



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



**INTERIM
REPORT
2020
中期報告**

CONTENTS

	<i>Pages</i>
Contents	1
Financial and Operational Highlights	2
Corporate Information	3
Management Discussion and Analysis	4
Condensed Consolidated Statement of Comprehensive Income	11
Condensed Consolidated Statement of Financial Position	12
Condensed Consolidated Statement of Changes in Equity	14
Condensed Consolidated Statement of Cash Flows	15
Notes to the Condensed Consolidated Financial Statements	16
Other Information	34

FINANCIAL AND OPERATIONAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

	For six months ended 31 January	
	2020	2019
	HK\$'000	HK\$'000
Revenue	194,481	217,546
Profit for the period	19,404	26,531
Profit attributable to the owners of the Company	19,803	27,250
Earnings per share		
Basic (HK cents)	3.96	5.45
Diluted (HK cents)	3.96	5.42

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 2020 and 2019.

	For six months ended 31 January	
	2020	2019
Number of unique student enrollments ('000)	33	41
Total number of session enrollments ('000)	278	336
Average number of sessions enrolled per student	8.4	8.2
Maximum classroom capacity (<i>Note 1</i>)	3,835	3,790
Revenue per average classroom capacity (HK\$'000)	42	50
Occupancy rate (<i>Note 2</i>)	31.2	41.8

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.

Note 2:

The occupancy rate is calculated as being (a) the total session enrollments for the respective financial period multiplied by four (assuming one session consists of four lessons), divided by (b) the maximum classroom capacity approved by the EDB for all teaching centres multiplied by the number of lessons that can be conducted throughout the respective year (assuming the classrooms are occupied on the basis that four lessons daily can be conducted from Monday to Friday and eight lessons daily can be conducted on Saturday and Sunday).

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

NON-EXECUTIVE DIRECTOR

Dr. Shen Xu Hui

INDEPENDENT NON- EXECUTIVE DIRECTORS

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

COMPANY SECRETARY

Mr. Choi Shing Wai, *F CPA*

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, *F CPA*

INDEPENDENT AUDITOR

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Certified Public Accountants
22/F, Prince's Building, Central, Hong Kong

LEGAL ADVISORS

Adrian Lau & Yim Lawyers

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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

During the six months ended 31 January 2020, the Group's principal business remained unchanged, namely the provision of private supplementary secondary school education services and the operation of private secondary day school 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 2020, we operated 19 teaching centres, with a total of 135 classrooms, which, in accordance with the EDB guidelines, allow a maximum classroom capacity of 3,898 students to attend classes at any one time.

Below is a summary of revenue and session enrollments for each category of services which we provided, plus 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 2020 and 2019:

	For the six months ended 31 January	
	2020	2019
Private supplementary secondary school education services		
– Revenue (HK\$'000)	162,549	189,353
– Unique student enrollment ('000)	33	41
– Session enrollment ('000)	278	336
Private secondary day school services		
– Revenue (HK\$'000)	5,637	6,387
– Unique student enrollment ('000)	0.4	0.4
– Session enrollment ('000)	1.5	1.7
Ancillary education services and products		
– Revenue (HK\$'000)	26,295	21,806
– Session enrollment ('000)	25	17

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 secondary tutoring courses for each of the six months ended 31 January 2020 and 2019:

	For the six months ended 31 January			
	2020		2019	
	Session enrollment '000	Revenue HK\$'000	Session enrollment '000	Revenue HK\$'000
Regular courses	195	127,509	247	150,641
Intensive courses	32	14,050	38	14,245
Summer courses	51	20,990	51	24,467
Total	278	162,549	336	189,353
Average course fee per session enrollment (HK\$)		585		564

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's revenue derived from private supplementary secondary school education services declined by 14.2% when compared with that in the same period in the previous financial year. This was mainly due to the decrease in the overall number of session enrollments during the period. The competition within the industry remained keen while our services were partially affected by the social event in the second half of 2019 and decreasing number of students attending the HKDSE Examination. Nevertheless, we were able to slightly increase the session enrollment per unique student.

ii) Private secondary day school services

Due to the decrease in the number of private secondary day school unique student enrollments, revenue decreased by approximately 11.7% when compared with that in the same period in the previous financial year. Nevertheless, we will continue to strengthen the academic and career guidance support to our day school students by integrating resources across different brands within the Group such as Beacon CAPE, GES, Beacon BExcellent and Beacon College to create more values and opportunities for our day school students who, for example, are interested in studying abroad.

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 2020 and 2019:

	For the six months ended	
	31 January 2020	2019
	HK\$'000	HK\$'000
Mock examination services	9,682	4,476
Beacon Childhood	3,687	6,759
Video Induced Pedagogy self-study services	3,331	3,533
Beacon BExcellent	4,421	1,388
Others	5,174	5,650
Total	26,295	21,806

The Group continues to achieve revenue growth in other ancillary education services and products, which aligns with the Group's policy to diversify our product and service range as well as sources of revenue.

Mock examination services are one of the largest revenue contributors of our ancillary education services and products. The revenue from such services increased by HK\$5.2 million or 116.3% from HK\$4.5 million for the six months ended 31 January 2019 to HK\$9.7 million for the six months ended 31 January 2020. This was mainly caused by the timing difference: such services were rendered between December 2019 and January 2020 in the current period while the relevant services were rendered in January and February 2019 in the prior year, respectively. It is expected that the overall revenue derived from mock examination services for the year ending 31 July 2020 will be comparable to that of last year.

Beacon BExcellent has been growing rapidly among all components of the ancillary education services and products for the six months ended 31 January 2020. It offered preparation courses for IELTS, general interest and foreign language courses, which has translated into a significant revenue growth by 218.5% for the six months ended 31 January 2020 and the major part of revenue is mainly contributed from IELTS courses.

