



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

(Incorporated in the Cayman Islands with limited liability 於開曼群島註冊成立的有限公司)

Stock Code 股份代號：1775



20 22

中期報告
INTERIM REPORT

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FINANCIAL AND OPERATIONAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

	For the six months ended 31 January	
	2022 HK\$'000	2021 HK\$'000
Revenue	83,342	93,260
Loss for the period	(8,121)	(5,583)
Loss attributable to the owners of the Company	(7,543)	(5,117)
Losses per share		
Basic and diluted (HK cents)	(1.51)	(1.02)

OPERATIONAL HIGHLIGHTS

The summary below lists out the number of unique private supplementary secondary school education students enrolling in at least one of our private supplementary secondary school education sessions for the six months ended 31 January 2022 and 2021.

	For the six months ended 31 January	
	2022	2021
Number of unique student enrollments ('000)	16	17
Total number of session enrollments ('000)	116	118
Average number of sessions enrolled per student	7.3	6.9
Maximum classroom capacity (Note 1)	2,691	3,249
Revenue per average classroom capacity (HK\$'000)	25.3	22.9

Note 1:

Being the average of the maximum number of students permitted in our classrooms as at beginning and closing of the period pursuant to the certificates of accommodation issued to our schools, and for school(s) in which the application for the certificate(s) of accommodation is/are being made, the maximum number of students in our classrooms that we have applied for.

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Ms. Leung Ho Ki, June
(*Chairman of the Board*)
Mr. Tam Wai Lung (*Chief Executive Officer*)
Mr. Chan Tsz Ying, Wister
Mr. Li Man Wai

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kwan Chi Hong
Mr. Li Kai Sing
Professor Wong Roderick Sue Cheun

COMPANY SECRETARY

Mr. Choi Shing Wai, *FCPA*

AUDIT COMMITTEE

Mr. Li Kai Sing (*Chairman*)
Mr. Kwan Chi Hong
Professor Wong Roderick Sue Cheun

REMUNERATION COMMITTEE

Mr. Kwan Chi Hong (*Chairman*)
Professor Wong Roderick Sue Cheun
Mr. Li Kai Sing
Mr. Tam Wai Lung
Mr. Li Man Wai

NOMINATION COMMITTEE

Ms. Leung Ho Ki, June (*Chairman*)
Professor Wong Roderick Sue Cheun
Mr. Kwan Chi Hong
Mr. Li Kai Sing
Mr. Tam Wai Lung

AUTHORISED REPRESENTATIVES

Ms. Leung Ho Ki, June
Mr. Choi Shing Wai, *FCPA*

INDEPENDENT AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F, Prince's Building, Central, Hong Kong

LEGAL ADVISERS

Adrian Lau & Yim Lawyers

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Standard Chartered Bank
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CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

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HONG KONG SHARE REGISTRAR

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COMPANY'S WEBSITE

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STOCK CODE

1775

MANAGEMENT DISCUSSION AND ANALYSIS

Unless otherwise specified, (i) capitalised terms used in this interim report shall have the same meanings as those 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/or percentages (as the case may be).

BUSINESS REVIEW

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 and/or personal development. We provide all of our private supplementary education services from teaching centres on Hong Kong Island, in Kowloon and the New Territories. As at 31 January 2022, we operated 12 teaching centres, with a total of 94 classrooms, which, in accordance with the EDB's guidelines, allow a maximum classroom capacity of 2,601 students to attend class at any one time.

The operating environment of private supplementary education in Hong Kong has been unpleasant in the past two academic years, since the novel coronavirus (the "COVID-19") pandemic. The government has been imposing public health measures, such as the suspension of, as well as the restriction on student numbers in face-to-face classes from time to time due to the fluctuating pandemic in the past two academic years, which has adversely affected the operation of our teaching centres seriously. The pandemic situation fluctuated during the period, restrictions to teaching centres and schooling imposed by the EDB and social distancing measures did not stop during the period; and it became worse when it came to the fifth wave of the COVID-19 in late 2021. Adverse impacts on the financial performance of the Group for both the six months ended 31 January 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 students' enrollments, though the provision of online classes helped to partly offset the adverse impacts. Accordingly, the Group recorded a decrease in revenue from HK\$93.3 million for the six months ended 31 January 2021, to HK\$83.3 million for the six months ended 31 January 2022, representing a decrease of 10.6%. Nevertheless, the increase in revenue per classroom capacity of 10.5% from HK\$22,900 for the six months ended 31 January 2021 to HK\$25,300 for the six months ended 31 January 2022 has proved management efforts in optimizing the teaching centre network and utilization.

Below is a summary of the revenue and session enrollments for each category of services that we have provided, the number of unique students for private supplementary secondary school education services and private secondary day school services for the six months ended 31 January 2022 and 2021:

	For the six months ended	
	31 January	
	2022	2021
Private supplementary secondary school education services		
– Revenue (HK\$'000)	68,126	74,259
– Unique student enrollment ('000)	16	17
– Session enrollment ('000)	116	118
Private secondary day school services		
– Revenue (HK\$'000)	4,802	4,319
– Unique student enrollment ('000)	0.3	0.3
– Session enrollment ('000)	1.3	1.2
Ancillary education services and products		
– Revenue (HK\$'000)	10,414	14,682
– Session enrollment ('000)	9	12

MANAGEMENT DISCUSSION AND ANALYSIS

i) Private supplementary secondary school education services

The following table sets forth the revenue, the number of session enrollments of each course category, and the average course fee of private supplementary secondary school education services for each of the six months ended 31 January 2022 and 2021:

	For the six months ended 31 January			
	2022		2021	
	Session enrollment '000	Revenue HK\$'000	Session enrollment '000	Revenue HK\$'000
Regular courses	62	43,102	76	50,084
Intensive courses	16	6,741	16	6,623
Summer courses	38	18,283	26	17,552
Total	116	68,126	118	74,259
Average course fee per session enrollment (HK\$)		587		629

The Group's revenue derived from private supplementary secondary school education services declined by 8.3% when compared with that in the same period in the previous financial year. This was mainly attributable to the decrease in the overall number of session enrollments during the period due to the worsening of the COVID-19 pandemic in late 2021. Moreover, the Group offered various allowances and bursaries during the pandemic, which resulted in a lower average course fee per session enrollment.

With the pandemic prompting a shift in the learning mode towards online education, the Group continued to put more effort and IT resources into enhancing online learning experience in order to lessen the impact of face-to-face class suspensions.

ii) Private secondary day school services

We operated two private secondary day schools located 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 from 270 to 290, accordingly, the revenue increased by 11.2% when compared with that in the same period in the previous financial year.

iii) Ancillary education services and products

The table below shows the revenue components of the ancillary education services and products for each of the six months ended 31 January 2022 and 2021:

	For the six months ended 31 January	
	2022 HK\$'000	2021 HK\$'000
Beacon BExcellent	3,949	4,816
Mock examination services	1,511	4,276
Childhood education services	1,561	2,539
VIP self-study services	809	877
Others	2,584	2,174
Total	10,414	14,682

MANAGEMENT DISCUSSION AND ANALYSIS

Beacon BExcellent is the largest revenue contributor of our ancillary education services and products during the period. 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 uncertainty in overseas studies and has hence affected the demand for IELTS tests preparation for these purposes. Since the major part of the revenue is contributed by IELTS courses, the revenue of Beacon BExcellent decreased by HK\$0.9 million or 18.0% from HK\$4.8 million for the six months ended 31 January 2021 to HK\$3.9 million for the six months ended 31 January 2022.

The continuous tight social distancing measures imposed by the government have been discouraging students from attending sizeable activities like our mock examinations. Moreover, compared to the last period, more mock examinations were scheduled in February this year in response to the pandemic. Notwithstanding, the revenue from such services decreased by HK\$2.8 million or 64.7% from HK\$4.3 million for the six months ended 31 January 2021 to HK\$1.5 million for the six months ended 31 January 2022.

Revenue from childhood education services decreased by HK\$1.0 million, or 38.5% from HK\$2.5 million for the six months ended 31 January 2021 to HK\$1.6 million for the six months ended 31 January 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.

OUTLOOK AND FUTURE DEVELOPMENTS

As at the date of this interim report, the fifth wave of the COVID-19 pandemic rages on and evolves rapidly in Hong Kong. With the uncertainty arising from the resurgence of COVID-19 and its substantial negative impacts to the general economic and market conditions in Hong Kong, our Group expects that volatility and uncertainty will remain dominant in the second half of the financial year, or they will even persist for a longer period of time in the yet-to-come post-pandemic era.

