



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



**ANNUAL
REPORT
2020
年報**



In Light,
We Leap!



SECONDARY SCHOOL EDUCATION 中學教育



9科5*狀元 · 喇沙書院

遵理的師資非常好，
教學團隊，為學生準備豐
非常有幫助

談遵理

奪取佳績

日校有助學生於學術
各範疇全面發展，而
正可鞏固我學業方面



DSE狀元談遵理

7科5*狀元 · 拔萃女書院

補習老師成功啟發學生
對學習及人生有重要幫助

THE NEW ERA OF ONLINE-MERGE-OFFLINE EDUCATION

線上



線下

教育革新

Completed
完成

650,000+

hours Online Teaching
小時線上教學

30,000+

students utilized
Beacon's online platform
學生使用遠理網上平台學習

The use of Beacon's online
platform grows over
使用線上教學平台與去年
同期相比超過

10

times
倍





INTERNATIONAL STUDIES 國際教育



CHILDHOOD EDUCATION 幼兒教育



CHAIRMAN'S STATEMENT

In last year's annual report, I have promised that we as the industry leader would take up our undeniable responsibilities. In the midst of transformation of large scale tutorial houses which coincides with major social events and global epidemic, the Education Bureau announced a prolonged suspension of classes for more than 180 days. As I am penning this statement, the Secretary publicly advised all educational institutions to be prepared for another class suspension at any time. We shall hold fast to our position and endure to innovate new opportunities.

Under the duo impact of social events and epidemic, the Group recorded its largest decline in revenue and session enrollment. During the offline class suspension, we responded quickly and successfully converted all face-to-face classes to online classes within the first week of class suspension. As of 31 July 2020, we completed over 650,000 teaching hours, and served over 30,000 unique students via online services provided by the Group, including completion of enrollment procedures and lessons through our online student services platform.

The prolonged suspension of classes has created development opportunities for the online education industry, with course administrators of all sizes competing for market share thereof. However, the number of educators who can persevere with fortitude under the local epidemic and economic uncertainties is questionable. Among the numerous paths to success, the ones that are favourable to the Group in developing high quality online education services in the long run are summarized as follows:

1. To gather high quality content providers, ranging from reputable industry leaders to excelling new teachers. Meanwhile, we will invest in the discovery of hidden talents, from experienced retirees to knowledgeable academics who have yet to graduate, to provide diversified courses including but not limited to primary and secondary subjects as well as parental educational courses.
2. To achieve "Micro-learning (微學習)" via systematic fragmentation and step-by-step integration of contents. E-learning requires concentration against distraction, and the duration of students' concentration online is shorter than offline, so each episode of self-directed pre-recorded lessons should be no longer than 10 minutes. Lessons that were taught by a single teacher can now be divided among three to four instructors with different strengths to focus on different chapters of the class to leverage on their expertise.
3. To establish the system and mechanism of validating learning progress and awarding recognized qualifications of course completion. Nowadays, given the rapid development in education and information technologies that give rise to rapid transferral and dissemination of knowledge through the Internet, qualifications recognition does not necessarily come from traditional authoritative academic institutions; universities and official institutions are no longer the only organizations awarding certificates and diplomas, whereas attentions are now focused on an open and fair system with rigorous validation supported by scientific analysis. In this regard, Assessment International under the Group, led by an authority figure in exam assessment Dr. Luo Guanzhong, is well placed in specializing in data analysis and parameter estimation. The data collected shall become the authoritative credential for the education industry in the future.
4. Hong Kong is a small market with a dense population. It is unsustainable to provide online courses without offline support. Providing online and offline integrated learning is the Group's guiding principle in the development of quality education services, while physical premises remain an essential investment.
5. Based on the pros and cons of real-time and pre-recorded courses, it would be ideal if both kinds of lessons could be offered interchangeably. However, the latter seems to enjoy more potential as it offers autonomy and flexibility for the busy learners in Hong Kong.



The Group's permanent information technology base for the research and development of all-rounded education technology and support services will soon commence operations. The base will allow the Group to step forward in the development of its digital learning business and expand the scope of its education services beyond supplementary education services in private secondary schools, including but not limited to education and related services, such as professional qualifications, interest learning and personal development examination preparation courses for the youth and adults both inside and outside Hong Kong.

In July this year, the Group completed the acquisition of PhD Online Limited which has now become a subsidiary of the Group. It is formerly wholly and beneficially owned by Dr. Lam Yat Ming, and has been principally engaged in the operation of the PhD Online Platform. PhD Online Platform has already possessed all necessary conditions to allow the Group to expand its online education and learning business beyond the secondary school market, including professional qualification examination related courses, machine learning, e-learning and assessment tools, bringing a wider source of revenue to the Group's educational services.

Furthermore, in my speeches on several public occasions and my published articles in newspaper columns, I have repeatedly stressed that the HKDSE has the objective advantage of breaking away from Hong Kong to go forward into the world, and now the environment is maturing in the interests of all stakeholders. As the more people sit for a public examination, the higher its international recognition will be. The HKDSE, which adopts the Standards-referenced Reporting, has lifetime validity and is widely recognized by more than 280 prestigious institutions worldwide. We believe that if the HKDSE is promoted in areas outside Hong Kong successfully in the future, the qualification shall become one of the most widely applied and effective admissions reference tools for overseas universities, which would benefit our local students in Hong Kong. The Group is well positioned to complement the development of the HKDSE business in other markets outside Hong Kong in this regard. Leveraging on the Group's 30 years of experience in offering a full range of secondary day school programs, we are able to export HKDSE-related education services outside Hong Kong. The resources, experience and data of the Group are undoubtedly the most comprehensive among the private education organizers in Hong Kong and even in the world. This is also the future direction of the Group's aggressive expansion.

Despite the decline in demand for offline tutorials from large-scaled local chains, we are confident and determined to readjust the core of our business development to build a more comprehensive education industry chain, and the business figures of the Group also reflect the steady growth of our non-secondary tutorial businesses, such as IT services, overseas exams preparation and study consultation services.

Our Group also recognizes the potential of artificial intelligence in education, and will therefore actively conduct research and development in collaboration with local, domestic and overseas partners in this regard. We will also utilize our existing database to strengthen and enhance our online and offline services, not only to meet the needs of the local market, but also to identify partners outside Hong Kong.

Knowledge can change destiny while love and conviction can settle disputes. When society is in turmoil, the epidemic is rampant and the political and economic environment unpredictable, the responsibility of educators is even more prominent. In times of difficulty, we need to hold fast to our position now more than ever.

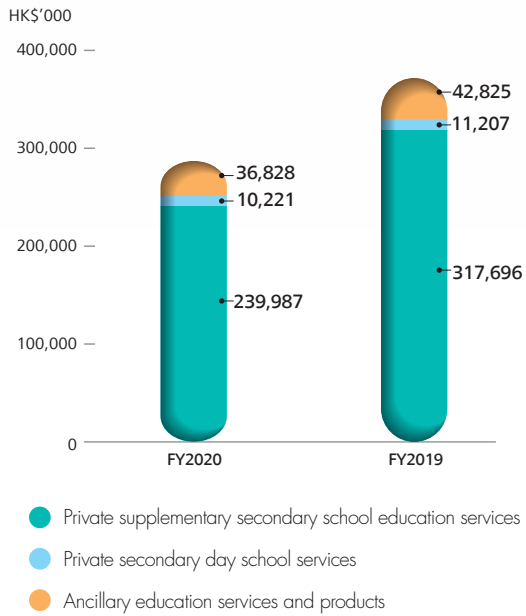
We are grateful to the students, parents, teachers and tutors, as well as other stakeholders for their support and trust all the way.

Leung Ho Ki, June

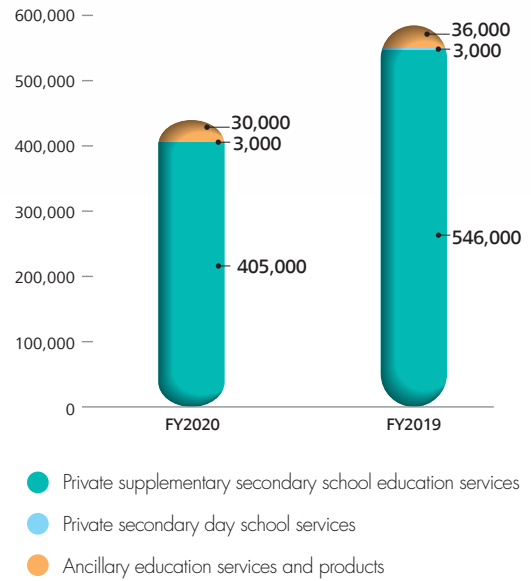
Hong Kong
20 October 2020

FINANCIAL AND OPERATIONAL HIGHLIGHTS

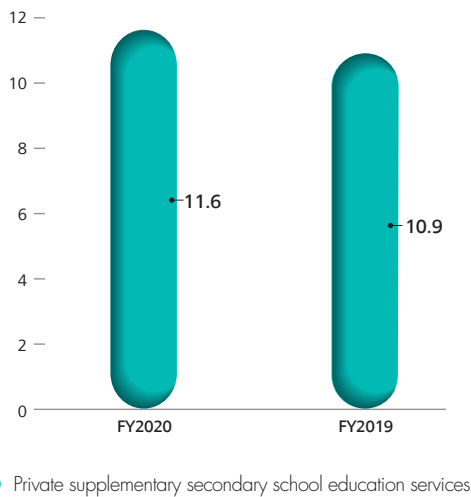
Revenue by category of services and products



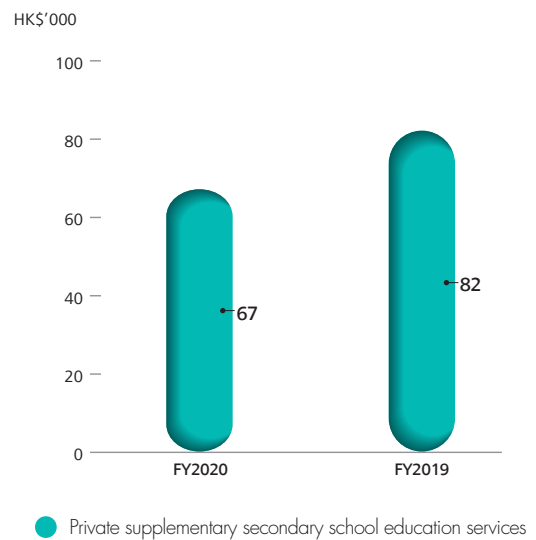
Number of session enrollments by category of services and products



Average number of sessions enrolled per student



Revenue per average classroom capacity



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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 Simon (*formerly known as Dr. Shen Xu Hui, resigned on 16 October 2020*)

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*

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Certified Public Accountants
Registered Public Interest Entity Auditor
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Adrian Lau & Yim Lawyers

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STOCK CODE

1775

MANAGEMENT DISCUSSION AND ANALYSIS



BUSINESS REVIEW

Introduction

Our Group is a leading provider of private supplementary secondary school education services in Hong Kong. We principally engage in the provision of private supplementary secondary school education services and the operation of private secondary day schools in Hong Kong. We also offer ancillary education services and products targeted at pre-school, kindergarten, primary and secondary school students and individuals pursuing further education/other interest learning 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 July 2020, we operated 17 teaching centres, with a total of 131 classrooms, which, in accordance with the EDB's guidelines, allow a maximum classroom capacity of 3,419 students to attend class at any one time.

It has been a challenging year for the Group 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.

Despite facing unprecedented challenges and uncertainties, the Group has quickly formulated strategies and implemented counter-measures to cope with the adverse changes in environment. Online teaching platforms are launched and related supporting services for students are provided.

However, due to the unfavourable factors and impact, the Group's financial performance was inevitably affected. The Group recorded revenue of approximately HK\$287.0 million, representing a decrease of approximately 22.8% as compared with approximately HK\$371.7 million for the year ended 31 July 2019. The Group recorded a loss for the year ended 31 July 2020 of approximately HK\$19.8 million while a profit of approximately HK\$10.5 million for the year ended 31 July 2019.

Revenue

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

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

Set out below is a summary of our revenue and session enrollments for each category of services which we provided for each of the years ended 31 July 2020 and 2019:

	For the year ended 31 July	
	2020	2019
Private supplementary secondary school education services		
– Revenue (HK\$'000)	239,987	317,696
– Unique student enrollment ('000)	35	50
– Session enrollment ('000)	405	546
Private secondary day school services		
– Revenue (HK\$'000)	10,221	11,207
– Unique student enrollment ('000)	0.4	0.4
– Session enrollment ('000)	3.0	3.0
Ancillary education services and products		
– Revenue (HK\$'000)	36,828	42,825
– Session enrollment ('000)	30	36

i) Private supplementary secondary school education services

Our Group provides private supplementary secondary school education services for students from Secondary 1 to Secondary 6 under our “Beacon College” (遵理學校) brand. For the year ended 31 July 2020, we had (i) approximately 35,000 (2019: approximately 50,000) unique private supplementary secondary school education student enrollments and approximately 405,000 (2019: approximately 546,000) private supplementary secondary school education session enrollments.

The following table sets forth the gross revenue, the number of session enrollments of each category and the average course fee of private supplementary secondary school education services for each of the years ended 31 July 2020 and 2019:

	For the year ended 31 July			
	2020		2019	
	Session enrollment '000	Revenue HK\$'000	Session enrollment '000	Revenue HK\$'000
Regular courses	279	185,097	404	254,071
Intensive courses	61	28,950	70	30,054
Summer courses	65	25,940	72	33,571
Total	405	239,987	546	317,696
Average course fees per session enrollment (HK\$)		593		582

Our Group’s total revenue declined by approximately 22.8% when compared with the same period in the previous financial year which was mainly due to the decline in session enrollments as experienced in the private supplementary secondary school industry.

In spite of suffering from the social unrest in the second half of 2019 and class suspension for at least five months under the suspension order by the EDB caused by the COVID-19 outbreak at the beginning of 2020, our Group has invested in the enhancement of the Group’s information infrastructure, online learning platform and digital payment gateways aiming to strengthen the Group’s education services, particularly in achieving an effective online to offline integrated learning mode, bettering students’ learning experience and intensifying the Group’s measurement and assessment on students’ learning progress. Through upgrading the Group’s information infrastructure, the Group believes that the extensive experience in IT can allow better retention of existing students and a higher number of new enrollments.

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. The number of private secondary day school session enrollments decreased by approximately 7.0% during the year ended 31 July 2020 and resulted in a decrease in revenue arising from private secondary day school services. There was no significant change in school fee in the past two financial years. Nevertheless, we continue to integrate resources across different brands within our Group such as GES, Beacon BExcellent and Beacon College to create more values and opportunities to our day school students who, for example, are interested to study abroad.

iii) Ancillary education services and products

Our Group offers various ancillary education services and products such as (i) mock examination services; (ii) interview preparation, language and supplementary primary school education, tutorial and consultation services under our “Diverse Learning Club”, “Beacon Childhood”, “BeConfident”, “Glocal Education”, “Mathgic” brands; (iii) VIP self-study services; (iv) IELTS, general interest and foreign language courses under our “Beacon BExcellent” brand; (v) other services and products including but not limited to online course scheduling and management services, a Higher National Diploma in Business (QCF) registered with the EDB under our “Beacon CAPE” brand, other educational services under our “Ascent Prep” brand, overseas study consultation services under our “GES” brand and online retail business under our “Beacon Living” brand. Our Group also received service fees from another private supplementary secondary school education service provider pursuant to a collaboration arrangement. The table below shows the revenue components of the ancillary education services and products for each of the years ended 31 July 2020 and 2019:



	For the year ended 31 July	
	2020	2019
	HK\$'000	HK\$'000
Mock examination services	11,453	11,633
Childhood education services	5,873	11,204
VIP self-study services	3,746	6,853
Beacon BExcellent	7,294	2,660
Others	8,462	10,475
Total	36,828	42,825

Mock examination services are one of the largest revenue contributors of our ancillary education services and products. The revenue from such services maintained at a level of approximately HK\$11.5 million when compared with the same period in the previous financial year. All these services were conducted in late 2019 or early 2020 which were less affected by the epidemic.

Beacon BExcellent has been growing rapidly among all components of the ancillary education services and products for the year ended 31 July 2020. It offered preparation courses for IELTS, general interest and foreign language courses, which has translated into a significant revenue growth by 174.2% for the year ended 31 July 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 the revenue of Beacon BExcellent.

On the other hand, Childhood education services recorded a significant decline in revenue by HK\$5.3 million, or 47.6% from HK\$11.2 million for year ended 31 July 2019 to HK\$5.9 million for year ended 31 July 2020. Moreover, our VIP self-study services also recorded a significant decline in revenue by HK\$3.1 million, or 45.3% from HK\$6.9 million for the year ended 31 July 2019 to HK\$3.7 million for the year ended 31 July 2020. Such significant declines were attributable to the decrease in the number of session enrollments mainly caused by (i) the suspension of classes for at least five months under suspensive order by EDB as a result of the outbreak of COVID-19, (ii) social events in the second half year of 2019.

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

OUTLOOK AND FUTURE DEVELOPMENT

The Group has been undergoing a tough year with challenging business environment followed by prolonged offline class suspension during the onset of the COVID-19 pandemic and social unrest in Hong Kong.

Despite the fact that the enduring class disruption poses unforeseen challenges to the education industry, the Group has taken swift steps to direct our ordinary offline teaching and learning services to take place online. The ripple of the COVID-19 pandemic has undeniably brought a rapid change in the learning behavior of the young generation, leading the education industry to a VUCA (volatile, uncertainty, complexity, and ambiguity) environment. The rise of microlearning with characteristics of being instant, flexible, self-directed and boundary-less catalyzes and accelerates the Group's planned development of an integrated mode of online-offline learning utilizing education information technology and extension of its online education services to students outside Hong Kong without the confinement of geographical boundaries.

Following the upcoming operation of the Group's permanent information technology base in the Group's acquired property, the Group is ready to step up for higher quality online education platforms, a further streamlined digital service delivery pipeline with upgraded IT infrastructures and our enlarged IT team of workforce.

The Group will continue to act proactively with the strategies of consolidation, differentiation and diversification. The Group's diversification and comprehensive education services spectrum remains a strong competitive edge; the expansion of international test preparation and overseas study consultancy, as well as childhood education services, forms the crucial layout of the Group's complete education product pipeline of different stages in addition to the supplemental secondary school education services. The Group will be optimistically mindful and continue to explore expansion opportunities through, amongst others, acquisition and collaboration.

The effect of the pandemic and potential social unrest may be continuing for a longer period of time. The Group will stay vigilant in managing costs, particularly seek for more efficient utilisation of teaching centre network with more preferential rent and terms, and maintain a prudent and sustainable approach to business.

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 approximately HK\$84.7 million, or approximately 22.8%, from approximately HK\$371.7 million for the year ended 31 July 2019 to approximately HK\$287.0 million for the year ended 31 July 2020. This was mainly due to the revenue decline from provision of private supplementary secondary school education services and ancillary education services and products.

Revenue from provision of private supplementary secondary school education services decreased by approximately HK\$77.7 million, or approximately 24.5% from approximately HK\$317.7 million for the year ended 31 July 2019 to approximately HK\$240.0 million for the year ended 31 July 2020, which was largely due to the class suspension and the decrease in number of the Group's session enrollments by approximately 141,000 or approximately 25.8% from approximately 546,000 for the year ended 31 July 2019 to approximately 405,000 for the year ended 31 July 2020.

Revenue from the provision of the ancillary education services and products decreased by approximately HK\$6.0 million, or approximately 14.0% from approximately HK\$42.8 million for the year ended 31 July 2019 to approximately HK\$36.8 million for the year ended 31 July 2020. The decrease was mainly attributable to the decrease in revenue arising from childhood education services, VIP self-study services partially offset by the revenue growth in Beacon BExcellent.

As a result of the class suspension and business disruption brought by the COVID-19 and social unrest, the revenue from VIP self-study services for the year ended 31 July 2020 decreased by approximately HK\$3.1 million or approximately 45.3% from approximately HK\$6.9 million for the year ended 31 July 2019 to approximately HK\$3.7 million for the year ended 31 July 2020 and the revenue from childhood education services also dropped significantly by approximately HK\$5.3 million, or 47.6% from HK\$11.2 million for the year ended 31 July 2019 to HK\$5.9 million for the year ended 31 July 2020.

Revenue from mock examination services was able to maintain at a level of approximately HK\$11.5 million when compared with the period in the previous financial year while revenue from Beacon BExcellent increased by HK\$4.6 million or 174.2% from HK\$ 2.7 million for the year ended 31 July 2019 to HK\$7.3 million for the year ended 31 July 2020.

Other income

Other income primarily consists of government subsidies, 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 160.0% from HK\$5.3 million for the year ended 31 July 2019 to HK\$13.8 million for the year ended 31 July 2020. This increase was primarily attributable to the "Anti-epidemic Fund" received from the government of approximately HK\$7.5 million and IT service income from Vioo Company Limited, a subsidiary of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Major costs component

The summary below shows the major costs components of our Group among which approximately 58.2% (2019: approximately 58.9%) is related to labour costs (comprising staff costs and tutor service fees) followed by printing and other operating expenses, depreciation of right-of-use ("ROU"), lease payments, and advertising and promotion expenses:

	2020		2019	
	HK\$'000	% of revenue	HK\$'000	% of revenue
Staff costs	97,939	34.1	103,695	27.9
Tutor service fees	79,575	27.7	105,257	28.3
Depreciation of ROU	38,334	13.4	—	—
Short-term lease and low-value lease payments/ operating lease payments	11,052	3.9	56,322	15.2
Advertising and promotion expenses	8,244	2.9	16,890	4.5
Printing and other operating expenses	69,943	24.4	72,037	19.4

Staff costs

As at 31 July 2020, the Group has 369 full-time employees and maintains a pool of part-time employees, in which 288 are active ones.

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

The staff costs slightly decreased by approximately HK\$5.8 million or approximately 5.6% from approximately HK\$103.7 million for the year ended 31 July 2019 to approximately HK\$97.9 million for the year ended 31 July 2020. Such decrease was mainly attributable to the net effect of (i) decrease in extra staff cost arising from over time payments and part time labour in relation to centre operations under class suspension and (ii) the increase in general staff benefit as well as recruitment of more staff to cope with the expansion and development of the new business.

Tutor service fees

Tutor service fees include service agreements and share-based payments. Typically we offer a revenue sharing scheme to our tutors and thus the tutor service fee is in general positively correlated to our Group's revenue. Such expense decreased from approximately HK\$105.3 million for the year ended 31 July 2019 to approximately HK\$79.6 million for the year ended 31 July 2020. The decrease was mainly attributable to the decrease in revenue from provision of private supplementary secondary school education services.

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

As a result of the adoption of the new accounting policy – HKFRS 16 "Leases", lease expenses in the consolidated income statement have been reflected by depreciation of ROU assets and related finance cost starting from 1 August 2019. Depreciation of ROU assets and lease payments are part of the largest components of the Group's operating costs, accounting for 13.4% and 3.9% respectively (2019: nil and 15.2%) of the Group's total revenue. The Group will continue to closely monitor the property rental market, negotiate with landlords for a lease adjustment, strive to seek for rental concessions and review the leased centres' performance by evaluating the occupancy rate of each centre before considering tenancy renewal thereof. In view of the centre network optimization, during the year ended 31 July 2020, the Group had closed five centres in Tsim Sha Tsui, Kowloon Bay, North Point, and Tsuen Wan and opened a new centre in Kowloon Bay.

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. For the year ended 31 July 2020, the marketing expenditure for the Group further decreased by approximately HK\$8.6 million or 51.2% from HK\$16.9 million to HK\$8.2 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\$2.1 million or 2.9% from HK\$72.0 million for the year ended 31 July 2019 to HK\$69.9 million for the year ended 31 July 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 27.4% to HK\$18.6 million, partially offset by the increase in IT related expenses, such as server fees, hardware costs, service fees payable to various electronic payment solution providers for the purpose of online course enrollment and delivery during the second half of the year, especially when our centres were closed due to class suspension. Moreover, the Group incurred over HK\$1.7 million in purchasing epidemic prevention materials, as well as cleaning and sanitary materials in order to support our students and staff to fight against the epidemic.

Income tax credit

Income tax credit for the year ended 31 July 2020 was HK\$2.4 million (Income tax expenses for the year ended 31 July 2019: HK\$1.9 million). The effective tax rates of the Group for the year ended 31 July 2020 and 2019 were 10.7% and 15.2% respectively.

