general working capital of the Group.
<b>Total</b>	<b><u>72.7</u></b>	<b><u>19.3</u></b>	<b><u>92.0</u></b>	

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Board has committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of the Shareholders and to enhance corporate value and accountability.

During the year ended 31 July 2022 and up to the date of this announcement, the Company has applied the principles and complied with all applicable code provisions set out in the Corporate Governance Code in Appendix 14 to the Listing Rules, which will be further illustrated in the Corporate Governance Report of the annual report of the Company for the year ended 31 July 2022 to be published in due course for Shareholders' evaluation.

## **RISK MANAGEMENT AND INTERNAL CONTROL**

The Board acknowledges that it is responsible for establishing and maintaining the Group's risk management and internal control systems and reviewing their effectiveness. The risk management and internal control measures are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board is primarily in charge of managing the overall risks of our Group. Significant business decision that involves material risk exposures is subject to assessment, consideration and approval of the ways to resolve the said risk exposures by the Board.

The Audit Committee is delegated with the responsibility to review the financial controls, risk management and internal control systems of the Group at least annually, to consider any major investigation findings on risk management and internal control matters and the response of the management to such findings, in performance of the Company's internal audit function. The Audit Committee also reviews the external independent auditor's management letter, if any, any material queries raised by the auditor about accounting records, financial accounts or systems of control and management's response. The Audit Committee reports to the Board on the matters considered by the Audit Committee and its recommendations to the Board.

The Group appointed an external consultant to conduct enterprise risk assessment and perform internal audit function to review the effectiveness of the Group's risk management and internal control systems for the year ended 31 July 2022. As part of the risk management system of the Group, the annual enterprise risk assessment identifies and evaluates the risk level of the Group's operations and business, including the strategic, operational, financial reporting, ESG and compliance risks.

As part of the internal control system of the Group, internal audit was conducted at least annually with the objectives of, amongst others, assessing and identifying significant weaknesses in risk management and internal control systems of the Group. The internal audit for the year ended 31 July 2022 covered the review on (i) the risk management system; (ii) financial close reporting process; (iii) revenue and receipts, bank and cash management; (iv) corporate governance practices according to the corporate governance code in Appendix 14 of the Listing Rules; and (v) the follow up on the findings identified in last year's report.

The Board considered the enterprise risk assessment report and internal audit report and considered the risk management and internal control systems of the Group effective and adequate. Upon the Board's annual review, the Board considered the adequacy of resources, staff qualifications and experience, training programmes and budget of the issuer's accounting, internal audit and financial reporting functions, as well as those relating to the Group's ESG performance and reporting adequate.

The Group has formulated internal control system manuals on corporate governance, operations, management, legal matters, finance and auditing setting out the internal approval and review procedures pursuant to which our employees are mandated to comply with.

The Group has also adopted an information disclosure policy which has set out comprehensive guidelines in respect of handling and dissemination of inside information of the Group. The Board is responsible for monitoring and implementing the procedural requirements under the information disclosure policy. Release of inside information shall be overseen by the Board. Unless authorised by the Board, the staff members of the Group shall not disseminate inside information relating to the Group to any external parties and shall not respond to media or market speculation which may materially affect the trading price or volume of the Shares on the market.

## **AUDIT COMMITTEE AND REVIEW OF PRELIMINARY ANNOUNCEMENT BY THE INDEPENDENT AUDITOR**

The Audit Committee comprises three independent non-executive Directors, namely Mr. Li Kai Sing, Mr. Kwan Chi Hong and Professor Wong Roderick Sue Cheun. The Audit Committee has reviewed the preliminary announcement and the consolidated financial statements of the Company for the year ended 31 July 2022, including the accounting principles and practices adopted by the Company. The figures in respect of the Company's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 July 2022 as set out in this preliminary announcement have been agreed by the Company's independent auditor, PricewaterhouseCoopers, Certified Public Accountants of Hong Kong (“**PricewaterhouseCoopers**”) to the amounts set out in the Company's consolidated financial statements for the year. The work performed by PricewaterhouseCoopers 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 PricewaterhouseCoopers on this preliminary announcement.