Although the Group has made an effort to expand the Group's revenue source by developing international education services for schools in the Greater Bay Area and has successfully commenced an education programme in a school in Shenzhen recently, the management of our Group expects that the core business of our Group, which remains in the Hong Kong education market, will face much more unknown challenges, such as the maintenance of students' motivation for obtaining supplementary education services under continuous unstable schooling and the potential drop of the student population caused by the emigration wave.

Looking ahead, our Group will (i) on one hand, adopt a more cautious and conservative business strategy by maintaining adequate financial resources and enhancing capital management, in order to strengthen our Group's ability to respond to any market fluctuations, regulatory changes to the education industry and business and operating needs; (ii) on the other hand, constantly maintain a significant market share in the private supplementary education services industry and preserve high market responsiveness in the frequent shift between offline and online teaching modes while the pandemic situation fluctuates, via our online-offline education service dual delivery mode, of which these is a growing maturity; and (iii) strive for potential growth in (a) the provision of education services via our Group's online education platforms and (b) the newly developing business of the provision of international education services to schools in mainland China.

MANAGEMENT DISCUSSION AND ANALYSIS

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\$10.0 million, or 10.6%, from HK\$93.3 million for the six months ended 31 January 2021 to HK\$83.3 million for the six months ended 31 January 2022. This was mainly due to the revenue decline from our Group’s private supplementary education services and the ancillary education services and products.

Revenue from the provision of private supplementary secondary school education services decreased by HK\$6.2 million, or 8.3% from HK\$74.3 million for the six months ended 31 January 2021 to HK\$68.1 million for the six months ended 31 January 2022, which was due to the decrease in both the number of the Group’s session enrollments and the average course fee per session enrollment. The number of the Group’s session enrollments decreased by 2,000 or 1.7% from 118,000 for the six months ended 31 January 2021 to 116,000 for the six months ended 31 January 2022. The average course fee per session enrollment also decreased by HK\$42 or 6.7% from HK\$629 for the six months ended 31 January 2021 to HK\$587 for the six months ended 31 January 2022.

Revenue from the provision of the ancillary education services and products decreased by HK\$4.3 million, or 29.1% from HK\$14.7 million for the six months ended 31 January 2021 to HK\$10.4 million for the six months ended 31 January 2022. This was mainly due to the decrease in revenue from mock examination services by HK\$2.8 million or 64.7% from HK\$4.3 million for the six months ended 31 January 2021 to HK\$1.5 million for the six months ended 31 January 2022, and the decrease in revenue from childhood education services by HK\$1.0 million or 38.5% from HK\$2.5 million for the six months ended 31 January 2021 to HK\$1.6 million for the six months ended 31 January 2022.

Other income

Other income for the six months ended 31 January 2022 primarily consists of IT service income, rental income from an investment property and interest income from bank deposits.

Other income decreased by 86.8% from HK\$16.1 million for the six months ended 31 January 2021 to HK\$2.1 million for the six months ended 31 January 2022. This decrease was primarily attributable to the absence of “Anti-epidemic Fund” received from the government of HK\$13.9 million in prior year.

MANAGEMENT DISCUSSION AND ANALYSIS

Major costs components

The summary below shows the major costs components of the Group among which 56.3% (2021: 61.1%) is related to labor costs (staff costs and tutor service fees), followed by printing and other operating expenses, depreciation of right-of-use ("ROU") assets, short-term lease and low-value lease payments, and advertising and promotion expenses.

	For the six months ended 31 January			
	2022 HK\$'000	% of revenue	2021 HK\$'000	% of revenue
Staff costs	33,038	39.6	44,606	47.8
Tutor service fees	15,480	18.6	23,576	25.3
Printing and other operating expenses	21,071	25.3	23,035	24.7
Depreciation of ROU assets	8,589	10.3	14,381	15.4
Short-term lease and low-value lease payments	6,151	7.4	2,738	2.9
Advertising and promotion expenses	1,917	2.3	3,287	3.5

Staff costs

As at 31 January 2022, the Group had 182 full time employees and maintained an accumulated pool of part-time employees for seasonal and cyclical business needs, in which 189 are active ones.

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

The staff costs decreased by HK\$11.6 million or 25.9% from HK\$44.6 million for the six months ended 31 January 2021 to HK\$33.0 million for the six months ended 31 January 2022. Such a decrease was mainly attributable to the decrease in staff headcount because of the reduced scale of business operations during the pandemic.

Tutor service fees

Tutor service fees include service agreements and share-based compensation expenses.

Typically we offer a revenue sharing scheme to our tutors and thus the tutor service fee is in general positively correlated to the Group's revenue. Such an expense decreased by HK\$8.1 million or 34.3% from HK\$23.6 million for the six months ended 31 January 2021 to HK\$15.5 million for the six months ended 31 January 2022.

The decrease was mainly attributable to the decrease in revenue from the provision of private supplementary secondary school education services.

Printing and other operating expenses

Printing and other operating expenses primarily consist of printing expenses, building management fees, service fees to freelancers, legal and professional fees, utilities and other administrative expenses. These expenses decreased by HK\$1.9 million or 8.5% from HK\$23.0 million for the six months ended 31 January 2021 to HK\$21.1 million for the six months ended 31 January 2022.

The decrease was mainly attributable to the decrease in printing expenses in relation to the private supplementary secondary school education services. Such expenses dropped by 17.9% from HK\$5.6 million for the six months ended 31 January 2021 to HK\$4.6 million for the six months ended 31 January 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Depreciation of ROU assets, short-term leases and low-value lease payments

Depreciation of ROU assets and short-term leases and low-value lease payments are part of the largest components of the Group's operating costs, accounting for 10.3% and 7.4% respectively (2021: 15.4% and 2.9%) of the Group's total revenue. During the period, the Group continued its negotiations with landlords for more favorable lease terms in respect of the renewal of lease contracts. The Group has taken steps to continuously review the utilization and efficiency of the classroom resources with factors including but not limited to the occupancy rate, the rent and the lease terms. During the six months ended 31 January 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 is about to commence operations in the second quarter of 2022. On the other hand, a childhood education centre in Prince Edward was closed during the period.

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 Facebook, Instagram and Google, 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 for the Group decreased by 41.7% from HK\$3.3 million for the six months ended 31 January 2021 to HK\$1.9 million for the six months ended 31 January 2022.

Income tax credit/expense

The income tax expense for the period ended 31 January 2022 was HK\$2.0 million (income tax credit for the six months ended 31 January 2021: HK\$2.1 million). The effective tax rates of the Group for the six months ended 31 January 2022 and 2021 were 32.4% and 27.1% respectively.

Loss for the period

The Group recorded a loss of HK\$8.1 million for the six months ended 31 January 2022. The loss was mainly due to the significant decrease in the revenue of private supplementary secondary school education services during the pandemic period (loss of the Group for the six months ended 31 January 2021: HK\$5.6 million).

Liquidity, financial resources and capital structure

As at 31 January 2022, the Group's net current asset value was HK\$52.8 million, which mainly consisted of prepayments, deposits 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 slightly decreased from HK\$103.6 million as at 31 July 2021 to HK\$93.6 million as at 31 January 2022. Such a decrease in current assets was primarily due to the decrease in cash and cash equivalents from HK\$81.1 million as at 31 July 2021 to HK\$71.6 million as at 31 January 2022.

As at 31 January 2022, the current ratio of the Group (expressed as current assets divided by current liabilities) was 2.29, compared with 2.04 as at 31 July 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Charges on the Group's Assets

The Group has investment property with carrying value of approximately HK\$19.8 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 January 2022, the Group's gearing ratio (calculated based on bank borrowings amounting to HK\$7.3 million and lease liabilities amounting to HK\$21.8 million divided by equity attributable to the owners of the Company as at the period end date amounting to HK\$119.7 million) was 24.3% (31 July 2021: 19.4%).

Contingent liabilities

The Group did not have any material contingent liabilities as at 31 January 2022 (2021: nil), other than the on-going litigation disclosed in the section headed "Other Information – Litigation" in this interim report.

Dividends

The Board does not recommend the payment of an interim dividend for the six months ended 31 January 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 six months ended 31 January 2022.