Loss for the year

The Group recorded a loss of HK\$19.8 million for the year ended 31 July 2020. The loss during the year was mainly due to the decrease of income and a provision for impairment of an investment property. (2019: Profit of the year of the Group was HK\$10.5 million).

Liquidity, financial resources and capital structure

As at 31 July 2020, the Group's net current asset value was HK\$68.4 million, which mainly consisted of accounts receivables, 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 decreased from HK\$181.3 million as at 31 July 2019 to HK\$144.4 million as at 31 July 2020. Such decrease in current assets was primarily due to the decrease in cash and cash equivalents from HK\$145.9 million as at 31 July 2019 to HK\$121.3 million as at 31 July 2020. As at 31 July 2020, around HK\$31.6 million of current lease liabilities out of the net current assets of HK\$68.4 million (31 July 2019: net current assets of HK\$123.1 million) arose from the adoption of HKFRS16. As at 31 July 2020, the current ratio of the Group (expressed as current assets divided by current liabilities) was 1.90, 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\$19.3 million pledged to secure borrowings and general banking facilities granted to the Group. There was no charge on the Group's other assets.

Gearing ratio

As at 31 July 2020, the Group's gearing ratio (calculated based on bank borrowings amounting to approximately HK\$8.1 million and lease liabilities amounting to approximately HK\$46.4 million divided by equity attributable to the owners of the Company as at the year-end date amounting to approximately HK\$157.7 million) was approximately 34.5% (31 July 2019: 4.5%).

Contingent liabilities

The Group did not have any material contingent liabilities as at 31 July 2020 (2019: nil), other than the on-going litigation disclosed in the section headed "Litigation" under "Directors' Report" in this annual report.

Dividends

The Board has resolved to recommend the payment of a final dividend of HK1.0 cent per Share for the year ended 31 July 2020 (2019: HK1.0 cent per Share and a special dividend of HK2.0 cents per Share).

Acquisition and disposal of subsidiaries, associates and joint ventures

There was no material acquisition or disposal of subsidiaries, associates or joint ventures during the year ended 31 July 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF NET PROCEEDS FROM THE LISTING

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

On 20 January 2020, the Board resolved to change the use of the remaining unutilized 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	The Reallocation	Use of net proceeds from Share Offer subsequent to the Reallocation	Amount of net proceeds utilized up to 31 July 2020	Amount of net proceeds unutilized as at 31 July 2020	Progress up to the date of this Annual Report
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	
Before Reallocation:						
Acquisition of premise(s) to be used as teaching centre(s)	31.1	—	31.1	17.8	13.3	The Group completed the acquisition of a property located at Kowloon Bay and fully utilized the remaining net proceeds on 14 August 2020.
After Reallocation:						
Acquisition of premise(s)						
Before Reallocation:						
Optimization/establishment of teaching centres	23.3	(10.0)	13.3	6.2	7.1	The Group has optimized its centre network mainly in Yau Tsim Mong district, Tsuen Wan district and Kowloon East 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 Childhood education services	12.8	—	12.8	1.7	11.1	The Group has established two teaching spots in Yuen Long and Tsuen Wan and is looking for appropriate investment opportunities.
Upgrades of teaching centres' facilities, IT infrastructure and recruitment of non-teaching staff	16.9	—	16.9	16.9	—	IT infrastructure remains under development. The Group has re-engineered several websites of our sub-brands and further enhanced the on-line student services platform such as upgrading its VIP system, seat reservation system, hand out reservation and control system as well as online enrollment and course delivery system. The Group has upgraded centre facilities in various districts such as Kowloon East and Yuen Long.
Enhancing brand awareness	5.8	—	5.8	5.8	—	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	2.1	—	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 has launched a brand new online education platform, namely "CourseZ" in October 2020 and will continue to develop and enhance its functions. Besides, the Group is looking for appropriate investment opportunities.
Total	92.0	—	92.0	50.5	41.5	

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

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Ms. LEUNG Ho Ki, June (梁賀琪), aged 55, is a co-founder of our Group, the Chairman of our Company and was appointed as a Director on 15 April 2015 and designated as an executive Director on 21 June 2018. Ms. June Leung is also a director of Beacon Group Limited, JR (TM) Limited and JR (YL) Limited. During her 31 years with our Group, she has been responsible for the overall management of our private supplementary education services as well as strategic planning and development of our Group. Ms. June Leung performs a leadership role in monitoring and evaluating our business, strategic planning and major decision making for our Group. In particular, she has developed our Group's overall business model and product portfolio as well as formulated our advertising and marketing strategy. Prior to assuming her role as Chairman, Ms. June Leung held the position of a teacher and a manager of our Group. Ms. June Leung graduated from The University of Hong Kong with a degree in Bachelor of Arts (Honours) in December 1989 and obtained a Doctorate of Business Administration from the European University in May 2011 through distance learning. She was registered as a teacher under the Education Ordinance section 45(1) in February 1999. Ms. June Leung is the spouse of Mr. Tam Wai Lung, Chief Executive Officer of the Company and executive Director and aunt of Mr. Li Man Wai, executive Director.

Ms. June Leung is currently a director of Plan International Hong Kong, which strives for a just world that advances children's rights and equality for girls. In 2019, Ms. June Leung was awarded as an Honorary Fellow of The Professional Validation Centre of Hong Kong Business Sector. Ms. June Leung was honoured with "Golden Bauhinia Women Entrepreneur Award 2017", which was conferred by the Golden Bauhinia Women Entrepreneur Association for recognising her outstanding business achievements and entrepreneurship in 2017; with the Greater Bay Area Outstanding Women Entrepreneur Award presented by Hong Kong Small and Medium Enterprises Association and FM104 Metro Finance in 2018; and Junzi Entrepreneur Award presented by The Hang Seng University of Hong Kong in 2019 for her devotion in sustainable entrepreneurship.

Mr. TAM Wai Lung (談惠龍), aged 55, the Chief Executive Officer of our Company, was appointed as a Director on 15 April 2015 and designated as an executive Director on 21 June 2018. Mr. Tam is also a director of 16 subsidiaries of our Group. Throughout the past 20 years, Mr. Tam has focused on private supplementary tutorial services, executive management and the strategic development of our Group. During his 24 years of service in our Group, he has been responsible for the overall operations, finances and administration of our education services as well as strategic planning and development. Prior to joining our Group, Mr. Tam was employed by Wardley Thomson Limited and Wardley Financial Services Limited, where he worked as a trading assistant, dealer, assistant vice president and vice president, between April 1987 and August 1996. Mr. Tam is the spouse of Ms. Leung Ho Ki, June (Chairman and executive Director of Our Group), and uncle of Mr. Li Man Wai, executive Director.

Mr. CHAN Tsz Ying, Wister (陳子瑛), aged 59, is the head principal of day school for our Group and was appointed as a Director on 9 September 2015 and designated as an executive Director on 21 June 2018. Mr. Chan is also a director of Beacon College Limited. Mr. Chan has been a teacher for over 30 years and is focused primarily on secondary day school education services. During his 30 years with our Group, he has been responsible for the establishment and management of our private secondary day school operations. Prior to his role as head principal of our private secondary day school, Mr. Chan held the position of a teacher at Wellwisher Foundation Primary School from 1986 to 1987 and at A.D. & F.D. of Pok Oi Hospital Mrs. Cheng Yam On Primary School from 1987 to 1990. Mr. Chan was awarded a Teachers Certificate from the Northcote College of Education (now known as The Education University of Hong Kong) in July 1986 and graduated from University of Wolverhampton, the United Kingdom with a Bachelor of Education in June 1997. Mr. Chan was registered as a teacher under the Education Ordinance section 45(1) in November 1986.

Mr. LI Man Wai (李文偉), aged 48, is our Deputy Chief Executive Officer and was appointed as a Director on 9 September 2015 and designated as an executive Director on 21 June 2018. Mr. Li is also a director of 28 subsidiaries of our Group. He has, since the establishment of our Group, acquired experience in the education business, focusing on operation, administration and marketing of tutorial services and secondary school education services. Mr. Li joined our Group in 1989 and was appointed as Deputy Chief Executive Officer of our Group in 2000. During his 31 years with our Group, he has been responsible for the marketing of our Group's education services, as well as tutorial and course management and leasing arrangements. Mr. Li is a nephew of Mr. Tam Wai Lung, Chief Executive Officer and executive Director, and Ms. Leung Ho Ki, June, Chairman and executive Director.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. KWAN Chi Hong (關志康), aged 48, was appointed as an independent non-executive Director on 17 November 2017. Mr. Kwan has over 20 years of managerial and senior management experience in the commercial and public sector. He served as an executive director of Bamboos Health Care Holdings Limited (stock code: 2293) since the group's establishment from 2009 to 2019. During his managerial stint in the public sector, from February 1995 to December 2007, he worked as an executive officer in various government departments including Registration and Electoral Office, Urban Services Department, Home Affairs Department, Hong Kong Police Force and Chief Secretary for Administration's Office Government Secretariat. Mr. Kwan was a part-time teacher of certain bachelor/diploma courses in Chinese Medicine conducted by HKU School of Professional and Continuing Education from 2013 to 2016. Mr. Kwan was awarded the Young Entrepreneur of the Year 2012 from the Hong Kong Business Awards hosted by DHL Express and South China Morning Post and the EY Entrepreneur of the Year 2013 China – Emerging Entrepreneur hosted by EY.

Mr. Kwan obtained a bachelor's degree in Economics and a master's degree in Economics from The University of Hong Kong in January 1995 and December 2005 respectively. Mr. Kwan has completed a programme in Executive MBA and obtained a master's degree in Business Administration from The Chinese University of Hong Kong in December 2007. Mr. Kwan is currently an independent non-executive director of China Brilliant Global Limited (stock code: 8026) and Stream Ideas Group Limited (stock code: 8401), whose shares are listed on the GEM of the Stock Exchange.

Mr. Li Kai Sing (李啟承), aged 58, was appointed as an independent non-executive Director on 21 June 2018. He is currently an executive director of Focus Films Limited and has working experience in various fields including accounting, film and entertainment business. From July 1985 to January 1989, he worked at Coopers & Lybrand, an accounting firm, with the last position held as a Supervisor II. From January 1989 to June 1992, he then worked at Management Investment & Technology Company Limited with the last position held as a senior accounting manager where he was responsible for planning and managing the daily accounting and financial operation of the company. From July 1992 to December 1993, he was the vice-president, finance of Leading Spirit (Holdings) Company Limited. From August 2000 to September 2003, he was the chief financial officer of Team Work Corporation Limited and was responsible for developing and implementing the strategic plans and monitoring the internal control system of the company.

Mr. Li is currently an independent non-executive director of In Technical Productions Holdings Limited (stock code: 8446), whose shares are listed on the GEM of the Stock Exchange. He was the financial controller of China Star Entertainment Limited (stock code: 326), whose shares are listed on the Main Board of the Stock Exchange, between June 1999 and July 2000.

Mr. Li Kai Sing has been a member of the Hong Kong Institute of Certified Public Accountants since 1988, an associate of the Chartered Association of Certified Accountants in 1988 and a member of the Institute of Financial Planners of Hong Kong since 2004. Mr. Li Kai Sing graduated from The Chinese University of Hong Kong in 1985 with a bachelor degree of social science and from The Hong Kong University of Science and Technology with an executive master degree of business administration in 2007.

Professor WONG Roderick Sue Cheun (王世全), aged 76, was appointed as an independent non-executive Director on 21 June 2018. Professor Wong obtained a degree of Bachelor of Arts from San Diego State College (now known as San Diego State University) in the United States in November 1965 and a degree of Doctor of Philosophy in mathematics from the University of Alberta in Canada in November 1969. Professor Wong is currently an Emeritus Professor of Mathematics at City University of Hong Kong, and he was the Chair Professor of Mathematics at City University of Hong Kong before his retirement in 2019. He is a fellow of the Royal Society of Canada and Chevalier dans l'Ordre National de la Légion d'Honneur of France, and a member of the European Academy of Sciences.

Professor Wong is currently an independent non-executive director of Sam Woo Construction Group Limited (stock code: 3822) and G&M Holdings Limited (stock code: 6038) whose shares are listed on the Main Board of the Stock Exchange.

SENIOR MANAGEMENT

Mr. CHOI Shing Wai (蔡誠偉), *FCPA*, aged 38, is the Deputy Chief Executive Officer, the chief financial officer and company secretary of our Group. Mr. Choi joined our Company in December 2014 and is primarily responsible for the overall operations, financial management of our Group as well as strategic planning, overseeing accounting, company secretarial and internal control matters of our Group. Mr. Choi has over 15 years of experience in professional accounting and auditing practice. Prior to joining our Group, Mr. Choi worked as an assistant, later as a semi-senior, in the assurance division of Grant Thornton, a certified public accountants firm, from September 2004 to November 2006. Mr. Choi then worked as a senior associate and was promoted to manager of the assurance division of PricewaterhouseCoopers in October 2009. Mr. Choi was then transferred to the Capital Market Accounting Advisory Service Group of PricewaterhouseCoopers in December 2011 and was later promoted to senior manager in October 2012 and up to his joining our Group in December 2014.

Mr. Choi obtained a degree of Bachelor of Business Administration (Honours) in Accountancy and Management Information Systems from City University of Hong Kong in November 2004. Mr. Choi has become an associate member and a fellow of the Hong Kong Institute of Certified Public Accountants since April 2008 and March 2019 respectively.

Mr. TAM Lin Bong (譚練邦), aged 42, is the Chief Operating Officer of our Group and is responsible for human resources management, recruitment and employment policies, internal control matters and external liaison of our Group. Mr. Tam joined our Group as a teaching assistant in September 2002 and became the human resources manager of Beacon College in April 2012. Mr. Tam was appointed as the Deputy Chief Executive Officer of our Group in June 2013 and the Chief Operating Officer in August 2018. Prior to joining our Group, Mr. Tam worked as a teaching assistant in Kwun Tong Government Secondary School (觀塘官立中學) from February 2002 to July 2002.

Mr. Tam obtained a degree of Bachelor of Business Administration (Honours) from Hong Kong Baptist University in December 2001 and graduated with a Master of Business Administration degree with distinction from University of Iowa, the United States in August 2015. Mr. Tam also obtained a diploma in teaching English as a second language from the School of Continuing Studies of The Chinese University of Hong Kong in January 2005. Mr. Tam was awarded the Certificate in Employment Ordinance by the Hong Kong Management Association in April 2013. Mr. Tam has also completed several training workshops organised by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications in 2014.

Mr. CHEUNG Chi Keung (張智強), aged 41, was appointed as the Chief Information Officer of the Group in January 2019. Mr. Cheung graduated from The Hong Kong University of Science and Technology with a bachelor's degree of Engineering in Computer Science in 2002. Mr. Cheung has over 17 years of solid experience in IT and system design. He has been the director of Vioo Company Limited prior to joining the Group and handled a variety of IT projects in insurance, finance and education industry, and helped companies to digitalize their business. Mr. Cheung was a project manager of Reinfo Technology Company, which engages in application and system software design. Mr. Cheung was awarded The 24th Innovative Entrepreneur Award presented by the Junior Chamber International Hong Kong in 2020.

Mr. NG Wai Lun (吳偉倫), aged 32, is the Deputy Chief Operating Officer of our Group and is responsible for course management, overseeing marketing and design plans and public relations of our Group. Mr. Ng joined our Group in June 2010 as the administration assistant of Beacon College. Mr. Ng was appointed as the Deputy Chief Executive Officer of our Group in July 2013. Mr. Ng obtained a degree of Bachelor of Social Science from The Chinese University of Hong Kong in December 2010.

Dr. LUO Guanzhong (羅冠中), aged 65, was appointed as the Chief Assessment Scientist of the Group in March 2019. Dr. Luo held a doctorate degree of philosophy in Mathematical Psychology obtained from Murdoch University in 1995. Prior to joining the Group, Dr Luo was the Director – Assessment Technology and Research (D-ATR) at the HKEAA and had been serving the authority for almost 15 years. Before his stint at the HKEAA, Dr Luo had held various academic positions as professor and adjunct professor at a number of universities in the mainland of the People's Republic of China, Singapore and Australia. Dr Luo's major area of research includes development of various psychometric models and parameter estimation algorithms for achievement and attitude measurements. His publications are internationally recognized, in particular the computer programmes for test data analysis and processing developed/co-developed by him are widely used by numerous major examination organisations and academic researchers in the education industry globally.

COMPANY SECRETARY

Mr. Choi Shing Wai (蔡誠偉), *FCPA*, was appointed as our company secretary with effect from 9 September 2015. Further information on Mr. Choi is set forth in the section headed "Senior Management" above.

DIRECTORS' REPORT

The Board is pleased to present their report and the audited consolidated financial statements of the Group for the year ended 31 July 2020.

INCORPORATION AND LISTING

The Company was incorporated in the Cayman Islands on 15 April 2015 as an exempted company with limited liability. The Shares were listed on the Main Board of the Stock Exchange on the Listing Date.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is a leading provider of private supplementary secondary school education services in Hong Kong and principally engages in the provision of private supplementary secondary school education services, the operation of private secondary day schools and offer ancillary education services and products targeted at pre-school, kindergarten, primary and secondary school students and individual pursuing further education offer interest learning and/or personal development. The Company and a majority of its subsidiaries operate principally in Hong Kong. A list of the Company's principal subsidiaries, together with their places of incorporation and principal activities, is set out in note 19 to the consolidated financial statements on pages 90 to 91.

BUSINESS REVIEW

A fair review of the business of the Group during the year ended 31 July 2020, including discussion and analysis of the Group's financial performance and future business developments, as required by Schedule 5 to the Companies Ordinance, is set out in the section headed "Chairman's Statement" on pages 1 to 2 and "Management Discussion and Analysis" on pages 6 to 12. These discussions form part of this Annual Report.

Principal Risks and Uncertainties

The principal risks and uncertainties related to the business of the Group are as below:

- Our Group have substantial reliance on our Top Five Tutors, in particular, a significant proportion of our revenue, profitability and business is generated from courses and products provided by our Top Five Tutors and a significant amount of revenue was generated from courses and products provided by our Top One Tutor during the year ended 31 July 2020. Our operations and profits may be materially and adversely affected if we cannot retain or maintain a good relationship with our tutors or our tutors fails to deliver high-quality teaching. Moreover, if our Group is not able to enforce the restrictive covenants of the employment contracts or services agreements against our tutors to prevent them from immediately and directly competing with our Group within and/or after the restrained period, our business, operating and financial results may be materially and adversely affected.
- Our Group's business is dependent on the market recognition of our brand and reputation; any negative publicity to our teaching team could cause damage to our brand and reputation and would materially and adversely affect our business.
- Protection of intellectual property rests a prioritized responsibility of the Group's teaching team and the business. Any infringement claims against our Group could expose us to litigation risk or could adversely affect our reputation.
- Our business is subject to the regulation of the Education Ordinance and its subsidiary legislations, in particular, valid relevant registrations or exemptions is substantial to our business operation. In the event of failure in obtaining or maintaining such registrations or exemptions or other non-compliances with the aforesaid legislations, our operation may be suspended and our business, operating and financial results may be materially and adversely affected.

The above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares.

SEGMENTAL INFORMATION

An analysis of the Group's performance for the year ended 31 July 2020 by business activities is set out in note 5 to the consolidated financial statements on page 79.

RESULTS

The Group's results for the year ended 31 July 2020 and the state of affairs of the Group as at that date are set out in the consolidated financial statements on pages 54 to 104.

DIVIDENDS

The Board has resolved to recommend the payment of a final dividend of HK1.0 cent per Share for the year ended 31 July 2020, subject to the approval by the Shareholders at the forthcoming AGM to be held on Tuesday, 1 December 2020. The amount of the proposed final dividend is HK\$5 million (2019: HK\$15 million). The proposed final dividend is expected to be paid on or about Tuesday, 22 December 2020 to Shareholders whose names appear on the register of members of the Company on 11 December 2020.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the forthcoming AGM to be held on Tuesday, 1 December 2020 (or at any adjournment of it), the register of members of the Company will be closed from Thursday, 26 November 2020 to Tuesday, 1 December 2020, both days inclusive, during which no transfer of Shares will be effected. In order to be eligible to attend and vote at the forthcoming AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 25 November 2020.

For determining the entitlement to the proposed final dividend, subject to the approval by the Shareholders at the forthcoming AGM, for the year ended 31 July 2020, the register of members of the Company will be closed from Thursday, 10 December 2020 to Friday, 11 December 2020, both days inclusive, during which period no transfer of Shares will be effected. In order to be qualified for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 9 December 2020.

SUMMARY OF FINANCIAL INFORMATION

A summary of the Group's results, assets and liabilities for the last five financial years, and the published audited financial statements, is set out on page 105 and 106 of this Annual Report. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group are set out in note 15 to the consolidated financial statements.

SIGNIFICANT INVESTMENTS HELD

The Group held investment property and financial assets at fair value through other comprehensive income during the year ended 31 July 2020. Details of investments and financial assets at fair value through other comprehensive income of the Group as at 31 July 2020 are set out in note 17 and note 21 to the consolidated financial statements.

BANK BORROWINGS

As at 31 July 2020, the Group had approximately HK\$8.1 million bank borrowings (as at July 2019: HK\$8.6 million). Details of bank borrowings of the Group as at 31 July 2020 are set out in note 30 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 32 to the consolidated financial statements.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Company and of the Group during the year ended 31 July 2020 are set out in notes 40a and 34 to the consolidated financial statements on page 104 and page 98 respectively and in the consolidated statement of changes in equity on page 57. As at 31 July 2020, the aggregate amount of reserve available for distribution to equity shareholders of the Company was approximately HK\$48.4 million (2019: approximately HK\$51.8 million).

PURCHASE, SALES OR REDEMPTION OF COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company during the year ended 31 July 2020 and up to the date of this Annual Report.

MAJOR CUSTOMERS AND SUPPLIERS

Our customers primarily consist of students and individuals enrolling in our courses. Given the nature of our business, we had no customer who contributed, or any five customers who collectively contributed, to 30% or more of our total revenue during the year ended 31 July 2020.

During the year ended 31 July 2020, revenue generated from courses and products (including mock examination services and VIP self-study services) provided by (i) our Top Five Tutors accounted for approximately 47.1% of our total revenue, and the aggregate remuneration payable to our Top Five Tutors amounted to approximately HK\$58.6 million, accounting for approximately 26.1% of our total staff costs and service fees; and (ii) our Top One Tutor accounted for approximately 24.2% of our total revenue, and the aggregate remuneration payable to our Top One Tutor amounted to approximately HK\$28.1 million, accounting for approximately 15.9% of our total staff costs and service fees. None of our Directors, their respective close associates, or any of the existing Shareholder (which to the knowledge of our Directors owns more than 5% of our issued share capital) had any interest in any of our Top Five Tutors during the year ended 31 July 2020 and up to the date of this Annual Report.

DIRECTORS

The Directors of the Company during the year ended 31 July 2020 were as follows:

Executive Directors

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

Non-executive Director

Dr. Shen Simon (formerly known as Dr. Shen Xu Hui, resigned on 16 October 2020)

Independent Non-executive Directors

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

Biographical details of the Directors and senior management as at the date of this Annual Report are set out in the section "Directors and Senior Management" on pages 13 to 15 of this Annual Report.

Pursuant to Article 84 of the Articles of Association, Professor Wong Roderick Sue Cheun, Mr. Chan Tsz Ying, Wister and Mr. Li Man Wai shall retire by rotation at the forthcoming AGM and, being eligible, would offer themselves for re-election at the forthcoming AGM.

CHANGE IN DIRECTOR

Due to a change of role within the Group, Dr. Shen Simon (formerly known as Dr. Shen Xu Hui) resigned as a non-executive Director on 16 October 2020 so as to devote attention and dedication to his new engagement with the Group concerning its overseas studies business as Director for Overseas Studies.

DIRECTORS' SERVICE CONTRACTS AND LETTER OF APPOINTMENT

Each of the executive Directors has entered into a service contract with the Company with effect for a term commencing from the date of his appointment/redesignation as an executive Director for a term of three years commencing from the Listing Date. The term of each of the service contracts shall end when the service contract is terminated in accordance with its terms and conditions or by either party giving to the other party not less than three months' prior notice in writing.

Each of our non-executive Director (who resigned on 16 October 2020) and independent non-executive Directors has entered into an appointment letter with the Company for a period of three years commencing from the Listing Date which may be terminated in accordance with the terms and conditions of the appointment letter or by either party serving on the other party a prior written notice of not less than three months.