## **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the laws of the Cayman Islands or under the Articles of Association of the Company that require the Company to offer new Shares on a pro-rata basis to its existing Shareholders.

## **PURCHASE, SALES OR REDEMPTION OF COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company during the year ended 31 July 2022 and up to the date of this announcement.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code as its own securities dealing code to regulate all dealings by Directors and relevant employees of securities in the Company and other matters covered by the Model Code.

Specific enquiries have been made of all the Directors and the relevant employees and they have confirmed that they have complied with the Model Code during the year ended 31 July 2022 and up to the date of this announcement.

## **SUFFICIENCY OF PUBLIC FLOAT**

The Company has maintained the public float as required by the Listing Rules during the year ended 31 July 2022 and up to the date of this announcement, based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement.

## **DIVIDENDS**

The Board does not recommend the payment of a final dividend for the year ended 31 July 2022 (2021: Nil).

## **IMPORTANT EVENTS AFTER FINANCIAL YEAR ENDED 31 JULY 2022**

Reference is made to the announcement of the Company dated 25 October 2022.

On 25 October 2022, Beacon Holdings Limited (“Purchaser”), the Company’s indirect wholly-owned subsidiary, entered into the subscription and sale and purchase agreement with Ottorino Consultants (International) Limited (“Target Company”), and Mr. Cheng Hong Fu and Ms. Ng Mei Yee (“Vendors”) (“Agreement”), pursuant to which, (i) the Purchaser conditionally agreed to subscribe for 25,500 new shares to be allotted and issued by the Target Company at the subscription consideration of HK\$3,187,500 payable in cash at completion of the subscription; and (ii) the Purchaser conditionally agreed to purchase, and the Vendors conditionally agreed to sell, a total of 25,500 issued shares in the Target Company at the consideration of HK\$3,187,200 which will be settled by the allotment and issue of 3,984,000 consideration shares by the Company to the Vendors upon completion of the sale and purchase (“Consideration Shares”).

The Consideration Shares will be allotted and issued after the financial year ended 31 July 2022, subject to the terms and conditions of the Agreement including without limitation all conditions precedent to completion, pursuant to the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 8 December 2021. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, immediately before completion of the said subscription and sale and purchase, the Target Company and the Vendors were third parties independent of and not connected with the Company and its connected persons.

Upon and subject to the completion of the said subscription and sale and purchase, the Target Company will be held as to 51% by the Purchaser and become an indirect non-wholly-owned subsidiary of the Company. Accordingly, its financial results will be consolidated into the financial statements of the Group.

Further information in respect of the Agreement and all transactions contemplated thereunder will be announced by the Company as and when appropriate in accordance with the Listing Rules.

## **ANNUAL GENERAL MEETING**

The AGM is to be held on Wednesday, 14 December 2022. A notice convening the AGM and all other relevant documents will be published and despatched to the Shareholders in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

For determining the entitlement to attend and vote at the forthcoming AGM to be held on Wednesday, 14 December 2022 (or at any adjournment of it), the register of members of the Company will be closed from Friday, 9 December 2022 to Wednesday, 14 December 2022, both days inclusive, during which no transfer of Shares will be effected. In order to be eligible to attend and vote at the forthcoming AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 8 December 2022.

## **PUBLICATION OF PRELIMINARY ANNOUNCEMENT AND ANNUAL REPORT**

This preliminary announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.bexcellentgroup.com](http://www.bexcellentgroup.com)). The annual report of the Company for the year ended 31 July 2022 containing all the information required by the Listing Rules will be despatched to the Shareholders and made available on the same websites in due course.

By order of the Board  
**BExcellent Group Holdings Limited**  
**Leung Ho Ki, June**  
*Chairman*

Hong Kong, 25 October 2022

*As at the date of this announcement, the Company's executive Directors are Ms. Leung Ho Ki, June (Chairman), Mr. Tam Wai Lung (Chief Executive Officer), Mr. Chan Tsz Ying, Wister and Mr. Li Man Wai; and the independent non-executive Directors are Mr. Kwan Chi Hong, Mr. Li Kai Sing, and Professor Wong Roderick Sue Cheun.*