



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

2023

INTERIM REPORT

中期報告

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FINANCIAL AND OPERATIONAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

	For the six months ended 31 January	
	2023 HK\$'000	2022 HK\$'000
Revenue	68,287	83,342
Loss for the period	(12,995)	(8,121)
Loss attributable to the owners of the Company	(13,173)	(7,543)
Losses per share		
Basic and diluted (HK cents)	(2.63)	(1.51)

OPERATIONAL HIGHLIGHTS

The summary below lists out the number of session enrollments of our private supplementary secondary school education services for the six months ended 31 January 2023 and 2022.

	For the six months ended 31 January	
	2023	2022
Total number of session enrollments ('000)	72	116
Maximum classroom capacity (Note 1)	2,208	2,691
Revenue per average classroom capacity (HK\$'000)	21.2	25.3

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

Conyers Trust Company (Cayman) Limited
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Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

COMPANY'S WEBSITE

www.bexcellentgroup.com

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 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 2023, we operated 10 teaching centres, with a total of 80 classrooms, which, in accordance with the EDB's guidelines, allow a maximum classroom capacity of 2,273 students to attend class at any one time.

During the six months ended 31 January 2023, the private supplementary secondary school education services industry in Hong Kong faced several challenges due to the tough business environment brought by the COVID-19 pandemic. Due to the fifth wave of the COVID-19, local schools' summer break was brought forward to March and April 2022, thus students had to attend normal schooling during July to August 2022, which altogether resulted in a substantial drop on the Group's summer courses enrollment and revenue. Despite the fact that schools mostly returned to normal operation when the new academic year began in September 2022, the learning momentum among students had not recovered to the same level as prior to COVID-19 pandemic; the decline of revenue only narrowed in intensive courses and mock exam services when the public health measures started to relax in December 2022, indicating a gradual recovery for the business. Accordingly, the Group recorded a decrease in revenue from HK\$83.3 million for the six months ended 31 January 2022, to HK\$68.3 million for the six months ended 31 January 2023, representing a decrease of 18.1%.

On the other hand, our Group has been proactively addressing the changes in the HKDSE curriculum and taking steps to ensure high-quality private supplementary education services to our students. These include the replacement of Liberal Studies with Citizenship and Social Development in HKDSE 2024 which will be excluded from grading, and the streamlining of the Chinese Language curriculum with fewer papers from HKDSE 2023 onwards. Although such changes reduced the demand for private supplementary secondary school education services in those two core subjects, the shift in students' study focus to other subjects such as English Language was also noticeable, leading to new growth opportunities for other subject enrollments.

Below is a summary of the revenue for each category of services which we provided for each of the six months ended 31 January 2023 and 2022:

	For the six months ended 31 January			
	2023		2022	
	HK\$'000	%	HK\$'000	%
Private supplementary secondary school education services	46,801	68.5	68,126	81.7
Private secondary day school services	6,358	9.3	4,802	5.8
Ancillary education services and products	15,128	22.2	10,414	12.5
	68,287	100.0	83,342	100.0

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 2023 and 2022:

	For the six months ended 31 January			
	2023		2022	
	Session enrollment '000	Revenue HK\$'000	Session enrollment '000	Revenue HK\$'000
Regular courses	45	33,081	62	43,102
Intensive courses	14	6,532	16	6,741
Summer courses	13	7,188	38	18,283
Total	72	46,801	116	68,126
Average course fee per session enrollment (HK\$)		650		587

The Group's revenue derived from private supplementary secondary school education services declined by 31.3% when compared with that in the same period in the previous financial year. The summer break for local schools was brought forward to early 2022 due to the pandemic, which had resulted in substantial decline in session enrolment of summer courses by 65.8%. Hence, the learning momentum among students had not yet improved noticeably in the regular courses right after the resumption of normal school hours, which had also resulted in 27.4% decline in session enrollment of regular courses. Moreover, the change in the HKDSE curriculum, in particular i) replacement of Liberal Studies by Citizenship and Social Development and ii) cancellation of papers in Chinese Language has also adversely affected students' intention to obtain private supplementary secondary education services for their exam preparation in these subjects. Nevertheless, such change will enhance the learning momentum of English Language and other subjects since students are able to spare more time to other subjects which are critical to their individual plans of further studies. The Group offered less allowances and bursaries after the pandemic, which resulted in a higher average course fee per session enrollment.

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 during the six months ended 31 January 2023, the revenue increased by HK\$1.6 million or 32.4% when compared with that in the same period in the previous financial year. The school fee remained steady when compare to that of the same period ended 31 January 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2023 and 2022:

	For the six months ended 31 January	
	2023 HK\$'000	2022 HK\$'000
Beacon BExcellent	3,291	3,949
Mock examination services	3,530	1,511
School and childhood education services	2,073	1,561
VIP self-study services	405	809
Others	5,829	2,584
Total	15,128	10,414

The revenue of Beacon BExcellent decreased by HK\$0.7 million or 16.7% from HK\$3.9 million for the six months ended 31 January 2022 to HK\$3.3 million for the six months ended 31 January 2023. The decrease was mainly due to the revenue decline in IELTS courses which were attributable to, amongst others, including the rising popularity of alternative language proficiency tests like Duolingo, the increasing availability of free online resources and self-study materials, and the economic downturn in Hong Kong.