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, which also contains details of the reasons for and benefits of the Second Reallocation and the expected timeline of the Company in using the remaining unutilized Net Proceeds after the Second Reallocation. Details of the original allocation of the Net Proceeds, the revised allocation of the Net Proceeds after the First Reallocation and the Second Reallocation and the utilization of the Net Proceeds are set out below:

MANAGEMENT DISCUSSION AND ANALYSIS

	Original use of Net Proceeds HK\$ million	Revised allocation of use of Net Proceeds after First Reallocation HK\$ million	Amount of Net Proceeds utilized up to 31 January 2022 and the date of this interim report HK\$ million	Amount of Net Proceeds unutilized as at 31 January 2022 and the date of this interim report HK\$ million	Amount of Net Proceeds unutilized after Second Reallocation as at the date of this interim report HK\$ million	Progress up to the date of this interim report
Acquisition of premises(s)	31.1	31.1	31.1	—	—	N/A
Optimization of teaching centres	23.3	13.3	10.0	3.3	—	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 period. Further to the Second Reallocation, the remaining unutilized Net Proceeds after the date of this interim report will be used for the general working capital of the Group. ^{Note}
Acquisition of established teaching centres or opening new teaching centres for Childhood education services	12.8	12.8	4.9	7.9	—	The Group continued to invest in building course content during the period and has invested in an English learning centre at Yau Ma Tei in late 2021. Further to the Second Reallocation, the remaining unutilized Net Proceeds after the date of this interim report will be used for the general working capital of the Group. ^{Note}
Upgrades of teaching centres' facilities, IT infrastructure and recruitment of non-teaching staff	16.9	16.9	16.9	—	—	N/A
Enhancing brand awareness	5.8	5.8	5.8	—	—	N/A
General working capital	2.1	2.1	2.1	—	19.3	N/A
Enhancement and development of online education services and content; and investment in education-related projects	—	10.0	1.9	8.1	—	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 period. Further to the Second Reallocation, the remaining unutilized Net Proceeds after the date of this interim report will be used for the general working capital of the Group. ^{Note}
Total	92.0	92.0	72.7	19.3	19.3	

Note: The unutilized Net Proceeds after the Second Reallocation after the date of this interim report for the general working capital of the Group are expected to be fully utilized by July 2023. The timeline of using such proceeds will be determined based on the Group's actual business needs, operational costs and expenses, and future business development.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 January 2022

	Note	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	3	83,342	93,260
Other income	4	2,126	16,121
Other (losses)/gains	4	(261)	97
Staff costs	5	(33,038)	(44,606)
Tutor service fees		(15,480)	(23,576)
Short-term lease and low-value lease payments		(6,151)	(2,738)
Advertising and promotion expenses		(1,917)	(3,287)
Printing and other operating expenses		(21,071)	(23,035)
Depreciation and amortisation		(13,646)	(18,907)
Change in fair value of investment property	13	445	56
Operating loss		(5,651)	(6,615)
Finance costs	6	(539)	(838)
Share of profit/(loss) of an associate		56	(126)
Loss on deemed disposal of an associate		—	(78)
Loss before taxation	7	(6,134)	(7,657)
Taxation	8	(1,987)	2,074
Loss for the period		(8,121)	(5,583)
Other comprehensive loss			
Item that will not be reclassified to profit or loss			
Change in the fair value of equity investment at fair value through other comprehensive income		(29)	(214)
Other comprehensive loss for the period		(29)	(214)
Total comprehensive loss for the period		(8,150)	(5,797)
Loss attributable to			
– Owners of the Company		(7,543)	(5,117)
– Non-controlling interests		(578)	(466)
		(8,121)	(5,583)
Total comprehensive loss for the period attributable to			
– Owners of the Company		(7,572)	(5,331)
– Non-controlling interests		(578)	(466)
		(8,150)	(5,797)
Basic and diluted loss per share for loss attributable to the owners of the Company (expressed in HK cents per share)	9	(1.51)	(1.02)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 January 2022

	Note	31 January 2022 HK\$'000 (Unaudited)	31 July 2021 HK\$'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	11	13,394	16,759
Right-of-use assets	12	34,540	29,444
Investment property	13	19,845	19,400
Intangible assets		4,415	4,659
Financial assets at fair value through other comprehensive income		256	285
Deferred income tax assets		4,821	6,668
Interest in an associate	14	456	—
Deposits and prepayments		1,388	2,463
		79,115	79,678
Current assets			
Accounts receivables	15	4,990	3,398
Deposits, prepayments and other receivables	16	16,904	18,033
Income tax recoverable		116	1,064
Cash and cash equivalents	17	71,610	81,148
		93,620	103,643
Total assets		172,735	183,321
Equity			
Share capital	21	120,956	120,956
Other reserves		8,829	16,676
Accumulated loss		(10,115)	(10,737)
Equity attributable to owners of the Company		119,670	126,895
Non-controlling interests		(1,479)	(901)
Total equity		118,191	125,994
Liabilities			
Current liabilities			
Other payables	19	9,774	16,371
Contract liabilities	18	14,856	15,352
Current income tax payable		459	345
Borrowings		7,331	7,585
Lease liabilities		8,445	11,264
		40,865	50,917

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 January 2022

		31 January 2022 HK\$'000 (Unaudited)	31 July 2021 HK\$'000 (Audited)
	<i>Note</i>		
Non-current liabilities			
Other non-current liabilities	20	289	579
Deferred income tax liabilities		47	10
Lease liabilities		13,343	5,821
		<u>13,679</u>	<u>6,410</u>
Total liabilities		<u>54,544</u>	<u>57,327</u>
Total equity and liabilities		<u>172,735</u>	<u>183,321</u>

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 January 2022

	Note	Attributable to owners of the Company					Total equity HK\$'000
		Share capital and share premium HK\$'000	Other reserves HK\$'000	Retained earnings/ (Accumulated loss) HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
Balance at 1 August 2020 (audited)		120,956	15,520	21,226	157,702	(1,853)	155,849
Loss for the period		—	—	(5,117)	(5,117)	(466)	(5,583)
Other comprehensive loss for the period							
Change in the fair value of equity investment at fair value through other comprehensive income		—	(214)	—	(214)	—	(214)
Total comprehensive loss for the period		—	(214)	(5,117)	(5,331)	(466)	(5,797)
Transactions with owners in their capacity as owners							
Dividends approved in respect of the previous year	10.1	—	—	(5,000)	(5,000)	—	(5,000)
Share-based compensation-value of employee services	10.2	—	2,111	—	2,111	—	2,111
Total transactions with owners in their capacity as owners		—	2,111	(5,000)	(2,889)	—	(2,889)
Balance at 31 January 2021 (unaudited)		120,956	17,417	11,109	149,482	(2,319)	147,163
Balance at 1 August 2021 (audited)		120,956	16,676	(10,737)	126,895	(901)	125,994
Loss for the period		—	—	(7,543)	(7,543)	(578)	(8,121)
Other comprehensive loss for the period							
Change in the fair value of equity investment at fair value through other comprehensive income		—	(29)	—	(29)	—	(29)
Total comprehensive loss for the period		—	(29)	(7,543)	(7,572)	(578)	(8,150)
Transactions with owners in their capacity as owners							
Share-based compensation-value of employee services	10.2	—	347	—	347	—	347
Release of share option reserve upon the lapse of share options		—	(8,165)	8,165	—	—	—
Total transactions with owners in their capacity as owners		—	(7,818)	8,165	347	—	347
Balance at 31 January 2022 (unaudited)		120,956	8,829	(10,115)	119,670	(1,479)	118,191

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 January 2022

	Note	For the six months ended 31 January	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Cash flows from operating activities			
Cash generated from operations	22	1,191	26,949
Income tax refund/(paid)		959	(470)
Net cash from operating activities		2,150	26,479
Cash flows from investing activities			
Purchases of property, plant and equipment	11	(1,686)	(7,183)
Purchases of right-of-use assets	12	—	(12,790)
Purchases of intangible assets		—	(451)
Sales proceeds from disposal of property, plant and equipment		12	—
Investment in an associate	14	(400)	—
Interest received		76	166
Net cash used in investing activities		(1,998)	(20,258)
Cash flows from financing activities			
Principal elements of lease payment		(8,862)	(15,246)
Interest elements of lease payment	6	(458)	(752)
Repayment of borrowings		(254)	(248)
Dividend paid	10.1	—	(5,000)
Interest paid		(81)	(86)
Net cash used in financing activities		(9,655)	(21,332)
Net decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of the period		81,148	121,303
Exchange (losses)/gains on cash and cash equivalents		(35)	97
Cash and cash equivalents at end of the period		71,610	106,289

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONDENSED 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 the provision of 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 condensed consolidated financial statements are presented in thousands of Hong Kong dollars (“HK\$’000”), unless otherwise stated.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of presentation

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”) and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

2.2 Principal Accounting Policies

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated interim financial information are consistent with those used in the Group’s annual financial statements for the year ended 31 July 2021, except for the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that have been adopted by the Group for the first time for the current period’s unaudited interim financial information:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2
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The adoption of the above revised HKFRSs has had no significant financial effect on these interim financial statements.