The increase in subsidy ceiling from the level of HK\$10,000 to HK\$20,000 per applicant for studying eligible courses under the Continuing Education Fund became effective on 1 April 2019, resulting in an increase in demand for eligible continuing education and training programs, such as the Group's IELTS preparation course. The Group proactively diversified its marketing strategy in promotion to attract more students and enhanced their support by strengthening the academic support team with more tutors and student mentoring services, thus elevating students' learning experience. Therefore, the increase in session enrollments resulted in a substantial increase in revenue of Beacon BExcellent by HK\$3.0 million or 218.5% from HK\$1.4 million for the six months ended 31 January 2019 to HK\$4.4 million for the six months ended 31 January 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

On the other hand, Beacon Childhood recorded a significant decline in revenue due to the decrease in session enrollment during the six months ended 31 January 2020. As our learning centres are situated in Prince Edward and Causeway Bay, parents are cautious and reluctant to bring or allow their kids to visit these areas that were affected by the social events in the second half year of 2019, thus resulting in the decrease in student session enrollment.

In view of the market demand for the continuing education program, the Group will continue to capture market share by increasing course variety and expanding our service offerings.

OUTLOOK AND FUTURE DEVELOPMENTS

It has been a challenging year since the social unrest in Hong Kong in the latter half of 2019, followed by the outbreak of Coronavirus Disease 2019 (“COVID-19”) in January 2020. Our Group’s principal business of education services, which relies heavily on offline teaching services delivery in our teaching centres across Hong Kong, has inevitably suffered in both incidents. We experienced business disruption and class suspension in connection with the social events and almost two-month class suspension from late January 2020 to the date of this interim report.

Although we have been encountering unprecedented challenges in the market environment of education business as well as the Hong Kong economy, our persistence in the provision of quality education services and assistance to students to pass different challenges has helped us come through in the difficult times. Having the blessed support from our IT task force, with our IT team closely worked with our IT subsidiary, Vioo Company Limited, we have managed to swiftly continue part of our education and student support services online.

Looking forward, in the context of the uncertainties brought by COVID-19 and potential social unrest, we aim to maintain our business with consolidating, differentiating and diversifying strategies.

While we will continue to optimize our teaching centre networks for private supplementary education services, our coverage of review of centre utilization and optimization will expand to centres in all districts, for the purpose of a more effective use of classroom and labour resources.

Despite the threat of class disruption brought by COVID-19, there is a rising opportunity in the market of online education services. With our IT infrastructure, online learning, student enrollment, service platform and digital payment gateways strengthened during the past months, our Group is ready to ride on the evolving online learning behavior and cultivate an effective online-to-offline integrated learning mode in the Group’s education service spectrum. The Directors believe that the continuous investment in online education services as well as education-related projects, both inside and outside Hong Kong, will further differentiate our brand of education excellence in the market, diversify the Group’s business portfolio and reduce the adverse impact caused by the challenges arising from the above uncertainties.

On the other hand, our Group is cautiously optimistic about the expansion plan of Beacon Childhood’s business after the COVID-19 is under control in the future. It is expected that the childhood education market will face consolidation and restructuring in the next few months. We believe that the expansion of childhood education services through acquisition of quality operator(s) will form a linear plot to our secondary education services and further widen our education business spectrum.

Our Group remains unwavering in our commitment to provide quality education services for students and will endeavor to maintain our leading position in the provision of a private supplementary education platform in Hong Kong.

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\$23.1 million, or 10.6%, from HK\$217.5 million for the six months ended 31 January 2019 to HK\$194.5 million for the six months ended 31 January 2020. This was mainly due to the revenue decline from provision of private supplementary secondary school education services by HK\$26.8 million partially offset by the continuous growth in revenue from ancillary education services and products.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue from provision of private supplementary secondary school education services decreased by HK\$26.8 million, or 14.2% from HK\$189.4 million for the six months ended 31 January 2019 to HK\$162.5 million for the six months ended 31 January 2020, which was largely due to the decrease in the number of the Group's session enrollments by approximately 58,000 or 17.3% from approximately 336,000 for the six months ended 31 January 2019 to approximately 278,000 for the six months ended 31 January 2020.

Revenue from the provision of the ancillary education services and products increased by HK\$4.5 million, or 20.6% from HK\$21.8 million for the six months ended 31 January 2019 to HK\$26.3 million for the six months ended 31 January 2020. This was mainly contributed by the growth made in revenue from mock examination services and Beacon BExcellent partially offset by the decline in revenue from Beacon Childhood.

Revenue from mock examination services increased by HK\$5.2 million or 116.3% from HK\$4.5 million for the six months ended 31 January 2019 to HK\$9.7 million for the six months ended 31 January 2020. Beacon BExcellent is the second largest revenue contributor of our ancillary education services. The revenue from it increased by HK\$3.0 million or 218.5% from HK\$1.4 million for the six months ended 31 January 2019 to HK\$4.4 million for the six months ended 31 January 2020. Such an increase was mainly attributable to the Group's initiatives in enhancing students' support such as provision of mentoring services and diversifying learning courses to meet the market demand. The growth in other services including online retail business, and overseas study consultation services also contributed to the growth in the six months ended 31 January 2020. However, the revenue from Beacon Childhood decreased by HK\$3.1 million or 45.5% from HK\$6.8 million for the six months ended 31 January 2019 to HK\$3.7 million for the six months ended 31 January 2020.

Other income

Other income consists primarily of advertising income, IT service income, rental income from an investment property, interest income from bank deposits and dividend income from an unlisted investment.

Other income increased by 14.9% from HK\$2.9 million for the six months ended 31 January 2019 to HK\$3.3 million for the six months ended 31 January 2020. This increase was primarily attributable to the rental income from the investment property and IT service income from Vioo Company Limited, a subsidiary of the Group.

Major costs components

The summary below shows the major costs components of the Group among which 58.2% (2019: 57.8%) is related to labor costs (staff costs and tutor service fees) followed by printing and other operating expenses, depreciation of right-of-use ("ROU") and operating lease payment, advertising and promotion expenses.

	For the six months ended 31 January			
	2020 HK\$'000	% of revenue	2019 HK\$'000	% of revenue
Staff costs	52,712	27.1	52,919	24.3
Tutor service fees	44,254	22.8	52,973	24.4
Printing and other operating expenses	35,882	18.5	41,042	18.9
Depreciation of ROU	19,550	10.1	—	NA
Operating lease payment	9,452	4.9	27,057	12.4
Advertising and promotion expenses	4,733	2.4	9,125	4.2

MANAGEMENT DISCUSSION AND ANALYSIS

Staff costs

As at 31 January 2020, the Group has 362 full time employees and 753 part-time employees in Hong Kong.