Save as aforesaid, no Director proposed for re-election at the forthcoming AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the Company or its subsidiaries within one year without payment of compensation, other than normal statutory compensation.

CONNECTED AND RELATED PARTY TRANSACTIONS

The transactions disclosed in note 37 to the consolidated financial statements fall under the definition of "continuing connected transaction" and are exempted from annual reporting requirement in Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 37 to the consolidated financial statements, no contract of significance between the Company or any of its subsidiaries and a controlling shareholder of the Company or any of its subsidiaries subsisted during the year or at the end of the year, and no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder of the Company or any of its subsidiaries subsisted during the year or at the end of the year.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 37 to the consolidated financial statements, there was no transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party and in which any of the Directors or an entity connected with a Director had, whether directly or indirectly, a material interest, subsisted at the end of the year ended 31 July 2020 or at any time during the financial year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors or the substantial shareholders of the Company had any material interest in a business that competes or is likely to compete, either directly or indirectly, with the business of the Group.

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

As at 31 July 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	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%
Glocal Development Group Limited <i>Note 6</i>	Dr. Shen Simon (formerly known as Dr. Shen Xu Hui, resigned on 16 October 2020)	Beneficial owner	3,000	-	3,000	30%
Futura Education Limited <i>Note 7</i>	Dr. Shen Simon (formerly known as Dr. Shen Xu Hui, resigned on 16 October 2020)	Interest in a controlled corporation	6,000	-	6,000	60%

Notes:

- The Company is held as to approximately 75% by Beacon Enterprise Limited upon Listing. Beacon Enterprise Limited is beneficially owned as to 60%, 26%, 4%, 4%, 3% and 3%, respectively, by Ms. Leung Ho Ki, June, Mr. Tam Wai Lung, Ms. Leung Ho Yan, Irene, Mr. Ng King Hang, Mr. Chan Tsz Ying, Wister and Mr. Li Man Wai. Pursuant to the Deed of Acting in Concert, each of 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.
- 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 PostHPO 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 Simon (formerly known as Dr. Shen Xu Hui), who was the non-executive Director and resigned on 16 October 2020.
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 Simon (formally known as Dr. Shen Xu Hui), who was the non-executive Director and resigned on 16 October 2020. Accordingly, Futura is an associated corporation in relation to the Company under Part XV of the SFO and Dr. Shen Simon was deemed to be interested in such shares held by Travel Lens Limited in Futura as at 31 July 2020 by virtue of the SFO.

Save as disclosed above, as at 31 July 2020, neither the chief executives of the Company nor any of the Directors 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 July 2020, so far as is known to any Directors or chief executive 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 Shares 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	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.

- 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 July 2020. As at 31 July 2020 and the date of this Annual 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 July 2020, the Directors and the chief executive 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 year ended 31 July 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.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed for the year ended 31 July 2020 and up to the date of this Annual Report.

SHARE OPTION SCHEMES

Pre-IPO Share Option Scheme

The following is a summary of the principal terms of the Pre-IPO Share Option Scheme which was adopted and effective on 21 June 2018.

Purposes

The purpose of the Pre-IPO Share Option Scheme is to recognise the contribution of, and to provide an incentive to, the employees, officers, agents, consultants, contractors, service providers, representatives and sales partners of our Group who has contributed or will contribute to the Group.

Grantee

Max Wisdom Development Limited, a service provider to the Group which ultimate beneficial owner is Mr. Lam Yat Yan who is a tutor of our Group.

Life of the Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme expired on 12 July 2018 and save for the options which have been granted, no further options will be offered or granted or accepted under the Pre-IPO Share Option Scheme after the Listing Date.

Exercise Price and Payment on Grant

The subscription price per Share has been determined by the Board at HK\$0.54, which is 50% discount to the offer price of HK\$1.08 and the consideration payable for the grant of an option is HK\$1.00.

Maximum Number of Shares Available for Issue

The total number of Shares which may be issued upon exercise of all options to be granted under the Pre-IPO Share Option Scheme shall not exceed 5.0% of the total issued share capital of the Company on the Listing Date.

Exercisable Period and exercise percentage

The exercise period of each option granted is:

- (a) in relation to 30% of the Shares comprised in the relevant Pre-IPO Share Options, the period commencing on the expiration of 12 months after the date on which the grant of an option pursuant to the Pre-IPO Share Option Scheme was made to the participant (the "Grant Date") and ending on the expiration of 48 months after the Grant Date;
- (b) in relation to another 30% of the Shares comprised in the relevant Pre-IPO Share Options, the period commencing on the expiration of 24 months after the Grant Date and ending on the expiration of 60 months after the Grant Date; and
- (c) in relation to another 40% of the Shares comprised in the relevant Pre-IPO Share Options, the period commencing on the expiration of 36 months after the Grant Date and ending on the expiration of 72 months after the Grant Date (the "Option Period").

Transferability

An option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, assign, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any option or purport to do any of the foregoing. Any breach of the foregoing shall entitle the Company to cancel the relevant grantee's outstanding options in whole or in part.

Lapse of options

Subject to the terms of the Pre-IPO Share Option Scheme, an option granted thereunder shall lapse automatically (to the extent not already exercised) on, whichever earlier:

- (a) the expiry of the Option Period; or
- (b) the date on which the grantee ceases to be an employee, officer, agent, consultant, contractor, service provider or representative of any member of our 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 our Group or mutual consent between the grantee and any member of our Group.

The Pre-IPO Share Options were conditionally granted to the grantee on 27 June 2018. As at 31 July 2020 and the date of this Annual Report, no option granted under the Pre-IPO Share Option Scheme was/is exercised.

Options Granted under the Pre-IPO Option Scheme

Pursuant to the resolutions passed by the Board on 27 June 2018, the following options granted with the rights for the subscription of in aggregate 25,000,000 Shares at the exercise price of HK\$0.54 per Share were effective on 13 July 2018. Commencing from the first anniversary of the Grant Date, the grantee may exercise options by stages during the applicable Option Period as set out in "Exercisable Period and exercise percentages" of terms of the Pre-IPO Share Option Scheme above.

The following table discloses movements in the outstanding options granted to the grantee under the Pre-IPO Share Option Scheme during the year ended 31 July 2020.

Grantee	Exercise price per share option	Number of options held at 1 August 2019	Options granted during the year (number of underlying Shares)	Options exercised, lapsed or cancelled during the year	Number of options held as at 31 July 2020 (number of underlying Shares)
Max Wisdom Development Limited ^{Note}	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 will not be 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.

POST-IPO SHARE OPTION SCHEME

1. Summary of the terms of the Post-IPO Share Option Scheme

The following is a summary of the principle terms of the Post-IPO Share Option Scheme adopted by a written resolution passed by our Shareholders on 21 June 2018.

(a) Purpose

The purpose of the Post-IPO Share Option Scheme is to provide incentives to the Participants (as defined in paragraph (c) below) to contribute to our Group and to enable our Group to recruit and retain high-calibre employees and attract and retain human resources that are valuable to our Group.

(b) Period of the Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date on which the Post-IPO Share Option Scheme becomes unconditional after which period no further options will be granted and accepted; and thereafter for so long as there are any outstanding unexercised options and in order to give effect to the exercise of any such options or otherwise as may be required in accordance with the provisions of the Post-IPO Share Option Scheme.

(c) Who may join

The Board may grant (subject to acceptance in accordance with the terms of the Post-IPO Share Option Scheme) an option to subscribe for such number of Shares as it may determine at a price determined in accordance with paragraph (d) below to any individual being an employee, officer, tutor, agent, consultant or representative of any member of our Group (including any executive or non-executive director of any member of our Group) who, as the Board may determine in its absolute discretion, has made valuable contribution to the business of our Group based on his/her performance and/or years of service, or is regarded to be a valuable human resource of our Group based on his/her working experience, knowledge in the industry and other relevant factors (the "Participant"), subject to such conditions as the Board may think fit, provided that no grants shall be made except to such number of Participants and in such circumstances that our Company will not be required under applicable securities laws and regulations to issue a prospectus or other offer document in respect thereof; and will not result in the breach by our Company or its Directors of any applicable securities laws and regulations or in any filing or other requirements arising.

(d) Subscription price for the Shares under the Post-IPO Share Option Scheme

The subscription price for the Shares on the exercise of options under the Post-IPO Share Option Scheme shall be a price determined by the Board and notified to the relevant Participant at the time the grant of the options (subject to any adjustments made pursuant to paragraph (q) below) is made to (subject to acceptance by) the Participant and shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date on which the option is granted, which date must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date on which the option is granted; and (iii) the nominal value of the Share.

(e) Maximum number of the Shares available for subscription

The limit on the total number of the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other share option scheme(s) of our Company must not exceed 30% of the total number of the Shares in issue from time to time. Options lapsed or cancelled in accordance with the terms of the Post-IPO Share Option Scheme or any other share option scheme(s) of our Company shall not be counted for the purpose of calculating the said 30% limit. In addition, subject to below as provided in this paragraph, the total number of the Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme, together with all options to be granted under any other share option scheme(s) of our Company, must not in aggregate exceed 50,000,000 Shares, being 10% of the total number of the Shares in issue as at the Listing Date (the "Scheme Mandate Limit"). Options lapsed in accordance with the terms of the Post-IPO Share Option Scheme or any other share option scheme(s) of our Company shall not be counted for the purpose of calculating the Scheme Mandate Limit. Our Company may seek separate approval from our Shareholders in general meeting to renew the Scheme Mandate Limit but in any event the total number of the Shares in respect of which options may be granted by the Board under the Post-IPO Share Option Scheme and any other share option scheme(s) of our Company shall not exceed 10% of the total number of the Shares in issue as at the date of approval of the renewed Scheme Mandate Limit. Options previously granted under the Post-IPO Share Option Scheme and any other share option scheme(s) of our Company (including those outstanding, cancelled, lapsed in accordance with the Post-IPO Share Option Scheme or exercised options) will not be counted for the purpose of calculating such renewed Scheme Mandate Limit. On 28 September 2020, the Shareholders approved the refreshment of the Scheme Mandate Limit. Accordingly, the Scheme Mandate Limit has been refreshed to be 50,000,000 Shares, being 10% of the total number of Shares in issue as at the date of such Shareholders' approval. Our Company may also seek separate approval from our Shareholders in general meeting in accordance with the relevant provisions of the Listing Rules for granting options to specified Participants beyond the Scheme Mandate Limit (or the renewed Scheme Mandate Limit) in respect of such number of the Shares and on such terms as may be specified in such approval.

(f) Maximum number of options to each Participant

The total number of the Shares issued and to be issued upon exercise of the options granted to each Participant, together with all options granted and to be granted to him/her under any other share option scheme(s) of our Company, within the 12-month period immediately preceding the proposed date of grant (including exercised, cancelled and outstanding options) shall not exceed 1% of the total number of the Shares in issue as at the proposed date of grant. Any further grant of options to a Participant in excess of the 1% limit shall be subject to the Shareholders' approval of our Company with such Participant and his/her close associates (or his/her associates if such Participant is a connected person) abstaining from voting. The number and terms of the options to be granted to such Participant shall be fixed before the Shareholders' approval of the grant of such options.

(g) Grant of options to connected persons

Where any grant of options is proposed to be made to a Participant who is a Director, chief executive or substantial shareholder (each has the meaning as ascribed under the Listing Rules) of our Company or any of their respective associates, such grant must first be approved by the independent non-executive Directors of our Company (excluding independent non-executive Director who is the Participant). Where the Board proposes to grant any option to a Participant who is a substantial shareholder or an independent non-executive Director of our Company or any of their respective associates and such option would result in the Shares issued and which may fall to be issued upon the exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person under the Post-IPO Share Option Scheme and any other share option scheme(s) of our Company in the 12-month period up to and including the proposed date of grant for such options: (i) representing in aggregate more than 0.1% of the number of the Shares then in issue; and (ii) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange daily quotations sheet on each relevant date of the grant (subject to acceptance) of the options, in excess of HK\$5,000,000, then such grant of options must first be approved by our Shareholders in general meeting at which such person, his/her associates and all core connected persons of our Company shall abstain from voting on the relevant resolution. Any vote taken at the meeting to approve the proposed grant of such options must be taken on a poll.

(h) Restrictions on the time of grant of options

No option shall be granted after an inside information event in relation to the securities of our Company has occurred or an inside information matter in relation to the securities of our Company has been the subject of a decision, until an announcement of such inside information has been published in accordance with the Listing Rules. Further, no option shall be granted within the period commencing one month immediately preceding the earlier of: (a) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's quarter, interim or annual results for any financial period; and (b) the deadline for our Company to publish its quarter, interim or annual results announcement for any financial period under the Listing Rules, and ending on the date of such results announcement. No option may be granted during any period of delay in publishing a result announcement.

No option shall be granted to a Participant who is a Director during the periods or times in which our Directors are prohibited from dealing in Shares pursuant to the Model Code or any corresponding code or securities dealing restrictions adopted by our Company.

(i) Offers and acceptance

A grant of an option shall be made to a Participant by letter in such form as the Board may from time to time determine requiring the Participant to undertake to hold the option on the terms on which it is to be granted including but not limited to the minimum period for which an option must be held before it can be exercised (if any) and to be bound by the provisions of the Post-IPO Share Option Scheme and shall remain open for acceptance by the Participant for a period of 28 days from the date of grant provided that no such grant shall be open for acceptance after the expiry of the ten-year period during which the Post-IPO Share Option Scheme is valid and effective or after the Post-IPO Share Option Scheme has been terminated.

An option shall be regarded to have been accepted when the duplicate letter, comprising acceptance of the option duly signed by the Participant who accepts the grant of any option to subscribe for Shares in accordance with the terms of the Post-IPO Share Option Scheme or (where the context so permits) a person entitled under the Post-IPO Share Option Scheme to exercise any option in consequence of the death of the original grantee (the "Grantee"), together with a remittance in favour of our Company of HK\$1.00 by way of consideration for the grant thereof, is received by our Company.

(j) Transferability of options

An option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, assign, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any option or purport to do any of the foregoing. Any breach of the foregoing shall entitle our Company to cancel the relevant Grantee's outstanding options in whole or in part.

(k) Performance target

No performance target needs to be achieved by the Grantee before the options can be exercised, unless otherwise stated in the grant letter referred to in the paragraph (i) above.

(l) Time of exercise of options

An option may be exercised in accordance with the terms of the Post-IPO Share Option Scheme and such other terms and conditions upon which an option was granted, at any time during the option period after the option has been granted by the Board but in any event, not longer than 10 years from the date of grant. An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the expiry of the option period.

(m) Rights on ceasing employment

If the Grantee ceases to be an employee (including any executive director), officer (including any non-executive director), agent, consultant or representative of the relevant member of our Group for any reason other than on death, ill health, disability or insanity or the termination of employment, office, agency, consultancy or representation on certain grounds specified in the Post-IPO Share Option Scheme, then, if the option period has not at the date of cessation commenced, the option shall lapse; and if the option period has commenced, the Grantee may exercise the option up to his/her entitlement at the date of cessation (to the extent not already exercised) until whichever is the earlier of the date of expiry of the option period or the date falling 1 month from the date of such cessation, and such cessation date shall be the last actual day of employment, office, agency, consultancy or representation with the relevant member of our Group whether payment in lieu of notice is made or not (if applicable). For the purposes of this paragraph (m), a Grantee shall not be regarded as ceasing to be an employee (including any executive director), officer (including any non-executive director), agent, consultant or representative of the relevant member of our Group if he/she ceases to hold a position of employment, office, agency, consultancy or representation with a particular member of our Group but at the same time takes up a different position of employment, office, agency, consultancy or representation with another member of our Group.

(n) Rights on death, ill health, disability or insanity

If the Grantee ceases to be an employee (including any executive director), officer (including any non-executive director), agent, consultant or representative of the relevant member of our Group by reason of death, ill health, disability or insanity before exercising the option in full and none of certain events which would be a ground for termination of his/her employment, office, agency, consultancy or representation specified in the Post-IPO Share Option Scheme arises, the Grantee or his/her legal personal representative(s) shall be entitled after commencement of the option period until whichever is the earlier of the date of expiry of the option period or the date falling 12 months from the date of cessation (or such longer period as the Board may determine) to exercise the option (to the extent not already exercised) up to his/her entitlement.

(o) Rights on takeover

If a general offer to acquire the Shares (whether by takeover offer, merger, privatisation proposal by scheme of arrangement between our Company and our Shareholders or otherwise in like manner) is made to all our Shareholders (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and such offer, having been approved (if required) in accordance with applicable laws and regulatory requirements, becomes or is declared unconditional, the Grantee (or his/her legal personal representative(s)) shall, even though the option period has not yet commenced, be entitled to exercise the option (to the extent not already exercised) at any time until whichever is the earlier of the date of expiry of the option period or the date falling 14 days from the date on which the offer becomes or is declared unconditional, after which the option shall lapse.

(p) Rights on winding-up

If a notice is given by our Company to our Shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind up our Company, our Company shall on the same date as or soon after it despatches such notice to each Shareholder give notice thereof to all Grantees and thereupon, each Grantee (or his/her legal personal representative(s)) shall be entitled to exercise all or any of his/her options at any time not later than 5 business days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid.

(q) Effect on reorganisation of capital structure

In the event of any capitalisation issue, rights issue, open offer, consolidation, sub-division or reduction of the share capital of our Company (other than an issue of the Shares as consideration in respect of a transaction), corresponding adjustments (if any) shall be made in:

- (i) the number or nominal amount of the Shares subject to options so far as unexercised;
- (ii) the subscription price in relation to each outstanding option; and/or
- (iii) the method of exercise of the options,

provided that any such adjustments shall be made such that the proportion of the issued share capital of our Company to which an option entitles the Grantee to subscribe after such adjustment must be the same as that to which the option entitled the Grantee to subscribe immediately before such adjustment, but so that no such adjustment shall be made to the extent that the effect of such adjustment would be to enable any Share to be issued at less than its nominal value. In respect of any adjustment required by the foregoing provisions, other than any adjustment made on a capitalisation issue, an independent financial adviser or the auditor for the time being of our Company must also confirm to the Board in writing that the adjustments satisfy the foregoing provisions and fairly and reasonably satisfy the requirement that any such adjustment shall be made in compliance with the provisions stipulated under the Listing Rules or such other guidelines and supplementary guidance on the interpretation of the Listing Rules issued or as may be issued by the Stock Exchange from time to time.

(r) Ranking of Shares

The Shares to be allotted and issued upon the exercise of an option will be subject to all the provisions of the Articles of Association for the time being in force and will rank *pari passu* with the fully paid Shares in issue on the date of allotment or, if that date falls on a day when the register of members of our Company is closed, the first day of the reopening of the register of members and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date thereof is before the date of allotment. A Share issued upon the exercise of an option shall not carry any voting rights until the registration of the Grantee (or any other person) as the holder thereof.

(s) Cancellation of options

The Board may effect the cancellation of any options granted but not exercised on such terms as may be agreed with the relevant Grantee, as the Board may in its absolute discretion see fit and in a manner that complies with all applicable legal requirements for such cancellation. Where our Company cancels any options granted but not exercised and grants new option to the same Grantee, the grant of such new options may only be made under the Post-IPO Share Option Scheme if there is available unissued options (excluding the cancelled options) within each of the 10% limits as referred to in paragraph (e) above and there is available options (excluding the cancelled options) under the 1% limit for each Participant as referred to in paragraph (f) above.

(t) Lapse of options

An option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (i) the expiry of the option period;
- (ii) the expiry of any of the other periods referred to in paragraphs (l), (m) or (n);
- (iii) subject to paragraph (p) above, the earliest of the close of business on the 5th business day prior to the general meeting referred to in paragraph (p) above or the date of commencement of the winding-up of our Company;

- (iv) save as otherwise provided in paragraph (o) above or by the Court in relation to the Post-IPO Share Option Scheme in question, upon the sanctioning pursuant to the Companies Law by the Grand Court of the Cayman Islands of a compromise or arrangement between our Company and our Shareholders or creditors for the purposes of or in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies;
- (v) the date on which the Grantee ceases to be an employee (including any executive director), officer (including any non-executive director), agent, consultant or representative of any relevant member of our Group by reason of the termination of his/her employment, office, agency, consultancy or representation on certain grounds specified in the Post-IPO Share Option Scheme including but not limited to, guilty of misconduct, bankruptcy or insolvency, having made any arrangement or composition with his creditors generally, or conviction of any criminal offence involving his integrity or honesty or (if so determined by the Board) on any other ground on which an employer or principal would be entitled to terminate his/her employment, office, agency, consultancy or representation at common law or pursuant to any applicable laws or under the Grantee's service contract, terms of office, or agency, consultancy, or representation agreement or arrangement with the relevant member of our Group; or
- (vi) the date on which the Board exercises our Company's right to cancel the option because of a breach by the Grantee of the rules summarised in paragraph (j).

(u) Alteration of the Post-IPO Share Option Scheme

The terms of the Post-IPO Share Option Scheme may be altered in any respect by resolution of the Board except that the provisions of the Post-IPO Share Option Scheme relating to matters contained in Chapter 17 of the Listing Rules shall not be altered to the advantage of Participants or the prospective Participants without the prior approval of our Shareholders in general meeting with the Grantees, the Participants and their associates abstaining from voting. No such alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Grantees as would be required of the Shareholders under the Articles of Association (as amended from time to time) for a variation of the rights attached to the Shares.

Any alterations to the terms and conditions of the Post-IPO Share Option Scheme which are of a material nature or any change to the terms of options granted must first be approved by our Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Post-IPO Share Option Scheme. The amended terms of the Post-IPO Share Option Scheme or the options must still comply with the relevant requirements of Chapter 17 of the Listing Rules.

(v) Termination of the Post-IPO Share Option Scheme

Our Company may by ordinary resolution in general meeting terminate or the Board may at any time terminate the operation of the Post-IPO Share Option Scheme and in such event no further options will be granted but in all other respects the provisions of the Post-IPO Share Option Scheme in relation to any outstanding options shall remain in full force and effect. All options granted and accepted prior to such termination and not then exercised shall continue to be valid and exercisable subject to and in accordance with the Post-IPO Share Option Scheme.



OPTIONS GRANTED UNDER THE 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 year ended 31 July 2020.

Grantee	Grant date	Exercisable period <i>Note 1</i>	Exercise price per share option	Number of options held at 1 August 2019	Options granted during the year (number of underlying Shares)	Options exercised, lapsed or cancelled during the year	Number of options held as at 31 July 2020 (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 and Consultant	23.1.2019	23.1.2020 - 22.1.2029	HK\$0.493	8,500,000	-	-	8,500,000
	1.4.2019	1.4.2020 - 31.3.2029	HK\$0.730	3,400,000	-	-	3,400,000
	29.7.2020	16.10.2020 - 28.7.2030	HK\$0.600	-	20,000,000	-	20,000,000
	<i>Note 2</i>						

Note 1:

The options granted 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 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.

Note 2: The grant of the 20,000,000 options on 29 July 2020 was conditional upon the following:

- the approval of the Shareholders at the EGM convened and held on 28 September 2020 for the grant of the 20,000,000 options to the grantee;
- 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
- 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 above conditions and became unconditional on 16 October 2020.

The options granted under the Post-IPO Share Option Scheme would not have a dilutive effect on the earnings per Share for the year ended 31 July 2020. For the options granted 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 quotation sheets for the five consecutive business days immediately preceding the relevant grant date; for the options granted on 29 July 2020, the exercise price payable in respect of each Share upon the exercise of the options is determined in accordance with the terms of the Post-IPO Share Option Scheme, which exceeds HK\$0.378, being the average closing price per Share as stated in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the grant date. For the options granted with exercise price per option of HK\$0.493, HK\$0.730 and HK\$0.600 as detailed above, the closing price of the Shares on the relevant grant date was HK\$0.490, HK\$0.700 and HK\$0.360 respectively.

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

EMPLOYEE AND REMUNERATION POLICIES

As at 31 July 2020, the Group has 369 full-time employees (2019: 334) and maintain a pool of part-time employees, in which 288 are active ones, (2019: 711). The Group remunerates its employees based on their performance, working experience and the prevailing market price. Other employee benefits include mandatory provident fund, insurance and medical coverage and training.

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained the public float as required by the Listing Rules during the year ended 31 July 2020 and up to the date of this Annual 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 Annual Report.