The relaxation of social distancing measures made students felt more at ease while attending sizeable activities like our mock examinations. When compared with the same period in the previous financial year, more mock examinations were scheduled in January 2023 due to the improvement of pandemic control. Therefore, the revenue from such services significantly increased by HK\$2.0 million or 133.6% from HK\$1.5 million for the six months ended 31 January 2022 to HK\$3.5 million for the six months ended 31 January 2023.

The Group has been providing teaching services of the HKDSE programme in an international school in Shenzhen, and the development of such services achieved a pleasant growth during the reporting period, the revenue arising from it contributed to a significant increase in the revenue from other services and products by HK\$3.2 million or 125.6% from HK\$2.6 million for the six months ended 31 January 2022 to HK\$5.8 million for the six months ended 31 January 2023.

Revenue from school and childhood education services increased by HK\$0.5 million, or 32.8% from HK\$1.6 million for the six months ended 31 January 2022 to HK\$2.1 million for the six months ended 31 January 2023. The relaxation of anti-epidemic measures imposed by Education Bureau on schools during late 2022 has released the demand of schools acquiring education services from third parties and thus resulted in such rise.

OUTLOOK AND FUTURE DEVELOPMENTS

The business environment of private supplementary secondary education services in Hong Kong remains challenging. However, the Group is determined to adapt to the changing landscape, especially the curriculum changes, to remain viable and prosperous.

Looking ahead, the business environment is expected to become more lively in 2023, as all public health measures related to COVID-19 gradually come to an end, and cross-border travel between Hong Kong and Mainland China resumes. It is possible that students who stayed in Mainland China during the pandemic will return to Hong Kong for studies, presenting a pleasant opportunity for the industry. The Group has undertaken various strategies to narrow the revenue loss of private supplementary secondary school education services, including fortifying the teaching team by recruiting high-calibers to augment the platform. The Group is steadfast in its commitment to provide high-quality teaching services that enhance students' academic performance and learning experience.

MANAGEMENT DISCUSSION AND ANALYSIS

Soon after the travel restriction between Mainland China and Hong Kong has been relaxed, the opportunities in the Greater Bay Area for education inclusion is attractive, and the Group has been exploring opportunities for collaboration, including mergers and acquisitions to further expand the income streams from international studies business in Mainland China and in Hong Kong. The Group's development in the provision of education services in Mainland China has exhibited remarkable growth and generated a new stream of income. It is anticipated that such growth will remain pleasing throughout the financial year. The Group is also venturing into other services, such as Hong Kong and overseas studies consultation services in Mainland China to broaden its business scope. During the six months ended 31 January 2023, the Group acquired a subsidiary that operates various post-secondary programmes, a move that is expected to diversify its business portfolio and generate a steady stream of income in the future. In addition to this acquisition, the Group will continue to look for potential investment opportunities that align with its strategic objectives and add value to its business portfolio. This proactive approach in identifying and pursuing growth opportunities reflects the Group's commitment to maintaining a competitive edge and delivering long-term value to its stakeholders.

Notwithstanding the challenges, the Group maintains an optimistic outlook regarding the future of the private supplementary secondary school education services industry in Hong Kong. With its resilient management team and resolute endeavors to adapt to the constantly changing landscape, the Group is favorably situated to capitalize on opportunities and attain sustainable growth in the times ahead.

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\$15.1 million, or 18.1%, from HK\$83.3 million for the six months ended 31 January 2022 to HK\$68.3 million for the six months ended 31 January 2023. This was mainly due to the revenue decline from our Group's private supplementary education services, which was partially offset by the revenue increase in the ancillary education services and products.

Revenue from the provision of private supplementary secondary school education services decreased by HK\$21.3 million or 31.3% from HK\$68.1 million for the six months ended 31 January 2022 to HK\$46.8 million for the six months ended 31 January 2023, which was due to the decrease in the number of the Group's session enrollments by 44,000 or 37.9% from 116,000 for the six months ended 31 January 2022 to 72,000 for the six months ended 31 January 2023.

Revenue from the provision of the ancillary education services and products increased by HK\$4.7 million or 45.3% from HK\$10.4 million for the six months ended 31 January 2022 to HK\$15.1 million for the six months ended 31 January 2023. This was mainly due to (i) the increase in revenue from mock examination services by HK\$2.0 million or 133.6% from HK\$1.5 million for the six months ended 31 January 2022 to HK\$3.5 million for the six months ended 31 January 2023; (ii) the increase in the revenue arising from, amongst others, our education services offered in Mainland China which contributed to a significant increase in the revenue for other services and products by HK\$3.2 million or 125.6% from HK\$2.6 million for the six months ended 31 January 2022 to HK\$5.8 million for the six months ended 31 January 2023.

Other income

Other income for the six months ended 31 January 2023 primarily consists of IT service income, rental income from an investment property and interest income from bank deposits.