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 slightly decreased by HK\$0.2 million or 0.4% from HK\$52.9 million for the six months ended 31 January 2019 to HK\$52.7 million for the six months ended 31 January 2020. Such a decrease was mainly attributable to the net effect of (i) decrease in the average number of staff and (ii) the increase in general staff benefit cost.

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 from HK\$53.0 million for the six months ended 31 January 2019 to HK\$44.3 million for the six months ended 31 January 2020.

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

Depreciation of right-of-use assets and operating lease payments

Depreciation of right-of-use assets and operating lease payments are part of the largest components of the Group's operating costs, accounting for 10.1% and 4.9% respectively (2019: nil and 12.4%) of the Group's total revenue. The Group will continue to closely monitor the property rental market and review the leased centres' performance by evaluating the occupancy rate of each centre before considering tenancy renewal of each. Locations in different regions with reasonable rents, convenient neighbourhood and accessibility by public transport will be taken into account when the Group considers expansion or optimisation of its teaching centre network to increase market penetration. During the six months ended 31 January 2020, the Group had closed two centres in Tsim Sha Tsui and Kowloon Bay respectively.

Advertising and promotion expenses

Advertising and promotion expenses consist of media advertising costs including but not limited to advertising on newspapers and magazines, outdoor billboards, public transit vehicles, mobile applications and third party websites. Due to the effective cost management measures adopted by the Group, such as adopting effective online marketing strategies and shifting its marketing spending mainly onto social media platforms, such as Facebook, Instagram and Google instead of traditional channels, the Group enhances the promotion of education services and its brand awareness in a more effective and efficient way. During the six months ended 31 January 2020, the marketing expenditure for the Group decreased by approximately 48.1% from HK\$ 9.1 million to HK\$4.7 million.

Printing and other operating expenses

Printing and other operating expenses primarily consist of the printing expenses, building management fees, service fees to freelancers, legal and professional fees, utilities and other administrative expenses. These expenses decreased by HK\$5.2 million or 12.6% from HK\$41.0 million for the six months ended 31 January 2019 to HK\$35.9 million for the six months ended 31 January 2020.

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 32.5% to HK\$ 12.1 million, partially offset by the increase in service charges payable to various electronic payment solution providers such as Global Payments and Paypal.

MANAGEMENT DISCUSSION AND ANALYSIS

Income tax expenses

Income tax expenses decreased from HK\$5.3 million for the six months ended 31 January 2019 to HK\$4.1 million for the six months ended 31 January 2020, mainly due to the decrease in assessable profits of certain subsidiaries of the Company. The effective tax rates of the Group for the six months ended 31 January 2020 and 2019 were 17.3% and 16.7% respectively.

Profit for the period

The profits of the Group decreased by 26.9% from HK\$26.5 million for the six months ended 31 January 2019 to HK\$19.4 million for the six months ended 31 January 2020.

Liquidity, financial resources and capital structure

As at 31 January 2020, the Group's net current asset value was HK\$99.5 million, which mainly consisted of prepayments, deposits and other receivables and cash and cash equivalents less other payables, contractual liabilities, current income tax payable, borrowings and lease liabilities.

The Group's current assets slightly increased from HK\$181.3 million as at 31 July 2019 to HK\$186.5 million as at 31 January 2020. Such an increase in current assets was primarily due to the increase in cash and cash equivalents from HK\$145.9 million as at 31 July 2019 to HK\$153.2 million as at 31 January 2020.

As at 31 January 2020, around HK\$31.8 million of current lease liabilities out of the net current assets of HK\$99.5 million (31 July 2019: net current assets of HK\$123.1 million) arose from the adoption of HKFRS16.

As at 31 January 2020, the current ratio of the Group (expressed as current assets divided by current liabilities) was 2.14, compared with 3.11 as at 31 July 2019.

Charges on the Group's Assets

The Group has investment property with carrying value of approximately HK\$21.2 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 2020, the Group's gearing ratio (calculated based on bank borrowings amounting to approximately HK\$8.3 million divided by equity attributable to the owners of the Company as at the period end date amounting to approximately HK\$196.0 million) was approximately 4.3% (31 July 2019: 4.5%).

Contingent liabilities

The Group did not have any material contingent liabilities as at 31 January 2020 (2019: 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 2020 (2019: 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 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF NET PROCEEDS FROM THE LISTING

The net proceeds from the Listing of the Company in July 2018 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 (“Prospectus”).

On 20 January 2020, the Board resolved to change the use of the remaining unutilised amount of net proceeds from the Listing (the “Reallocation”). For details of the Reallocation, please refer to the announcement of the Company dated 20 January 2020. Details of the original allocation of the Net Proceeds, the revised allocation of the Net Proceeds and the utilisation of the Net Proceeds are set out below:

	Use of net proceeds from Share Offer prior to the Reallocation HK\$ million	The Reallocation HK\$ million	Use of net proceeds from Share Offer subsequent to the Reallocation HK\$ million	Amount of net proceeds utilized up to 31 January 2020 HK\$ million	Amount of net proceeds unutilized as at 31 January 2020 HK\$ million	Progress up to the date of this interim report
Before Reallocation:						
Acquisition of premise(s) to be used as teaching centre(s)	31.1	—	31.1	14.8	16.3	The Group is in progress of locating appropriate premise(s).
After Reallocation:						
Acquisition of premise(s)						
Before Reallocation:						
Optimization/establishment of teaching centres	23.3	(10.0)	13.3	3.3	10.0	The Group has opened a centre in Sheung Shui and optimized our centre network mainly in Yau Tsim Mong district. The Group is in progress of reviewing all centres' utilisation for the purpose of further optimisation.
After Reallocation:						
Optimization of teaching centres						
Acquisition of established teaching centres or opening new teaching centres for Beacon Childhood	12.8	—	12.8	0.7	12.1	The Group has established two teaching spots in Yuen Long and Tsuen Wan and is in progress of locating appropriate investment opportunities.
Upgrades of teaching centres facilities, IT infrastructure and recruitment of non-teaching staff	16.9	—	16.9	9.9	7.0	IT infrastructure remains under development. The Group has re-engineered our website www.beacon.com.hk and further enhanced the on- line student services platform such as upgrading our VIP system, seat reservation system as well as online enrollment system. The Group has upgraded centre facilities in various districts such as Kowloon East and Yuen Long.
Enhancing brand awareness	5.8	—	5.8	5.6	0.2	The Group continued to conduct various brand building activities through sponsorships and advertisements on both online and offline platforms.
General working capital	2.1	—	2.1	1.6	0.5	N/A
Enhancement and development of online education services and content; and investment in education-related projects	—	10.0	10.0	—	10.0	The Group is in progress of locating appropriate investment opportunities.
Total	92.0	—	92.0	35.9	56.1	

