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## **BExcellent Group Holdings Limited**

**精英匯集團控股有限公司**

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

**(Stock Code: 1775)**

### **ANNOUNCEMENT OF (1) INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 JANUARY 2024; AND (2) VARIATIONS TO GUARANTEE TERMS**

#### **FINANCIAL HIGHLIGHTS**

Summary of the results of the Group for the six months ended 31 January 2024 comparing to that of the same period ended 31 January 2023 is as follows:

- The Group's revenue increased by 16.7% from HK\$68.3 million to approximately HK\$79.7 million.
- Total number of session enrollments of private supplementary secondary school education services increased by approximately 2.8% from 72,000 to 74,000.
- Loss of the Group decreased by 70.9% from HK\$13.0 million to HK\$3.8 million.
- Loss attributable to owners of the Company for the six months ended 31 January 2024 was HK\$5.1 million (For the six months ended 31 January 2023, loss attributable to owners of the Company was HK\$13.2 million).
- Bank balances and cash were recorded as HK\$88.1 million as at 31 January 2024.
- The Board does not recommend the payment of interim dividend for the six months ended 31 January 2024 (For the six months ended 31 January 2023: Nil).

#### **INTERIM RESULTS**

The board (the “**Board**”) of directors (the “**Directors**”) of BExcellent Group Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 31 January 2024 together with the comparative unaudited figures for the comparable period in 2023, which have been reviewed by the Company's Audit Committee. Unless specified otherwise, (i) capitalised terms used herein shall have the same meanings as used in the immediately preceding annual report of the Company; and (ii) where appropriate, numerical figures or percentages presented herein shall be approximate figures and percentages (as the case may be).

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 January 2024

		2024	2023
		HK\$'000	HK\$'000
	Note	(Unaudited)	(Unaudited)
Revenue	3	79,704	68,287
Other income	4	7,291	3,768
Other (losses)/gains	4	(43)	961
Staff costs	5	(35,138)	(33,473)
Tutor service fees		(13,462)	(10,852)
Short-term lease and low-value lease payments		(5,996)	(6,598)
Advertising and promotion expenses		(3,092)	(5,196)
Printing and other operating expenses		(23,322)	(20,504)
Depreciation and amortisation		(9,033)	(8,091)
Change in fair value of investment property		1,100	100
Operating loss		(1,991)	(11,598)
Finance costs	6	(1,665)	(1,229)
Share of profit of associates		383	32
<b>Loss before taxation</b>	7	(3,273)	(12,795)
Taxation	8	(503)	(200)
<b>Loss for the period</b>		(3,776)	(12,995)
<b>Other comprehensive loss</b>			
Item that will not be reclassified to profit or loss			
Change in the fair value of equity investment at fair value through other comprehensive income		(3)	(66)
Other comprehensive loss for the period		(3)	(66)
Total comprehensive loss for the period		(3,779)	(13,061)
Loss attributable to			
– Owners of the Company		(5,114)	(13,173)
– Non-controlling interests		1,338	178
		(3,776)	(12,995)
Total comprehensive loss for the period attributable to			
– Owners of the Company		(5,117)	(13,239)
– Non-controlling interests		1,338	178
		(3,779)	(13,061)
Basic and diluted loss per share for loss attributable to the owners of the Company (expressed in HK cents per share)	9	(1.01)	(2.63)

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

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 January 2024

		31 January 2024 HK\$'000 <i>Note</i> (Unaudited)	31 July 2023 HK\$'000 (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		8,387	9,022
Right-of-use assets		31,633	30,866
Investment property		19,100	18,000
Intangible assets		7,921	8,240
Interest in associates		5,087	5,104
Financial assets at fair value through other comprehensive income		63	66
Deferred income tax assets		4,484	4,594
Financial assets at fair value through profit or loss		335	335
Deposits and prepayments		2,977	2,068
		<u>79,987</u>	<u>78,295</u>
<b>Current assets</b>			
Accounts receivables	11	5,281	2,626
Deposits, prepayments and other receivables	12	20,651	16,403
Income tax recoverable		1	1
Financial assets at fair value through profit or loss		17,744	17,092
Cash and cash equivalents		88,130	75,283
		<u>131,807</u>	<u>111,405</u>
<b>Total assets</b>		<u><u>211,794</u></u>	<u><u>189,700</u></u>
<b>Equity</b>			
Share capital	15	124,135	124,135
Other reserves		6,417	6,575
Accumulated losses		(58,751)	(53,637)
<b>Equity attributable to owners of the Company</b>		<u>71,801</u>	77,073
Non-controlling interests		2,762	1,424
<b>Total equity</b>		<u>74,563</u>	78,497
<b>Liabilities</b>			
<b>Current liabilities</b>			
Other payables	13	14,977	14,189
Contract liabilities		21,739	12,896
Current income tax payable		585	193
Borrowings		79,130	63,565
Lease liabilities		13,937	10,043
		<u>130,368</u>	<u>100,886</u>