Other income increased by HK\$1.6 million or 77.2% from HK\$2.1 million for the six months ended 31 January 2022 to HK\$3.8 million for the six months ended 31 January 2023, in which IT service income recorded a remarkable revenue growth of HK\$1.1 million or 66.5% from HK\$1.6 million for the six months ended 31 January 2022 to HK\$2.7 million for the six months ended 31 January 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Major costs components

The summary below shows the major costs components of the Group among which 53.8% (2022: 56.3%) is related to labor costs (staff costs and tutor service fees), followed by printing and other operating expenses, short-term lease and low-value lease payments, depreciation of right-of-use ("ROU") assets, and advertising and promotion expenses.

	For the six months ended 31 January			
	2023 HK\$'000	% of revenue	2022 HK\$'000	% of revenue
Staff costs	33,473	49.0	33,038	39.6
Tutor service fees	10,852	15.9	15,480	18.6
Printing and other operating expenses	20,504	30.0	21,071	25.3
Depreciation of ROU assets	5,730	8.4	8,589	10.3
Short-term lease and low-value lease payments	6,598	9.7	6,151	7.4
Advertising and promotion expenses	5,196	7.6	1,917	2.3

Staff costs

As at 31 January 2023, the Group had 198 full-time employees and maintained an accumulated pool of 163 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 compensation expenses incurred for our employees.

The staff costs increased by HK\$0.4 million or 1.3% from HK\$33.0 million for the six months ended 31 January 2022 to HK\$33.5 million for the six months ended 31 January 2023. Such increase was mainly attributable to the increase in staff headcount to support the Group's business expansion in Mainland China offset by the continuous effort in corporate savings.

Save as disclosed in the section headed "Share Option Schemes" on page 36 of this Interim Report, no other Share Schemes in respect of employees were in effect during the six months ended 31 January 2023.

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 fees are in general positively correlated to the Group's revenue. Such expenses decreased by HK\$4.6 million or 29.9% from HK\$15.5 million for the six months ended 31 January 2022 to HK\$10.9 million for the six months ended 31 January 2023.

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\$0.6 million or 2.7% from HK\$21.1 million for the six months ended 31 January 2022 to HK\$20.5 million for the six months ended 31 January 2023.

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 HK\$0.9 million or 19.4% from HK\$4.6 million for the six months ended 31 January 2022 to HK\$3.7 million for the six months ended 31 January 2023.

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 8.4% and 9.7% respectively (2022: 10.3% and 7.4%) 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 continuously reviews 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 2023, there was no material change in classroom capacity within our teaching centre network except for the commencement of our new teaching centre in Causeway Bay in September 2022. The overall lease payment for the six months ended 31 January 2023 decreased as a result of the continuous teaching centre network optimization conducted in recent years.

Advertising and promotion expenses

In recent years, our regular promotion and advertisement strategically shifted to focus on online channels and social media platforms such as Google, Instagram and Facebook, which were relatively more effective and efficient than the traditional offline channels such as billboard, transportation, foamboard and banners. Short videos and live broadcast marketing for promotional purpose were implemented periodically. With the gradual resumption of normal schooling, the Group has put more resources in both traditional and digital marketing channels and campaigns, which resulted in an increase of advertising and promotion expenses by HK\$3.3 million or 171.0% from HK\$1.9 million for the six months ended 31 January 2022 to HK\$5.2 million for the six months ended 31 January 2023.

Income tax expense

The income tax expense for the period ended 31 January 2023 was HK\$0.2 million (income tax expense for the six months ended 31 January 2022: HK\$2.0 million). The effective tax rates of the Group for the six months ended 31 January 2023 and 2022 were 1.6% and 32.4% respectively.

Loss for the period

The Group recorded a loss of HK\$13.0 million for the six months ended 31 January 2023. The loss was mainly due to the significant decrease in the revenue from private supplementary secondary school education services during the pandemic period (loss of the Group for the six months ended 31 January 2022: HK\$8.1 million).

Liquidity, financial resources and capital structure

As at 31 January 2023, the Group's net current asset value was HK\$25.7 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\$126.7 million as at 31 July 2022 to HK\$125.3 million as at 31 January 2023. Such decrease in current assets was primarily due to the decrease in cash and cash equivalents from HK\$103.9 million as at 31 July 2022 to HK\$100.5 million as at 31 January 2023.

As at 31 January 2023, the current ratio of the Group (expressed as current assets divided by current liabilities) was 1.26, compared with 1.44 as at 31 July 2022. The Group is not exposed to material fluctuations in exchange rates or any related hedges.

MANAGEMENT DISCUSSION AND ANALYSIS

Allotment and Issuance of New Shares under General Mandate and Acquisition of Subsidiary

Reference is made to the announcements on 25 October 2022 and 30 November 2022 respectively. Capitalised terms used in this section shall have the meanings as ascribed therein.

On 25 October 2022, Beacon Holdings Limited (“BHL”, being an indirect wholly-owned subsidiary of the Company), entered into the Agreement with Mr. Cheng Hong Fu and Ms. Ng Mei Yee (“Vendors”) and Ottorino Consultants (International) Limited (“OCIL”, a company with limited liability incorporated in Hong Kong), pursuant to which, (i) BHL conditionally agreed to subscribe for 25,500 new Target Shares to be allotted and issued by the OCIL at the Subscription Consideration of HK\$3,187,500 payable in cash at Completion; and (ii) BHL conditionally agreed to purchase, and the Vendors conditionally agreed to sell, the Sale Shares at the Acquisition 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 within 5 Business Days after the Completion Date. The 3,984,000 Consideration Shares represent: (i) approximately 0.80% of the number of issued Shares as at the date of the Agreement; and (ii) approximately 0.79% of the number of issued Shares as enlarged by the allotment and issue of the Consideration Shares upon Completion.