Note: Details of the original allocation of the Net Proceeds are set out in the Prospectus.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 January 2020

	<i>Note</i>	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	3	194,481	217,546
Other income	4	3,311	2,881
Other gains/(losses)	4	96	(8)
Staff costs	5	(52,712)	(52,919)
Tutor service fees		(44,254)	(52,973)
Operating lease payments		(9,452)	(27,057)
Advertising and promotion expenses		(4,733)	(9,125)
Printing and other operating expenses		(35,882)	(41,042)
Depreciation and amortisation		(24,361)	(5,464)
Decrease in fair value of investment property	13	(2,177)	—
Operating profit		24,317	31,839
Finance costs	6	(800)	—
Share of losses of an associate		(53)	—
Profit before taxation	7	23,464	31,839
Taxation	8	(4,060)	(5,308)
Profit and total comprehensive income for the period		19,404	26,531
Profit/(loss) and total comprehensive income/(loss) attributable to			
– Owners of the Company		19,803	27,250
– Non-controlling interests		(399)	(719)
		19,404	26,531
Earnings per share for profit attributable to the owners of the Company (expressed in HK cents per share):			
Basic earnings per share	<i>9a</i>	3.96	5.45
Diluted earnings per share	<i>9b</i>	3.96	5.42

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 2020

	<i>Note</i>	31 January 2020 HK\$'000 (Unaudited)	31 July 2019 HK\$'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	11	21,095	23,375
Right-of-use assets	12	54,283	—
Investment property	13	21,170	23,347
Intangible assets		3,716	3,776
Financial assets at fair value through other comprehensive income		1,915	1,915
Deferred income tax assets		5,905	5,050
Interest in an associate	14	847	—
Prepayments		14,000	10,671
		<u>122,931</u>	<u>68,134</u>
Current assets			
Accounts receivables	15	554	1,493
Deposits, prepayments and other receivables	16	31,789	32,045
Income tax recoverable		1,008	1,857
Cash and cash equivalents	17	153,192	145,857
		<u>186,543</u>	<u>181,252</u>
Total assets		<u>309,474</u>	<u>249,386</u>
Equity			
Share capital	21	120,956	120,956
Other reserves		14,704	12,731
Retained earnings		60,344	55,541
Equity attributable to owners of the Company		<u>196,004</u>	<u>189,228</u>
Non-controlling interests		(1,701)	(1,707)
Total equity		<u>194,303</u>	<u>187,521</u>
Liabilities			
Current liabilities			
Other payables	19	23,452	21,459
Amount due to a related company		—	2,000
Contract liabilities	18	16,679	17,951
Current income tax payable		6,807	8,211
Borrowings		8,332	8,573
Lease liabilities		31,782	—
		<u>87,052</u>	<u>58,194</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 January 2020

	<i>Note</i>	31 January 2020 HK\$'000 (Unaudited)	31 July 2019 HK\$'000 (Audited)
Non-current liabilities			
Other non-current liabilities	20	2,662	3,666
Deferred income tax liabilities		21	5
Lease liabilities		25,436	—
		<u>28,119</u>	<u>3,671</u>
Total liabilities		<u>115,171</u>	<u>61,865</u>
Total equity and liabilities		<u>309,474</u>	<u>249,386</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 2020

	Note	Attributable to owners of the Company					Total equity HK\$'000
		Share capital and share premium HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
Balance at 1 August 2018 (audited)		120,956	10,640	63,613	195,209	(310)	194,899
Profit/(loss) and total comprehensive income/(loss) for the period		–	–	27,250	27,250	(719)	26,531
Transactions with owners in their capacity as owners							
Dividends approved in respect of the previous year	10.1	–	–	(20,000)	(20,000)	–	(20,000)
Share-based compensation-value of employee services	10.2	–	915	–	915	–	915
Total transactions with owners in their capacity as owners		–	915	(20,000)	(19,085)	–	(19,085)
Balance at 31 January 2019 (unaudited)		120,956	11,555	70,863	203,374	(1,029)	202,345
Balance at 1 August 2019 (audited)		120,956	12,731	55,541	189,228	(1,707)	187,521
Profit/(loss) for the period		–	–	19,803	19,803	(399)	19,404
Transactions with owners in their capacity as owners							
Dividends approved in respect of the previous year	10.1	–	–	(15,000)	(15,000)	–	(15,000)
Share-based compensation-value of employee services	10.2	–	911	–	911	–	911
Acquisition of additional interests in a subsidiary		–	1,062	–	1,062	405	1,467
Total transactions with owners in their capacity as owners		–	1,973	(15,000)	(13,027)	405	(12,622)
Balance at 31 January 2020 (unaudited)		120,956	14,704	60,344	196,004	(1,701)	194,303

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 2020

	Note	For the six months ended 31 January	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Cash flows from operating activities			
Cash generated from operations	22	50,232	52,103
Income tax paid		(5,454)	(6,355)
Net cash from operating activities		44,778	45,748
Cash flows from investing activities			
Purchases of property, plant and equipment	11	(2,408)	(1,830)
Purchases of intangible assets		(100)	(149)
Acquisition of a subsidiary		–	(771)
Acquisition of additional interest in a subsidiary		(532)	–
Sales proceeds from disposal of property, plant and equipment		130	–
Investment in an associate	14	(900)	–
Increase in bank deposits with maturities over three months		–	(122,000)
Dividend received		342	–
Interest received		1,031	719
Net cash used in investing activities		(2,437)	(124,031)
Cash flows from financing activities			
Principal elements of lease payment		(18,966)	–
Interest elements of lease payment	6	(705)	–
Repayment of borrowings		(242)	–
Dividend paid	10.1	(15,000)	(20,000)
Interest paid		(95)	–
Net cash used in financing activities		(35,008)	(20,000)
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents beginning of the period		7,333	(98,283)
Exchange gains/(losses) on cash and cash equivalents		145,857	166,700
		2	(4)
Cash and cash equivalents at end of the period		153,192	68,413

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 offer ancillary education services and products in Hong Kong. The ultimate holding company is Beacon Enterprise Limited.