USE OF NET PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The Company issued 125,000,000 new Shares at the issue price of HK\$1.08 per Share in connection with the Listing. The net proceeds after deducting the underwriting commission and issuing expenses arising from the Listing amounted to approximately HK\$92.0 million. The net proceeds have been applied in the manner as set out in the section headed "Use of Net Proceeds from the Listing" in the "Management Discussion and Analysis" on page 12. As at 31 July 2020, the Company has applied the net proceeds of approximately HK\$50.5 million. The unutilised net proceeds are generally placed in licensed financial institutions as short-term deposits.

CHARITABLE DONATIONS

Charitable donations made by the Group during the year ended 31 July 2020 amounted to approximately HK\$184,000 (2019: approximately HK\$230,000).

PERMITTED INDEMNITY PROVISION

Under the Articles of Association and subject to the provisions of the Companies Ordinance, the Directors, company secretary, the officers of the Company or every auditor acting in relation to any of the affairs of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their respective offices.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

The Group was not aware of any material non-compliance with the relevant laws and regulations that have a significant impact on the business and operations of the Group during the year ended 31 July 2020.



LITIGATION

Reference is made to the Prospectus, the 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 Annual Report shall have the meanings as ascribed therein. The legal action of the alleged claims by the Tutorial Services Provider is in progress and the Case Management Summons Hearing originally fixed in April 2020 was adjourned to March 2021. 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.

SIGNIFICANT EVENTS AFTER FINANCIAL YEAR ENDED 31 JULY 2020

There are no material subsequent events from 31 July 2020 up to the date of this Annual Report.

AUDITOR

The consolidated financial statements for the year ended 31 July 2020 were audited by PricewaterhouseCoopers, who will retire at the forthcoming AGM and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of PricewaterhouseCoopers as auditor of the Company is to be proposed at the forthcoming AGM.

On behalf of the Board

Leung Ho Ki, June
Chairman

Hong Kong, 20 October 2020

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this Corporate Governance Report in the Company's Annual Report for the year ended 31 July 2020.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

During the year ended 31 July 2020, the Company has applied and complied with all applicable code provisions set out in the Corporate Governance Code in Appendix 14 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

Specific enquiries have been made of all the Directors and the relevant employees and they have confirmed that they have complied with the Model Code during the year ended 31 July 2020 and up to the date of this Annual Report.

BOARD OF DIRECTORS

The Board currently comprises four executive Directors and three independent non-executive Directors.

The composition of the Board during the year ended 31 July 2020 and as at the date of this Annual Report is as follows:

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 (As at the date of this Annual Report: Nil)

Dr. Shen Simon (*formerly known as Dr. Shen Xu Hui, resigned on 16 October 2020*)

Independent Non-executive Directors

Mr. Kwan Chi Hong

Mr. Li Kai Sing

Professor Wong Roderick Sue Cheun

The biographical information of the current Directors is set out in the section headed "Directors and Senior Management" in this Annual Report.

Ms. Leung Ho Ki, June is the spouse of Mr. Tam Wai Lung and aunt of Mr. Li Man Wai. Ms. Leung Ho Ki, June is an executive Director, the Chairman of the Board and the chairman of the Nomination Committee. Mr. Tam Wai Lung is an executive Director, the Chief Executive Officer of the Company and a member of the Nomination Committee and the Remuneration Committee respectively. Mr. Li Man Wai is an executive Director and a member of the Remuneration Committee.

Save as disclosed in this Annual Report, there is no financial, business, family or other material/relevant relationship among members of the Board to the best knowledge of the Company.

The composition of the Board is reviewed from time to time to ensure the Board has a balance of skills and experience appropriate for the requirements of the businesses of the Group and there is a strong independent element on the Board to safeguard the interests of the Shareholders.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The positions of chairman and chief executive officer are held by Ms. Leung Ho Ki, June and Mr. Tam Wai Lung respectively (the “Chairman” and the “Chief Executive Officer”, respectively). There is a clear and effective division of responsibilities between the Chairman and the Chief Executive Officer to ensure a balance of power and authority. The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The Chief Executive Officer focuses on the Company’s business development and the daily management and operations in general.

COMPANY SECRETARY

Mr. Choi Shing Wai, *FCPA*, the company secretary, is responsible for advising the Board on corporate governance matters and ensuring that Board policy and procedures, and applicable laws, rules and regulations are followed.

The company secretary undertook no less than 15 hours of relevant professional training during the year ended 31 July 2020.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received from each independent non-executive Director a written confirmation in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. As at the date of this Annual Report, the Board still considers that all independent non-executive Directors are independent. The independence of the independent non-executive Directors will be assessed by the Nomination Committee from time to time.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Code provision A.4.1 of the Corporate Governance Code stipulates that non-executive Directors shall be appointed for a specific term, subject to re-election, whereas code provision A.4.2 states that all Directors appointed to fill a casual vacancy shall be subject to election by the Shareholders at the first general meeting after appointment and that every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

All Directors during the year 31 July 2020 and as at the date of this Annual Report including the non-executive Director (who resigned on 16 October 2020 for the reason set out in the announcement of the Company of the same date) and the independent non-executive Directors had/have been appointed for a fixed term of three years. The Articles of Association requires that at every AGM one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

The Board is responsible for leadership and control of the Company and oversees the Group’s businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Board also makes decisions on matters, such as, approving the annual results and interim results of the Group, notifiable and connected transactions of the Company, appointment and re-appointment of Directors, dividend and adopting accounting policies, etc. Details of the experience and qualifications of Directors are set out in the section headed “Directors and Senior Management” in this Annual Report. The Board takes decisions objectively in the interests of the Company.

All Directors, including the non-executive Director (at the relevant time prior to his resignation on 16 October 2020) and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The Group's senior management is responsible for the day-to-day management of the Group's businesses and is responsible for overseeing the general operation, business development, finance, marketing, and operations as delegated by the Board. When the Board delegates different aspects of its management and administrative functions to the senior management, it has given clear directions in relation to the scope of powers of the senior management, in particular, with respect to the circumstances, the senior management maintains regular communications and report of progress to the Board.

CORPORATE GOVERNANCE FUNCTIONS

The Board is also responsible for performing the corporate governance duties, which include (i) developing and reviewing policies and practices on corporate governance; (ii) reviewing and monitoring the training and continuous professional development of Directors and senior management; (iii) reviewing and monitoring policies and practices on compliance with legal and regulatory requirements; and (iv) reviewing the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report. Up to the date of this Annual Report, the Board has reviewed (i) the Company's corporate governance functions; and (ii) the Company's environmental, social and governance policy to be disclosed in this Annual Report.

CONTROLLING SHAREHOLDERS' COMPLIANCE WITH DEED OF NON-COMPETITION

Our Directors believe that there are adequate corporate governance measures in place to manage the conflict of interests arising from any competing business and to safeguard the interests of our Shareholders.

The Company has received an annual written confirmation on the compliance with, and enforcement of, the terms of the Deed of Non-competition from each of the controlling shareholders of the Company. Based on such confirmation, the independent non-executive Directors consider that the controlling shareholders have complied with all the undertakings under the Deed of Non-competition during the year ended 31 July 2020.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. Each of these committees is established with defined written terms of reference approved by the Board. The terms of reference of the Board committees are available on the websites of the Company and the Stock Exchange respectively.

The majority of the members of each Board committee are independent non-executive Directors and the list of the chairman and members of each Board committee is set out in the section headed "Corporate Information" in this Annual 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) to 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.

In the meetings of the Audit Committee during the year ended 31 July 2020, the Audit Committee reviewed among other matters, (i) the auditor's report for the audit of final results of the Group for the year ended 31 July 2019; (ii) the audited consolidated financial statements of the Group for the year ended 31 July 2019 with a recommendation to the Board for approval; (iii) the preliminary announcement and annual report of the Group for the year ended 31 July 2019 with a recommendation to the Board for publication and approval; (iv) significant issues on the financial reporting and compliance procedures, internal control and risk management systems of the Group; (v) the continuing connected transactions of the Company for the year ended 31 July 2019 with a recommendation to the Board for approval; (vi) the independence, scope of work and appointment of external auditor with a recommendation to the Board for the re-appointment of the current external auditor at the forthcoming annual general meeting of the Company and the Board endorsed the Audit Committee's recommendation; and (vii) the interim report and the interim results announcement for the six months ended 31 January 2020, with a recommendation to the Board for approval;



Subsequent to the year ended 31 July 2020, the Audit Committee reviewed the draft annual report and the draft annual results announcement, the report on the effectiveness of the Group's risk management and internal control systems and the continuing connected transactions of the Company for the year ended 31 July 2020, with recommendations to the Board for approval.

Remuneration Committee

The Company established the Remuneration Committee in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The primary duties of the Remuneration Committee are, inter alia, to review and make recommendations to the Board regarding the terms of remuneration packages, bonuses and other compensation payable to the Directors and senior management and the establishment of a formal and transparent procedure for developing remuneration policy.

The Remuneration Committee comprises two executive Directors, namely Mr. Tam Wai Lung and Mr. Li Man Wai, and three independent non-executive Directors, namely Mr. Kwan Chi Hong, Professor Wong Roderick Sue Cheun and Mr. Li Kai Sing. Mr. Kwan Chi Hong is the chairman of the Remuneration Committee.

During the meeting of the Remuneration Committee held in the year ended 31 July 2020, the Remuneration Committee reviewed, inter alia, (i) the remuneration policy and the current remuneration practice of the Group; (ii) the terms of Directors' service contracts; and (iii) the remuneration packages of and overall benefits payable to the Directors and senior management of the Group.

Details of the remuneration paid/payable to each Director for the year ended 31 July 2020 are set out in note 8(a) to the consolidated financial statements.

The remuneration of the members of senior management (including all executive Directors) by band for the year ended 31 July 2020 is set out below:

Remuneration Bands	Number of individuals
HK\$1 – HK\$500,000	1
HK\$500,001 – HK\$1,000,000	2
HK\$1,000,001 – HK\$1,500,000	3
HK\$1,500,001 – HK\$2,000,000	2
HK\$2,000,001 – HK\$2,500,000	1
Total	9

Nomination Committee

The Nomination Committee was established in compliance with the Corporate Governance Code. The primary duties of the nomination committee are, inter alia, (i) to review the structure, size, composition and diversity of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (ii) to make recommendations to the Board on the appointment of Directors; (iii) to determine the Company's policy for nomination of Directors; and (iv) management of Board succession.

The Nomination Committee comprises two executive Directors, namely Ms. Leung Ho Ki, June and Mr. Tam Wai Lung; and three independent non-executive Directors, namely Professor Wong Roderick Sue Cheun, Mr. Kwan Chi Hong and Mr. Li Kai Sing. Ms. Leung Ho Ki, June is the chairman of the Nomination Committee.

During the year ended 31 July 2020, the Nomination Committee in its meeting reviewed the structure, size and composition and diversity of the Board and assessed the independence of the independent non-executive Directors.

BOARD MEETINGS AND COMMITTEE MEETINGS

Regular Board meetings were held for the purposes of, among others, considering and approving the results of the Group. Notice of the Board meeting, agenda and Board papers were sent to the Directors in a timely manner before the meeting. All members of the Board were present in every Board meeting. The Company expects to convene at least four regular meetings in each financial year at approximately quarterly intervals in accordance with code provision A.1.1 of the Corporate Governance Code. The company secretary will ensure that the procedures of the Board meetings are observed and provide to the Board opinions on matters in relation to compliance with the procedures of the Board meetings. Minutes of the Board meetings are kept by the company secretary. Set out below are the attendance records of Directors in general meetings and meetings of the Board, the Audit Committee, the Remuneration Committee and the Nomination Committee respectively:

Name of Directors	Number of meetings attended for year ended 31 July 2020				
	General Meeting	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting
Ms. Leung Ho Ki, June	1/1	5/5	—	—	1/1
Mr. Tam Wai Lung	1/1	5/5	—	1/1	1/1
Mr. Chan Tsz Ying, Wister	1/1	5/5	—	—	—
Mr. Li Man Wai	1/1	5/5	—	1/1	—
Dr. Shen Simon (<i>formerly known as Dr. Shen Xu Hui, resigned on 16 October 2020</i>)	1/1	5/5	—	—	—
Mr. Kwan Chi Hong	1/1	5/5	2/2	1/1	1/1
Mr. Li Kai Sing	1/1	5/5	2/2	1/1	1/1
Professor Wong Roderick Sue Cheun	1/1	5/5	2/2	1/1	1/1

DIRECTOR NOMINATION POLICY

The Company adopted a director nomination policy (the "Nomination Policy") that sets out the considerations and procedures for selecting and nominating directors of the Board, and for succession planning of our Company's directors. In assessing a candidate's suitability and the potential contribution to the Board, the Nomination Committee would consider a number of aspects, including the candidate's personal and professional ethics and integrity, achievement and competence, and skills that are complementary to those of the existing Board. The Nomination Committee will identify, consider and recommend suitable individuals to act as directors in the Board, and make recommendations to the Board on the appointment or re-appointment of directors and their succession planning. Notwithstanding the foregoing, the ultimate responsibility for selecting and appointing directors rests with the entire Board.

BOARD DIVERSITY POLICY

The Company adopted a board diversity policy (the "Diversity Policy"), in which it sets out the approach to achieve diversity of the Board. The Company embraces the benefits of having a diverse Board to enhance the quality of its performance.

Pursuant to the Diversity Policy, the Company seeks to achieve Board diversity through the consideration of a number of aspects, including, but not limited to, gender, age, culture and educational background, professional qualifications, skills, knowledge and industry and regional experience.

In identifying and selecting suitable candidates to serve as a director of the Company, the Nomination Committee would consider the above criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendations to the Board. The Nomination Committee will review the Diversity Policy, as appropriate, to ensure its effectiveness and has not, for the time being, set up any measurable objective regarding the diversity of the Board.



DIVIDEND POLICY

The Company adopted a dividend policy (the “Dividend Policy”), it is the policy of the Board, in considering the payment of dividends, to strike a balance between maintaining sufficient capital to grow the Group’s business and rewarding the Shareholders. The Company does not have any pre-determined dividend distribution ratio and the Board has the discretion to declare and distribute dividends to the Shareholders, subject to the compliance with applicable laws and regulations including the laws of the Cayman Islands and the Articles of Association and the following factors: (i) the Group’s overall results of operation, financial position, capital requirement, cash flows and future prospects; (ii) the amount of distributable reserves of the Company; and (iii) other factors that the Board deems relevant. The Board will continually review the Dividend Policy from time to time.

CONTINUOUS TRAINING AND PROFESSIONAL DEVELOPMENT

Directors keep abreast of the responsibilities as a director of the Company and of the conduct, business activities and development of the Company.

The Company periodically provides training to the Directors, senior management and staff to develop and refresh their knowledge in areas which are relevant to the performance of their daily duties and the growth of the businesses of the Group under the changing economic environment.

Training on independent non-executive director’s role in corporate governance and Environmental, Social and Governance reporting were delivered to all Directors during the year ended 31 July 2020.

DIRECTORS’ RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group for the year ended 31 July 2020.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company’s ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor’s Report on pages 50 to 53 in this Annual Report.

AUDITORS’ REMUNERATION

During the year ended 31 July 2020, the total fees payable, excluding disbursements, in respect of audit and non-audit services provided by PricewaterhouseCoopers are set out below:

Services rendered for the Group	Fees payable HK\$’000
Audit services:	
Annual audit and audit-related services	998
Non-audit services:	
Tax advisory services	20
Total	1,018

During the year ended 31 July 2020, the fees paid or payable in respect of audit and non-audit services provided to the Group by other external auditors amounted to approximately HK\$42,000 and HK\$108,000, respectively.

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

The Group appointed an external consultant to conduct enterprise risk assessment and perform internal audit function to review the effectiveness of the Group's internal control system for the year ended 31 July 2020. The annual enterprise risk assessment identifies and evaluates the risk level of the Group's operations and business, including the strategic, operational, financial reporting and compliance risks.

Internal audit was conducted at least annually with the objectives of, amongst others, assessing and identifying significant weaknesses in risk management and internal control systems of the Group. The internal audit for the year ended 31 July 2020 covered the review on the risk management system, cost of services, expenditures and payments, human resources and payroll management, follow up review on the deficiencies identified in last year's report and the compliance of the corporate governance code according to Appendix 14 of the Listing Rules.

The Board considered the enterprise risk assessment report and internal audit report and considered the risk management and internal control system of the Group effective and adequate.

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

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

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted on by poll subject to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange respectively after each general meeting.

CONVENING AN EXTRAORDINARY GENERAL MEETING ("EGM") AND PUTTING FORWARD PROPOSALS AT EGM

Pursuant to Article 58 of the Articles of Association, the Board may, whenever it thinks fit, convene an EGM.

General meetings shall also be convened on the written requisition of any one or more members deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionist(s), provided that such requisitionists held as at the date of deposit of the requisition (in aggregate) not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. Such general meeting shall be held within two months after the deposit of such requisition.

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting, the requisitionist(s) himself (themselves) may convene the general meeting in the same manner, as nearly as possible, as that in which general meetings may be convened by the Board, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Board shall be reimbursed to them by the Company.

The requisition must state clearly the name of the requisitionist(s), his (their) shareholding in the Company, the reason(s) to convene an EGM, the agenda proposed to be included and the details of the business(es) proposed to be transacted in the EGM and be signed by the requisitionist(s).

There is no provision allowing Shareholders to put forward proposals at general meeting under the Articles of Association or the Companies Law of the Cayman Islands. If Shareholders wish to do so, they may request to convene an EGM as described above and specify the proposals in such written requisition.

PUTTING FORWARD ENQUIRIES TO THE BOARD

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Shareholders may send any comments or inquiries to the Board by email to ir@beacon.com.hk or in writing to the company secretary at the Company's principal office in Hong Kong.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through AGM and other general meetings. At the forthcoming AGM, Directors (or their delegates as appropriate) will be available to meet Shareholders and answer their enquiries.

CHANGE IN CONSTITUTIONAL DOCUMENTS

There was no significant change made to the Company's constitutional documents during the year ended 31 July 2020.

ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG) REPORT

INTRODUCTION & APPROACH TO ESG AND REPORTING

The Group is a leading provider of private supplementary secondary school education services through a network of 17 teaching centres in Hong Kong.

For the year ended 31 July 2020, the Group had approximately (i) 35,000 unique private supplementary secondary school education student enrollments; (ii) 400 unique private secondary day school student enrollments; (iii) 30,000 enrollments/registrations in our private ancillary education services and products. All teaching delivery is managed by a professional team of 279 individuals, comprising tutors, day school teachers, full-time and part-time teaching assistants.

As a prominent force in the private supplementary education services in Hong Kong, the Group recognizes the significance of potential impacts our business could make on the lives of students and staff, and society. We also see the opportunities of being a role model and educating our students and staff by acting responsibly and committing to the wellness of the environment and the public.

For the year ended 31 July 2020, one of the Group's subsidiaries, Beacon College, was awarded the "10 Year Plus Caring Company Logo" by The Hong Kong Council of Social Services for inspiring corporate social responsibility through caring for the community, the employees, and the environment for over ten consecutive years (from 2008 to 2020).

The Group has set up a task force for better coordinating the reporting issues, which comprises the senior management, including, Deputy Chief Executive Officer/Chief Finance Officer, Senior Manager, Manager and Assistant Manager.

Reporting Period and Scope

This Environment, Social and Governance Report ("ESG Report") issued by the Group summarizes the Group's material policies and practices, as well as compliance status in the areas of environment protection, sustainable development, and social responsibility.

It has been prepared by the Company for the financial year ended 31 July 2020 ("Reporting Period") in compliance with the requirements of the Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Listing Rules.

This ESG Report focuses primarily on the Group's private supplementary secondary school education services in Hong Kong. During the Reporting Period, the Group offered a wide range of education programmes and services under the following three categories:

- **Private supplementary secondary school education services** (accounting for approximately 83.6% of the total revenue of the Group), which are offered to students from Secondary 1 to Secondary 6;
- **Private secondary day school services** (accounting for approximately 3.6% of the total revenue of the Group), which are provided to Secondary 4, 5 and 6 level students in accordance with the HKDSE curriculum; and
- **Ancillary education services and products** (accounting for approximately 12.8% of the total revenue of the Group), which target at pre-school, kindergarten, primary and secondary school students and individuals pursuing further education/other interest learning and/or personal development.

Materiality Assessment

We have identified the ESG issues that matter most to our stakeholders based on the feedback from a series of discussions among the Directors, key management members, employees and external parties. Our Directors believe that it is of paramount importance to keep the environment, social, and governance aspects in mind while operating and growing our business going forward. This business philosophy has helped us build a sustainable business model and enhanced our reputation which, together with other factors, can differentiate our brands from those of the competitors in the supplementary secondary school education services industry. In order to more accurately assess the materiality of ESG issues, telephone interviews were conducted with the two major stakeholders, namely teachers and students. They share the same viewpoint that the social aspects are of more importance than the environmental aspects. Product responsibility and governance are generally treated as the most important ones.

We welcome comments and suggestions from our stakeholders. If you have any questions or comments on this ESG Report, please contact us by email at ir@beacon.com.hk.



A: ENVIRONMENT

After reviewing the nature of business and operation in providing private supplementary education services, our Directors and the Group's external environment consultant share the view that the risk of our business causing significant, undesirable impacts on the environment is relatively low. However, we are well aware of the fact that, regardless of our minimal environmental footprint as an education service provider, our business operation inevitably generates a small amount of carbon emissions and solid wastes discharged into the environment, as well as consumes certain natural resources.

A1: EMISSIONS

A key part of the Group's environmental policy is to monitor the carbon emission and the volume of wastes generated from the operation.

Our business offers education services, which typically do not generate air pollutants or greenhouse gas emissions or regulated discharges from the operation. In our operation, the emissions are limited to the use of company vehicles, whereas discharges are limited to the usual sewage from an office setting. As a result, the amount of air emissions and water discharges are minimised.

However, associated with the amount of printing activity for teaching purposes, paper wastes are generated in the normal course of our business operation. Daily use of printers and photocopiers would result in regular replacement of cartridges and ink toners, disposal of which would generate wastes containing chemical residuals that requires special handling. Other non-hazardous wastes generated from the operation include aging equipment and electronics used in the teaching centres and the head office, as well as daily consumables, such as office stationery and teaching aids, etc. We are not aware of any hazardous wastes generated from our operation.

The Group's policy in this aspect goes by the principle of "Reduce, Reuse, and Recycle" to the extent that is practical and cost effective.

- **REDUCE:** We keep our motor vehicles in regular maintenance and examination so that they are operated in good condition with gas emissions below the regulated thresholds. Equipment and electronics are maintained as scheduled and repaired as needed to extend their lifespans which would reduce the need for replacement and disposal. Reminders are placed around printers and photocopies to alert employees and teaching staff to avoid excessive printing that generates unnecessary paper wastes.
- **REUSE:** Rather than replacing the depleted cartridges and ink toners, refillers are used to minimize the wastes of cartridge or toner casings. Some of the office stationery (e.g. binders, folders, etc.) are often reused if possible, rather than immediately disposed of after one-time usage.
- **RECYCLE:** Wastes for disposal are first separated into "non-recyclable" and "recyclable" categories, and "special care" category. Recyclable wastes are further collected separately by nature, namely (i) waste papers, (ii) plastics, and (iii) metals. They are then handled accordingly for recycling or proper disposal to minimize environment impacts. "Special care" items, like cartridges and ink toners, are returned to suppliers/manufacturers for professional handling.

The Group does not foresee any material change in the nature of its business activities and its operation does not materially generate air pollutants, gas emissions and regulated discharges. As such, the Air Pollution Control Ordinance (Cap. 311) and Water Pollution Control Ordinance (Cap. 358), as well as their and associated regulations are considered less relevant to our operation. Our Directors were pleased to confirm that the Group was in full compliance with the provisions related to motor vehicle emissions under the Road Traffic Ordinance (Cap. 374). No fines or penalties were levied by the Government because of air emissions or water discharges during the Reporting Period.

The Group also follows the general provisions of the Waste Disposal Ordinance (Cap. 354), which prohibits dumping wastes in public places or on private premises without the consent of the owner or occupier. Our Directors confirmed that the Group and its teaching centres were in full compliance with the general provisions of this law that apply to the entire operation during the Reporting Period. We are not aware of any fines or penalties levied by the Government for improper waste handling or disposal.

Air emissions

The air emissions were mainly from vehicles and the figures below are based on our internal estimation of the kilometers travelled. In general, we managed to lower the total air emissions by reducing use of vehicles.