All of the conditions precedent under the Agreement have been fulfilled and the Completion took place on 30 November 2022. Consequently, the Company allotted and issued 3,984,000 Consideration Shares to the Vendors in equal shares for the purpose of settlement of the Acquisition Consideration at the Issue Price of HK\$0.80 per Consideration Share under the General Mandate, representing approximately 0.79% of the enlarged issued share capital of the Company immediately after the allotment and issue of the Consideration Shares. Upon Completion, the OCIL is held as to 51% by BHL and becomes an indirect non-wholly-owned subsidiary of the Company.

Charges on the Group’s Assets

The Group has investment property with carrying value of approximately HK\$19.2 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 2023, the Group’s gearing ratio (calculated based on bank borrowings amounting to HK\$54.8 million and lease liabilities amounting to HK\$18.6 million divided by equity attributable to the owners of the Company as at the period end date amounting to HK\$90.5 million) was 81.1% (31 July 2022: 74.9%).

Contingent liabilities

The Group did not have any material contingent liabilities as at 31 January 2023 (2022: nil).

Dividends

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

Acquisition and disposal of subsidiaries, associates and joint ventures

Save as disclosed in the section “Allotment and Issuance of New Shares under General Mandate and Acquisition of Subsidiary” in this Interim Report, there was no other material acquisition or disposal of subsidiaries, associates or joint ventures during the six months ended 31 January 2023.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 January 2023

	<i>Note</i>	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	3	68,287	83,342
Other income	4	3,768	2,126
Other gains/(losses)	4	961	(261)
Staff costs	5	(33,473)	(33,038)
Tutor service fees		(10,852)	(15,480)
Short-term lease and low-value lease payments		(6,598)	(6,151)
Advertising and promotion expenses		(5,196)	(1,917)
Printing and other operating expenses		(20,504)	(21,071)
Depreciation and amortisation		(8,091)	(13,646)
Change in fair value of investment property	13	100	445
Operating loss		(11,598)	(5,651)
Finance costs	6	(1,229)	(539)
Share of profit of associates		32	56
Loss before taxation	7	(12,795)	(6,134)
Taxation	8	(200)	(1,987)
Loss for the period		(12,995)	(8,121)
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		(66)	(29)
Other comprehensive loss for the period		(66)	(29)
Total comprehensive loss for the period		(13,061)	(8,150)
Loss attributable to			
– Owners of the Company		(13,173)	(7,543)
– Non-controlling interests		178	(578)
		(12,995)	(8,121)
Total comprehensive loss for the period attributable to			
– Owners of the Company		(13,239)	(7,572)
– Non-controlling interests		178	(578)
		(13,061)	(8,150)
Basic and diluted loss per share for loss attributable to the owners of the Company (expressed in HK cents per share)	9	(2.63)	(1.51)

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 2023

		31 January 2023 HK\$'000 (Unaudited)	31 July 2022 HK\$'000 (Audited)
	<i>Note</i>		
Assets			
Non-current assets			
Property, plant and equipment	11	9,796	10,787
Right-of-use assets	12	30,199	33,205
Investment property	13	19,200	19,100
Intangible assets		6,242	4,732
Financial assets at fair value through other comprehensive income		128	194
Deferred income tax assets		4,498	4,660
Interest in associates		303	271
Deposits and prepayments		2,336	2,064
		72,702	75,013
Current assets			
Accounts receivables	15	2,814	2,499
Deposits, prepayments and other receivables	16	15,260	20,255
Income tax recoverable		—	22
Financial assets at fair value through profit or loss	14	6,728	—
Cash and cash equivalents	17	100,514	103,888
		125,316	126,664
Total assets		198,018	201,677
Equity			
Share capital	21	122,749	120,956
Other reserves		8,966	9,054
Accumulated losses		(41,229)	(28,078)
Equity attributable to owners of the Company		90,486	101,932
Non-controlling interests		(1,427)	(1,605)
Total equity		89,059	100,327
Liabilities			
Current liabilities			
Other payables	19	15,448	16,982
Contract liabilities	18	19,688	7,285
Current income tax payable		107	140
Borrowings		54,818	55,074
Lease liabilities		9,545	8,758
		99,606	88,239

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 January 2023

		31 January 2023 HK\$'000 (Unaudited)	31 July 2022 HK\$'000 (Audited)
	<i>Note</i>		
Non-current liabilities			
Other non-current liabilities	20	298	585
Deferred income tax liabilities		48	11
Lease liabilities		9,007	12,515
		<u>9,353</u>	<u>13,111</u>
Total liabilities		<u>108,959</u>	<u>101,350</u>
Total equity and liabilities		<u>198,018</u>	<u>201,677</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 2023