NOTES TO THE CONDENSED 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 education related income including IELTS and foreign language courses under "Beacon BExcellent" brand, overseas study consultancy services under "GES" brand, interview preparation, language and supplementary primary school education and tutorial services under "Diverse Learning Club", "Beacon Childhood", "BeConfident", "Glocal Education" and "Mathgic" brands, online retail business under "Beacon Living" brand, mock examination services, VIP self-study services, online course scheduling and management services and other education services. The CODM consider that the Group operates and is managed as a single operating segment.

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

	Six months ended 31 January	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Major products/service lines		
Private supplementary secondary school education services	68,126	74,259
Private secondary day school services	4,802	4,319
Ancillary education services and products	10,414	14,682
	83,342	93,260
	Six months ended 31 January	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Timing of revenue recognition:		
Overtime	79,331	86,941
At a point in time	4,011	6,319
	83,342	93,260

Almost all 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. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4 OTHER INCOME AND OTHER (LOSSES)/GAINS

	Six months ended 31 January	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Other income		
– Government subsidies (<i>Note (a)</i>)	—	13,885
– Interest income	76	166
– Advertising income	—	67
– IT service income	1,605	1,609
– Rental income from investment property	324	296
– Sundry income	121	98
	<u>2,126</u>	<u>16,121</u>
Other (losses)/gains		
Loss on disposal of property, plant and equipment	(226)	—
Exchange differences - net	(35)	97
	<u>(261)</u>	<u>97</u>

Note:

- (a) During the six months ended 31 January 2021, the Group applied for the second tranche of the “Hong Kong SAR Government’s Employment Support Scheme” and the one-off relief grant for private schools offering non-formal curriculum registered under the Education Ordinance (Cap 279). A total of HK\$13,885,000 was recognised as other income in the condensed consolidated statement of comprehensive income.

5 STAFF COSTS

	Six months ended 31 January	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Salaries, allowances and bonus	31,309	41,039
Pension costs-defined contribution retirement plans (<i>Note (a)</i>)	1,382	1,812
Share-based compensation expenses	347	1,755
	<u>33,038</u>	<u>44,606</u>

Note:

- (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 or after 1 June 2014 to the MPF Scheme.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6 FINANCE COSTS

	Six months ended 31 January	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Interest on lease liabilities	458	752
Interest on bank loan	81	86
	<u>539</u>	<u>838</u>

7 LOSS BEFORE TAXATION

	Six months ended 31 January	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Loss before taxation has been arrived at after charging:		
Short-term lease expenses	6,151	2,738
Depreciation of right-of-use assets	8,589	14,381
Depreciation of property, plant and equipment	4,813	4,317
Printing and stationery	4,623	5,563
Amortisation of intangible assets	244	209

8 TAXATION

The amounts of taxation charged/(credited) to the profit or loss represent:

	Six months ended 31 January	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Current income tax		
– Hong Kong profits tax	103	176
– Deferred income tax	1,884	(2,250)
	<u>1,987</u>	<u>(2,074)</u>

Hong Kong profits tax has been provided at a rate of 16.5% on the estimated assessable profit for both periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9 LOSS PER SHARE

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

	Six months ended 31 January	
	2022 (Unaudited)	2021 (Unaudited)
Loss attributable to owners of the Company (HK\$'000)	(7,543)	(5,117)
Weighted average number of shares in issue (thousand shares)	500,000	500,000
Basic loss per share for loss attributable to owners of the Company during the period (HK cents)	(1.51)	(1.02)

Diluted loss per share is the same as the basic loss per share since the Company did not have any dilutive equity instruments throughout the six months ended 31 January 2022 and 31 January 2021.

10 CAPITAL, RESERVES AND DIVIDENDS

10.1 Dividend

During the six months ended 31 January 2021, a final dividend of HK\$1.0 cent per share, totalling HK\$5,000,000 was declared and paid to its shareholders in respect of the retained earnings for the year ended 31 July 2020.

The Board does not recommend the payment of interim dividend for the six months ended 31 January 2022 (2021: nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

10.2 Share option scheme

(a) Share option plan with a tutor's service company

On 3 June 2016, the Group entered into a contract with a tutor's service company, pursuant to which the service company will be granted share options of the Company. The exercise price of all options to be granted to the tutor's service company is 50% of the offer price of the final initial public offering of the Company. The total number of shares which may be issued upon exercise of all share options shall be an aggregate of 5% of the issued share capital of the Company immediately upon completion of the initial public offering of the Company's shares and capitalisation of certain sums standing to credit of the share premium account of the Company. 30% of the share options shall vest on the first anniversary of the option legal grant date; another 30% of the share options shall vest on the second anniversary of the option legal grant date; and the remaining 40% of the share options shall vest on the third anniversary of the option legal grant date. The options are exercisable within a period of three years once the options become vested subject to service condition. Share-based compensation expenses are recognised over the options' respective vesting period starting from the contract signing date.

Movements of the share options are set out below:

	Six months ended 31 January			
	2022		2021	
	Average exercise price per share option HK cents	Number of Options	Average exercise price per share option HK cents	Number of Options
At beginning of the period	54	25,000,000	54	25,000,000
Lapsed during the period	54	(25,000,000)	—	—
At end of the period	—	—	54	25,000,000
Vested and exercisable at end of the period	—	—	54	15,000,000

Save as disclosed in the above table, no options were granted, exercised, forfeited and expired during the period covered by the above tables.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

10.2 Share option scheme (continued)

(a) (continued)

Share options outstanding at the end of the six months ended 31 January 2022 and 2021 have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price HK cents	Six months ended 31 January	
			2022	2021
27 June 2018	26 June 2022	54	—	7,500,000
27 June 2018	26 June 2023	54	—	7,500,000
27 June 2018	26 June 2024	54	—	10,000,000
			—	25,000,000

Based on the fair value of the underlying ordinary share, the directors have used Black-Scholes valuation model to determine the fair value of the share option as at the grant date. Key assumptions are set as below:

Risk-free interest rate	0.858% - 1.276%
Volatility	35%
Dividend yield	0%

The fair value of the share option as at the grant date was HK\$0.6504. During the six months ended 31 January 2022, the total expenses recognised in the condensed consolidated statement of comprehensive income for share options was nil (2021: HK\$356,000) and were included in tutor service fees.

(b) Share option plan with staff (including directors)

On 21 June 2018, the shareholders of the Company approved the adoption of a share option scheme. This share option scheme is designed to provide long-term incentives for staff (including directors) to deliver long-term shareholder returns. A nominal consideration of HK\$1.00 was paid by the grantees for the acceptance of share options. Pursuant to the terms of the grant of share options to such staff (including directors), the options are exercisable once the options become vested subject to service conditions and expiring after ten years from the date of grant. 30% of the share options shall vest on the first anniversary of the option legal grant date; another 30% of the share options shall vest on the second anniversary of the option legal grant date; and the remaining 40% of the share options shall vest on the third anniversary of the option legal grant date. Share-based compensation expenses are recognised over the options' respective vesting period starting from the contract signing date.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

10.2 Share option scheme (continued)

(b) Share option plan with staff (including directors) (continued)

Movements of the share options are set out below:

	Six months ended 31 January			
	2022		2021	
	Average exercise price per share option HK cents	Number of options	Average exercise price per share option HK cents	Number of options
At beginning and end of the period	54.7	19,400,000	54.7	19,400,000
Lapsed during the period	63.6	(760,000)	—	—
At end of the period	54.3	18,640,000	54.7	19,400,000
Vested and exercisable at end of the period	52.6	17,064,000	52.3	10,320,000

Save as disclosed in the above table, no options were granted, exercised, forfeited and expired during the periods covered by the above tables.

Share options outstanding at the end of the period have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price HK cents	Six months ended 31 January	
			2022	2021
23 January 2019	22 January 2029	49.3	14,700,000	15,000,000
1 April 2019	31 March 2029	73.0	3,940,000	4,400,000

Based on the fair value of the underlying ordinary share, the directors have used Black-Scholes valuation model to determine the fair value of the share option as at the grant date. Key assumptions are set as below:

Risk-free interest rate	1.421% - 1.845%
Volatility	35%
Dividend yield	8%

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

10.2 Share option scheme (continued)

(b) (continued)

The fair values of the share option as at 23 January 2019 and as at 1 April 2019 were HK\$0.49 and HK\$0.70 respectively.