	NO _x Nitrogen oxides	SO _x Sulphur oxides	PM Particulate Matter
For the year ended 31 July 2019	20,976 g	413 g	1,545 g
For the year ended 31 July 2020	20,501 g	403 g	1,509 g

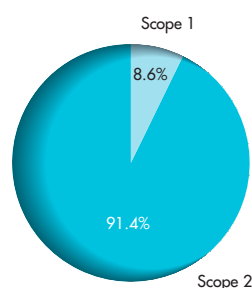
Greenhouse gas emissions

Scope 1 emissions were mainly from vehicles and the figures below are based on our internal estimation of the kilometers travelled. In general, we managed to lower the total Scope 1 emissions by reducing use of vehicles.

CO ₂ equivalent emissions	CO ₂ Carbon dioxide	CH ₄ Methane	N ₂ O Nitrous oxide
For the year ended 31 July 2019	66.269 tonnes	0.149 tonnes	9.618 tonnes
For the year ended 31 July 2020	64.768 tonnes	0.146 tonnes	9.401 tonnes

For Scope 2 energy indirect emissions, the CO₂ equivalent emissions mainly from purchased electricity were approximately 788.678 tonnes (2019: 953.328 tonnes). The total greenhouse gas emissions (Scope 1 and Scope 2) were approximately 863 tonnes (2019: approximately 1,029 tonnes). We do not report Scope 3 emissions because of the lack of complete and accurate data.

Total Greenhouse Gas Emission: Approx. 863 tonnes



Non-hazardous solid wastes, mainly the domestic and commercial wastes, generated from our offices in Hong Kong during our operations in the Reporting Period amounted to 3.41 tonnes (non-hazardous waste) (2019: approximately 11.29 tonnes) which was greatly improved mainly due to fewer centres and the suspension of operations during social incidents and the pandemics. We will continue to pay effort to minimize the wastes.

Hazardous wastes of batteries and toners were recorded at approximately 0.180 tonnes (2019: approximately 0.131 tonnes) and 0.113 tonnes (2019: approximately 0.180 tonnes) respectively. All the toners were disposed to recycling companies.

A2: USE OF RESOURCES

Part of the Group's ESG strategy is to make efficient use of resources and leverage eco-friendly alternatives, where practically and economically feasible, in the business operation. Generally, provision of education services does not consume significant amount of resources as compared to that of other commercial or industrial operations. Yet, we have identified and targeted energy consumption and paper usage as two key areas where our ESG initiatives can achieve the biggest total impact on the environment in our business operation.

- **Energy Consumption**

We recognize our carbon footprint arising from our business operations primarily attributed to energy consumption, even though it is relatively insignificant as compared to other commercial or industrial operations. Our 17 teaching centres and the head office have relatively long operating hours, in which lighting, ventilation, air-conditioning, teaching and office equipment are powered by electricity, generation of which by conventional power plants often emits carbon dioxide during the process.

ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG) REPORT

The goal of our policy in energy saving is to minimize unnecessary waste of electricity. This involves creating awareness by issuing company memos and setting up reminders to achieve behavioral changes of our employees and teaching staff in the use of electricity. Specific measures include switching off idle equipment, lighting, and air-conditioning that are not in use and after work as well as the setup of various light zones to maximize the utilization of lighting. The Group has also increasingly invested in energy efficient alternatives, such as LED or energy-efficient lighting, equipment with energy-saving mode and timer control function, etc. Maintenance and cleaning of equipment are regularly performed to optimize equipment performance and energy efficiency.

- *Paper Usage*

Paper is often used in the course of teaching and marketing, and as a form of keeping administrative records in the normal course of our business. Our teaching classes are supplemented by lesson handouts and study materials, which are paper-based. Part of our advertising and marketing campaigns involve production of brochures, leaflets, and direct-mailing materials. Moreover, administrative paper work inevitably exists in the teaching centres and the head office.

“Reduce, Reuse, and Recycle” is our strategy to address the issue of paper usage. In light of the extensive adoption of technology by the young generation, the Group has increasingly shifted from distributing paper-based study materials to leveraging digital technology for delivery of teaching content. This helps significantly reduce in paper consumption in our teaching centres. The Group continues to upgrade computer systems to minimize manual, paper-based tasks in different streams of work flows.

During the Reporting Period, we have a substantial increase in online education services due to class suspension and we have distributed notes electronically to students for these online classes, which help to minimize the paper usage. In addition, the extensive utilization of online enrolment system and online teaching mode further reduced the use of paper by the paperless operations. We also encourage using emails for communication and using online platforms for broadcasting messages or dissemination of information to minimize paper consumption. Other best practices include double-sided printing and printing-to-exact-quantity, reusing paper from the recycling bins, replacing disposable cups with reusable ones in our office, paperless administrative systems for handling expense claims, managing annual leaves, and circulating agendas of weekly meetings, etc.

- *Water and Electricity Usage*

In our business operation, water consumption is limited to drinking and cleaning uses, and packaging materials are modestly used. In view of the purpose for which water is used, there is no issue in sourcing water that is fit for purpose. Consumption of water and packaging materials are thus considered immaterial from our standpoint. In order to increase the awareness of environmental protection, we encourage employees to use their personal utensils for drinks and meals so as to minimize the use of disposables.

Use of resources	Unit	For the year ended 31 July	
		2020 (approx.)	2019 (approx.)
Electricity	kWh	1,249,748	1,425,678
Electricity intensity	kWh per million HK\$ revenue	4,354	3,836
Water	Cubic meter	294	551
Water intensity	Cubic meter per million HK\$ revenue	1.02	1.48

Since the Group is engaged in the service industry, the traceable packaging materials are mainly paper used in gift premiums. The Group continues to maintain a total elimination of all the use of plastic packaging materials in current year.

	Paper	Plastic
For the year ended 31 July 2019	0.328 tonnes	Nil
For the year ended 31 July 2020	0.253 tonnes	Nil

A3: THE ENVIRONMENT AND NATURAL RESOURCES

Our policy on environment protection centres around the principle of “Reduce, Reuse, and Recycle”. To achieve the desired results of minimizing impacts on the environment, we must begin with regular monitoring and communication which are critical to raising awareness and changing pre-existing mindsets and behaviors of our employees and stakeholders in this aspect. To prioritize our efforts, we target key areas (namely energy consumption, paper usage, and waste generation) where our initiatives could have the most impact. As discussed above, we not only educate our employees and share best practices in making efficient use of energy and paper resources, but also invest in and encourage the use of new technology and eco-friendly equipment that can minimize wastes and consumption of resources in the operation.

Our goal is more than simply achieving compliance with the relevant laws and regulations. We also aim to promote environment protection and efficient use of natural resources to our next generations by being a good role model in this subject matter.

B: SOCIAL

Our reputable brand, people-oriented principle and high teaching quality are our key differentiators in the private supplementary education services industry. We are committed to high standards of teaching, and believe that this commitment has contributed to the success of our business and the development of our brand.

Working together as a team, our teaching staff and non-teaching employees enable the Group to provide lessons and support, course planning and development, course material development and publication, course management as well as advertising, marketing and media promotion in order to serve our students and promote our brand. As at 31 July 2020, the Group had 369 full-time employees and maintain a pool of part-time employees, in which 288 are active ones, helping to make our success happen.

Having a high-quality teaching team is a key factor to succeed in our industry. Our teaching professionals are the ones who deliver high-quality teaching to the students and represent our brand from the front line. Our teaching team was made up of 279 individuals, comprising 76 tutors, 8 day school teachers, 67 full-time and 128 part-time teaching assistants. They worked diligently and taught responsibly to serve a sizable group of students which made a total of approximately 438,000 session enrollments for our courses and services during the Reporting Period.

Apart from expressing gratitude to our entire staff, we are dedicated to being a good employer that cares for all of our employees. Furthermore, in return for the trust given to us by the students and parents, we dedicate ourselves to providing high-quality teaching and education services to our customers so that they can have an enhanced learning experience.

B1: EMPLOYMENT

Our Directors believe that success in hiring, training and retaining experienced teaching staff and employees is critical to providing reliable and high-quality education services in our business.

We strive to adopt a stringent recruitment process that allows us to engage and develop qualified teaching and non-teaching staff. Our selection criteria include required academic qualifications, personality, experience and skills. In addition, we perform background checks and use interviews and demonstration classes (for teaching staff) to determine an applicant’s suitability prior to making recruitment decision.

The Group has developed an Employee Handbook with reference to the Employment Ordinance (Cap. 57) in Hong Kong. It contains our human resources policy that covers various matters related to wages and compensation, rest days and other types of leaves, termination of employment, other benefits and welfare, etc. The Group offers 14-week maternity leave, which is longer than the statutory 10-week maternity leave.

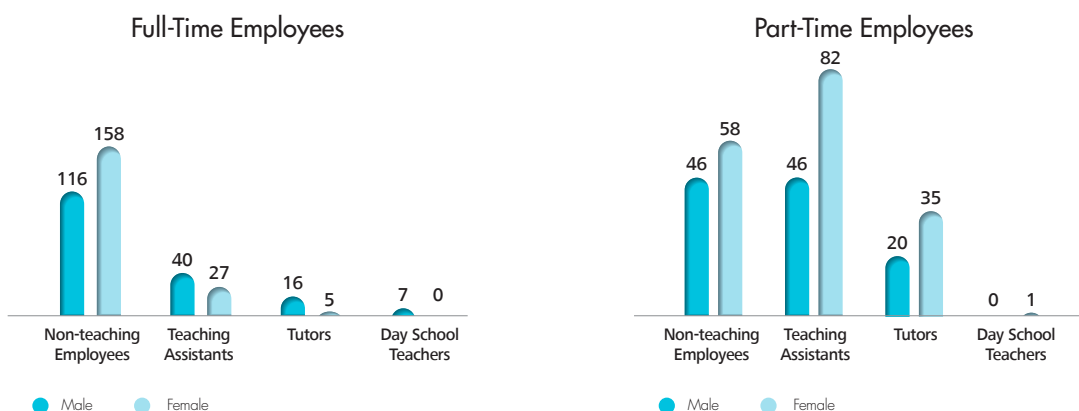
ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG) REPORT

We offer competitive remuneration and benefits, with reference to the market conditions, individual responsibilities, performance and qualifications. All of our tutors are engaged either under (full-time or part-time) employment contracts or service agreements, and they are typically remunerated on revenue sharing scheme so as to create a strong incentive for tutors to develop and deliver high-quality teaching services. The Group has also joined a Mandatory Provident Fund retirement benefit scheme in accordance with the arrangements prescribed by the Mandatory Provident Fund Schemes (Cap. 485). In addition, our employee benefits include weekend and holiday bonus for frontline staff, 5-day full-pay paternity leaves, etc.

The Group is an equal opportunity employer, hiring people based on their abilities, aptitude and knowledge. We value workforce diversity and follow the government’s Code of Practices on Employment under the Sex, Disability, Family Status, and Race Discrimination Ordinances (Cap. 480, 487, 527 and 602) in recruitment. Our Directors confirmed that the Group was in full compliance with the Employment Ordinance of Hong Kong during the Reporting Period. In addition, to support the government’s initiative for retaining employees due to COVID-19, the Group has joined Employment Support Scheme for both the first and second rounds.

Our Directors confirmed that (i) there were no major disputes and we generally maintain a good relationship with our employees; and (ii) we had not faced any material recruitment and retention difficulties in respect of our employees.

Number of active full-time and part-time employees by gender during the Reporting Period



B2: HEALTH AND SAFETY

It is our main responsibility to ensure the safety of our employees and students in our facilities. All of our teaching centres were registered or provisionally registered as schools under the Education Ordinance. This means that our teaching facilities have complied with the fire safety requirements under the relevant regulations of the Fire Services Department. Besides, we properly put in place a number of security measures, including CCTV, authorized access, security alarms and fire equipment, etc. to keep our employees and students safe while working and learning in our facilities. Training sessions have been given to our employees on proper routines in keeping facilities safe and special arrangements for emergency situations. Guidelines have been established and communicated to our staff regarding workplace safety, including prevention of sexual harassment.

The Group is also committed to providing a healthy working environment for the employees. We regularly alert our employees to occupational health risks arising from prolonged use of display screen equipment, incorrect sitting posture, wrong lifting position and poor indoor air quality. Accumulation of occupational stress can adversely affect health, interpersonal relationships, work and other aspects in life. We therefore encourage having work-life balance among our employees, and find ways to help employees and teaching staff reduce work stress. In connection with this, we occasionally organized health talks and lunch or dinner gatherings for our employees.

Due to COVID-19, the Group purchased anti-epidemic materials, such as masks, cleaning & disinfecting supplies for our staff members and customers. All the teaching centres are equipped with infrared thermometers and regularly disinfected and the Group also implemented Work-From-Home (WFH) policy to lower the risk of infection. In addition, anti-epidemic guidelines and notification mechanism are all in place.

The Group has upgraded the equipment and provided additional training and safety guidelines to the maintenance and repair staff accordingly. The Group has also issued reminders and scheduled monthly inspection visits to ensure fire exits are kept clear of obstacles in each of its teaching centres. The Directors confirmed that there was no material injury or accident at the Group's facilities and no violation of relevant laws and regulations during the Reporting Period.

In April 2020, the Group received both the "Smiling Enterprise Award" and "Smiling Employer Award" from the Mystery Shopper Service Association, which signifies the Group's efforts in caring for not only its customers but also its employees.

B3: DEVELOPMENT AND TRAINING

Training and retaining quality staff are critical to the sustainability and success of our business. Part of our strategy is to offer good development and training opportunities so as to attract and retain good, qualified talents.

We provide specific training to new employees to familiarize them with our working environment and operational procedures. From time to time we seek to help our teaching assistants whom we believe to possess the requisite qualities and attributes in advancing to become tutors. Our Directors believe that our platform and infrastructure offer our teaching assistants the opportunities to develop their teaching careers as tutors within our Group.

In order to maintain consistency in teaching pedagogy, lead tutors, who have their own teaching team, sometimes pair up with the teaching assistants that have accumulated enough experience and exposure to provide courses together. Team resources such as teaching material and promotion will be shared so that the less experienced tutors can also benefit from the lead tutors.

For the top tutors of great potential, the Group provides support in their professional growth and development through personal brand development, cooperation with internationally recognised brands and professional training.

In September 2020, the Group worked with Plan International Hong Kong to set up a child safe guarding policy to build in our organization culture, value and environment which is safe for children from harm in respect of any interaction with our employees. We have provided interactive training to our employees to familiarize them with this policy.

Other employee trainings include workshops on human resources management, and leadership skills were provided for both our senior and junior staff members. Similar internal trainings/seminars will be conducted from time to time in the future.

B4: LABOUR STANDARDS

Our recruitment guidelines follow the labour standards and requirements under the relevant laws and regulations in Hong Kong, including the Employment Ordinance. The Group prohibits the use of child labour and forced labour. All of our tutors providing private supplementary secondary school education services and day school teachers must be eligible to teach under the Education Ordinance and/or Exemption Order.

As part of the recruitment protocol, our Human Resources Department collects personal data, identity documents, and credential certificates of job applicants for reference and verification. At least two rounds of interviews are conducted with the applicants for teaching positions to ensure that they meet the suitability, eligibility, and legal requirements for the job vacancies.

Our Directors confirmed that the Group complied with the laws and regulations in Hong Kong with regard to the prevention of child and forced labour.

B5: SUPPLY CHAIN MANAGEMENT

During the normal course of our business operation, we procure office supplies and equipment for our teaching centres and the head office. We make sure that our procurements are fair and transparent and avoid suppliers of questionable reputation and product quality. Our office and teaching equipment are primarily purchased from manufacturers with brands known for good performance, reliability, durability and energy efficiency. The products are monitored and measured against the manufacturer's promise and our expectation in these dimensions for replacement purchases in the future. We believe this practice of procurement, though not formalized as a policy, will help minimize the impact on the environment by saving energy and reducing wastes for disposal.

We also purchase licenses for using the copyrights of other organizations in preparing the study and teaching materials. We regularly train our teaching staff on copyright policy and communicate the ethical expectations on the practitioners in the education industry and our Group's corporate culture.

B6: PRODUCT RESPONSIBILITY

We are committed to high standards of teaching, and believe that this commitment has contributed to the success of our business and the development of our brand. Our Group has adopted the following measures to maintain the teaching standards and quality of our teaching team:

- maintaining a record of our students results in the HKDSE Examinations as a key performance indicator of the respective tutors (e.g. with 5**/5*); and
- external monitoring of tutors via satisfaction surveys conducted through marketing consultants.

We have set up the Publication Censorship Committee to review and scrutinize the course materials and study notes to ensure that they are up-to-date, accurate, relevant and free from copyright infringement risks.

To increase our student satisfaction and enhance their learning experience, we have been upgrading the IT infrastructure, teaching facilities and equipment in our centres (e.g. our upgraded audio and video servers that support higher-quality video courses and the student postal has also been upgraded to allow online course enrollment and delivery to cope with the increasing demand, especially during the class suspension period.) We have also implemented complaint handling procedures to address customers' complaints in respect of issues relating to our services and operations. The Group has no material customers' complaints during the Reporting Period.

In addition, the Group recognizes the importance of keeping personal data of the students in strict confidence, and thus has engaged an independent Internet security service provider to assist in ensuring the personal information and data be managed with strict care and preventing any unauthorized access and careless leakage of such personal data.

We are not aware of any breach or violation under the laws and regulations related to consumer protection, including the Supply of Services (Implied Terms) Ordinance (Cap. 457) in Hong Kong. Our Directors also confirmed that the Group was in full compliance with the Personal Data (Privacy) Ordinance (Cap. 486) in Hong Kong.

B7: ANTI-CORRUPTION

Integrity is an important part of education to develop and shape an individual's character. We strive to be a good role model to our next generation and hold ourselves to high standards of ethics in our business and personal life. The Group adopts a zero-tolerance policy against improper behaviors or acts, including but not limited to bribery, corruption, collusion, extortion and frauds.

The Employee Handbook has been developed and updated to reflect the spirits and provisions of the Prevention of Bribery Ordinance (Cap. 201) ("POBO") in Hong Kong. Our employees are also regularly informed of the Group's expectations and guidelines on professional and ethical conducts during the normal course of business. Restrictions and internal procedures for reporting and approval are clearly specified regarding the offer and receipt of gifts, entertainment, travel and training to our employees and teaching staff.

We have also put in place internal controls and policies to prevent the occurrence of fraud, theft, bribery, corruption and other misconducts involving employees, customers and other third parties. In the event that employees come across any questionable behaviors, they are encouraged to report to the Group's senior management for further investigation.

As a Hong Kong-listed company, the Group complies with the Corporate Governance Code issued by the Stock Exchange, which requires the audit committee of a listed company to review internal reporting procedures such that its employees feel able to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Group also has proper mechanism in place for fair and independent investigation of these matters, as well as for appropriate follow-up action.

The Group has complied with the POBO throughout the Reporting Period. To the best knowledge of the Directors, the Group did not encounter any incidents involving fraud, bribery, or corruption during the Reporting Period. The Directors are of the view that the Group has proper and adequate internal controls and policies in place.

B8: COMMUNITY INVESTMENT

We not only dedicate ourselves to providing private education services of highest quality, but also carry a social mission of cultivating and advocating the idea of giving back to society among the young generation. It is our desire to create a caring and giving culture in our business operation. Despite the absence of specific company policies in this aspect, the Group actively gives back to the community and strongly encourages our staff and students to do the same in response to the needs and interests of the society.

- *Charity and community services*

The Group makes genuine efforts to support charitable organizations and raise awareness among students and staff to poor minorities and those in critical needs. While the Group continues to participate and sponsor different charity events, our staff has also volunteered to form community services teams for different good causes. Our Chairman, Ms Leung Ho Ki, June, also serves on the board of Plan International Hong Kong to support the campaigns and activities organized by this international charitable organization.

In November 2019 and February 2020, we helped Yan Chai Hospital's Education Division and The Hong Kong Federation of Youth Groups to organize a seminar on HKDSE exam skills. During the Reporting Period, we raised funds for Yan Chai Hospital and Uplift Educational Charity Foundation Limited by setting up donation boxes at our teaching centres.

During the Reporting Period, we supported Plan International Hong Kong as a sponsor for their annual fundraising event "Run for Girls" and as a media sponsor in their "Donate a Pencil" campaign. We also participated as a media sponsor in two charity events ("Orbis World Sight Day" and "Orbis Student Ambassador" campaign) for Orbis. Other community services partners (sponsoring events) included Red Cross (Blood Donation Drive), Hong Kong Ladies Dynamic Association (Community Care in Mid-Autumn Festival) and Eternity Love Foundation.

- *Financial assistance to facilitate knowledge sharing*

As an educator in society, we believe that knowledge changes fate. Our teaching team have volunteered to work with "Principal Chan Free Tutorial World" since 2013 by providing free workshops and educational services to students of high academic aspirations but lacking financial means. During the Reporting Period, we also sponsored the "Love Talent Scholarship" ("愛心才藝獎學金") to "Principal Chan Free Tutorial World". Our objective is to set good examples to empower all teaching professionals and our next generation to contribute to the community through voluntary knowledge sharing.

In addition, the Group has established the "Beacon Uprising Fund" since 2012 to provide financial assistance to low-income families or families under the Comprehensive Social Security Assistance for enrolling their children in our tutorial classes. Over 1,000 students have benefited from this financial assistance scheme in the 2019/20 academic year. Our goal is to equip students in financial need with knowledge and learning opportunities so that they can achieve their dreams in the future. In addition, Beacon College together with Uplift Educational Charity Foundation Limited offered the "Upward Mobility Scholarship Programme" ("向上游獎勵計劃") to students who have strived for success despite facing challenges and difficult circumstances.



- *Scholarships to develop academic talents*

The Group also established merit-based scholarships to students studying Chinese and Chinese Literature at The Chinese University of Hong Kong who have demonstrated outstanding academic performance and all-round personal development. These scholarships are intended to help students pursue their academic goals and explore new horizons.

Through our extensive community networks, we have established a close partnership with organizations in different welfare sectors. In 2014 and 2016, the Group was awarded the "Social Capital Builder" by the Labour and Welfare Bureau's Community Investment and Inclusion Fund in recognition of our efforts in actively promoting cross-sectoral social responsibility. During the Reporting Period, our contribution to society earned us the "10 Year Plus Caring Company Logo" awarded by the Hong Kong Council of Social Services.