	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 losses) HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
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
Balance at 1 August 2022 (audited)		120,956	9,054	(28,078)	101,932	(1,605)	100,327
(Loss)/profit for the period		—	—	(13,173)	(13,173)	178	(12,995)
Other comprehensive loss for the period							
Change in the fair value of equity investment at fair value through other comprehensive income		—	(66)	—	(66)	—	(66)
Total comprehensive (loss)/income for the period		—	(66)	(13,173)	(13,239)	178	(13,061)
Transactions with owners in their capacity as owners							
Contributions of equity net of transaction costs	21	1,793	—	—	1,793	—	1,793
Release of share option reserve upon the lapse of share options		—	(22)	22	—	—	—
Total transactions with owners in their capacity as owners		1,793	(22)	22	1,793	—	1,793
Balance at 31 January 2023 (unaudited)		122,749	8,966	(41,229)	90,486	(1,427)	89,059

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 2023

		For the six months ended 31 January	
	<i>Note</i>	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Cash flows from operating activities			
Cash generated from operations	22	12,490	1,191
Income tax (paid)/refund		(11)	959
		12,479	2,150
Cash flows from investing activities			
Purchases of property, plant and equipment	11	(726)	(1,686)
Payment for acquisition of subsidiary, net of cash acquired		(3,085)	—
Sales proceeds from disposal of property, plant and equipment		—	12
Investment in an associate		—	(400)
Interest received		410	76
Proceed for disposal of financial assets at fair value through profit or loss		8,569	—
Payment for acquisition of financial assets at fair value through profit or loss		(14,260)	—
Dividend income from financial assets at fair value through profit or loss		213	—
		(8,879)	(1,998)
Cash flows from financing activities			
Principal elements of lease payment		(5,413)	(8,862)
Interest elements of lease payment	6	(421)	(458)
Repayment of borrowings		(256)	(254)
Interest paid		(808)	(81)
		(6,898)	(9,655)
Net decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of the period		(3,298)	(9,503)
Exchange losses on cash and cash equivalents		103,888	81,148
		(76)	(35)
Cash and cash equivalents at end of the period		100,514	71,610

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 2022, 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:

AG 5 (Revised)	Merger Accounting for Common Control Combinations
Amendments to HKAS 16	Property, Plant and Equipment Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to HKFRSs 2018 – 2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41
Amendments to HKFRS 3	Reference to the Conceptual Framework

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 (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, the revenue recognised during the period is disaggregated by major products/service lines and timing of revenue recognition.

	Six months ended 31 January	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Major products/service lines		
Private supplementary secondary school education services	46,801	68,126
Private secondary day school services	6,358	4,802
Ancillary education services and products	15,128	10,414
	<u>68,287</u>	<u>83,342</u>
	Six months ended 31 January	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Timing of revenue recognition:		
Overtime	62,839	79,331
At a point in time	5,448	4,011
	<u>68,287</u>	<u>83,342</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 were related to education service contracts and those contracts were 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 GAINS/(LOSSES)

	Six months ended 31 January	
	2023	2022
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Other income		
– IT service income	2,673	1,605
– Interest income	410	76
– Dividend income from financial assets at fair value through profit or loss	213	—
– Rental income from investment property	337	324
– Sundry income	135	121
	<u>3,768</u>	<u>2,126</u>
Other gains/(losses)		
Loss on disposal of property, plant and equipment	—	(226)
Exchange differences - net	(76)	(35)
Fair value gain on financial assets at fair value through profit or loss	172	—
Gain on disposal of financial assets at fair value through profit or loss	865	—
	<u>961</u>	<u>(261)</u>

5 STAFF COSTS

	Six months ended 31 January	
	2023	2022
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Salaries, allowances and bonus	32,054	31,309
Pension costs-defined contribution retirement plans <i>(Note (a))</i>	1,419	1,382
Share-based compensation expenses	—	347
	<u>33,473</u>	<u>33,038</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	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Interest expenses on lease liabilities	421	458
Interest expenses on bank loan	808	81
	<u>1,229</u>	<u>539</u>

7 LOSS BEFORE TAXATION

	Six months ended 31 January	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Loss before taxation has been arrived at after charging:		
Short-term lease expenses	6,598	6,151
Depreciation of right-of-use assets	5,730	8,589
Depreciation of property, plant and equipment	2,078	4,813
Printing and stationery	3,727	4,623
Amortisation of intangible assets	282	244

8 TAXATION

The amounts of taxation charged to the condensed consolidated statement of comprehensive income represent:

	Six months ended 31 January	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Current income tax		
– Hong Kong profits tax	1	103
Deferred income tax	199	1,884
	<u>200</u>	<u>1,987</u>

Hong Kong profits tax has been provided at a rate of 16.5% on the estimated assessable profit for both periods. Taxation on overseas profits has been calculated on the estimated assessable profits for both periods at the rates of taxation prevailing in the countries where the Group operates.

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	
	2023 (Unaudited)	2022 (Unaudited)
Loss attributable to owners of the Company (HK\$'000)	(13,173)	(7,543)
Weighted average number of shares in issue (thousand shares)	501,335	500,000
Basic loss per share for loss attributable to owners of the Company (HK cents)	(2.63)	(1.51)

Diluted loss per share is the same as the basic loss per share since the potential shares from options are anti-dilutive throughout each of the six months ended 31 January 2023 and 31 January 2022.