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 2019, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) and interpretation issued by the HKICPA as noted below.

HKFRS 16	Leases
HKFRS 9 Amendment	Prepayment Features with Negative Compensation
HKAS 28 Amendment	Long-term Interests in Associates and Joint Ventures
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Annual Improvements 2015–2017	HKAS 12 and 23 Amendment; HKFRS 3 and 11 Amendment

Other than HKFRS16 Leases as described in note 2.3 below, the adoption of these amendments to standards and new interpretation that are effective for the first time for this interim period did not have any material impact on the Group’s accounting policies.

2.3 New standard and amendment to standard mandatory for the first time for the financial year beginning 1 August 2019 and was not early adopted in prior years

HKFRS 16, “Leases”

The Group has applied HKFRS 16 for the first time retrospectively from 1 August 2019, as permitted under the specific transitional provisions in the standard. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment recognised in the opening consolidated statement of financial position on 1 August 2019. The comparative information for prior periods was not restated and continues to be reported under HKAS 17.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 New standard and amendment to standard mandatory for the first time for the financial year beginning 1 August 2019 and was not early adopted in prior years (continued)

HKFRS 16, "Leases" (continued)

a) Adjustments recognised on adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 "Leases", except for short-term leases and leases of low-valued assets. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 August 2019. The lessee's weighted average incremental borrowing rate applied to the lease liabilities on 1 August 2019 was at 2.28%.

In applying HKFRS 16 for the first time, the Group has applied the following practical expedients permitted by the standard:

- Use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Use of recognition exemption to leases with a remaining lease term of less than 12 months as at 1 August 2019;
- Use of recognition exemption to leases for which the underlying asset is of low value;
- Exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- Use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

	2019 HK\$'000
Operating lease commitments disclosed as at 31 July 2019	83,101
Operating lease commitments regarding leases not yet commenced	(7,729)
Undiscounted operating lease commitments	75,372
Less: discounted using the lessee's incremental borrowing rate at the date of initial application	(1,537)
Less: short-term leases recognised on a straight-line basis as expense	(11,319)
Less: adjustments a result of a different treatment of termination options	(720)
Lease liabilities recognised as 1 August 2019	61,796
Of which are:	
Current lease liabilities	37,414
Non-current lease liabilities	24,382
	61,796

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 New standard and amendment to standard mandatory for the first time for the financial year beginning 1 August 2019 and was not early adopted in prior years (continued)

HKFRS 16, "Leases" (continued)

a) Adjustments recognised on adoption of HKFRS 16 (continued)

The right-of-use assets for properties leases were measured at the amount equal to the lease liabilities, adjusted by the amount of accrued lease payment. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following type of assets:

	31 January 2020 HK\$'000	1 August 2019 HK\$'000
Properties leases	54,283	59,444

(b) Effect on adoption of HKFRS 16

As explained above, HKFRS 16 was adopted without restating comparative information. The resulting reclassifications and adjustments arising from the new accounting policies for leases are therefore not reflected in the comparative balances, but are recognised in the opening consolidated statement of financial position on 1 August 2019. The following table shows the adjustments for change in accounting policy recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided.

	Audited 31 July 2019 As originally Presented HK\$'000	HKFRS 16 HK\$'000	Unaudited 1 August 2019 Restated HK\$'000
Condensed consolidated interim statement of financial position (extract)			
Non-current assets			
Right-of-use assets	—	59,444	59,444
Current liabilities			
Other payables and accruals	(21,459)	2,352	(19,107)
Lease liabilities	—	(37,414)	(37,414)
Non-current liabilities			
Lease liabilities	—	(24,382)	(24,382)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 New standard and amendment to standard mandatory for the first time for the financial year beginning 1 August 2019 and was not early adopted in prior years (continued)

HKFRS 16, "Leases" (continued)

c) How the Group's leasing activities are accounted for

Until the financial year ended 31 July 2019, leases were classified as operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease. From 1 August 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to be paid to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liabilities;
- any lease payments made at or before the commencement date less any lease incentives received; and
- any initial direct costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets mainly comprise office equipment.

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. In determining the lease period, management considers all facts and circumstances that create an economic incentive to decide on whether to exercise an extension option (or not to exercise a termination option). Extension options (or periods after termination options) are only included in the lease terms if the lease is reasonably certain to be extended (or not terminated).

The accounting policies applicable to the Group as a lessor are not different from those under HKAS 17.

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 interview preparation and supplementary primary school education and tutorial services under "Beacon Childhood", "BeConfident", "Glocal" and "Mathgic" brands, IELTS and general interest under "Beacon BExcellent" brand, overseas study consultancy services under "GES" brand, 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.

	Six months ended 31 January	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Major products/service lines		
Private supplementary secondary school education services	162,549	189,353
Private secondary day school services	5,637	6,387
Ancillary education services and products	26,295	21,806
	<u>194,481</u>	<u>217,546</u>
	Six months ended 31 January	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Timing of revenue recognition:		
Overtime	179,524	207,650
At a point in time	14,957	9,896
	<u>194,481</u>	<u>217,546</u>

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.

Our revenue and operating results fluctuate as a result of seasonal variations in our business, principally due to the timing of our private supplementary secondary school education courses (summer, intensive and regular). We recorded greater revenue during the period from November to January because of the greater number of course enrollment in regular and intensive courses, which are held in tandem with the Hong Kong academic year and in preparation for the HKDSE Examinations.