AWARDS IN 2019-20

Year	Award/Recognition	Issuing organisation
2020	Happiness-at-work 2020	Promotion Happiness Index Foundation
2008-2020	Caring Company 10+	Hong Kong Council of Social Service
2016-2020	Smiling Enterprise Award 2019-2020	Mystery Shopper Service Association
	Smiling Employer Award 2019-2020	
2020	Hong Kong Top Service Brands	Hong Kong Brand Development Council
2019	Quality E-Shop Recognition Scheme 2019	Hong Kong Retail Management Association

INDEPENDENT AUDITOR'S REPORT



pwc

羅兵咸永道

To the Shareholders of BExcellent Group Holdings Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of BExcellent Group Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 54 to 104, which comprise:

- the consolidated statement of financial position as at 31 July 2020;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 July 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Revenue recognition
- Recoverability of other receivables from tutors

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Revenue recognition</p> <p><i>Refer to notes 2.19 and 5 to the consolidated financial statements</i></p> <p>For the year ended 31 July 2020, the Group recognised revenue of HK\$287,036,000, which represented tuition fees from private supplementary secondary school education services, private secondary day school services and ancillary education services and products. The portion of tuition fees received from students but not earned is recorded as contract liabilities.</p> <p>We focused on this area because of the financial significance to the Group's consolidated financial statements, as well as the large volume of transactions and the risk of overstatement of revenue.</p>	<p>Our audit procedures in relation to revenue recognition included:</p> <ul style="list-style-type: none"> • We understood, evaluated and tested the key controls over revenue recognition. • We selected tuition fees received on a sample basis and checked to supporting evidence such as student enrollment forms, student payment records, payment receipts, course details and attendance records. • We selected tuition courses scheduled across the year end date on a sample basis and checked to the student enrollment records and the course schedules; recalculated the proportion of tuition fees recognised in contract liabilities as at year end; and traced the posting of contract liabilities to the general ledger. • We performed analytical review of revenue by type and enquired the revenue trend by collaboration with management explanations, our industry knowledge and external market data. <p>Based on our procedures performed, we found the revenue recognised are supportable by the available evidence.</p>
<p>Recoverability of other receivables from tutors</p> <p><i>Refer to notes 2.12, 4(a) and 24 to the consolidated financial statements</i></p> <p>As at 31 July 2020, the Group's gross other receivables of HK\$4,010,000 represents other receivables from tutors which arise from variable expenses incurred by the Group on behalf of the tutors. Management has assessed the recoverability of other receivables from tutors and concluded that loss allowance of HK\$1,406,000 was required.</p> <p>The assessment of recoverability and loss allowance of other receivables from tutors involve significant judgements and estimates as it involves the consideration of a number of factors, including, among others, the past repayment history and outstanding contract period of the individual tutors, current market conditions, as well as forward-looking estimates.</p> <p>We focused on this area because of the significant judgements and estimates involved.</p>	<p>Our audit procedures in relation to the recoverability of other receivables from tutors included:</p> <ul style="list-style-type: none"> • We obtained management's assessment on the recoverability of other receivables from tutors, assessed its reasonableness in making the assumptions with reference to the past repayment history and outstanding contract period of the individual tutors, current market conditions, such as the number of student enrollments and revenue sharing arrangements with the individual tutors, as well as forward-looking estimates, such as expected significant changes in the general economic environment. • We tested the ageing of other receivables from tutors and traced to the suppliers invoices on a sample basis. • We checked the acknowledgement of expenses paid by the Group on behalf of the respective tutors and the settlement of receivables to the monthly recharge statements to individual tutors on a sample basis. <p>Based on our procedures, we found that the judgements and assumptions made by management in determining the recoverability of other receivables from tutors are supportable by the available evidence.</p>

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wong Nim Tsz, Elizabeth.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 20 October 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 July 2020

	Note	2020 HK\$'000	2019 HK\$'000
Revenue	5	287,036	371,728
Other income	6	13,753	5,290
Other losses	6	(4,521)	(29)
Staff costs	7	(97,939)	(103,695)
Tutor service fees		(79,575)	(105,257)
Short-term lease and low-value lease payments/ operating lease payments		(11,052)	(56,322)
Advertising and promotion expenses		(8,244)	(16,890)
Printing and other operating expenses		(69,943)	(72,037)
Depreciation and amortisation expenses	15, 16, 18	(47,489)	(10,316)
Net impairment losses on financial assets	3.1(b)	(1,400)	(47)
Operating (loss)/profit		(19,374)	12,425
Finance costs	10	(2,599)	(12)
Share of losses of an associate		(196)	—
(Loss)/profit before taxation	11	(22,169)	12,413
Taxation	12	2,378	(1,883)
(Loss)/profit for the year		(19,791)	10,530
Other comprehensive loss			
<i>Item that will not be reclassified to profit or loss</i>			
Change in the fair value of equity investment at fair value through other comprehensive income	21	—	(85)
Other comprehensive loss for the year		—	(85)
Total comprehensive (loss)/income for the year		(19,791)	10,445
(Loss)/profit attributable to			
– Owners of the Company		(19,230)	11,928
– Non-controlling interests		(561)	(1,398)
		(19,791)	10,530
Total comprehensive (loss)/income for the year attributable to			
– Owners of the Company		(19,230)	11,843
– Non-controlling interests		(561)	(1,398)
		(19,791)	10,445
(Loss)/earnings per share for (loss)/profit attributable to the owners of the Company (expressed in HK cent per share):			
Basic (loss)/earnings per share	13(a)	(3.85)	2.39
Diluted (loss)/earnings per share	13(b)	(3.85)	2.37

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 July 2020

	<i>Note</i>	2020 HK\$'000	2019 HK\$'000
Assets			
Non-current assets			
Property, plant and equipment	15	19,231	23,375
Right-of-use assets	16	42,998	—
Investment property	17	19,300	23,347
Intangible assets	18	4,403	3,776
Interest in an associate	20	704	—
Financial assets at fair value through other comprehensive income	21	—	1,915
Deferred income tax assets	22	5,433	5,050
Deposits and prepayments	24	12,573	10,671
		104,642	68,134
Current assets			
Accounts receivables	23	1,604	1,493
Deposits, prepayments and other receivables	24	20,450	32,045
Income tax recoverable		1,079	1,857
Cash and cash equivalents	26	121,303	145,857
		144,436	181,252
Total assets		249,078	249,386
Equity			
Share capital	32	120,956	120,956
Other reserves	34	15,520	12,731
Retained earnings	33	21,226	55,541
Equity attributable to owners of the Company		157,702	189,228
Non-controlling interests	35	(1,853)	(1,707)
Total equity		155,849	187,521

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 July 2020

	<i>Note</i>	2020 HK\$'000	2019 HK\$'000
Liabilities			
Current liabilities			
Other payables	28	20,838	21,459
Amount due to a related company	25	—	2,000
Contract liabilities	27	14,676	17,951
Current income tax payable		811	8,211
Borrowings	30	8,085	8,573
Lease liabilities	16	31,620	—
		76,030	58,194
Non-current liabilities			
Other non-current liabilities	29	2,406	3,666
Deferred income tax liabilities	22	13	5
Lease liabilities	16	14,780	—
		17,199	3,671
Total liabilities		93,229	61,865
Total equity and liabilities		249,078	249,386

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

The consolidated financial statements on pages 54 to 104 were approved by the Board of Directors on 20 October 2020 and were signed on its behalf.

Mr. Tam Wai Lung
Director

Ms. Leung Ho Ki, June
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 July 2020

	Attributable to owners of the Company						
	Note	Share capital and share premium HK\$'000	Other Reserves HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
Balance at 1 August 2018		120,956	10,640	63,613	195,209	(310)	194,899
Profit/(loss) for the year		—	—	11,928	11,928	(1,398)	10,530
Other comprehensive loss for the year							
Change in the fair value of equity investment at fair value through other comprehensive income	21	—	(85)	—	(85)	—	(85)
Total comprehensive income/(loss) for the year		—	(85)	11,928	11,843	(1,398)	10,445
Transactions with owners in their capacity as owners							
Dividends approved in respect of the previous year	14/36(b)	—	—	(20,000)	(20,000)	—	(20,000)
Share-based compensation - value of employee services	9	—	2,176	—	2,176	—	2,176
Non-controlling interests on acquisition of subsidiary	38(a)	—	—	—	—	1	1
Total transactions with owners in their capacity as owners		—	2,176	(20,000)	(17,824)	1	(17,823)
Balance at 31 July 2019		120,956	12,731	55,541	189,228	(1,707)	187,521
Balance at 1 August 2019		120,956	12,731	55,541	189,228	(1,707)	187,521
Loss for the year		—	—	(19,230)	(19,230)	(561)	(19,791)
Total comprehensive loss for the year		—	—	(19,230)	(19,230)	(561)	(19,791)
Transactions with owners in their capacity as owners							
Dividends approved in respect of the previous year	14/36(b)	—	—	(15,000)	(15,000)	—	(15,000)
Share-based compensation - value of employee services	9	—	1,642	—	1,642	—	1,642
Acquisition of additional interests in a subsidiary		—	1,062	—	1,062	405	1,467
Transfer of gain on disposal of financial assets at FVOCI		—	85	(85)	—	—	—
Non-controlling interests on acquisition of a subsidiary		—	—	—	—	10	10
Total transactions with owners in their capacity as owners		—	2,789	(15,085)	(12,296)	415	(11,881)
Balance at 31 July 2020		120,956	15,520	21,226	157,702	(1,853)	155,849

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 July 2020

	<i>Note</i>	2020 HK\$'000	2019 HK\$'000
Cash flows from operating activities			
Cash generated from operations	<i>36(a)</i>	38,277	25,660
Income tax paid		(4,619)	(6,360)
Net cash from operating activities		33,658	19,300
Cash flows from investing activities			
Net outflow of cash and cash equivalents in respect of business combinations	<i>38(a)</i>	—	(1,071)
Purchase of property, plant and equipment		(5,245)	(4,598)
Purchase of investment property	<i>17</i>	—	(23,347)
Sales proceeds from disposal of property, plant and equipment		130	—
Sales proceeds from disposal of financial assets at fair value through other comprehensive income		1,915	—
Investment in an associate	<i>20</i>	(900)	—
Decrease in bank deposits with maturities over three months		—	914
Dividend received		342	192
Interest received		1,863	1,920
Purchase of intangible assets		(997)	(2,744)
Net cash used in investing activities		(2,892)	(28,734)
Cash flows from financing activities			
Principal elements of lease payment	<i>36(b)</i>	(36,752)	—
Interest elements of lease payment	<i>36(b)</i>	(2,417)	—
Acquisition of additional interest in a subsidiary		(533)	—
Repayment of borrowings	<i>36(b)</i>	(488)	—
Dividend paid	<i>14/36(b)</i>	(15,000)	(20,000)
Proceed from borrowings	<i>36(b)</i>	—	8,573
Interest paid		(182)	(1)
Net cash used in financing activities		(55,372)	(11,428)
Net decrease in cash and cash equivalents		(24,606)	(20,862)
Cash and cash equivalents at the beginning of the year		145,857	166,700
Exchange gain on cash and cash equivalents		52	19
Cash and cash equivalents at end of the year		121,303	145,857

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

The following new standard is mandatory for the first time for the financial year beginning 1 August 2019 and the impact of the adoption is disclosed in note 2.2.

- HKFRS 16 “Leases”

The following new amendments and interpretation are mandatory for the first time for the financial year beginning 1 August 2019, but have no material effect on the Group’s reported results and financial position for the current and prior accounting periods.

- Amendments to HKAS 19 (2011) “Plan Amendment, Curtailment or Settlement”
- Amendments to HKAS 28 (2011) “Long-term interests in Associates and Joint Ventures”
- Amendments to HKFRS 9 (2014) “Prepayment Features with Negative Compensation”
- HK(IFRIC) - Interpretation 23 “Uncertainty over Income Tax Treatments”
- Amendments to Annual Improvements Project “Annual Improvements 2015-2017 Cycle”

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

		Effective for accounting years beginning on or after
Amendments to HKAS 1 (Revised) and HKAS 8	Definition of Material	1 January 2020
Amendments to HKFRS 3 (Revised)	Definition of a Business	1 January 2020
Amendments to HKFRS 16	COVID-19 Related Rent Concessions	1 June 2020
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

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

Certain new standards and amendments, which are effective after 31 July 2020, have been published and will be adopted by the Group from their effective dates. The Group is currently assessing the potential impact of these standards and amendments but expects their adoption will not have a significant effect on the Group's consolidated financial statements.

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

- investment property (see note 17); and
- financial assets at fair value through other comprehensive income ("FVOCI") (see note 21).

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

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

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 4.

2.2 Changes in accounting policies

This note explains the impact of the adoption of HKFRS 16 "Leases" on the consolidated financial statements.

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.

(i) 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 4%.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies (continued)

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

	2019 HK\$'000
Operating lease commitments disclosed as at 31 July 2019	83,101
Operating lease commitments regarding leases not yet commenced	(7,729)
	<u>75,372</u>
Less: discounted using the lessee's incremental borrowing rate at the date of initial application	(2,664)
Less: short-term leases recognised on a straight-line basis as expense	(11,319)
Less: adjustments as a result of a different treatment of termination options	(720)
	<u>60,669</u>
Lease liabilities recognised as 1 August 2019	<u>60,669</u>
Of which are:	
Current lease liabilities	33,694
Non-current lease liabilities	<u>26,975</u>
	<u>60,669</u>

The right-of-use assets for properties leases were measured at the amount equal to the lease liabilities, adjusted by the amount of accrued/prepaid 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:

	1 August 2019 HK\$'000
Properties leases	<u>59,479</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies (continued)

(ii) 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.

Consolidated statement of financial position (extract)	31 July 2019	HKFRS 16 HK\$'000	1 August 2019
	As originally Presented HK\$'000		Restated HK\$'000
Assets			
Non-current assets			
Right-of-use assets	—	59,479	59,479
Current assets			
Deposits, prepayments and other receivables	32,045	(1,163)	30,882
Liabilities			
Current liabilities			
Other payables	21,459	(1,005)	20,454
Lease liabilities	—	33,694	33,694
Non-current liabilities			
Other non-current liabilities	3,666	(1,348)	2,318
Lease liabilities	—	26,975	26,975

(iii) Lessor accounting

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

2.3 Consolidation

(i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (note 2.3(v)).

Intra-group transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Consolidation (continued)

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (note 2.3 (iii)), after initially being recognised at cost.

(iii) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2.9.

(iv) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(v) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Consolidation (continued)

(v) *Business combinations (continued)*

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRSs.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

(vi) *Separate financial statements*

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the year the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

2.5 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollar which is the functional and the presentation currency of the Group's entities.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency translation (continued)

(b) Transactions and balances (continued)

All foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'other losses'.

Translation differences on non-monetary financial assets and liabilities such as assets held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

2.6 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are expensed in the consolidated statement of comprehensive income during the financial year in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Furniture and fixtures	5 years
Office and laboratory equipment	5 years
Leasehold improvements	3-5 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.9).

The gain or loss on disposal of property, plant and equipment is determined by comparing the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the consolidated statement of comprehensive income.

2.7 Investment properties

Investment properties which are land and buildings which are held for long-term rental yields and/or for capital appreciation, and which are not occupied by the Group. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequently, they are carried at fair value. Changes in fair values are presented in profit or loss as part of other income/(losses).

2.8 Intangible assets

(a) Goodwill

Goodwill is measured as described in note 2.3(v). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Intangible assets (continued)

(b) Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and are stated in the consolidated statement of financial position at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (note 2.9).

Amortisation of intangible assets with finite useful life is charged to profit or loss on a straight-line method over the estimated useful life of 5 to 10 years from the point at which the asset is ready for use.

2.9 Impairment of non-financial assets

Non-financial assets that have an indefinite useful life, which are not subject to depreciation or amortisation, are tested at least annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. All other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 Investments and other financial assets

(a) Classification

The Group's management assessed the Group's business models of management, and the contractual cash flow characteristics, of each of the Group's financial instruments, and classified them into the following measurement categories under HKFRS 9 (2014):

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Investments and other financial assets (continued)

(a) Classification (continued)

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownerships.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(d) Subsequent measurement

Subsequent measurement of debt instruments measured at amortised cost as below:

- Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost using the effective interest method, less loss allowance for expected credit losses (note 2.10(e)). Interest income from these financial assets is included in interest income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the profit or loss.
- Liabilities are measured at amortised cost using the effective interest method.

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other income/(losses) in the profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(e) Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

At each reporting date, the Group measures the loss allowance of ECL for a financial asset at an amount equal to lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If, at the reporting date, the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Investments and other financial assets (continued)

(e) *Impairment of financial assets (continued)*

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. ECL is the weighted average credit losses with the probability of default as the weight. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within twelve months after the reporting date. Assessments are performed based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

For accounts receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires lifetime ECL to be recognised from initial recognition of the receivables, see note 23 for further details.

For other financial assets at amortised cost, the loss allowance of ECL for these financial assets will be determined based on whether their credit risk are low at each reporting date, and, if so, by recognising a loss allowance of 12-month ECL. If the financial asset is not subsequently of a low credit risk, the corresponding provision for doubtful debts will be recognised as equal to lifetime ECL.

The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) **Significant increase in credit risk**

The Group considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and
- an actual or expected significant deterioration in the operating results of the debtors.

(ii) **Definition of default**

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

(iii) **Credit-impaired financial assets**

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Investments and other financial assets (continued)

(e) Impairment of financial assets (continued)

(iv) Write-off policy

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the company. The Group categorises a loan or receivable for write off when the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future assets and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.12 Accounts and other receivables

Accounts receivables are amounts due from customers for services rendered in the ordinary course of business. If collection of accounts and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Accounts and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds accounts and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

See notes 23 and 24 for further information about the Group's accounting for accounts and other receivables and note 2.10(e) for a description of the Group's impairment policies.

2.13 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand and demand deposits held at call with banks with original maturities of three months or less.

2.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.15 Other payables

Other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.18 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) *Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the places where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) *Deferred income tax*

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither accounting for taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investment in a subsidiary, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investment in a subsidiary only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available which the temporary difference can be utilised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Taxation (continued)

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.19 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of goods and rendering of services in the ordinary course of the Group's activities. Revenue is recognised when the control of the goods or services is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods or services may be transferred over time or at a point in time.

The Group recognised revenues on the following bases:

(a) Private supplementary secondary school education services

The Group provides private supplementary secondary school education services for students from Secondary 1 to Secondary 6. Revenue is recognised over contract period in which the courses are rendered as the Group's performance provides all of the benefits received and consumed simultaneously by the customer. A contract liability is recognised for tuition fee received while tuition services are not yet provided at the end of the reporting period.

(b) Private secondary day school services

The Group operates private secondary day schools. Revenue is recognised over contract period in which the courses are rendered as the Group's performance provides all of the benefits received and consumed simultaneously by the customer. A contract liability is recognised for tuition fee received while tuition services are not yet provided at the end of the reporting period.

(c) Ancillary education services and products

The Group offers various ancillary education services and products. Revenue is recognised in which the related services and products are rendered or sold.

2.20 Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

2.21 Tutor service fees

Tutor service fees are calculated based on certain percentage of revenue from education services, net of certain variable expenses attributable to such tutor.

The tutor service fees are recognised as expense as incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Employee benefits

The Group operates a single defined contribution pension plan as post-employment scheme.

(a) Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Bonus plans

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the company's employees after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(c) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2.23 Share-based compensation expenses

The Group operates share option schemes (the "Scheme") under which the Group receives services from its directors, employees and tutors in exchange of equity instruments (options) of the Group to acquire the shares of the Company at specified exercise prices. The fair value of the services received in exchange for the grant of the options to acquire the shares of the Company is recognised as an expense in profit or loss with a corresponding increase in share-based compensation reserve under equity. The total amount to be expensed is determined by reference to the fair value of the options.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital.

2.24 Leases

As explained in note 2.2 above, the Group has changed its accounting policy for leases where the Group is the lessee. The new policy is described below and the impact of the change in note 2.2.

Until the financial year ended 31 July 2019, leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Leases (continued)

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/accrued at or before the commencement date less any lease incentives received; and
- any initial direct costs.

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.

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 small items of 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).

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the consolidated statement of financial position based on their nature.

2.25 Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2.26 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Contingent liabilities and contingent assets (continued)

A contingent liability, other than that assumed in a business combination, is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

A contingent asset is not recognised but is disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

2.27 Related parties

For the purpose of these financial statements, related party includes a person and entity as defined below:

- (1) A person or a close member of that person's family is related to the company if that person:
 - (i) has control or joint control of the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Company or of a parent of the Company.
- (2) An entity is related to the company if any of the following conditions applies:
 - (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) both entities are joint ventures of the same third party.
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the reporting entity is itself such a plan, the sponsoring employers are also related to the Company.
 - (vi) the entity is controlled or jointly controlled by a person identified in (1).
 - (vii) a person identified in (1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.28 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised as other income in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out under direction by the Boards of Directors. The directors and management identify, evaluate and hedge financial risks in close co-operation with the Group's operating units. The Group has principles for overall risk management, such as foreign exchange risk, interest rate risk, credit risk and use of derivative financial instruments.

(a) Market risk

(i) Foreign exchange risk

Entities within the Group are exposed to foreign exchange risk from future commercial transactions and monetary assets and liabilities that are denominated in a currency that is not the entity's functional currency. However, the Group's operations are mainly in Hong Kong. Foreign currency transactions and monetary assets and liabilities that are denominated in a currency that is not the functional currency of the entities within the Group are insignificant to the Group.

(ii) Interest rate risk

Other than bank balances, the Group has no significant interest-bearing assets. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises primary from borrowings. Borrowings are primarily issued at variable rates which therefore expose the Group to cash flow interest rate risk.

At 31 July 2020, if interest rate had been 50 basis points higher/lower with all other variables held constant, the Group's profit for the year would have been approximately HK\$566,000 (2019: approximately HK\$686,000) higher/lower. The sensitivity analysis has been determined assuming that the change in interest rate had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The 50 basis point (2019: 50 basis point) increase or decrease represents management's assessment of a reasonably possible change in interest rate over the period until the end of next annual reporting period.

(b) Credit risk

The Group's maximum exposure to credit risk in relation to financial assets at the reporting date is the carrying amounts of deposits with banks, accounts receivables and deposits and other receivables.

Deposits with banks are mainly placed with high-credit-quality financial institutions. Management considers that the credit risk associated with the deposits with banks and financial institution is low.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from accounts receivables are disclosed in note 23.

Deposits were mainly rental deposit, utilities and management deposits. For these deposits, the credit quality of these deposits has been assessed with reference to historical information about the counterparties default rates and financial position of the counterparties. Therefore, ECL rate of these deposits is assessed to be minimal.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(b) *Credit risk (continued)*

The Group measures the ECL of other receivables based on assumptions about risk of default and expected loss rates, and those receivables are assessed individually for ECL. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the past repayment history, the current market conditions, the valuation of the pledged collaterals, if any, as well as forward looking estimates at the end of each reporting period.

The movement of loss allowances for other receivables are as follows:

	HK\$'000
At 1 August 2019	—
Allowance for impairment	1,406
At 31 July 2020	1,406

Net impairment losses on financial assets recognised in profit or loss

During the year, the following losses were recognised in profit or loss in relation to impaired financial assets:

	2020 HK\$'000	2019 HK\$'000
Movement in loss allowance for trade receivables (note 23)	—	47
Reversal of previous impairment losses	(6)	—
Movement in loss allowance for other receivables (note 24)	1,406	—
Net impairment losses on financial assets	1,400	47

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, in the consolidated statement of financial position.

(c) *Liquidity risk*

Prudent liquidity risk management includes maintaining sufficient working capital. It is the policy of the Group to regularly monitor current and expected liquidity requirements and to ensure that adequate working capital is available for operating, investing and financing activities.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining year at the end of the reporting period to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year/on demand HK\$'000	More than 1 year but within 2 years HK\$'000	More than 2 years but within 5 years HK\$'000	More than 5 years HK\$'000	Total HK\$'000
At 31 July 2019					
Other payables and other non-current liabilities (exclude provision for reinstatement cost)	19,481	1,247	102	—	20,830
Borrowings	8,584	—	—	—	8,584
At 31 July 2020					
Other payables and other non-current liabilities (exclude provision for reinstatement cost)	15,928	—	—	—	15,928
Borrowings	8,095	—	—	—	8,095
Lease liabilities	32,594	10,198	5,017	635	48,444

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to enhance returns for shareholders and benefits for other stakeholders.

With regard to maintenance and enhancement of capital structure, the Group considers relevant economic and market conditions and takes necessary measures for the beneficial interest of the Group and its shareholders.

The Group monitors capital on the basis of the Group total debt to equity ratio. The Group aims to maintain a manageable total debt to total equity ratio. Total debt is calculated as borrowing and lease liabilities. At 31 July 2020, the total debt-to-total equity ratio is 35.0% (At 31 July 2019, the total debt-to-total equity ratio is 4.6%.)

3.3 Fair value estimation

The Group's financial instruments carried at fair value as at 31 July 2020 and 2019 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (continued)

The following table presents the Group's financial assets that is measured at fair value and classified as level 3 instruments as at 31 July 2020 and 2019.

	FVOCI HK\$'000
Balance as at 1 August 2018	2,000
Change in the fair value included in other comprehensive income	(85)
Balance as at 31 July 2019 and 1 August 2019	1,915
Disposal during the year	(1,915)
Balance as at 31 July 2020	—

There were also no transfers between categories during the year.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment of other receivables

The loss allowance for other receivables based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the past repayment history and outstanding contract period of the individual tutors, the current market conditions, the valuation of the pledged collaterals, if any, as well as forward looking estimates at the end of each reporting period. Management reassesses other receivables regularly and provision could change significantly as a result of changes in the financial position and payment status of the counterparties and in response to the local economic conditions.

(b) Assessment of goodwill impairment

The Group tests annually whether goodwill have suffered any impairment and when there is indication that they may be impaired, in accordance with the accounting policy stated in note 2.8(a). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations which require the use of assumptions. These calculations require the use of estimates. The key assumptions were disclosed in note 18.

(c) Recognition of share-based compensation expenses

The Group has used the Black Scholes Model and Binomial Model to determine the total fair value of the options granted, which is to be expensed over the vesting period. Significant estimates on assumptions, such as the underlying equity value, risk-free interest rate, expected volatility, dividend yield, exercise multiple and post-vesting exit rate, are required to be made by the Group in applying the models.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(d) Income taxes

The Group is principally subject to income taxes in Hong Kong. Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the year in which such determination is made.

(e) Estimated useful lives of property, plant and equipment and intangible assets (other than goodwill)

Management determines the estimated lives and related depreciation and amortisation charges for its property, plant and equipment and intangible assets (other than goodwill). Management will revise the depreciation and amortisation charges where useful lives are different from those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned.