10 CAPITAL, RESERVES AND DIVIDENDS

10.1 Dividend

There were no dividends paid or declared by the Company for the six months ended 31 January 2023 and 31 January 2022.

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

10.2 Share option scheme

(a) 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)

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

Movements of the share options are set out below:

	Six months ended 31 January			
	2023		2022	
	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	54.3	18,640,000	54.7	19,400,000
Lapsed during the period	58.8	(300,000)	63.6	(760,000)
At end of the period	54.2	18,340,000	54.3	18,640,000
Vested and exercisable at end of the period	54.2	18,340,000	52.6	17,064,000

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	
			2023	2022
23 January 2019	22 January 2029	49.3	14,520,000	14,700,000
1 April 2019	31 March 2029	73.0	3,820,000	3,940,000

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%

The risk free interest rate is based on the market rates of the generic Hong Kong government bond yield as of the option grant date.

The volatility is the average standard deviation of historical share price movement of the comparable companies in the relevant periods matching expected life of the share option.

The dividend yield is estimated according to the historical dividend distribution pattern.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

10.2 Share option scheme (continued)

(a) (continued)

The fair values of the share options as at 23 January 2019 and as at 1 April 2019 were HK\$0.0651 and HK\$0.0859 respectively.

During the six months ended 31 January 2023, the total expenses recognised in the condensed consolidated statement of comprehensive income for share options was approximately HK\$nil (2022: HK\$63,000) and were included in staff costs.

(b) 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			
	2023		2022	
	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	20,000,000	60.0	12,000,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

10.2 Share option scheme (continued)

(b) (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 HK cents	Six months ended 31 January	
			2023	2022
29 July 2020	28 July 2030	60.0	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 risk free interest rate is based on Hong Kong Government Bond yield with a maturity life equal to the time to maturity of the share option as of the valuation date.

The volatility is the based on the daily stock prices of comparable companies of the Company.

The dividend yield is the expected dividend yield of the underlying ordinary shares for a time period corresponding to the remaining life of the share option.

The fair value of the share options as at 29 July 2020 was HK\$0.1417. During the period ended 31 January 2023, the total expenses recognised in the condensed consolidated statement of comprehensive income for share options was HK\$nil (2022: HK\$284,000) and were included in staff costs.

11 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 January 2023, the Group acquired property, plant and equipment of HK\$726,000 (2022: HK\$1,686,000).

12 RIGHT-OF-USE ASSETS

During the six months ended 31 January 2023, the additions to the right-of-use assets were HK\$2,724,000 (2022: HK\$13,685,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13 INVESTMENT PROPERTY

	31 January 2023 HK\$'000 (Unaudited)	31 July 2022 HK\$'000 (Audited)
As beginning of period/year	19,100	19,400
Change in fair value of investment property during the period/year (<i>Note (i)</i>)	100	(300)
At the end of period/year	19,200	19,100

Note:

- (i) The Group measures its investment property at fair value. The fair value of the Group's investment property as at 31 January 2023 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\$19,200,000 was 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 2023, the Group's investment property with carrying value of approximately HK\$19,200,000 (31 July 2022: HK\$19,100,000) were pledged to secure bank facilities of the Group.

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 January 2023 HK\$'000 (Unaudited)	31 July 2022 HK\$'000 (Audited)
Current assets		
Financial assets at fair value through profit or loss		
– Investment in a listed entity	6,728	—

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15 ACCOUNTS RECEIVABLES

	31 January 2023 HK\$'000 (Unaudited)	31 July 2022 HK\$'000 (Audited)
Accounts receivables	2,814	2,499

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 2023 and 31 July 2022, the ageing analysis of the accounts receivables based on invoice date was as follows:

	31 January 2023 HK\$'000 (Unaudited)	31 July 2022 HK\$'000 (Audited)
1-30 days	2,640	2,358
31-60 days	88	91
Over 60 days	86	50
	2,814	2,499

The Group applies the HKFRS 9 simplified approach to measure expected credit losses ("ECL") 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 2023 (31 July 2022: nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15 ACCOUNTS RECEIVABLES (CONTINUED)

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

	31 January 2023 HK\$'000 (Unaudited)	31 July 2022 HK\$'000 (Audited)
Hong Kong dollar	2,809	2,482
British Pound	5	17
	<u>2,814</u>	<u>2,499</u>

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

16 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	<i>Note</i>	31 January 2023 HK\$'000 (Unaudited)	31 July 2022 HK\$'000 (Audited)
Other receivables	<i>(i)</i>	5,786	10,896
Deposits and prepayments	<i>(ii)</i>	13,668	13,442
		<u>19,454</u>	<u>24,338</u>
Less: Allowance for impairment		(1,858)	(2,019)
		<u>17,596</u>	<u>22,319</u>
Less: non-current portion		(2,336)	(2,064)
Deposits, prepayments and other receivables – current portion		<u>15,260</u>	<u>20,255</u>

Notes:

- (i) As at 31 January 2023, other receivables of HK\$2,695,000 (31 July 2022: HK\$2,291,000) 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

As at 31 January 2023, deposits of HK\$6,189,000 (31 July 2022: HK\$8,282,000), prepayments of HK\$5,143,000 (31 July 2022: HK\$3,096,000) and other receivables of HK\$3,928,000 (31 July 2022: HK\$8,877,000) 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.