During the six months ended 31 January 2022, the total expenses recognised in the condensed consolidated statement of comprehensive income for share options was approximately HK\$63,000 (2021: HK\$188,000) and were included in staff costs.

(c) Share Option plan with a consultant

On 29 July 2020, the Board of Directors of the Company resolved that the Company grant to a Strategic Development Consultant (the “Consultant”) share options under the Post-IPO Share Option Scheme, subject to acceptance by the Consultant and satisfaction of the certain granting conditions, to subscribe for and be allotted 20,000,000 Shares at an exercise price of HK\$0.60 per share. The grant became unconditional on 16 October 2020 upon fulfillment of all conditions precedent, amongst others, the approval by the shareholders of the Company at the extraordinary general meeting convened and held on 28 September 2020 and the listing approval by the Stock Exchange on 16 October 2020. Share-based compensation expenses are recognised over the options’ respective vesting period starting from 29 July 2020. Pursuant to the terms and conditions of the grant of the 20,000,000 share options to the Consultant, the Consultant undertakes, amongst others, not to transfer or otherwise dispose of any Shares allotted to him pursuant to any exercise of the share option at a price per Share which is lower than HK\$1.08, being the final price per Share offered under the initial public offering and Listing of the Company on 13 July 2018, during the period of 10 years from the initial grant date.

Movements of the share options are set out below:

	Six months ended 31 January			
	2022		2021	
	Average exercise price per share option HK cents	Number of options	Average exercise price per share option HK cents	Number of options
At beginning and end of the period	60.0	20,000,000	60.0	20,000,000
Vested and exercisable at end of the period	60.0	12,000,000	60.0	6,000,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

10.2 Share option scheme (continued)

(c) (continued)

No options were granted, exercised, forfeited and expired during the periods covered by the above tables.

Share options outstanding at the end of the period have the following expiry date and exercise price:

Grant date	Expiry date	Exercise price	Six months ended 31 January	
			2022	2021
29 July 2020	28 July 2030	HK\$0.60	20,000,000	20,000,000

Based on the fair value of the underlying ordinary share, the directors have used Binomial Option-Pricing Model to determine the fair value of the share option as at the grant date. Key assumptions are set as below:

Risk-free interest rate	0.451%
Volatility	37.94%
Dividend yield	3%

The fair values of the share option as at 29 July 2020 were HK\$0.1417. During the period ended 31 January 2022, the total expenses recognised in the condensed consolidated statement of comprehensive income for share options was HK\$284,000 (2021: HK\$1,567,000) and were included in staff costs.

11 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 January 2022, the Group acquired property, plant and equipment of HK\$1,686,000 (2021: HK\$7,183,000).

12 RIGHT-OF-USE ASSETS

During the six months ended 31 January 2022, the Group acquired right-of-use assets of HK\$13,685,000 (2021: HK\$12,790,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13 INVESTMENT PROPERTY

	31 January 2022 HK\$'000 (Unaudited)	31 July 2021 HK\$'000 (Audited)
As beginning of period/year	19,400	19,300
Increase in fair value of investment property during the period/year (Note (i))	445	100
At the end of period/year	19,845	19,400

Note:

- (i) The Group measures its investment property at fair value. The fair value of the Group's investment property as at 31 January 2022 was determined based on management's assessment with reference to the recent market transaction price.

The Group's investment property carried at fair value of HK\$19,845,000 are valued by fair value measurements using significant unobservable inputs (level 3). 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.

As at 31 January 2022, the Group's investment property with carrying value of approximately HK\$19,845,000 were pledged to secure bank facilities of the Group.

14 INTEREST IN AN ASSOCIATE

In September 2021, the Group acquire 40% of the equity interest in King's Cross Academy Limited ("King's Cross") at a total consideration of HK\$0.4 million. King's Cross is principally engaged in the provision of childhood education services. The management considered that such acquisition will enable the Group to enhance childhood's learning experience with a better learning support.

15 ACCOUNTS RECEIVABLES

	31 January 2022 HK\$'000 (Unaudited)	31 July 2021 HK\$'000 (Audited)
Accounts receivables	4,990	3,398

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15 ACCOUNTS RECEIVABLES (CONTINUED)

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, PayPal or credit cards. As at 31 January 2022 and 31 July 2021, the ageing analysis of the accounts receivables based on invoice date was as follows:

	31 January 2022 HK\$'000 (Unaudited)	31 July 2021 HK\$'000 (Audited)
1-30 days	4,708	3,025
31-60 days	58	37
Over 60 days	224	336
	<u>4,990</u>	<u>3,398</u>

The Group applies the HKFRS 9 simplified approach to measure 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 recover the debts, they are assessed individually for impairment allowance. Accordingly, no individual provision were made as at 31 January 2022 (31 July 2021: nil).

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

	31 January 2022 HK\$'000 (Unaudited)	31 July 2021 HK\$'000 (Audited)
Hong Kong dollar	4,885	3,156
Australian dollar	39	143
British Pound	29	35
United States dollar	25	29
Canadian dollar	9	21
Renminbi	3	14
	<u>4,990</u>	<u>3,398</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	<i>Note</i>	31 January 2022 HK\$'000 (Unaudited)	31 July 2021 HK\$'000 (Audited)
Other receivables	<i>(i)</i>	5,040	5,381
Deposits and prepayments	<i>(ii)</i>	15,632	17,594
		20,672	22,975
Less: Allowance for impairment		(2,380)	(2,479)
		18,292	20,496
Less: non-current portion		(1,388)	(2,463)
Deposits, prepayments and other receivables – current portion		16,904	18,033

Notes:

- (i) As at 31 January 2022, other receivables of HK\$4,089,000 (31 July 2021: HK\$3,554,000) represent amounts due from tutors which arose from variable expenses incurred by the Group on behalf of the tutors.
- (ii) Deposits and prepayments mainly represent deposits for utilities, lease payments, building management fees, prepayments for service fees, renovation, license fees, advertising and others.

As at 31 January 2022, deposits of HK\$10,226,000 (31 July 2021: HK\$12,327,000), prepayments of HK\$4,018,000 (31 July 2021: HK\$2,804,000) and other receivables of HK\$2,660,000 (31 July 2021: HK\$2,902,000) are expected to be recovered within one year.

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17 CASH AND BANK BALANCES

	31 January 2022 HK\$'000 (Unaudited)	31 July 2021 HK\$'000 (Audited)
Cash and cash equivalents	71,610	81,148

The carrying amounts of cash and bank balances approximate their fair values and are denominated in the following currencies:

	31 January 2022 HK\$'000 (unaudited)	31 July 2021 HK\$'000 (audited)
Hong Kong dollar	68,244	78,018
Renminbi	422	750
British pound	1,582	1,217
Australian dollar	1,102	969
United States dollar	218	162
New Zealand dollar	30	32
Canadian dollar	12	–
	71,610	81,148

18 CONTRACT LIABILITIES

Contract liabilities represents the tuition fee collected for tutoring services that have not yet been rendered before the end of respective period/year.