		<b>31 January</b>	31 July
		<b>2024</b>	2023
		<b>HK\$'000</b>	HK\$'000
	<i>Note</i>	<b>(Unaudited)</b>	(Audited)
<b>Non-current liabilities</b>			
Other non-current liabilities	<i>14</i>	<b>484</b>	941
Deferred income tax liabilities		<b>20</b>	16
Lease liabilities		<b>6,359</b>	9,360
		<u><b>6,863</b></u>	<u>10,317</u>
<b>Total liabilities</b>		<u><b>137,231</b></u>	<u>111,203</u>
<b>Total equity and liabilities</b>		<u><b>211,794</b></u>	<u>189,700</u>

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

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

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

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

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of Presentation

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”) and Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

### 2.2 Principal Accounting Policies

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated interim financial information are consistent with those used in the Group’s annual financial statements for the year ended 31 July 2023, except for the following revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA that have been adopted by the Group for the first time for the current period’s unaudited interim financial information:

HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies
HKAS 8 (Amendments)	Definition of Accounting Estimates
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities Arising from a Single Transaction
HKAS 12 (Amendments)	International Tax Reform – Pillar Two Model Rules
HKFRS 17 and HKFRS 17 (Amendments)	Insurance Contracts
HKFRS 17 (Amendments)	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information

The adoption of the above revised HKFRSs has had no significant financial effect on these interim financial statements.

### 3 REVENUE AND SEGMENT INFORMATION

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

The CODM consider the business by nature of business activities and assess the performance of private supplementary secondary school education services, private secondary day school services and ancillary education services and products. Ancillary education services and products mainly represent (i) education services to schools under our "Hong Kong Beacon International Education" (香港遵理國際教育) and "Diverse Learning Club" (多元學習坊) brands; (ii) IELTS and foreign language courses under our "Beacon BExcellent" brand; (iii) mock examination services; (iv) VIP self-study services; (v) other services and products including but not limited to provision of post-HKDSE courses under our "Beacon CAPE" brand and its preparation courses under our "1% Group Education" (壹伙教育) brand, online course scheduling and management services, other educational services under our "Ascent Prep" brand, and online retail and education business under our "Beacon Living" and "CourseZ" brands respectively. The CODM consider that the Group operates and is managed as a single operating segment.

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

#### Six months ended 31 January

2024	2023
HK\$'000	HK\$'000
(Unaudited)	(Unaudited)

#### Major products/service lines

Private supplementary secondary school education services	49,897	46,801
Private secondary day school services	6,743	6,358
Ancillary education services and products	23,064	15,128
	<u>79,704</u>	<u>68,287</u>

#### Six months ended 31 January

2024	2023
HK\$'000	HK\$'000
(Unaudited)	(Unaudited)

#### Timing of revenue recognition:

Overtime	76,087	62,839
At a point in time	3,617	5,448
	<u>79,704</u>	<u>68,287</u>

Majority of the Group's revenue from external customers and assets were generated from and located in Hong Kong. All unsatisfied contracts of the Group were related to education service contracts and those contracts were for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

#### 4 OTHER INCOME AND OTHER (LOSSES)/GAINS

	<b>Six months ended 31 January</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Other income		
– IT service income	2,888	2,673
– Interest income	694	410
– Dividend income from financial assets at fair value through profit or loss	569	213
– Rental income from investment property	359	337
– Advertising income	1,673	134
– Government subsidies	492	—
– Sundry income	616	1
	<u>7,291</u>	<u>3,768</u>
Other (losses)/gains		
Exchange differences - net	68	(76)
Fair value (loss)/gain on financial assets at fair value through profit or loss	(1,494)	172
Gain on disposal of financial assets at fair value through profit or loss	1,383	865
	<u>(43)</u>	<u>961</u>