17 CASH AND BANK BALANCES

	31 January 2023 HK\$'000 (Unaudited)	31 July 2022 HK\$'000 (Audited)
Cash and cash equivalents	100,514	103,888

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

	31 January 2023 HK\$'000 (Unaudited)	31 July 2022 HK\$'000 (Audited)
Hong Kong dollar	90,932	99,713
Renminbi	5,716	668
British pound	2,278	1,981
Australian dollar	1,295	1,241
United States dollar	219	220
New Zealand dollar	63	53
Canadian dollar	11	12
	100,514	103,888

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18 CONTRACT LIABILITIES

As at 31 January 2023 and 31 July 2022, 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 2023 HK\$'000 (Unaudited)	31 July 2022 HK\$'000 (Audited)
Other payables	<i>(i)</i>	12,929	14,648
Provision of reinstatement cost	<i>(ii)</i>	2,519	2,334
Current portion		15,448	16,982

Notes

- (i) Other payables mainly represent accrued staff costs, printing expenses, legal and professional fees and advertising expenses, etc.
- (ii) Included in other payables is a current portion of provision of reinstatement cost of HK\$2,519,000 (31 July 2022: HK\$2,334,000). The movement of provision of reinstatement cost is as follows:

	31 January 2023 HK\$'000 (Unaudited)	31 July 2022 HK\$'000 (Audited)
Balance as at beginning of the period/year	2,784	4,613
Additions	33	401
Utilisation	—	(2,230)
Balance as at closing of the period/year	2,817	2,784
Less: non-current portion	(298)	(450)
Current portion	2,519	2,334

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20 OTHER NON-CURRENT LIABILITIES

	31 January 2023 HK\$'000 (Unaudited)	31 July 2022 HK\$'000 (Audited)
Provision of reinstatement cost	298	450
Rental deposits	—	135
Other non-current liabilities	298	585

21 SHARE CAPITAL

	Number of shares	HK\$'000
Authorised:		
Ordinary shares at 31 July 2022 (audited) and at 31 January 2023 (unaudited)	10,000,000,000	100,000
Issued and fully paid:		
Ordinary shares at 31 July 2022 (audited)	500,000,000	120,956
Issue of shares upon acquisition of subsidiary	3,984,000	1,793
Ordinary shares at 31 January 2023 (unaudited)	503,984,000	122,749

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	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Loss before taxation	(12,795)	(6,134)
Adjustments for:		
– Depreciation of property, plant and equipment	2,078	4,813
– Depreciation of right-of-use assets	5,730	8,589
– Amortisation of intangible assets	282	244
– Loss on disposal of property, plant and equipment	—	226
– Share-based compensation expenses	—	347
– Interest income	(410)	(76)
– Exchange differences-net	76	35
– Interest on bank loan	808	81
– Interest on lease liabilities	421	458
– Share of profit of associates	(32)	(56)
– Change in fair value of investment property	(100)	(445)
– Fair value gain of financial assets at fair value through profit or loss	(172)	—
– Gain on disposal of financial assets at fair value through profit or loss	(865)	—
– Dividend income from financial assets at fair value through profit or loss	(213)	—
Change in working capital		
– Accounts receivables	(315)	(1,592)
– Deposits, prepayments and other receivables	9,765	2,204
– Contract liabilities	11,014	(496)
– Other payables	(2,782)	(7,007)
Cash generated from operations	12,490	1,191

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	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Salaries, allowances and benefits in kind	3,657	3,895
Equity-settled share option expense	—	32
Pension scheme contributions	36	36
	<u>3,693</u>	<u>3,963</u>

24 ACQUISITION OF A SUBSIDIARY

On 30 November 2022, the Group acquired 51% of equity interest in Ottorino Consultants (International) Limited ("Ottorino") at a total consideration of HK\$6.4 million. Ottorino is principally engaged in the provision of educational services in Hong Kong, which include those relating to top-up degrees, professional or vocational training, on-the-job English training, professional examination courses and other professional courses, and academic, interest and activity-based classes, in different industry disciplines under the business name of "1% Group Education".

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

25 CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 January 2023 (2022: nil).

26 SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Acquisition of 30% shares in LINKEDU OVERSEAS EDUCATION LIMITED

Reference is made to the announcement of the Company dated 30 March 2023.