19 OTHER PAYABLES

	<i>Note</i>	31 January 2022 HK\$'000 (Unaudited)	31 July 2021 HK\$'000 (Audited)
Other payables	<i>(i)</i>	6,669	12,337
Provision of reinstatement cost	<i>(ii)</i>	3,105	4,034
Current portion		9,774	16,371

Note (i)

Other payables mainly represent accrued staff costs, printing expenses, and legal and professional fees, etc.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19 OTHER PAYABLES (CONTINUED)

Note (ii)

Included in other payables is a current portion of provision of reinstatement cost of HK\$3,105,000 (31 July 2021: HK\$4,034,000). The movement of provision of reinstatement cost is as follows:

	31 January 2022 HK\$'000 (Unaudited)	31 July 2021 HK\$'000 (Audited)
Balance as at beginning of the period/year	4,613	3,972
Additions	120	1,176
Utilization	(1,339)	(535)
Balance as at closing of the period/year	3,394	4,613
Less: non-current portion	(289)	(579)
Current portion	3,105	4,034

20 OTHER NON-CURRENT LIABILITIES

	31 January 2022 HK\$'000 (Unaudited)	31 July 2021 HK\$'000 (Audited)
Provision of reinstatement cost	289	579
Other non-current liabilities	289	579

21 SHARE CAPITAL

	Number of shares	HK\$'000
Authorised:		
Ordinary shares at 31 July 2021 (audited) and at 31 January 2022 (unaudited)	10,000,000,000	100,000
Issued and fully paid:		
Ordinary shares at 31 July 2021 (audited) and at 31 January 2022 (unaudited)	500,000,000	120,956

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

22 NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Cash generated from operations

	Six months ended 31 January	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Loss before taxation	(6,134)	(7,657)
Adjustments for:		
– Depreciation of property, plant and equipment	4,813	4,317
– Depreciation of right-of-use assets	8,589	14,381
– Amortisation of intangible assets	244	209
– Loss on disposal of property, plant and equipment	226	—
– Share-based compensation expenses	347	2,111
– Interest income	(76)	(166)
– Exchange differences-net	35	(97)
– Interest on bank loan	81	86
– Interest on lease liabilities	458	752
– Share of (gain)/losses of an associate	(56)	126
– Loss on deemed disposal of an associate	—	78
– Increase in fair value of investment property	(445)	(56)
– Provision on reinstatement	(120)	—
Change in working capital		
– Accounts receivables	(1,592)	(3,730)
– Deposits, prepayments and other receivables	2,204	7,552
– Contract liabilities	(496)	13,025
– Other payables	(6,887)	(3,982)
Cash generated from operations	1,191	26,949

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

23 RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in holding power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

Compensation of key management personnel of the Group:

	Six months ended 31 January	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Salaries, allowances and benefits in kind	3,895	3,818
Equity-settled share option expense	32	70
Pension scheme contributions	36	36
	<u>3,963</u>	<u>3,924</u>

24 COMMITMENTS

Lease commitments – where the Group is the lessee

The Group had future aggregate minimum lease payments under non-cancellable short-term leases in respect of teaching centres are as follows:

	31 January 2022 HK\$ (Unaudited)	31 July 2021 HK\$ (Audited)
	Within one year	<u>5,832</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

25 CONTINGENT LIABILITIES

Save as disclosed below, the Group did not have any material contingent liabilities as at 31 January 2022 (2021: nil).

In March 2018, another education services provider (the "Tutorial Services Provider") filed a writ of summons with an indorsement of claims against Beacon College Limited, a wholly owned subsidiary of the Group, claiming for procuring, inducing, encouraging or facilitating a Group's newly joined tutor on the breach of the previous service contract and damages arising from such breach. A defence against the alleged claims by the Tutorial Services Provider was filed by Beacon College Limited with the High Court of Hong Kong on 22 October 2018. The legal action of the alleged claims by the Tutorial Services Provider is in progress and the case is ready to set down for trial. The Directors have obtained independent legal advice and considered that it is not probable that the Group will incur any material losses resulted from this litigation.

26 SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

No significant events affecting the Group occurred after 31 January 2022 and up to the date of this interim report.

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 31 January 2022 (2021: nil).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 January 2022, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) of the Company, as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long positions in the shares or underlying shares of the Group

Name of company	Name of Director	Nature of interest	Number of shares held	Interest in underlying shares	Total interest in shares and underlying shares	Approximate percentage of shareholding
The Company	Ms. Leung Ho Ki, June <i>Note 1</i>	Deemed interests held jointly with another person; interest in a controlled corporation	375,000,000	—	375,000,000	75%
		Beneficial owner	—	1,000,000 <i>Note 2</i>	1,000,000	0.2%
		Interest of spouse	—	3,500,000 <i>Note 3</i>	3,500,000	0.7%
	Mr. Tam Wai Lung <i>Note 1</i>	Deemed interests held jointly with another person; interest in a controlled corporation	375,000,000	—	375,000,000	75%
		Beneficial owner	—	3,500,000 <i>Note 2</i>	3,500,000	0.7%
		Interest of spouse	—	1,000,000 <i>Note 3</i>	1,000,000	0.2%
Mr. Chan Tsz Ying, Wister	Beneficial owner	—	2,000,000 <i>Note 4</i>	2,000,000	0.4%	
Mr. Li Man Wai	Beneficial owner	—	1,000,000 <i>Note 2</i>	1,000,000	0.2%	
Beacon Enterprise Limited <i>Note 5</i>	Ms. Leung Ho Ki, June	Beneficial owner	3,600	—	3,600	60%
	Mr. Tam Wai Lung	Beneficial owner	1,560	—	1,560	26%
	Mr. Chan Tsz Ying, Wister	Beneficial owner	180	—	180	3%
	Mr. Li Man Wai	Beneficial owner	180	—	180	3%

OTHER INFORMATION

Notes:

1. The Company is held as to approximately 75% by Beacon Enterprise Limited upon Listing. Beacon Enterprise Limited is beneficially owned as to 60%, 26%, 4%, 4%, 3% and 3%, respectively, by Ms. Leung Ho Ki, June, Mr. Tam Wai Lung, Ms. Leung Ho Yan, Irene, Mr. Ng King Hang, Mr. Chan Tsz Ying, Wister and Mr. Li Man Wai. Pursuant to the Deed of Acting in Concert, each of Ms. Leung Ho Ki, June, Ms. Leung Ho Yan, Irene, Mr. Ng King Hang and Mr. Tam Wai Lung (the "Core Shareholders") has agreed to jointly control their respective interests in the Company and decisions as to the business and operations of the Group shall be in accordance with the unanimous consent of all Core Shareholders. Each of the Core Shareholders shall exercise their respective voting rights in the Company in the same way. Hence, each of the Core Shareholders is deemed to be interested in all the Shares held by the Core Shareholders in aggregate by virtue of the SFO.
2. These interests in underlying Shares represent the interests in outstanding options granted by the Company on 23 January 2019 pursuant to the Post-IPO Share Option Scheme approved and adopted by the Company on 21 June 2018 and effective from 13 July 2018 to subscribe for the relevant number of Shares.
3. Ms. Leung Ho Ki, June and Mr. Tam Wai Lung are spouses of each other, they are deemed to be interested in all the Shares and underlying Shares in which one another is interested by virtue of the SFO.
4. These interests in underlying shares represent the interests in outstanding options granted by the Company on 23 January 2019 and 1 April 2019 pursuant to the Post-IPO Share Option Scheme approved and adopted by the Company on 21 June 2018 and effective from 13 July 2018 to subscribe for the relevant number of shares.
5. The Company is held as to approximately 75% by Beacon Enterprise Limited upon Listing. Beacon Enterprise Limited is beneficially owned as to 60%, 26%, 4%, 4%, 3% and 3%, respectively, by Ms. Leung Ho Ki, June, Mr. Tam Wai Lung, Ms. Leung Ho Yan, Irene, Mr. Ng King Hang, Mr. Chan Tsz Ying, Wister and Mr. Li Man Wai.

Save as disclosed above, as at 31 January 2022, neither the chief executives nor any of the Directors of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 January 2022, so far as is known to any Directors or chief executives of the Company, persons (other than a Director or chief executive of the Company) or corporations who had interest or short positions in the Shares and underlying Shares of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of Shareholder	Nature of interest	Number of Shares held	Interest in underlying Shares	Position	Total interest in Shares and underlying Shares	Approximate percentage of shareholding
Beacon Enterprise Limited	Beneficial owner	375,000,000	—	Long	375,000,000	75.0%
Ms. Leung Ho Yan, Irene <i>Note 1</i>	Interests held jointly with another person; interest in controlled corporation	375,000,000	—	Long	375,000,000	75.0%
Mr. Ng King Hang <i>Note 1</i>	Interests held jointly with another person; interest in controlled corporation	375,000,000	—	Long	375,000,000	75.0%
Dr. Lam Yat Ming <i>Note 2</i>	Beneficial owner	5,012,000	20,000,000	Long	25,012,000	5.0%

Notes:

- The Company is held as to approximately 75% by Beacon Enterprise Limited upon Listing. Beacon Enterprise Limited is beneficially owned as to 60%, 26%, 4%, 4%, 3% and 3%, respectively, by Ms. Leung Ho Ki, June, Mr. Tam Wai Lung, Ms. Leung Ho Yan, Irene, Mr. Ng King Hang, Mr. Chan Tsz Ying, Wister and Mr. Li Man Wai. Pursuant to the Deed of Acting in Concert, each of such Core Shareholders has agreed to jointly control their respective interests in the Company and decisions as to the business and operations of the Group shall be in accordance with the unanimous consent of all the Core Shareholders. Each of the Core Shareholders shall exercise their respective voting rights in the Company in the same way. Hence, each of the Core Shareholders is deemed to be interested in all the Shares held by the Core Shareholders in aggregate by virtue of the SFO.
- Out of the 25,012,000 Shares and the underlying Shares in respect of which Dr. Lam Yat Ming is interested, and which represent approximately 5.0% of the issued share capital of the Company as at 31 January 2022, there are 20,000,000 underlying Shares which represent the number of Shares to be issued upon exercise in full of all the options granted to him under the Post-IPO Share Option Scheme on 29 July 2020, the grant of which became unconditional on 16 October 2020. As at 31 January 2022 and the date of this interim report, none of the options granted to Dr. Lam Yat Ming under the Post-IPO Share Option Scheme were exercised.