#### 5 STAFF COSTS

	<b>Six months ended 31 January</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Salaries, allowances and bonus	33,606	32,054
Pension costs-defined contribution retirement plans ( <i>Note (a)</i> )	1,532	1,419
	<u>35,138</u>	<u>33,473</u>

Note:

(a) Pension costs-defined contribution retirement plans

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

**6 FINANCE COSTS**

	<b>Six months ended 31 January</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$’000</b>	<b>HK\$’000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Interest expenses on lease liabilities	<b>513</b>	421
Interest expenses on bank loan	<b>1,152</b>	808
	<b><u>1,665</u></b>	<b><u>1,229</u></b>

**7 LOSS BEFORE TAXATION**

	<b>Six months ended 31 January</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$’000</b>	<b>HK\$’000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Loss before taxation has been arrived at after charging:</b>		
Short-term lease expenses	<b>5,996</b>	6,598
Depreciation of right-of-use assets	<b>7,437</b>	5,730
Depreciation of property, plant and equipment	<b>1,277</b>	2,078
Printing and stationery	<b>3,178</b>	3,727
Amortisation of intangible assets	<b>319</b>	282
	<b><u>319</u></b>	<b><u>282</u></b>



## 8 TAXATION

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

	Six months ended 31 January	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax		
– Hong Kong profits tax	392	1
Deferred income tax	111	199
	<u>503</u>	<u>200</u>

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

## 9 LOSS PER SHARE

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

	Six months ended 31 January	
	2024	2023
	(Unaudited)	(Unaudited)
Loss attributable to owners of the Company (HK\$'000)	(5,114)	(13,173)
Weighted average number of shares in issue (thousand shares)	<u>507,632</u>	<u>501,335</u>
Basic loss per share for loss attributable to owners of the Company (HK cents)	<u>(1.01)</u>	<u>(2.63)</u>

Diluted loss per share is the same as the basic loss per share since the potential shares from options are anti-dilutive throughout each of the six months ended 31 January 2024 and 31 January 2023.

## 10 DIVIDEND

There were no dividends paid or declared by the Company during the six months ended 31 January 2024 and 31 January 2023.

The Board does not recommend the payment of interim dividend for the six months ended 31 January 2024 (2023: nil).

## 11 ACCOUNTS RECEIVABLES

	<b>31 January</b>	31 July
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Accounts receivables	<u><b>5,281</b></u>	<u>2,626</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 or credit cards. As at 31 January 2024 and 31 July 2023, the ageing analysis of the accounts receivables based on invoice date was as follows:

	<b>31 January</b>	31 July
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
1-30 days	<b>4,843</b>	1,893
31-60 days	<b>69</b>	422
Over 60 days	<u><b>369</b></u>	<u>311</u>
	<u><b>5,281</b></u>	<u>2,626</u>

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

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

For accounts receivables relating to accounts with objective evidence that the Group is unable to recover the debts, they are assessed individually for impairment allowance. Accordingly, no individual provision were made as at 31 January 2024 (31 July 2023: nil).

The carrying amount of the Group’s accounts receivables was denominated in Hong Kong dollar.

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

## 12 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

		<b>31 January</b>	31 July
		<b>2024</b>	2023
		<b>HK\$'000</b>	HK\$'000
	<i>Note</i>	<b>(Unaudited)</b>	(Audited)
Other receivables	<i>(i)</i>	<b>12,829</b>	9,033
Deposits and prepayments	<i>(ii)</i>	<b>13,011</b>	11,212
		<b>25,840</b>	20,245
Less: Allowance for impairment		<b>(2,212)</b>	(1,774)
		<b>23,628</b>	18,471
Less: non-current portion		<b>(2,977)</b>	(2,068)
Deposits, prepayments and other receivables			
– current portion		<b>20,651</b>	16,403

### Notes:

- (i) As at 31 January 2024, other receivables of HK\$2,669,000 (31 July 2023: HK\$2,126,000) represent amounts due from tutors which arose from variable expenses incurred by the Group on behalf of the tutors.
- (ii) Deposits and prepayments mainly represent deposits for utilities, lease payments, building management fees, prepayments for service fees, renovation, license fees, advertising and others.