We anticipate the effect of seasonality may change over time as a result of an increased variety of education programmes and services we offer, including expansion of our ancillary education services and products.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4 OTHER INCOME AND OTHER GAINS/(LOSSES)

	Six months ended 31 January	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Other income		
– Interest income	1,110	927
– Advertising income	577	1,433
– IT service income	796	125
– Rental income from investment property	402	—
– Dividend income from unlisted investment	342	—
– Sundry income	84	396
	<u>3,311</u>	<u>2,881</u>
Other gains/(losses)		
Gain on disposal of property, plant and equipment	94	—
Exchange differences - net	2	(8)
	<u>96</u>	<u>(8)</u>

5 STAFF COSTS

	Six months ended 31 January	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Salaries, allowances and bonus	50,094	50,874
Pension costs-defined contribution retirement plans (Note (a))	2,227	2,033
Share-based compensation expenses	391	12
	<u>52,712</u>	<u>52,919</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	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on lease liabilities	705	—
Interest on bank loan	95	—
	<u>800</u>	<u>—</u>

7 PROFIT BEFORE TAXATION

	Six months ended 31 January	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit before taxation has been arrived at after charging:		
Rental expenses under operating leases	—	25,898
Short-term lease expenses	9,452	—
Depreciation of right-of-use assets	19,550	—
Depreciation of property, plant and equipment	4,651	5,393
Printing and stationery	12,093	17,921
Amortisation of intangible assets	160	71
	<u>46,906</u>	<u>53,283</u>

8 TAXATION

The amounts of taxation charged to the profit or loss represent:

	Six months ended 31 January	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current income tax		
– Hong Kong profits tax	4,900	6,075
– Deferred income tax	(840)	(767)
	<u>(4,060)</u>	<u>5,308</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 EARNINGS PER SHARE

(a) Basic

Basic earnings per share are calculated by dividing the profit attributable to equity holders 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 followings have been accounted for:

	Six months ended 31 January	
	2020 (unaudited)	2019 (unaudited)
Profit attributable to equity holders of the Company (HK\$'000)	19,803	27,250
Weighted average number of shares in issue (thousand shares)	500,000	500,000
Basic earnings per share for profit attributable to the equity holders of the Company during the period (HK cents)	3.96	5.45

(b) Diluted

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

	Six months ended 31 January	
	2020 (unaudited)	2019 (unaudited)
From continuing operations attributable to the ordinary equity holders of the company (HK\$'000)	19,803	27,250
Total diluted earnings per share attributable to the ordinary equity holders of the company (HK cents)	3.96	5.42

Weighted average number of shares used as the denominator

	Six months ended 31 January	
	2020 (unaudited)	2019 (unaudited)
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share (thousand shares)	500,000	500,000
Adjustments for calculation of diluted earnings per share:		
Options (thousand shares)	161	2,439
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share (thousand shares)	500,161	502,439

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10 CAPITAL, RESERVES AND DIVIDENDS

10.1 Dividend

During the six months ended 31 January 2019, the Company declared and paid a dividend of HK\$20,000,000 to its shareholders in respect of the retained earnings for the year ended 31 July 2018. The dividend was settled in full.

During the six months ended 31 January 2020, a final dividend of HK1.0 cent per share and a special dividend of HK2.0 cents per share, totalling HK\$15,000,000 were declared and paid to its shareholders in respect of the retained earnings for the year ended 31 July 2019.

The Directors do not recommend the payment of interim dividend for the six months ended 31 January 2020 (2019: nil).

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			
	2020		2019	
	Average exercise price per share option	Number of Options	Average exercise price per share option	Number of Options
	HK cents		HK cents	
At beginning and end of the period	54	25,000,000	54	25,000,000
Vested and exercisable at end of the period	54	7,500,000	—	—

No options is 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 January 2020 and 2019 have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price HK cents	Six months ended 31 January	
			2020	2019
27 June 2018	26 June 2022	54	7,500,000	7,500,000
27 June 2018	26 June 2023	54	7,500,000	7,500,000
27 June 2018	26 June 2024	54	10,000,000	10,000,000
			<u>25,000,000</u>	<u>25,000,000</u>

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 2020, the total expenses recognised in the condensed consolidated statement of comprehensive income for share options was approximately HK\$520,000 (2019: HK\$901,000) 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. No consideration was paid by the grantees for the acceptance of share options. Under this scheme, 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			
	2020		2019	
	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	—	—
Granted during the period	—	—	49.3	15,000,000
At end of the period	54.7	19,400,000	49.3	15,000,000
Vested and exercisable at end of the period	49.3	4,500,000	—	—

No options is exercised, forfeited and expired during the six months ended 31 January 2020 and 2019.

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	
			2020	2019
23 January 2019	22 January 2029	49.3	15,000,000	15,000,000
1 April 2019	31 March 2029	73.0	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%

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 2020, the total expenses recognised in the condensed consolidated statement of comprehensive income for share options was approximately HK\$391,000 (2019: HK\$12,000) and were included in staff costs.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 January 2020, the Group acquired property, plant and equipment of approximately HK\$2,408,000 (2019: HK\$1,830,000).

12 RIGHT-OF-USE ASSETS

During the six months ended 31 January 2020, the Group acquired right-of-use assets of approximately HK\$15,061,000 (2019: nil). And as a result of rental reduction, an adjustment of lease modification made amounting to approximately HK\$672,000.

13 INVESTMENT PROPERTY

	31 January 2020 HK\$'000 (unaudited)	31 July 2019 HK\$'000 (audited)
As beginning of period/year	23,347	—
Acquisition during the period/year	—	23,347
Decrease in fair value of investment property during the period/year (<i>Note (i)</i>)	(2,177)	—
At the end of period/year	21,170	23,347

Note:

- (i) The Group measures its investment property at fair value. The fair value of the Group's investment property as at 31 January 2020 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\$21,170,000 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 2020, the Group's investment property with carrying value of approximately HK\$21,170,000 were pledged to secure bank facilities of the Group.

14 INTEREST IN AN ASSOCIATE

On 6 November 2019, the Group acquired 40% of the equity interest in Futura Education Limited ("Futura") at a total consideration of HK\$900,000. Futura is principally engaged in development and operation of an online learning platform.

15 ACCOUNTS RECEIVABLES

	31 January 2020 HK\$'000 (unaudited)	31 July 2019 HK\$'000 (audited)
Accounts receivables	741	1,680
Less: Provision for impairment	(187)	(187)
Accounts receivables – net	554	1,493

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. Income from overseas study consultancy services under “GES” brand is generally made without prescribed credit terms but the customers usually would settle the receivables in accordance with the payment progress of the students. As at 31 January 2020 and 31 July 2019, the ageing analysis of the accounts receivables based on invoice date was as follows:

	31 January 2020 HK\$'000 (unaudited)	31 July 2019 HK\$'000 (audited)
1-30 days	11	773
31-60 days	38	34
Over 60 days	692	873
	<u>741</u>	<u>1,680</u>

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

The involvement in the loss allowances during the period/year is as follows:

	31 January 2020 HK\$'000 (unaudited)	31 July 2019 HK\$'000 (audited)
At beginning of the period/year	187	140
Provision for impairment recognised during the period/year	—	47
At end of the period/year	<u>187</u>	<u>187</u>

The maximum exposures of the Group to credit risk as at 31 January 2020 are the carrying value of accounts receivables mentioned above.