Save as disclosed above, as at 31 January 2022, the Directors and the chief executives of the Company are not aware of any other person or corporation having an interest or short position in the Shares and underlying Shares of the Company which would require to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

OTHER INFORMATION

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than as disclosed in the section headed "Share Option Schemes" below, at no time during the six months ended 31 January 2022 were rights to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate granted to any of the Directors or chief executives of the Company or their respective associates (as defined in the Listing Rules), or were any such rights exercised by any of them; or was the Company or any of its subsidiaries a party to any arrangement enabling the Directors or chief executives of the Company or their respective associates to acquire such rights.

SHARE OPTION SCHEMES

To recognise the contribution of, and to provide an incentive to, the employees, officers, agents, consultants, contractors, service providers, representatives and sales partners of the Group who have contributed or will contribute to the Group; and to enable the Group to recruit and retain high-calibre employees and attract and retain human resources that are valuable to the Group, we adopted the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme on 21 June 2018 and they were effective from 13 July 2018.

For details of the terms of the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme, please refer to the section headed "Share Option Schemes" in the Directors' Report included in our 2021 annual report.

Pre-IPO Share Option Scheme

The following options with the rights for the subscription of in aggregate 25,000,000 Shares were granted on 13 July 2018. Subject to the vesting and exercisable periods as disclosed below, the validity period of the options shall be at a maximum of 72 months from the date on which the grant of an option pursuant to such Share Option Scheme was made to a participant (the "Grant Date") and the options granted shall lapse on, whichever earlier, (i) at the expiry of the validity period; or (ii) the date on which the grantee ceases to be an employee, officer, agent, consultant, contractor, service provider or representative of any member of the Group by reason of the termination of his/her/its employment, office, agency, consultancy, service agreement or representation for the reasons of the grantee's unilateral material breach of the agreement between the grantee and any member of the Group or mutual consent between the grantee and any member of the Group subject to and in accordance with the terms of the Pre-IPO Share Option Scheme. A grantee may exercise options by stages during the applicable option periods as follows:

- 30% of the options shall vest on and be exercisable from the expiration of 12 months after the Grant Date until the expiration of 48 months after the Grant Date;
- 30% of the options shall vest on and be exercisable from the expiration of 24 months after the Grant Date until the expiration of 60 months after the Grant Date; and
- 40% of the options shall vest on and be exercisable from the expiration of 36 months after the Grant Date until the expiration of 72 months after the Grant Date.

The following table discloses movements in the outstanding options granted to all grantees under the Pre-IPO Share Option Scheme during the six months ended 31 January 2022.

OTHER INFORMATION

Grantee	Exercise price per share option	Number of options held at 1 August 2021	Options granted during the period (number of underlying Shares)	Options exercised or cancelled during the period	Options lapsed during the period	Number of options held as at 31 January 2022 (number of underlying Shares)
Max Wisdom Development Limited <i>Note</i>	HK\$0.54	25,000,000	—	—	(25,000,000)	—

Note: The ultimate beneficial owner of Max Wisdom Development Limited is Mr. Lam Yat Yan, who is a tutor of the Group.

All the options under the Pre-IPO Share Option Scheme were not exercisable within first 12 months after the Grant Date. The exercise price per share option of HK\$0.54 was determined by the Board as at 13 July 2018, being a 50% discount to the offer price of the final initial public offering of the Company on the same date.

Save and except as disclosed above, no other options were granted, exercised, cancelled or lapsed at any time during the six months ended 31 January 2022. As at 31 January 2022, all share options previously granted had lapsed in accordance with the terms of the Pre-IPO Share Option Scheme and there was no other outstanding share option. Accordingly, no Share was required to be issued under the Pre-IPO Share Option Scheme.

Post-IPO Share Option Scheme

The validity period of the following options granted shall be 10 years from the grant date and the options shall lapse at the expiry of the validity period or earlier if the service relationship between the Company and the respective grantee of the options has terminated prior to the expiry of the validity period, subject to the terms and conditions of the Post-IPO Share Option Scheme. The following table discloses movements in the outstanding options granted to all grantees under the Post-IPO Share Option Scheme during the six months ended 31 January 2022.

Grantee	Grant date	Exercisable period <i>Note 1</i>	Exercise price per share option	Number of options held at 1 August 2021	Options granted during the period (number of underlying Shares)	Options exercised or cancelled during the period	Options lapsed during the period	Number of options held as at 31 January 2022 (number of underlying Shares)
Directors								
Ms. Leung Ho Ki, June	23.1.2019	23.1.2020 - 22.1.2029	HK\$0.493	1,000,000	-	-	-	1,000,000
Mr. Tam Wai Lung	23.1.2019	23.1.2020 - 22.1.2029	HK\$0.493	3,500,000	-	-	-	3,500,000
Mr. Li Man Wai	23.1.2019	23.1.2020 - 22.1.2029	HK\$0.493	1,000,000	-	-	-	1,000,000
Mr. Chan Tsz Ying, Wister	23.1.2019	23.1.2020 - 22.1.2029	HK\$0.493	1,000,000	-	-	-	1,000,000
	1.4.2019	1.4.2020 - 31.3.2029	HK\$0.730	1,000,000	-	-	-	1,000,000
Employees of the Group	23.1.2019	23.1.2020 - 22.1.2029	HK\$0.493	8,500,000	-	-	(300,000)	8,200,000
<i>(Note 3)</i>	1.4.2019	1.4.2020 - 31.3.2029	HK\$0.730	3,400,000	-	-	(460,000)	2,940,000
Dr. Lam Yat Ming as consultant of the Group <i>(Note 4)</i>	29.7.2020 <i>(Note 2)</i>	16.10.2020 - 28.7.2030	HK\$0.600	20,000,000	-	-	-	20,000,000

OTHER INFORMATION

Notes

- 1: The options granted to Directors and employees of the Group on 23 January 2019 and 1 April 2019 are exercisable in the following manner:
 - 30% of the options shall vest in and be exercisable from the first anniversary of the grant date;
 - 30% of the options shall vest in and be exercisable from the second anniversary of the grant date; and
 - 40% of the options shall vest in and be exercisable from the third anniversary of the grant date.The options granted to Dr. Lam Yat Ming on 29 July 2020 are exercisable in the following manner:
 - 30% of the options shall vest in and be exercisable from the date on which the grant of the options becomes unconditional on 16 October 2020;
 - 30% of the options shall vest in and be exercisable from the first anniversary of the grant date; and
 - 40% of the options shall vest in and be exercisable from the second anniversary of the grant date.
- 2: The grant of the 20,000,000 options on 29 July 2020 was conditional upon the following: (a) the approval of the Shareholders at the extraordinary general meeting convened and held on 28 September 2020 for the grant of the 20,000,000 options to the grantee; (b) the grantee being a holder of at least 0.7% of the total number of Shares in issue as of the grant date, i.e. at least 3,500,000 Shares (500,000,000 Shares (being the total number of Shares in issue as at the grant date) \times 0.7%); and (c) the Stock Exchange granting the approval for the listing of, and permission to deal in, the Shares that may be issued pursuant to the exercise of 14,400,000 of the total 20,000,000 options (which is in excess of the then existing Scheme Mandate Limit). The grant of the 20,000,000 options to the grantee on 29 July 2020 fulfilled the aforementioned conditions and became unconditional on 16 October 2020. Pursuant to the terms and conditions of the grant of the 20,000,000 options to the grantee, Dr. Lam Yat Ming, the grantee, undertakes, amongst others, not to transfer or otherwise dispose of any Shares allotted to him pursuant to any exercise of the option at a price per Share which is lower than HK\$1.08, being the final price per Share offered under the initial public offering and Listing of the Company on 13 July 2018, during the period of 10 years from the initial grant date.
- 3: The employees of the Group includes employees working under employment contracts that are regarded as “continuous contracts” for the purposes of the Employment Ordinance (Chapter 57 of the Laws of Hong Kong).
- 4: Dr. Lam Yat Ming was appointed by the Company as Strategic Development Consultant on 29 July 2020. The terms of the 20,000,000 options granted to Dr. Lam are detailed in the announcement and circular of the Company dated 29 July 2020 and 7 September 2020 respectively. The rationale for and benefits of making the grant of options to Dr. Lam are set out in the circular of the Company dated 7 September 2020.