As at 31 January 2024, deposits of HK\$6,261,000 (31 July 2023: HK\$6,920,000), prepayments of HK\$3,770,000 (31 July 2023: HK\$2,221,000) and other receivables of HK\$10,620,000 (31 July 2023: HK\$7,262,000) are expected to be recovered within one year.

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

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

### 13 OTHER PAYABLES

		<b>31 January</b>	31 July
		<b>2024</b>	2023
		<b>HK\$'000</b>	HK\$'000
	<i>Note</i>	<b>(Unaudited)</b>	(Audited)
Other payables	<i>(i)</i>	<b>12,549</b>	12,118
Provision of reinstatement cost	<i>(ii)</i>	<b>2,428</b>	2,071
Current portion		<b><u>14,977</u></b>	<b><u>14,189</u></b>

#### Notes

- (i) Other payables mainly represent accrued staff costs, printing expenses, legal and professional fees and advertising expenses, etc.
- (ii) Included in other payables is a current portion of provision of reinstatement cost of HK\$2,428,000 (31 July 2023: HK\$2,071,000). The movement of provision of reinstatement cost is as follows:

	<b>31 January</b>	31 July
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Balance as at beginning of the period/year	<b>3,012</b>	2,784
Additions	<b>199</b>	228
Utilisation	<b>(299)</b>	—
Balance as at closing of the period/year	<b>2,912</b>	3,012
Less: non-current portion	<b>(484)</b>	(941)
Current portion	<b><u>2,428</u></b>	<b><u>2,071</u></b>

**14 OTHER NON-CURRENT LIABILITIES**

	<b>31 January</b>	31 July
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Provision of reinstatement cost	<u><b>484</b></u>	<u>941</u>

**15 SHARE CAPITAL**

	<b>Number of</b>	
	<b>shares</b>	<b>HK\$'000</b>
Authorised:		
Ordinary shares at 31 July 2023 (audited) and at 31 January 2024 (unaudited)	10,000,000,000	100,000
Issued and fully paid:		
Ordinary shares at 31 July 2023 (audited)	507,632,000	124,135
Ordinary shares at 31 January 2024 (unaudited)	<u>507,632,000</u>	<u>124,135</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

Our Group is a leading provider of private supplementary secondary school education services in Hong Kong. We principally engage in the provision of private supplementary secondary school education services and the operation of private secondary day schools in Hong Kong. We also offer ancillary education services and products targeted at pre-school, kindergarten, primary and secondary school students and individuals pursuing further education, other interest learning or personal development. We provide all of our private supplementary education services from teaching centres on Hong Kong Island, in Kowloon and the New Territories. As at 31 January 2024, we operated 11 teaching centres, with a total of 82 classrooms, which, in accordance with the EDB's guidelines, allow a maximum classroom capacity of 2,331 students to attend class at any one time.

Starting from the 2023/2024 academic year, the adverse impact brought by COVID-19 has been diminishing, and the overall economy has gradually recovered. Our Group has experienced remarkable growth in revenue. Our Group's revenue increased by HK\$11.4 million, or 16.7%, from HK\$68.3 million to HK\$79.7 million during the six months ended 31 January 2024. Our revenue growth has been noted in all lines of services, especially in our education services rendered to various schools and education institutions, which have become one of our source of growth. With policies advocating the integration among cities in the Greater Bay Area, there is an increasing demand for HKDSE-related education services in mainland China. The provision of consultancy services and support to various education institutions has resulted in this strong growth. Moreover, the complete resumption of normal schooling has also increased the demand for schools acquiring education services (both academic and activity-based programs) from third parties. These factors have resulted in a sharp increase in our revenue derived from school services by HK\$5.1 million, or 88.4%, from HK\$5.8 million to HK\$10.9 million during the six months ended 31 January 2024. On the other hand, the integration of the new education businesses acquired in the previous financial year ended 31 July 2023 has also contributed to an additional revenue of HK\$6.9 million during the six months ended 31 January 2024.

Notwithstanding the absence of revenue derived from the Liberal Studies subject due to the change in the HKDSE curriculum, our Group was able to achieve revenue growth in private supplementary secondary school education services by HK\$3.1 million, or 6.6%, from HK\$46.8 million to HK\$49.9 million during the six months ended January 31, 2024.