The majority of the accounts receivables of the Group is denominated in Hong Kong dollar. The Group does not hold any collateral as security for accounts receivables.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	<i>Note</i>	31 January 2020 HK\$'000 (unaudited)	31 July 2019 HK\$'000 (audited)
Other receivables	<i>(i)</i>	11,603	7,080
Deposits and prepayments	<i>(ii)</i>	34,186	35,636
		<u>45,789</u>	<u>42,716</u>
Less: non-current portion		<u>14,000</u>	<u>10,671</u>
Deposits, prepayments and other receivables – current portion		<u>31,789</u>	<u>32,045</u>

Notes:

- (i) Other receivables mainly represent amounts due from tutors, which arise from variable expenses incurred by the Group on behalf of the tutors, electronic payment solution providers and a cash collection company.
- (ii) Deposits and prepayments mainly represent deposits for utilities, operating lease payments, building management fees, prepayments for service fees, renovation, license fees, advertising and others.

As at 31 January 2020, no other receivables were past due but not impaired (31 July 2019: nil).

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

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

	31 January 2020 HK\$'000 (unaudited)	31 July 2019 HK\$'000 (audited)
Hong Kong dollar	152,657	145,493
Renminbi	28	30
British pound	287	172
Australian dollar	220	162
	<u>153,192</u>	<u>145,857</u>

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19 OTHER PAYABLES

	<i>Note</i>	31 January 2020 HK\$'000 (unaudited)	31 July 2019 HK\$'000 (audited)
Other payables	<i>(i)</i>	21,912	18,477
Provision of reinstatement cost	<i>(ii)</i>	1,540	1,977
Unamortised rent-free expenses		—	1,005
		<u>23,452</u>	<u>21,459</u>

Note (i)

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

Note (ii)

Included in other payables is a current portion of provision of reinstatement cost of HK\$1,540,000 (31 July 2019: HK\$1,977,000). Movement of provision of reinstatement cost is as follows:

	31 January 2020 HK\$'000 (unaudited)	31 July 2019 HK\$'000 (audited)
Balance as at beginning of the period/year	4,295	4,199
Additions	—	135
Utilisation	(93)	(39)
Balance as at closing of the period/year	4,202	4,295
Less: non-current portion	(2,662)	(2,318)
Current portion	<u>1,540</u>	<u>1,977</u>

20 OTHER NON-CURRENT LIABILITIES

	31 January 2020 HK\$'000 (unaudited)	31 July 2019 HK\$'000 (audited)
Provision of reinstatement cost	2,662	2,318
Unamortised rent-free expenses	—	1,348
Other non-current liabilities	<u>2,662</u>	<u>3,666</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

21 SHARE CAPITAL

	Number of shares	HK\$'000
Authorised:		
Ordinary shares at 31 July 2019 (audited) and at 31 January 2020 (unaudited)	10,000,000,000	100,000
Issued and fully paid:		
Ordinary shares at 31 July 2019 (audited) and at 31 January 2020 (unaudited)	500,000,000	120,956

22 NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Cash generated from operations

	Six months ended 31 January	
	2020	2019
	HK\$'000	HK\$'000
Profit before taxation	23,464	31,839
Adjustments for:		
– Depreciation of property, plant and equipment	4,651	5,392
– Depreciation of right-of-use assets	19,550	—
– Amortisation of intangible assets	160	71
– Gain on disposal of property, plant and equipment	(94)	—
– Share-based compensation expenses	911	915
– Dividend income	(342)	—
– Interest income	(1,110)	(927)
– Exchange differences-net	(2)	8
– Interest on bank loan	95	—
– Interest on lease liabilities	705	—
– Share of loss of an associate	53	—
– Decrease in fair value of investment property	2,177	—
Change in working capital		
– Accounts receivables	939	412
– Deposits, prepayments and other receivables	(2,995)	(4,383)
– Amounts due to related companies	—	2,000
– Contract liabilities	(1,272)	14,630
– Other payables	3,342	2,146
Cash generated from operations	50,232	52,103

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	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Salaries, allowances and benefits in kind	3,968	3,736
Equity-settled share option expense	146	5
Pension scheme contributions	36	59
	<u>4,150</u>	<u>3,800</u>

24 COMMITMENTS

(a) Capital commitments - Office and laboratory equipment

	31 January	31 July
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (audited)
Contracted but not provided for	<u>196</u>	<u>229</u>

(b) Commitments under operating leases

Before the adoption of HKFRS 16, the future aggregate lease payments under non-cancellable operating leases in respect of teaching centres, offices and warehouse are as follows:

	31 July 2019 HK\$'000 (audited)
Within one year	49,707
Later than one year but within five years	33,394
	<u>83,101</u>

After the adoption of HKFRS 16, the future aggregate lease payments under short-term non-cancellable operating leases in respect of teaching centres are as follows:

	31 January 2020 HK\$'000 (unaudited)
Within one year	<u>3,953</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

25 CONTINGENT LIABILITIES

Saved as disclosed below, the Group did not have any material contingent liabilities as at 31 January 2020 (2019: 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 now in discovery stage and a Case Management Summons Hearing has been fixed in April 2020. 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

Following the outbreak of COVID-19 (the “COVID-19 Outbreak”) in early 2020 and its damaging impact on society, the EDB in Hong Kong announced the extension of Chinese New Year holidays to mid-February 2020 and the subsequent class suspension of all schools until further announcement. The COVID-19 Outbreak and the subsequent class suspension resulted in disruption to our classes being conducted across our centres, which has dealt a blow to our Group’s revenue. Nevertheless, with support from our strengthened IT infrastructure maintained by our IT task force, we were able to switch part of our services from offline to an online self-developed platform for the purpose of minimising the adverse impact on our education services. On the other hand, the fair value of the Group’s investment property may be subject to fluctuation due to the COVID-19 Outbreak given the Group applied the fair value model to measure its investment property.