5 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, language and supplementary primary school education and tutorial services under "Diverse Learning Club", "Beacon Childhood", "BeConfident", "Glocal Education" and "Mathgic" brands, IELTS, general interests and foreign language courses under "Beacon BExcellent" brand, overseas study consultation 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.

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

	2020 HK\$'000	2019 HK\$'000
Major products/service lines		
Private supplementary secondary school education services	239,987	317,696
Private secondary day school services	10,221	11,207
Ancillary education services and products	36,828	42,825
	<u>287,036</u>	<u>371,728</u>
	2020 HK\$'000	2019 HK\$'000
Timing of revenue recognition:		
Over time	266,993	350,249
At a point in time	20,043	21,479
	<u>287,036</u>	<u>371,728</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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 OTHER INCOME AND OTHER LOSSES

	2020 HK\$'000	2019 HK\$'000
Other income		
Government subsidies (<i>note (a)</i>)	7,505	—
Interest income	1,863	2,055
Advertising income	777	1,759
IT service income	2,229	784
Sundry income	310	459
Dividend income from equity investments held at FVOCI	342	192
Rental income from investment property	685	41
Exchange differences - net	42	—
	13,753	5,290
Other losses		
Decrease in fair value of investment property (<i>note 17</i>)	(4,047)	—
Loss on disposal of property, plant and equipment	(474)	—
Exchange differences - net	—	(29)
	(4,521)	(29)

Note:

- (a) During the year ended 31 July 2020, the Group applied for a subsidy of HK\$10,058,000 for the period from June to August 2020 and one-off relief grant for private schools offering non-formal curriculum registered under the Education Ordinance (Cap. 279) of HK\$800,000 introduced by the Government of the Hong Kong Special Administrative Region, of which a total of HK\$7,505,000 is recognised in the consolidated statement of comprehensive income.

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

	2020 HK\$'000	2019 HK\$'000
Salaries, allowances and bonus	93,232	99,130
Share-based compensation expenses (<i>note 9b</i>)	602	372
Pension costs - defined contribution retirement plans (<i>note a</i>)	4,105	4,193
	97,939	103,695

(a) Pension costs - defined contribution retirement plans

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 STAFF COSTS (INCLUDING DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS) (CONTINUED)

(b) Five highest paid individuals

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

	2020 HK\$'000	2019 HK\$'000
Basic salaries, housing allowances, other allowances and benefits in kind	8,769	8,454
Pension costs - defined contribution retirement plans	90	90
Bonus	300	800
	<u>9,159</u>	<u>9,344</u>

The five individuals whose emoluments were the highest in the Group included 4 directors (2019: 4 directors) for the year ended 31 July 2020, whose emoluments are reflected in the analysis presented in note 8(a). The emoluments of the remaining individuals fell within the following bands:

	2020 HK\$'000	2019 HK\$'000
HK\$1 - HK\$500,000	—	—
HK\$500,001 - HK\$1,000,000	—	—
HK\$1,000,001 - HK\$1,500,000	—	—
HK\$1,500,001 - HK\$2,000,000	1	—
HK\$2,000,001 - HK\$2,500,000	—	1
	<u>1</u>	<u>1</u>

During the year ended 31 July 2020, no emolument was paid by the Group to any of the Directors or the five higher paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2019: Nil).

8 BENEFITS AND INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive for the year ended 31 July 2020 is set out below:

Name	Fees HK\$'000	Salary HK\$'000	Discretionary bonuses (Note (i)) HK\$'000	Other benefit (Note (ii)) HK\$'000	Employer's contribution to pension scheme HK\$'000	Other emolument (Note (iii)) HK\$'000	Non-cash benefit (Note (iv)) HK\$'000	Total HK\$'000
<i>Executive directors</i>								
Mr. Tam Wai Lung	—	1,344	—	1,740	18	—	97	3,199
Mr. Chan Tsz Ying, Wister	—	1,200	—	—	18	—	69	1,287
Ms. Leung Ho Ki, June	—	1,680	—	—	18	—	28	1,726
Mr. Li Man Wai	—	960	—	—	18	—	28	1,006
<i>Non-executive director</i>								
Dr. Shen Simon (Formerly known as Dr. Shen Xu Hui, resigned on 16 October 2020)	—	456	—	—	—	—	—	456
<i>Independent non-executive directors</i>								
Prof. Wong Roderick Sue Cheun	—	180	—	—	—	—	—	180
Mr. Kwan Chi Hong	—	180	—	—	—	—	—	180
Mr. Li Kai Sing	—	180	—	—	—	—	—	180
	—	<u>6,180</u>	—	<u>1,740</u>	<u>72</u>	—	<u>222</u>	<u>8,214</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 BENEFITS AND INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE (CONTINUED)

(a) Directors' and chief executive's emoluments (continued)

The remuneration of every director and the chief executive for the year ended 31 July 2019 is set out below:

Name	Fees HK\$'000	Salary HK\$'000	Discretionary bonuses (Note (i)) HK\$'000	Other benefit (Note (ii)) HK\$'000	Employer's contribution to pension scheme HK\$'000	Other emolument (Note (iii)) HK\$'000	Non-cash benefit (Note (iv)) HK\$'000	Total HK\$'000
<i>Executive directors</i>								
Mr. Tam Wai Lung	—	1,344	—	1,537	18	—	70	2,969
Mr. Chan Tsz Ying, Wister	—	1,200	—	—	18	—	36	1,254
Ms. Leung Ho Ki, June	—	1,680	—	—	18	—	20	1,718
Mr. Li Man Wai	—	960	—	—	18	—	20	998
<i>Non-executive director</i>								
Dr. Shen Simon (Formerly known as Dr. Shen Xu Hui, resigned on 16 October 2020)	—	456	—	—	—	—	—	456
<i>Independent non-executive directors</i>								
Prof. Wong Roderick Sue Cheun	—	180	—	—	—	—	—	180
Mr. Kwan Chi Hong	—	180	—	—	—	—	—	180
Mr. Li Kai Sing	—	180	—	—	—	—	—	180
	—	6,180	—	1,537	72	—	146	7,935

(i) Discretionary bonuses are determined on individual performance and approved by the Board of Directors.

(ii) Other benefit represents lease payments to the landlord of the quarter and miscellaneous housing allowance.

(iii) The amounts represented emoluments paid or receivable in respect of a person's other services in connection with the management of the affairs of the Company or its subsidiary undertakings and included salaries, discretionary bonuses, employer's contributions to retirement benefit schemes and housing allowance.

(iv) Emoluments include estimated money value of non-cash benefits of share options.

(v) No director waived or agreed to waive any emoluments during the years ended 31 July 2020 and 2019.

(b) Directors' retirement benefits

No retirement benefits were paid to or receivable by any director during the year ended 31 July 2020 by a defined contribution retirement plan operated by the Group in respect of services as a director of the Company and its subsidiaries (2019: Nil). No other retirement benefits were paid to or receivable by any director in respect of other services in connection with the management of the affairs of the Company or its subsidiary undertakings during the year ended 31 July 2020 (2019: Nil).

(c) Directors' termination benefits

No directors' emoluments, retirements benefits, payments or benefits in respect of the termination of directors' services were paid to or receivable by the directors during the year ended 31 July 2020 (2019: Nil).

(d) Consideration provided to third parties for making available directors' services

No consideration was provided to or receivable by third parties for making available directors' services during the year ended 31 July 2020 (2019: Nil).

(e) Information about loans, quasi-loans and other dealings entered into by the Company or subsidiary undertakings of the Company, where applicable, in favour of directors

There were no loans, quasi-loans or other dealings in favour of directors, their controlled bodies corporate and connected entities during the year ended 31 July 2020 (2019: Nil).

8 BENEFITS AND INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE (CONTINUED)

(f) Directors' material interests in transactions, arrangements or contracts

Save as disclosed in note 37 to the consolidated financial statements, there was no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the reporting period or at any time during the year ended 31 July 2020 (2019: Nil).

9 SHARE-BASED COMPENSATION EXPENSES

(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:

	2020		2019	
	Average exercise price per share option HK cent	Number of options	Average exercise price per share option HK cent	Number of options
At beginning and end of the year	54	25,000,000	54	25,000,000
Vested and exercisable at end of the year	54	15,000,000	54	7,500,000

No options is granted, exercised, forfeited and expired during the years covered by the above tables.

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

Grant date	Expiry date	Exercise price	2020	2019
27 June 2018	26 June 2022	HK\$0.54	7,500,000	7,500,000
27 June 2018	26 June 2023	HK\$0.54	7,500,000	7,500,000
27 June 2018	26 June 2024	HK\$0.54	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.

9 SHARE-BASED COMPENSATION EXPENSES (CONTINUED)

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

During the year ended 31 July 2020, the total expenses recognised in the consolidated statement of comprehensive income for share options was approximately HK\$1,040,000 (2019: HK\$1,804,000) 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 (the "2018 Share Option Scheme"). The 2018 Share Option Scheme is designed to provide long-term incentives for staff (including directors) to deliver long-term shareholder returns. Each grantee shall pay HK\$1.00 upon their acceptance of share options. Under the 2018 Share Option 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.

Movements of the share options are set out below:

	2020		2019	
	Average exercise price per share option HK cent	Number of options	Average exercise price per share option HK cent	Number of options
At beginning of the year	54.7	19,400,000	—	—
Granted during the year	—	—	54.7	19,400,000
At end of the year	54.7	19,400,000	54.7	19,400,000
Vested and exercisable at end of the year	54.7	5,820,000	—	—

No options is exercised, forfeited and expired during the years covered by the above tables.

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

Grant date	Expiry date	Exercise price	2020	2019
23 January 2019	22 January 2029	HK\$0.493	15,000,000	15,000,000
1 April 2019	31 March 2029	HK\$0.73	4,400,000	4,400,000

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

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

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 year ended 31 July 2020, the total expenses recognised in the consolidated statement of comprehensive income for share options was approximately HK\$602,000 (2019: HK\$372,000) and were included in staff costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 SHARE-BASED COMPENSATION EXPENSES (CONTINUED)

(c) Share option plan with a consultant

On 29 July 2020, the Board of Directors of the Company resolved that the Company grant to a Strategic Development Consultant (the "Consultant") share options under 2018 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 upon the approval by the shareholders of the Company in the extraordinary general meeting and the listing approval by the Stock Exchange of Hong Kong on 16 October 2020. Given the legal grant date of these share options is closed to 31 July 2020, the total expense recognised in the consolidated statement of comprehensive income for share options is minimal.

10 FINANCE COSTS

	2020 HK\$'000	2019 HK\$'000
Interest expenses on lease liabilities	2,417	—
Interest expenses on bank loan	182	11
Other finance costs	—	1
	<u>2,599</u>	<u>12</u>

11 (LOSS)/PROFIT BEFORE TAXATION

	2020 HK\$'000	2019 HK\$'000
(Loss)/profit before taxation has been arrived at after charging:		
Auditor's remuneration		
– audit and audit-related services	1,040	1,616
– non-audit services	128	175
Rental expenses under operating leases	—	53,861
Printing and stationery	18,584	25,591
	<u>18,584</u>	<u>25,591</u>

12 TAXATION

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

	2020 HK\$'000	2019 HK\$'000
Hong Kong profits tax		
– provision for current year	46	3,816
– over-provision in prior years	(2,049)	(449)
Current income tax	(2,003)	3,367
Deferred income tax	(375)	(1,484)
	<u>(2,378)</u>	<u>1,883</u>

Hong Kong profits tax has been provided at a rate of 16.5% (2019: 16.5%) on the estimated assessable profit for the year ended 31 July 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 TAXATION (CONTINUED)

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

	2020 HK\$'000	2019 HK\$'000
(Loss)/profit before taxation	(22,169)	12,413
Calculated at a taxation rate of 16.5% (2019: 16.5%)	(3,658)	2,048
Income not subject to taxation	(1,637)	(339)
Expenses not deductible for taxation purposes	1,291	327
Tax losses with no deferred tax assets recognised	1,961	462
Derecognition of previously recognised deferred tax	1,727	—
Over-provision in prior years	(2,049)	(449)
Others	(13)	(166)
Income tax (credit)/expense	(2,378)	1,883

13 (LOSS)/EARNINGS PER SHARE

(a) Basic

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

	2020	2019
(Loss)/profit attributable to owners of the Company (HK\$'000)	(19,230)	11,928
Weighted average number of shares in issue (thousand shares)	500,000	500,000
Total basic (loss)/earnings per share for (loss)/profit attributable to owners of the Company (HK cent)	(3.85)	2.39

(b) Diluted

Diluted (loss)/earnings per share adjusts the figures used in the determination of basic (loss)/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.

	2020	2019
(Loss)/profit attributable to owners of the Company (HK\$'000)	(19,230)	11,928
Total diluted (loss)/earnings per share attributable to owners of the Company (HK cent)	(3.85)	2.37

Weighted average number of shares used as the denominator

	2020	2019
Weighted average number of ordinary shares used as the denominator in calculating basic (loss)/earnings per share (thousand shares)	500,000	500,000
Adjustments for calculation of diluted (loss)/earnings per share:		
Options (thousand shares)	—	2,425
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted (loss)/earnings per share (thousand shares)	500,000	502,425

Basic and diluted loss per share for the year ended 31 July 2020 are the same since the potential shares from options are anti-dilutive.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 DIVIDENDS

During the year ended 31 July 2020, the Company declared and paid a dividend of HK\$15,000,000 to its shareholders in respect of the retained earnings for the year ended 31 July 2019. The dividend was settled in full.

A final dividend of HK1.0 cent per share totalling HK\$5,000,000 has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming annual general meeting. The amount will be reflected as an appropriation of retained earnings for the year ending 31 July 2021.

15 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Office and laboratory equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
As at 1 August 2018					
Cost	42,178	7,376	26,313	3,070	78,937
Accumulated depreciation	(23,291)	(6,093)	(18,476)	(2,149)	(50,009)
Net book amount	18,887	1,283	7,837	921	28,928
Year ended 31 July 2019					
Opening net book amount	18,887	1,283	7,837	921	28,928
Additions upon business combination (note 38)	—	3	5	—	8
Additions	1,701	105	2,188	604	4,598
Depreciation	(6,771)	(523)	(2,446)	(419)	(10,159)
Closing net book amount	13,817	868	7,584	1,106	23,375
As at 31 July 2019					
Cost	43,879	7,485	28,503	3,674	83,541
Accumulated depreciation	(30,062)	(6,617)	(20,919)	(2,568)	(60,166)
Net book amount	13,817	868	7,584	1,106	23,375
Year ended 31 July 2020					
Opening net book amount	13,817	868	7,584	1,106	23,375
Disposal	(356)	—	(212)	(36)	(604)
Additions	3,551	24	823	847	5,245
Depreciation	(5,561)	(375)	(2,390)	(459)	(8,785)
Closing net book amount	11,451	517	5,805	1,458	19,231
As at 31 July 2020					
Cost	38,830	7,508	29,326	3,503	79,167
Accumulated depreciation	(27,379)	(6,991)	(23,521)	(2,045)	(59,936)
Net book amount	11,451	517	5,805	1,458	19,231

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 LEASES

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

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

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

Right-of-use assets	31 July 2020 HK\$'000	1 August 2019 HK\$'000
Properties leases	<u>42,998</u>	<u>59,479</u>
Lease liabilities	31 July 2020 HK\$'000	1 August 2019 HK\$'000
Current liabilities	31,620	33,694
Non-current liabilities	14,780	26,975
	<u>46,400</u>	<u>60,669</u>

During the year, additions to the right-of-use assets were HK\$26,017,000 and there is a written-off of right-of-use assets of HK\$1,644,000 due to early termination of the leases. Due to the social unrest and the COVID-19, the Group has received rent concession from various landlords during the year and the rent concession is accounted for as lease modification in accordance with HKFRS16, resulting in a total HK\$2,520,000 decrease in both right-of-use assets and lease liabilities at the dates of lease modification.

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

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

	2020 HK\$'000	2019 HK\$'000
Depreciation	38,334	—
Interest expense (included in finance costs)	2,417	—
Expense relating to short-term leases	10,944	—
Expense relating to low-value leases	108	—
	<u>51,803</u>	<u>—</u>

The total cash outflow for leases in 2020 was HK\$50,221,000.

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

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

17 INVESTMENT PROPERTY

	2020 HK\$'000	2019 HK\$'000
At 1 August	23,347	—
Acquisition (Note (i))	—	23,347
Change in fair value (note 6)	(4,047)	—
	<u>19,300</u>	<u>23,347</u>
At 31 July (Notes (ii), (iii) and (iv))	19,300	23,347

17 INVESTMENT PROPERTY (CONTINUED)

Notes:

- (i) On 11 July 2019, the Group completed the acquisition of a commercial property with a tenancy at a consideration of approximately HK\$21,433,000 and the ancillary costs, such as stamp duty, legal costs and commission amounted to approximately HK\$1,914,000, resulting in a carrying value of approximately HK\$23,347,000. The tenancy is expiring in August 2021 upon the tenant's exercise of the option of renewal. The Group intends to use the commercial property as its teaching center after the expiration of the tenancy.
- (ii) The Group measures its investment property at fair value. The fair value of the Group's investment property as at 31 July 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\$19,300,000 are valued by fair value measurements using significant unobservable inputs (level 3). The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between Levels 1, 2 and 3 during the year.

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

The significant unobservable input used is the unit price, which is HK\$8,446 (2019: HK\$10,218) per square feet.

- (iii) As at 31 July 2020, the Group's investment property with carrying value of approximately HK\$19,300,000 (2019: HK\$23,347,000) were pledged to secure bank facilities of the Group as set out in note 30 to the consolidated financial statements.
- (iv) Particulars of the Group's investment property as at 31 July 2020 are as follows:

Location	Usage
Offices 1, 2 and 3 on the 3rd Floor of Tai Shing Commercial (Yaumatei) Building, Nos. 498 & 500, Nathan Road, Kowloon, Hong Kong	Commercial

18 INTANGIBLE ASSETS

	Goodwill HK\$'000	Software HK\$'000	Total HK\$'000
As at 31 July 2019			
Cost	1,189	2,744	3,933
Accumulated amortisation	—	(157)	(157)
Net book amount	1,189	2,587	3,776
Year ended 31 July 2020			
Opening net book amount	1,189	2,587	3,776
Additions	—	997	997
Amortisation	—	(370)	(370)
Closing net book amount	1,189	3,214	4,403
As at 31 July 2020			
Cost	1,189	3,741	4,930
Accumulated amortisation	—	(527)	(527)
Net book amount	1,189	3,214	4,403

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 INTANGIBLE ASSETS (CONTINUED)

Impairment test for goodwill

Goodwill is allocated to the Group's CGUs that are expected to benefit from business combination which primarily arises from the acquisition of Vioo Company Limited. Impairment testing is performed annually on goodwill allocated to the CGUs included in its IT solutions operation.

For the year ended 31 July 2020, the recoverable amount of the Group is determined based on value-in-use calculations. These calculations use cash flow projections based on the financial budget approved by management covering ten-year period and future forecast respectively.

Forecast profitability is based on past performance and expected future changes in costs and revenue. Major cash flow projections are based on long-range financial forecasts using an estimated average revenue growth rate of 3.9%, average operating margin of 7.9% and terminal growth rate of 2.6%. Future cash flows are discounted at a pre-tax rate of 18.0% (equivalent to a post-tax rate of 15.0%).

19 SUBSIDIARIES

Particulars of the principal subsidiaries at 31 July 2020 and 2019 are as follows:

Name of company	Place and date of incorporation	Issued and paid-up capital	Principal activities and place of operation	Effective interest held as at 31 July	
				2020	2019
<i>Directly owned:</i>					
Beacon Group Limited	BVI 6 March 2015	US\$1	Investment holding company	100%	100%
<i>Indirectly owned:</i>					
Advance Bestway Limited	Hong Kong 11 February 2014	HK\$10,000	General business, operation under sub-brand "Beacon BExcellent" and "Beacon Living"	100%	100%
Advance Learning Limited (Formerly known as Beacon Learning and Development Centre Limited)	Hong Kong 19 June 2002	HK\$2,000	Operation of ancillary education services	100%	100%
Ascent Prep International Education Limited	Hong Kong 7 February 2017	HK\$4,200,000	Operation of a teaching centre located in Causeway Bay	100%	51%
Beacon College Limited	Hong Kong 13 July 1993	HK\$30,000	Provision of school business management services	100%	100%
Beacon Childhood Education Centre Company Limited	Hong Kong 21 April 2011	HK\$1	Operation of childhood education centres in Prince Edward and Causeway Bay	100%	100%
Beacon Continuing and Professional Education Limited	Hong Kong 18 September 2000	HK\$2,000	Operation under sub-brand "Beacon CAPE"	100%	100%
Beacon Holdings Limited	Hong Kong 11 May 2001	HK\$2	Investment holding company	100%	100%
Easy Sky Limited	Hong Kong 9 March 2001	HK\$2	Operation of teaching centres in Kowloon Bay	100%	100%
Glocal Development Group Limited	Hong Kong 28 February 2014	HK\$10,000	Engaged in childhood education under sub-brand "Glocal Education"	70%	70%
Glocal Education Services Limited	Hong Kong 2 June 2015	HK\$1,000	Engaged in the operations of overseas study consultancy services	70%	70%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 SUBSIDIARIES (CONTINUED)

Name of company	Place and date of incorporation	Issued and paid-up capital	Principal activities and place of operation	Effective interest held as at 31 July	
				2020	2019
New Creation Advertising Agency Limited	Hong Kong 17 November 2005	HK\$10,000	Advertising agency	100%	100%
JR (CB) Limited	Hong Kong 27 September 2002	HK\$10,000	Operation of teaching centres located in Causeway Bay	100%	100%
JR (MK) Limited	Hong Kong 31 July 2002	HK\$2	Operation of teaching centres located in Mongkok	100%	100%
JR (ST) Limited	Hong Kong 29 May 2002	HK\$2,000	Operation of teaching centres located in Shatin	100%	100%
JR (TM) Limited	Hong Kong 19 June 2002	HK\$2,000	Operation of teaching centres located in Tuen Mun, Tsuen Wan, Tseung Kwan O and Sheung Shui	100%	100%
JR (YL) Limited	Hong Kong 19 June 2002	HK\$2,000	Operation of teaching centres located in Yuen Long	100%	100%
Top News Limited	Hong Kong 11 March 2004	HK\$2	Operation of teaching centres located in Tai Po	100%	100%
Vico Company Limited	Hong Kong 17 April 2008	HK\$10,000	Engaged in the provision of information technology services	60%	60%

20 INTEREST IN AN ASSOCIATE

	2020 HK\$'000	2019 HK\$'000
Interest in an associate	704	—

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.

(a) Particulars of the associate of the Group as at 31 July 2020 are as follows:

Name of company	Place of incorporation	Issued and paid-up capital	Principal activities	Effective interest held as at 31 July	
				2020	2019
Futura Education Limited	Hong Kong	\$10,000	Development and operation of an online learning platform	40%	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



20 INTEREST IN AN ASSOCIATE (CONTINUED)

(b) Reconciliation of summarized financial information

Reconciliation of the summarised financial information presented to the carrying value of its interest in an associate is set out below:

	2020 HK\$'000
Net assets	
At the date of acquisition	1,143
Loss and total comprehensive loss for the year	(490)
At end of year	653
% of interest	40%
Share of net assets	261
Goodwill	443
Carrying amount	704

21 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(a) Classification of financial assets at FVOCI

Financial assets at FVOCI comprise equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

(b) Equity investments at FVOCI

	2020 HK\$'000	2019 HK\$'000
Unlisted security		
At beginning of year	1,915	2,000
Change in fair value recognised in other comprehensive income (note 34)	—	(85)
Disposal during the year	(1,915)	—
At end of year	—	1,915

The unlisted security represents equity share of an unlisted Hong Kong company, which is denominated in HK dollar.

The fair value is within level 3 of the fair value hierarchy (see note 3.3).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when taxes relate to the same taxation authority and where offsetting is legally enforceable. The following amounts, determined after appropriate offsetting, are shown separately on the consolidated statement of financial position.