Below is a summary of the revenue for each category of services which we provided for each of the six months ended 31 January 2024 and 2023:

**For the six months ended 31 January**

	2024		2023	
	HK\$'000	%	HK\$'000	%
Private supplementary secondary school education services	49,897	62.6	46,801	68.5
Private secondary day school services	6,743	8.5	6,358	9.3
Ancillary education services and products	23,064	28.9	15,128	22.2
	<u>79,704</u>	<u>100.0</u>	<u>68,287</u>	<u>100.0</u>

**i) Private supplementary secondary school education services**

The following table sets forth the revenue, the number of session enrollments of each course category, and the average course fee of private supplementary secondary school education services for each of the six months ended 31 January 2024 and 2023:

	<b>For the six months ended 31 January</b>			
	2024		2023	
	Session enrollment	Revenue	Session enrollment	Revenue
	'000	HK\$'000	'000	HK\$'000
Regular courses	49	34,887	45	33,081
Intensive courses	11	5,623	14	6,532
Summer courses	14	9,387	13	7,188
Total	<u>74</u>	<u>49,897</u>	<u>72</u>	<u>46,801</u>
Average course fee per session enrollment (HK\$)		<u>674</u>		<u>650</u>

The Group's revenue derived from private supplementary secondary school education services increased by 6.6% when compared to the same period in the previous financial year. This growth was driven by increases in both session enrollment and the average course fee per session enrollment. Despite the absence of enrollment in the Liberal Studies subject due to the change in the HKDSE curriculum, our Group was able to achieve a 2.8% increase in the total number of session enrollments during the six months ended 31 January 2024. Additionally, our average course fee per session enrollment slightly increased by 3.7% during the period. As anticipated, the learning hours spared from studying the Liberal Studies Subject resulting from the change in the HKDSE curriculum has enhanced the learning momentum for students in English Language and other subjects relevant to the students' individual tertiary education study plans.

**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 revenue for the six months ended 31 January 2024 increased by HK\$0.4 million or 6.1% when compared with that in the same period in the previous financial year due to an 8.2% increase in the school fee when compared to that of the same period ended 31 January 2023.

**iii) Ancillary education services and products**

The table below shows the revenue components of the ancillary education services and products for each of the six months ended 31 January 2024 and 2023:

	<b>For the six months ended</b>	
	<b>31 January</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
School services	<b>10,934</b>	5,805
Beacon BExcellent	<b>4,214</b>	3,291
Mock examination services	<b>1,007</b>	3,530
VIP self-study services	<b>432</b>	405
Childhood and other education services	<b>6,477</b>	2,097
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Total	<b>23,064</b>	15,128
	<hr/> <hr/>	<hr/> <hr/>



School services remained the largest source of revenue to our ancillary education services and products during the six months ended 31 January 2024. We offered various school services to education institutions in Shenzhen and Zhuhai in mainland China, and Hong Kong. In line with the policies advocating the integration among cities in the Greater Bay Area, there has been an increasing demand for HKDSE-related education services in mainland China. The provision of consultancy services and support to various education institutions has resulted in strong growth in revenue. Additionally, our Group offered various academic and activity-based programs to approximately 200 schools in Hong Kong. The relaxation of all anti-pandemic measures in schools has also increased the demand for schools acquiring education services (both academic and activity-based programs) from third parties. As a result, our revenue derived from school services sharply increased by HK\$5.1 million or 88.4%, from HK\$5.8 million to HK\$10.9 million during the six months ended 31 January 2024.

The revenue of Beacon BExcellent increased by HK\$0.9 million or 28.0% from HK\$3.3 million for the six months ended 31 January 2023, to HK\$4.2 million for the six months ended 31 January 2024. The increase was mainly due to the revenue growth in IELTS courses which were attributable to, amongst others, the increase in both average course fee as well as the number of session enrollment.

The revenue from mock examination services declined by HK\$2.5 million or 71.5% from HK\$3.5 million for the six months ended 31 January 2023 to HK\$1.0 million for the six months ended 31 January 2024. This decline was primarily because more mock examinations were scheduled in February of this year, whereas the same were held in January for the year 2023.