Up to the date of this interim report, the exact date of class resumption is still subject to the EDB’s further assessment and the overall financial effect of the above cannot be reliably estimated. The Group will pay close attention to the continuing development of the COVID-19 Outbreak as well as any announcement from the EDB, and continue to evaluate the impact of the COVID-19 Outbreak on the financial position and operating performance of the Group.

OTHER INFORMATION

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 31 January 2020 (2019: nil).

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

As at 31 January 2020, 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
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%
Global Development Group Limited <i>Note 6</i>	Dr. Shen Xu Hui	Beneficial owner	3,000	—	3,000	30%
Funara Education Limited <i>Note 7</i>	Dr. Shen Xu Hui	Interest in controlled corporation	6,000	—	6,000	60%

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.
6. Glocal Development Group Limited is an indirect non-wholly-owned subsidiary of the Company and is owned as to 70% by Beacon Group Limited, a wholly-owned subsidiary of the Company, and 30% by Dr. Shen Xu Hui.
7. 40% equity interest in Futura Education Limited ("Futura") is owned indirectly by the Company, and 60% equity interest in Futura is owned directly by Travel Lens Limited, a company owned as to 50% equity interest by Dr. Shen Xu Hui. Accordingly, Futura is an associated corporation in relation to the Company under Part XV of the SFO and Dr. Shen Xu Hui is deemed to be interested in such shares held by Travel Lens Limited in Futura by virtue of the SFO.

Save as disclosed above, as at 31 January 2020, 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.

OTHER INFORMATION

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

As at 31 January 2020, so far as is known to any Directors or chief executives of the Company, the following 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 Share held	Position	Percentage of shareholding (%)
Beacon Enterprise Limited	Beneficial owner	375,000,000	Long	75%
Ms. Leung Ho Yan, Irene <i>Note 1</i>	Interests held jointly with another person; interest in controlled corporation	375,000,000	Long	75%
Mr. Ng King Hang <i>Note 1</i>	Interests held jointly with another person; interest in controlled corporation	375,000,000	Long	75%
Max Wisdom Development Limited <i>Note 2</i>	Beneficial owner <i>Note 2</i>	25,000,000	Long	5%
Mr. Lam Yat Yan <i>Note 2</i>	Interest in controlled corporation	25,000,000	Long	5%

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 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.
2. The said 25,000,000 Shares represent the number of Shares to be issued upon exercise in full of all the options granted under the Pre-IPO Share Option Scheme which represent 5% of the issued share capital of the Company as at 31 January 2020. As at 31 January 2020 and the date of this interim report, the options granted under the Pre-IPO Share Option Scheme are not exercised. The ultimate beneficial owner of Max Wisdom Development Limited ("Max Wisdom") is Mr. Lam Yat Yan ("Mr. Lam") who is a tutor of the Group. Hence, Mr. Lam is deemed to be interested in all the Shares which may be issued upon the exercise of the Pre-IPO Share Options and held by Max Wisdom by virtue of the SFO.

Save as disclosed above, as at 31 January 2020, 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.

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 2020 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 has 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 2019 annual report.

Pre-IPO Option Scheme

The following options with the rights for the subscription of in aggregate 25,000,000 Shares were granted on 13 July 2018. The validity period of the Options shall be 72 months from the date on which the grant of an option pursuant to the 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. 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 2020.

Grantee	Exercise price per share option	Number of options held at 1 August 2019	Options granted during the period (number of underlying Shares)	Options exercised, lapsed or cancelled during the period	Number of options held as at 31 January 2020 (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 have been granted or agreed to be granted by the Company under the Pre-IPO Option Scheme.

OTHER INFORMATION

Post-IPO Option Scheme

The following options with the rights for the subscription of in aggregate 15,000,000 Shares with exercise price of HK\$0.493 per share option and 4,400,000 Shares with exercise price of HK\$0.730 per share option were granted on 23 January 2019 and 1 April 2019 respectively. The validity period of the 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 options granted to each grantee shall vest on and be exercisable by such grantee as follows:

- 30% of the options shall vest on and be exercisable from the first anniversary of the grant date;
- 30% of the options shall vest on and be exercisable from the second anniversary of the grant date; and
- 40% of the options shall vest on and be exercisable from the third anniversary of the grant date.

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 2020.

Grantee	Exercise price per share option	Number of options held at 1 August 2019	Options granted during the period (number of underlying Shares)	Options exercised, lapsed or cancelled during the period	Number of options held as at 31 January 2020 (number of underlying Shares)
Directors					
Ms. Leung Ho Ki, June	HK\$0.493	1,000,000	–	–	1,000,000
Mr. Tam Wai Lung	HK\$0.493	3,500,000	–	–	3,500,000
Mr. Li Man Wai	HK\$0.493	1,000,000	–	–	1,000,000
Mr. Chan Tsz Ying, Wister	HK\$0.493	1,000,000	–	–	1,000,000
	HK\$0.730	1,000,000	–	–	1,000,000
Employees	HK\$0.493	8,500,000	–	–	8,500,000
	HK\$0.730	3,400,000	–	–	3,400,000

All the options under the Post-IPO Share Option Scheme will not be exercisable within first 12 months after the grant date. The options granted under the Post-IPO Share Option Scheme would not have a dilutive effect on the earnings per share for the six months ended 31 January 2020. The exercise price per share option represents the average closing price of the Shares as stated in the Stock Exchange's daily question sheets for the five consecutive business days immediately preceding the relevant grant date. For the options granted with exercise price per share option of HK\$0.493 and HK\$0.730, the closing price of the Shares immediately before the relevant grant date was HK\$0.490 and HK\$0.700 respectively.

Save and except as disclosed above, no other options have been granted or agreed to be granted by the Company under the Post-IPO Option Scheme as at the date of this interim report.

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 2020.

OTHER INFORMATION

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 2020, 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 2020 and up to the date of this interim report.

LITIGATION

Reference is made to the Prospectus, the Company's Annual Report 2018 and 2019, 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 now in discovery stage and a Case Management Summons Hearing has been fixed in April 2020. 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.

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 2020 and the accounting principles and practices adopted by the Group and 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 2020 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.

OTHER INFORMATION

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, 23 March 2020



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