	2020 HK\$'000	2019 HK\$'000
Deferred income tax assets	5,433	5,050
Deferred income tax liabilities	(13)	(5)
	<u>5,420</u>	<u>5,045</u>
At beginning of the year	5,045	3,561
Credited to profit or loss	375	1,484
At end of the year	<u>5,420</u>	<u>5,045</u>

The movements in deferred tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year were as follows:

Deferred income tax assets

	Accelerated accounting depreciation HK\$'000	Tax Loss HK\$'000	Share-based compensation HK\$'000	Provision for doubtful debt HK\$'000	Total HK\$'000
At 1 August 2018	1,441	1,334	814	—	3,589
Credited to profit or loss	710	393	358	—	1,461
At 31 July 2019	2,151	1,727	1,172	—	5,050
(Charged)/credited to profit or loss	(629)	509	271	232	383
At 31 July 2020	<u>1,522</u>	<u>2,236</u>	<u>1,443</u>	<u>232</u>	<u>5,433</u>

Deferred income tax liabilities

	Decelerated accounting depreciation	
	2020 HK\$'000	2019 HK\$'000
At beginning of the year	(5)	(28)
(Charged)/credited to profit or loss	(8)	23
At end of the year	<u>(13)</u>	<u>(5)</u>

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of approximately HK\$1,960,870 (2019: HK\$462,424) in respect of losses amounting to HK\$11,884,058 (2019: HK\$2,802,571) as at 31 July 2020 that can be carried forward for offsetting against future taxable income. These tax losses have no expiry dates but the management considered not to recognise as those companies with losses carried forward are not expected to generate future taxable income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 ACCOUNTS RECEIVABLES

	2020 HK\$'000	2019 HK\$'000
Accounts receivables	1,604	1,680
Less: Allowance for impairment	—	(187)
Accounts receivables – net	<u>1,604</u>	<u>1,493</u>

There is no credit period granted as the income from private supplementary secondary school education services and private secondary day school services are normally received in advance through settlement in cash, PayPal or credit cards. As at 31 July 2020 and 2019, the ageing analysis of the accounts receivables based on invoice date were as follows:

	2020 HK\$'000	2019 HK\$'000
1 - 30 days	1,497	773
31 - 60 days	24	34
Over 60 days	83	873
	<u>1,604</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 ECL rates are based on the past repayment history and the historical credit losses experience. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The ECL provided on a collective basis is insignificant as there has been no history of material default from accounts receivables.

For accounts receivables relating to accounts with objective evidence that the Group is unable to contact some of the students to recover the debts, they are assessed individually for impairment allowance. Accordingly, no individual provision were made as at 31 July 2020 (2019: HK\$47,000).

The movements in the loss allowance during the year are as follows:

	2020 HK\$'000	2019 HK\$'000
At beginning of the year	187	140
Increase in loss allowance recognised in profit or loss (<i>note 3.1(b)</i>)	—	47
Receivables written off during the year as uncollectible	(181)	—
Unused amount reversed (<i>note 3.1(b)</i>)	(6)	—
At end of the year	<u>—</u>	<u>187</u>

The maximum exposures of the Group to credit risk as at 31 July 2020 and 2019 are the carrying value of accounts receivables mentioned above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 ACCOUNTS RECEIVABLES (CONTINUED)

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

	2020 HK\$'000	2019 HK\$'000
Hong Kong dollar	1,553	1,524
Australian dollar	8	77
British Pound	23	79
United States dollar	20	—
	<u>1,604</u>	<u>1,680</u>

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

24 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2020 HK\$'000	2019 HK\$'000
Other receivables	(i)	5,817	7,080
Deposits and prepayments	(ii)	28,612	35,636
		<u>34,429</u>	<u>42,716</u>
Less: Allowance for impairment	(iii)	(1,406)	—
		<u>33,023</u>	<u>42,716</u>
Less: non-current portion		(12,573)	(10,671)
Deposits, prepayments and other receivables – current portion		<u>20,450</u>	<u>32,045</u>

Notes:

- (i) As at 31 July 2020, other receivables of HK\$4,010,000 (2019: HK\$ 5,997,000) represent amounts due from tutors which arise 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.
- (iii) Movement in allowance for impairment that has been recognised for other receivables under ECL model is disclosed in note 3.1(b).

As at 31 July 2020, deposits of HK\$8,589,000 (2019: HK\$10,464,000), prepayments of HK\$7,450,000 (2019: HK\$14,501,000) and other receivables of HK\$4,411,000 (2019: HK\$7,080,000) are expected to be recovered within one year.

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

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

25 AMOUNT DUE TO A RELATED COMPANY

Balance with a related company was unsecured, had no fixed repayment terms and interest-free. The balance was also non-trade in nature.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 CASH AND BANK BALANCES

	2020 HK\$'000	2019 HK\$'000
Cash and cash equivalents	121,303	145,857

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

	2020 HK\$'000	2019 HK\$'000
Hong Kong dollar	119,874	145,493
Renminbi	194	30
British pound	642	172
Australian dollar	496	162
United States dollar	86	—
New Zealand dollar	11	—
	121,303	145,857

27 CONTRACT LIABILITIES

As at 31 July 2020 and 2019, contract liabilities represents the tuition fee collected for tutoring services that have not yet been rendered before respective year ends.

28 OTHER PAYABLES

	Note	2020 HK\$'000	2019 HK\$'000
Other payables	<i>i</i>	15,928	18,477
Provision of reinstatement cost	<i>ii</i>	1,566	1,977
Unamortised rent-free expenses		—	1,005
Government subsidies		3,344	—
Current portion		20,838	21,459

Note (i):

Other payables mainly represent accrued staff costs, printing expenses, and advertising expenses, etc.

Note (ii):

Included in other payables is a current portion of provision of reinstatement cost of HK\$1,566,000 (2019: HK\$1,977,000). Movement of provision of reinstatement cost is as follows:

	2020 HK\$'000	2019 HK\$'000
Balance as at beginning of the year	4,295	4,199
Additions	533	135
Utilisation	(856)	(39)
Balance as at closing of the year	3,972	4,295
Less: non-current portion (<i>note 29</i>)	(2,406)	(2,318)
Current portion	1,566	1,977

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 OTHER NON-CURRENT LIABILITIES

	2020 HK\$'000	2019 HK\$'000
Provision of reinstatement cost (<i>note 28</i>)	2,406	2,318
Unamortised rent-free expenses	—	1,348
Other non-current liabilities	2,406	3,666

30 BORROWINGS

	2020 HK\$'000	2019 HK\$'000
Secured bank loan	8,085	8,573

As at 31 July 2020, the bank loan bears interest on a floating basis and its effective interest rate is 2.15% per annum (2019: 2.275% per annum). The bank loan was classified as current liabilities because the corresponding bank facilities agreement contains a repayment on demand clause. The carrying amount of bank loan approximates its fair value and is denominated in Hong Kong dollar.

As at 31 July 2020, the Group had access to an undrawn bank overdraft facility amounted to HK\$6,000,000 (2019: HK\$6,000,000). This facility may be drawn at any time and may be terminated by the bank without notice.

As at 31 July 2020, the bank loan and bank overdraft facility were secured by a pledge of the investment property of the Group (note 17(iii)) and corporate guarantee given by the Company.

31 FINANCIAL INSTRUMENTS BY CATEGORY

	2020 HK\$'000	2019 HK\$'000
Financial assets:		
Financial assets at amortised cost		
Accounts receivables	1,604	1,493
Deposits and other receivables	21,802	27,259
Cash and cash equivalents	121,303	145,857
Financial assets at FVOCI	—	1,915
Total	144,709	176,524
Financial liabilities:		
Financial liabilities at amortised cost		
Other payables and other non-current liabilities (exclude provision for reinstatement cost)	15,928	20,830
Amount due to a related company	—	2,000
Borrowings	8,085	8,573
Lease liabilities	46,400	—
Total	70,413	31,403

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 SHARE CAPITAL

	<i>Note</i>	Number of shares	HK\$'000
Authorised:			
Ordinary shares of HK\$0.01 each at 31 July 2019 and 2020		10,000,000,000	100,000
Issued and fully paid:			
Ordinary shares at 31 July 2019 and 2020		500,000,000	120,956

33 RETAINED EARNINGS

Movements in retained earnings were as follows:

	2020 HK\$'000	2019 HK\$'000
At beginning of the year	55,541	63,613
(Loss)/profit for the year	(19,230)	11,928
Dividends (<i>notes 14/36(b)</i>)	(15,000)	(20,000)
Transfer of gain on disposal of financial assets at FVOCI	(85)	—
At end of the year	21,226	55,541

34 OTHER RESERVES

	Financial assets at FVOCI HK\$'000	Share-based compensation reserve HK\$'000	Other reserve HK\$'000	Total HK\$'000
At 1 August 2018	—	4,929	5,711	10,640
Share-based compensation (<i>note 9</i>)	—	2,176	—	2,176
Change in fair value of equity investment at FVOCI (<i>note 21(b)</i>)	(85)	—	—	(85)
At 31 July 2019	(85)	7,105	5,711	12,731
Share-based compensation (<i>note 9</i>)	—	1,642	—	1,642
Transfer of gain on disposal of financial assets at FVOCI to retained earnings	85	—	—	85
Acquisition of additional interests in a subsidiary	—	—	1,062	1,062
At 31 July 2020	—	8,747	6,773	15,520

35 NON-CONTROLLING INTERESTS

As at 31 July 2020, the total non-controlling interests was HK\$(1,853,000) (2019: HK\$(1,707,000)). For the year ended 31 July 2020, the total comprehensive loss attributable to non-controlling interests was HK\$561,000 (2019: HK\$1,398,000). The non-controlling interests as at 31 July 2020 and 2019 in respect of Glocal Education Services Limited, Glocal Development Group Limited, Glocal Research and Development Company Limited, BEE-2-BEE Limited, Vioo Company Limited, Assessment International (HK) Limited and Music Origin Limited and PhD Online Limited are not individually material.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash generated from operations

	2020 HK\$'000	2019 HK\$'000
(Loss)/profit before taxation	(22,169)	12,413
Adjustments for:		
– Amortisation of intangible assets	370	157
– Depreciation of property, plant and equipment	8,785	10,159
– Depreciation of right-of-use assets	38,334	–
– Loss on disposal of property, plant and equipment	474	–
– Share-based compensation expenses	1,642	2,176
– Dividend income	(342)	(192)
– Interest income	(1,863)	(2,055)
– Exchange differences - net	(42)	(29)
– Interest expenses on bank loan	182	12
– Interest on lease liabilities	2,417	–
– Share of loss of an associate	196	–
– Net impairment losses on financial assets	1,400	–
– Decrease in fair value of investment property	4,047	–
Change in working capital		
– Accounts receivables	(105)	49
– Deposits, prepayments and other receivables	10,189	3,777
– Amount due to a related company	–	2,000
– Contract liabilities	(3,275)	1,902
– Other payables	(61)	(4,876)
– Other non-current deposits	(1,902)	(862)
– Other non-current liabilities	–	1,029
Cash generated from operations	<u>38,277</u>	<u>25,660</u>

(b) Non-cash transaction

The dividends of HK\$15 million in respect of the retained earnings for the year ended 31 July 2019 declared during the year ended 31 July 2020 was wholly settled in cash.

	Liabilities from financing activities			Total HK\$'000
	Dividend payable HK\$'000	Borrowings HK\$'000	Lease liabilities HK\$'000	
Balance at 1 August 2018	–	–	–	–
Cash flows	(20,000)	8,573	–	(11,427)
Non-cash movements	20,000	–	–	20,000
Balance at 31 July & 1 August 2019	–	8,573	–	8,573
Adjusted for adoption of HKFRS16 (note 16(a))	–	–	60,669	60,669
Cash flows	(15,000)	(488)	(39,169)	(54,657)
Non-cash movements	15,000	–	24,900	39,900
Balance at 31 July 2020	–	8,085	46,400	54,485



37 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.

- (a) The directors of the Group are of the view that the following companies were related parties that had transactions or balances with the Group during the years ended 31 July 2020 and 2019:

Name of the related party	Relationship with the Group
Dragonway Bliss Limited ("Dragonway Bliss")	A related company partially owned by Ms. Leung Ho Ki, June

The following is a summary of significant related party transactions during the years ended 31 July 2020 and 2019 carried by the Group in the normal course of its business:

	2020 HK\$'000	2019 HK\$'000
Licence income from Jiangxi Dragonway Bliss (<i>note i</i>)	(45)	(68)

Notes:

- i Licence income are recognised with reference to market rates of similar projects.

- (b) The Group considers the executive directors as the key management and their compensation are disclosed in note 8(a).

38 BUSINESS COMBINATION

There was no material acquisition of subsidiaries during the year ended 31 July 2020.

For the year ended 31 July 2019, pursuant to the share purchase agreement dated 22 January 2019, the Group acquired 60% of the entire issued share capital in Vioo Company Limited ("Vioo"), a company incorporated in the Hong Kong, at a total consideration of HK\$1,200,000. Vioo is principally engaged in the provision of innovative digital solutions which computerize business operation to enhance business achievement. Vioo provides products and services including e-commerce advisory and platform implementation, payment gateway integration, mobile applications, data analysis and e-marketing strategy. The purpose of the acquisition is to expedite the Group's strategy of enhancing its information infrastructure to strengthen the education services. Through upgrading the information infrastructure, the Group will (i) develop more enhanced online services; (ii) provide better learning support to students by analyzing their learning behaviour with reference to big data; and (iii) develop personalized courses and products with possible machine learning and assessment mechanism.

- (a) Details of net assets acquired and goodwill in respect of the acquisition of Vioo at the acquisition date were as follows:

	Net assets acquired and goodwill as at the acquisition date HK\$'000
Total purchase consideration	1,200
Less: Fair value of net assets acquired	(11)
Goodwill on acquisition	<u>1,189</u>

The goodwill is attributable to the expected future profits generated from the expansion beyond its current market and cost savings on the digital transformation through the support from Vioo's dedicated and talented team.

None of the goodwill is expected to be deductible for tax purposes.

38 BUSINESS COMBINATION (CONTINUED)

- (a) Details of net assets acquired and goodwill in respect of the acquisition of Vioo at the acquisition date were as follows: (continued)

The assets and liabilities of Vioo at the acquisition date were as follows:

	Fair value as at the acquisition date HK\$'000
Property, plant and equipment	8
Accounts receivables	203
Deposits and other receivables	69
Cash and cash equivalents	129
Income tax recoverable	12
Other payables	(409)
	<u>12</u>
Less: Non-controlling interests	(1)
Net assets acquired	<u>11</u>
	<u>Net cash outflow HK\$'000</u>
Purchase consideration settled in cash	1,200
Less: Cash and cash equivalents acquired	(129)
Total net cash outflow for the year ended 31 July 2019	<u>1,071</u>

- (b) Acquisition-related costs

Acquisition-related costs of approximately HK\$160,000 were included in printing and other operating expenses in the consolidated statement of comprehensive income for the year ended 31 July 2019.

- (c) Revenue and profit contribution

Vioo contributed revenue of approximately HK\$783,000 and profit before taxation of approximately HK\$121,000 to the Group for the period from the completion date of the acquisition on 22 January 2019 to 31 July 2019. If the acquisition had occurred on 1 August 2018, the revenue and profit before taxation for the year ended 31 July 2019 would have been approximately HK\$2.0 million and approximately HK\$300,000, respectively.

39 COMMITMENTS

- (a) Capital commitments

	2020 HK\$'000	2019 HK\$'000
Contracted but not provided for		
– office and laboratory equipment	–	229
– property	<u>15,078</u>	<u>–</u>



39 COMMITMENTS (CONTINUED)

(b) Lease commitments – where the Group is the lessee

From 1 August 2019, the Group has recognised right-of-use assets for these leases, see note 2.2 and note 16 for further information.

As at 31 July 2019, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of teaching centres, offices and warehouse are as follows:

	2019 HK\$'000
Within one year	49,707
Later than one year but within five years	33,394
	83,101

The Group is the lessee in respect of teaching centres, offices and warehouse under operating leases. The leases typically run for an initial period of 1 to 5 years, with an option to renew the leases when all terms are renegotiated. The contingent rental expenses relating to operating leases for the year ended 31 July 2019 are HK\$73,000.

Short-term leases

As at 31 July 2020, the Group had future aggregate minimum lease payments under non-cancellable short-term leases in respect of teaching centres are as follows:

	2020 HK\$'000
Within one year	3,521

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

Statement of financial position

As at 31 July 2020

	<i>Note</i>	2020 HK\$'000	2019 HK\$'000
Assets			
Non-current asset			
Investment in a subsidiary		20,700	20,700
Current assets			
Amounts due from subsidiaries		147,518	58,970
Deposits, prepayments and other receivables		—	118
Cash and cash equivalents		1,226	93,060
		<u>148,744</u>	<u>152,148</u>
Total assets		<u>169,444</u>	<u>172,848</u>
Equity			
Equity attributable to owners of the Company			
Share capital		120,956	120,956
Other reserves	<i>(a)</i>	29,447	27,805
Retained earnings	<i>(b)</i>	18,958	24,004
		<u>169,361</u>	<u>172,765</u>
Total equity		<u>169,361</u>	<u>172,765</u>
Current liability			
Other payables		83	83
		<u>83</u>	<u>83</u>
Total liability		<u>83</u>	<u>83</u>
Total equity and liability		<u>169,444</u>	<u>172,848</u>

The statement of financial position of the Company was approved by the Board of Directors on 20 October 2020 and were signed on its behalf.

Mr. Tam Wai Lung
Director

Ms. Leung Ho Ki, June
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

(a) Other reserves

	Share-based compensation reserve HK\$'000	Other reserve (Note) HK\$'000	Total HK\$'000
At 1 August 2018	4,929	20,700	25,629
Share-based compensation	2,176	—	2,176
At 31 July 2019	7,105	20,700	27,805
Share-based compensation	1,642	—	1,642
At 31 July 2020	8,747	20,700	29,447

Note:

Other reserve of the Company mainly represents the difference between the value of the issued share capital of Beacon Group Limited acquired and the value of the Company's shares in exchange, adjusted for dividends declared and settled during the year ended 31 July 2020.

(b) Retained earnings/(accumulated losses)

Movements in retained earnings/(accumulated losses) were as follows:

	2020 HK\$'000	2019 HK\$'000
At beginning of the year	24,004	(5,400)
Profit for the year	9,954	49,404
Dividends	(15,000)	(20,000)
At end of the year	18,958	24,004

41 CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 July 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 in progress and the Case Management Summons Hearing originally fixed in April 2020 was adjourned to March 2021. 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.

FINANCIAL SUMMARY

A summary of the audited results and of the assets and liabilities of the last four financial years as extracted from the prospectus and the published audited financial statements, is set out below. This summary does not form part of the audited financial statements.

RESULTS

	For the year ended 31 July				
	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000	2017 HK\$'000	2016 HK\$'000
Revenue	287,036	371,728	408,120	376,396	376,225
Other income	13,753	5,290	1,396	1,063	244
Other losses – net	(4,521)	(29)	(335)	(347)	(489)
Operating expenses	(318,437)	(364,576)	(378,117)	(335,163)	(338,181)
(Loss)/Profit before taxation	(22,169)	12,413	31,064	41,949	37,799
(Loss)/Profit for the year	(19,791)	10,530	24,165	34,051	30,268

OPERATIONAL INFORMATION

The below summary 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 in the last five financial years.

	For the year ended 31 July				
	2020	2019	2018	2017	2016
Number of unique student enrollments ('000)	35	50	55	60	64
Total number of session enrollments ('000)	405	546	664	658	681
Average number of sessions enrolled per student	11.6	10.9	12.1	10.9	10.7
Maximum classroom capacity (<i>Note 1</i>)	3,595	3,866	3,725	3,760	4,145
Revenue (HK\$'000) per average classroom capacity	67	82	97	89	81
Occupancy rate (<i>Note 2</i>)	18.7	30.1	38.0	39.3	34.6

Note 1:

Being the average of the maximum number of students permitted in our classrooms as at beginning and closing of the year 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 (excluding sessions delivered online) for the respective financial year 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).

FINANCIAL SUMMARY



ASSETS AND LIABILITIES

	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000	2017 HK\$'000	2016 HK\$'000
Non-current assets	104,642	68,134	44,326	38,662	34,216
Current assets	144,436	181,252	204,616	84,100	129,539
Total assets	249,078	249,386	248,942	122,762	163,755
Total equity	155,849	187,521	194,899	67,937	104,211
Current liabilities	76,030	58,194	51,378	51,923	55,890
Non-current liabilities	17,199	3,671	2,665	2,902	3,654
Total equity and total liabilities	249,078	249,386	248,942	122,762	163,755
Net Current assets	68,406	123,058	153,238	32,177	73,649

OPERATING CASH FLOWS

	2020 HK\$'000	For the year ended 31 July			
	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000	2017 HK\$'000	2016 HK\$'000
Net cash from operating activities	33,658	19,300	38,517	29,034	53,867

CAPITAL EXPENDITURES

	2020 HK\$'000	For the year ended 31 July			
	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000	2017 HK\$'000	2016 HK\$'000
Payments for property, plant and equipment	5,245	4,598	17,979	6,782	10,551

Unless specified otherwise, capitalised terms used in this Annual Report shall have the same meanings as ascribed in the Prospectus. This glossary contains certain definitions and other terms used in this Annual Report in connection with our Group and our business. The terminology and their meanings may not correspond to standard industry meanings or usage of those terms.

"academic year(s)"	the academic school year in Hong Kong which typically commences in September and concludes in June of the following year
"AGM"	the annual general meeting of the Company
"Articles of Association"	the articles of association of the Company, as amended or supplemented from time to time
"Board"	the board of Directors
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	BExcellent Group Holdings Limited 精英匯集團控股有限公司(formerly known as Beacon Group Holdings Limited 遵理集團控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 15 April 2015
"Deed of Acting in Concert"	the deed of acting in concert dated 2 October 2015 executed by the Core Shareholders, whereby they confirmed the existence of their acting in concert arrangements
"Director(s)"	the director(s) of the Company
"EDB"	the Education Bureau of the Government
"Exemption Order"	the Education (Exemption) (Private Schools Offering Non-Formal Curriculum) Order (Chapter 279F of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Education Ordinance"	the Education Ordinance (Chapter 279 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Group", "our Group", "we", "our", or "us"	the Company and its subsidiaries
"HKDSE"	Hong Kong Diploma of Secondary Education
"HKDSE Examinations"	examinations administered by the HKEAA in each subject offered under the HKDSE curriculum
"HKEAA"	the Hong Kong Examinations and Assessment Authority, an independent, self-financing statutory body which administers public examinations in Hong Kong
"intensive course(s)"	courses which are normally organised several months before school assessments or the HKDSE Examinations are held, and they are designed to help students review the key areas of a subject. The courses focus on specific topics of each subject, and provide insight on examination techniques and topics as well as providing additional preparation materials. Intensive courses typically comprise three to four individual lessons, or an individual lesson each running for approximately 75 to 90 minutes
"IELTS"	International English Language Testing System, an international standardised test of English language proficiency
"IT"	information technology
"lesson(s)"	a lesson typically runs for approximately 60 to 75 minutes
"Listing"	the listing of the Shares on the Main Board on the Listing Date
"Listing Date"	13 July 2018



"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
"maximum classroom capacity"	the maximum number of students permitted in our classrooms 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
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"Prospectus"	the prospectus of the Company dated 30 June 2018
"QCF"	Qualification and Credit Framework, the national credit transfer system for education qualification in England, Northern Ireland and Wales, which recognises qualifications and units by awarding credits
"regular course(s)"	courses which are offered from September to June. In general, regular course consists of four individual lessons, each running for approximately 60 to 75 minutes
"Secondary (1, 2, 3, 4, 5 or 6)" or "S (1, 2, 3, 4, 5 or 6)"	the respective secondary 1 to 6 (as the case may be) school levels under the 334 System
"secondary day school education"	secondary school education under the formal secondary school curriculum set forth by the EDB
"session(s)"	for supplementary secondary school education services, a session represents an independent course which consists of a number of lessons each running for no longer than a month; for day school services, a session represents a monthly duration of a course which runs in the academic year
"session enrollment(s)"	a student may enroll in a number of our sessions resulting in a number of enrollments. As such, the number of enrollment(s) may not correspond to the number of student(s)
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) of nominal value of HK\$0.01 each in the capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"summer course(s)"	courses which are designed to prepare students for the forthcoming academic year and are typically offered from mid-July until August and occasionally ended in September. In general, a summer course typically comprises three to six individual lessons, each running for approximately 60 to 75 minutes
"Top Five Tutors"	our tutors who generated the top five highest revenues for our Group from courses and products
"Top One Tutor"	our tutor who generated the highest revenue for our Group from courses and products
"unique student(s)"	students who paid for at least one session
"VIP self-study service(s)"	"video-induced-pedagogy" self-study services, which enable students to view pre-recorded lessons on an individual basis on computer terminals at selected teaching centres