On 30 March 2023, Glocal Development Group Limited (“Buyer”), the Company’s indirect wholly-owned subsidiary, entered into the agreement for sale and purchase of and subscription for shares in LINKEDU OVERSEAS EDUCATION LIMITED (“Target Company”) with the Target Company, and Mr. Ng Yu Ting and Mr. Lau Chun Tat (“Sellers”) (“Agreement”), pursuant to which (i) the Buyer conditionally agreed to purchase, and the Sellers conditionally agreed to sell, such number of issued shares in the Target Company at the consideration of HK\$3,968,400.00 which will be settled by (i) cash consideration of HK\$1,050,000.00; and (ii) the allotment and issue of 3,648,000 consideration shares by the Company at the issue price of HK\$0.80 per share to the Sellers at 90:10 ratio upon completion of the sale and purchase (“Consideration Shares”); and (ii) the Buyer conditionally agreed to subscribe for such new shares to be allotted and issued by the Target Company at the subscription price of HK\$5,211,600.00, which is to be regarded as satisfied in whole by the transfer of the legal title to and the beneficial ownership of Academic Advisers Limited and Glocal Education Services Limited, both the Company’s indirect subsidiary immediately before completion of the subscription, such that the Buyer shall hold 30% of the total shares in issue in the Target Company immediately after completion of the said sale and purchase and subscription (“Acquisition”).

As at the date of this Interim Report, the Acquisition was not completed.

Save as disclosed above, no other significant events affecting the Group occurred after 31 January 2023 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 2023 (2022: nil).

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

As at 31 January 2023, 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	74.4%
		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	74.4%
		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 74.4% 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 74.4% 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.
6. Save as otherwise specified, the shares and underlying shares mentioned above refer to ordinary class of shares and underlying shares.

Save as disclosed above, as at 31 January 2023, 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 2023, 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 Divisions 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	74.4%
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	74.4%
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	74.4%

Notes:

- The Company is held as to 74.4% 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.

Save as disclosed above, as at 31 January 2023, 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 Divisions 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 2023 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 2022 Annual Report.

After the lapse of all the options granted under the Pre-IPO Share Option Scheme during the year ended 31 July 2022, no share schemes other than the Post-IPO Share Option Scheme was in effect during the six months ended 31 January 2023.

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 2023.

Grantee	Grant date	Exercisable period <i>Note 1</i>	Exercise price per share option	Number of options held at 1 August 2022	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 2023 (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	8,200,000	-	-	(180,000)	8,020,000
<i>(Note 3)</i>	1.4.2019	1.4.2020 - 31.3.2029	HK\$0.730	2,940,000	-	-	(120,000)	2,820,000
Dr. Lam Yat Ming as consultant of the Group	29.7.2020	16.10.2020 - 28.7.2030	HK\$0.600	20,000,000	-	-	-	20,000,000
<i>(Note 4)</i>	<i>(Note 2)</i>							

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) x 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 fall within the meaning of “employee participants” under Chapter 17 of Listing Rules and 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). None of the options granted to any such employee participants would result in the shares issued and to be issued in respect of all options granted to such person (excluding any options lapsed in accordance with the terms of the scheme) in the 12-month period up to and including the date of such grant to represent in aggregate over 1% of the Shares in issue.
- 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.

OTHER INFORMATION

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 2023. 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.

The number of options available for grant under the Scheme Mandate Limit (i.e. the total number of Shares which may be issued in respect of all options to be granted under the Post-IPO Share Option Scheme) refreshed on 28 September 2020 as of 1 August 2022 and 31 January 2023 are 35,600,000. There is no sublimit on the total number of Shares that may be issued in respect of options to be granted to service providers under the existing Post-IPO Share Option Scheme.

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 2023; 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 had purchased, sold or redeemed any listed securities of the Company during the period of the six months ended 31 January 2023.

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 2023, 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 2023 and up to the date of this Interim Report.

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, in accordance with the model set out in the code provision of the Corporate Governance Code.

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 2023 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 2023 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

Reference is made to the announcement of the Company dated 30 March 2023.

On 30 March 2023, Glocal Development Group Limited (“**Buyer**”), the Company’s indirect wholly-owned subsidiary, entered into the agreement for sale and purchase of and subscription for shares in LINKEDU OVERSEAS EDUCATION LIMITED (“**Target Company**”) with the Target Company, and Mr. Ng Yu Ting and Mr. Lau Chun Tat (“**Sellers**”) (“**Agreement**”), pursuant to which (i) the Buyer conditionally agreed to purchase, and the Sellers conditionally agreed to sell, such number of issued shares in the Target Company at the consideration of HK\$3,968,400.00 which will be settled by (i) cash consideration of HK\$1,050,000.00; and (ii) the allotment and issue of 3,648,000 consideration shares by the Company at the issue price of HK\$0.80 per share to the Sellers at 90:10 ratio upon completion of the sale and purchase (“**Consideration Shares**”); and (ii) the Buyer conditionally agreed to subscribe for such new shares to be allotted and issued by the Target Company at the subscription price of HK\$5,211,600.00, which is to be regarded as satisfied in whole by the transfer of the legal title to and the beneficial ownership of Academic Advisers Limited and Glocal Education Services Limited, both the Company’s indirect subsidiary immediately before completion of the subscription, such that the Buyer shall hold 30% of the total shares in issue in the Target Company immediately after completion of the said sale and purchase and subscription. The Consideration Shares will be allotted and issued after the six months ended 31 January 2023, 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 14 December 2022. To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, immediately before completion of the said sale and purchase and subscription, the Target Company and the Sellers were third parties independent of and not connected with the Company and its connected persons.

OTHER INFORMATION

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.

Except for the sale and purchase and subscription mentioned above and 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, 30 March 2023



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