The options granted under the Post-IPO Share Option Scheme would not have a dilutive effect on the earnings per Share for the period of six months ended 31 January 2022. For the options granted to the Directors and employees of the Group on 23 January 2019 and 1 April 2019, the exercise price per option represents the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five consecutive business days immediately preceding the relevant grant date; for the options granted to Dr. Lam Yat Ming on 29 July 2020, the exercise price payable in respect of each Share upon the exercise of the options is determined in accordance with the terms of the Post-IPO Share Option Scheme, which exceeds HK\$0.378, being the average closing price per Share as stated in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the grant date. For the options granted with exercise price per option of HK\$0.493, HK\$0.730 and HK\$0.600 as detailed above, the closing price of the Shares on the relevant grant date was HK\$0.490, HK\$0.700 and HK\$0.360 respectively.

Save and except as disclosed in the above table, no other options were granted, exercised, cancelled or lapsed at any time during the six months ended 31 January 2022; and no other options have been granted or agreed to be granted respectively by the Company as at the date of this Interim Report under the Post-IPO Share Option Scheme.

PURCHASE, SALES OR REDEMPTION OF COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any listed securities of the Company during the period of the six months ended 31 January 2022.

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 shareholders of the Company and to enhance corporate value and accountability. Since the listing of the Company's shares on the Main Board of the Stock Exchange and up to 31 January 2022, the Company has complied with all applicable code provisions set out in the Corporate Governance Code in Appendix 14 to the Listing Rules (the "Corporate Governance Code") as amended from time to time.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules ("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 period of the six months ended 31 January 2022 and up to the date of this interim report.

CHANGE IN DIRECTORS' EMOLUMENTS

As approved by resolutions of the board of directors of the Company with reference to the recommendation of its Remuneration Committee on 24 August 2021, a special bonus amounted to HK\$70,000, HK\$56,000, HK\$50,000, and HK\$40,000 was paid to each of the executive Directors Ms. Leung Ho Ki, June, Mr. Tam Wai Lung, Mr. Chan Tsz Ying, Wister and Mr. Li Man Wai respectively in September 2021 subsequent to and taking into account the 20% reduction in salary during the period from 1 March 2021 to 31 August 2021 as disclosed in the Interim Report 2021 for the six months ended 31 January 2021 of the Company. Such special bonus was paid in accordance with each relevant Director's service contract with the Company.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, up to the date of this interim report.

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 Interim Report shall have the meanings as ascribed therein. The legal action of the alleged claims by the Tutorial Services Provider is in progress and the case is ready to set down for trial. The Board, having obtained legal advice, considers that the Tutorial Services Provider has a very slim chance of success in holding Beacon College liable for the allegations. In view of the indemnities provided by the Controlling Shareholders in favour of the Group under the Deed of Indemnity for all damages, reasonable costs (including legal costs), expenses or other liabilities resulting from any litigation, the Company considers that the outcome of the litigation is unlikely to have any material adverse financial impact on the Group.

OTHER INFORMATION

AUDIT COMMITTEE

The Audit Committee was established in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The primary duties of the Audit Committee are, inter alia, to (i) review and supervise the financial reporting, financial controls, risk management and internal control systems of the Group, (ii) review and approve connected transactions; and (iii) advise the Board in relation to the foregoing.

The Audit Committee consists of three members: Mr. Li Kai Sing, Mr. Kwan Chi Hong and Professor Wong Roderick Sue Cheun, all of whom are independent non-executive Directors. Mr. Li Kai Sing is the chairman of the Audit Committee. The Audit Committee has reviewed with the management this interim report including the unaudited financial statements of the Group for the six months ended 31 January 2022 and the accounting principles and practices adopted by the Group, and has discussed auditing, internal controls and financial reporting matters.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained the public float as required by the Listing Rules for the six months ended 31 January 2022 and up to the date of this interim report, based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this interim report.

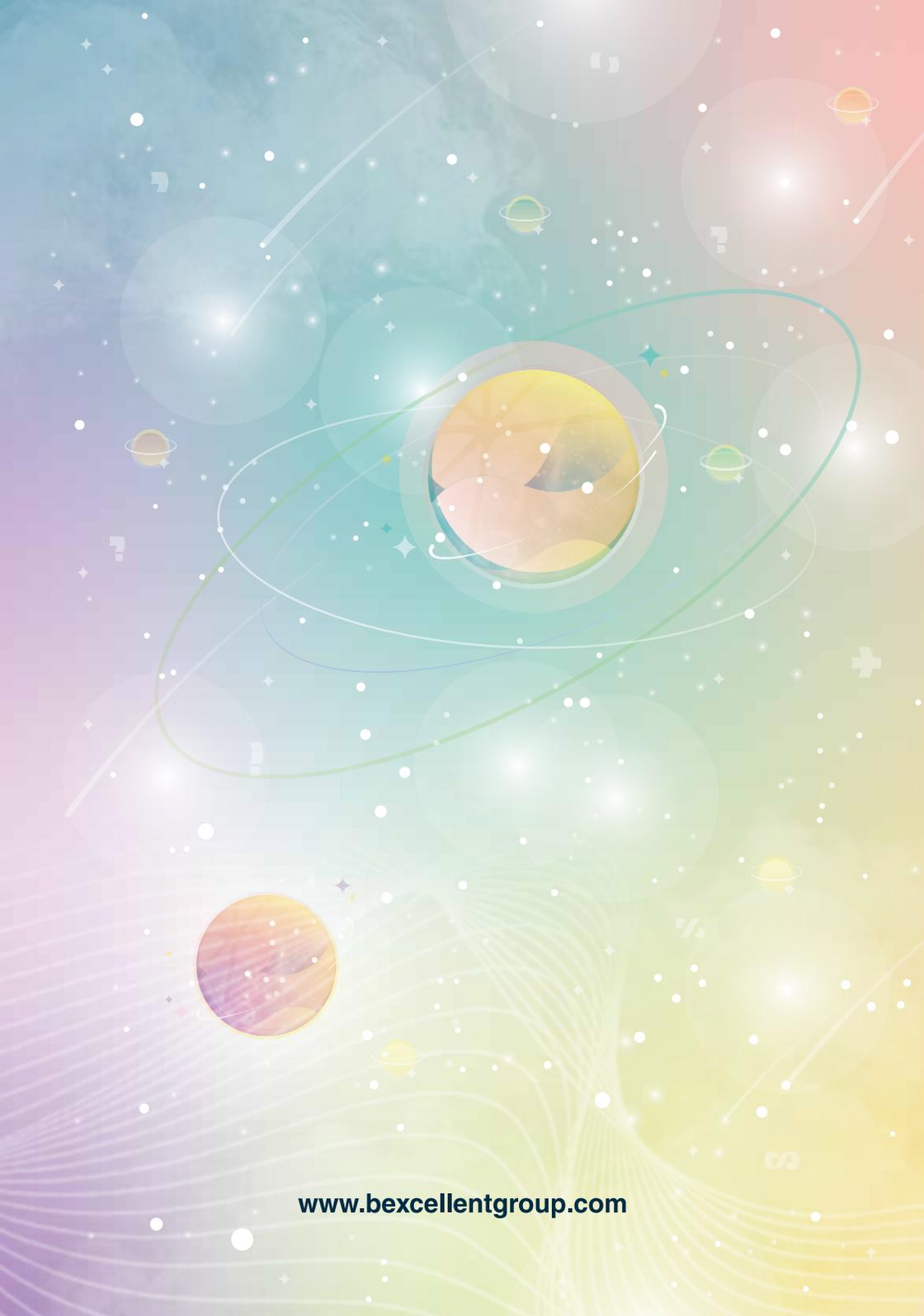
SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Except for the events disclosed in Note 26 in the section headed “Notes To The Condensed Consolidated Financial Statements” in this interim report, the Group has no other significant events after the reporting period.

On behalf of the Board

Leung Ho Ki, June
Chairman

Hong Kong, 29 March 2022



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