Childhood and other education services comprise revenue arising from i) the provision of childhood education services; ii) certain post-HKDSE courses such as BTEC Level 3 Certificate in Enterprise and Entrepreneurship and language courses, Pearson BTEC Level 5 Higher National Diploma in Business RQF (“HND”); iii) online learning platforms, such as CourseZ.com and Junewing.com; iv) online store named Beacon Living; and v) educational consultancy services. The relevant revenue increased by HK\$4.4 million or 208.9% from HK\$2.1 million for the six months ended 31 January 2023 to HK\$6.5 million for the six months ended 31 January 2024. Such an increase was mainly attributed to the revenue generated from the HND course and its relevant preparation courses operated under our “Beacon CAPE” and “1% Group Education” (壹伙教育) brands, respectively.

## **OUTLOOK AND FUTURE DEVELOPMENTS**

Looking ahead to the second half of the financial year, we anticipate that the core business of the Group, private supplementary secondary education services in Hong Kong, will remain its positive growth momentum since the impact of COVID-19 has subsided and regular schooling has resumed. With a stable student base and a quality teaching team being maintained, the Group has witnessed a steady growth in student enrollment, resulting in increased revenue. These positive developments highlight the Group's ability to adapt to the curriculum changes and capitalize on the changing demand for supplementary education services in various subjects.

The Group's investment activities and acquisition of subsidiaries in recent years have yielded positive results. The newly acquired associate and subsidiaries show promising growth prospects, particularly in the school services, further studies consultation, post-secondary education, and study tour businesses. These areas exhibit positive synergy with the Group, aligning with its strategic objectives and offering opportunities for expansion of the Group. The Group anticipates further growth and revenue generation through collaboration with its associates and subsidiaries in these sectors.

The school consultation services in mainland China have also experienced significant growth momentum. The Group is excited to continue expanding these services in the Greater Bay Area and establishing collaborations with more schools as alliance partners. The demand for HKDSE education services in mainland China is rapidly increasing. Families from Hong Kong who are seeking development opportunities in mainland China, as well as families migrating to Hong Kong, consider HKDSE as a preferred international education curriculum for their children. This is due to its wide recognition by universities worldwide, as well as in Hong Kong and mainland China.

Furthermore, the Group remains committed to actively seeking opportunities for collaboration, investment, and acquisitions in the education sector. The aim is to diversify the Group's business portfolio and expand its range of services. By identifying and capitalizing on strategic opportunities, the Group aims to maintain a competitive edge and deliver long-term value to its stakeholders.

## **FINANCIAL REVIEW**

### **Revenue**

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

The Group’s total revenue increased by HK\$11.4 million, or 16.7%, from HK\$68.3 million for the six months ended 31 January 2023 to HK\$79.7 million for the six months ended 31 January 2024. This was mainly due to the remarkable revenue growth from our Group’s ancillary education services and products.

Revenue from the provision of private supplementary secondary school education services increased by HK\$3.1 million or 6.6% from HK\$46.8 million for the six months ended 31 January 2023 to HK\$49.9 million for the six months ended 31 January 2024, which was due to the increase in the number of the Group’s session enrollment by 2,000 or 2.8% from 72,000 for the six months ended 31 January 2023 to 74,000 for the six months ended 31 January 2024. The increase in average course fee per session by about 3.7% also contributed to such revenue growth.

Revenue from the provision of the ancillary education services and products increased by HK\$7.9 million or 52.5% from HK\$15.1 million for the six months ended 31 January 2023 to HK\$23.1 million for the six months ended 31 January 2024. This was mainly due to the increase in the revenue arising from school services and childhood and other education services by HK\$9.5 million from HK\$7.9 million for the six months ended 31 January 2023 to HK\$17.4 million for the six months ended 31 January 2024, compensated by the HK\$2.5 million decline in revenue derived from mock examination services.

### **Other income**

Other income for the six months ended 31 January 2024 primarily consists of IT service income, government subsidies, advertising income, rental income from an investment property and interest income from bank deposits.

Other income increased by HK\$3.5 million or 93.5% from HK\$3.8 million for the six months ended 31 January 2023 to HK\$7.3 million for the six months ended 31 January 2024. The increase was mainly attributable to the significant growth in advertising income by HK\$1.5 million or 1,148.5% from HK\$0.1 million for the six months ended 31 January 2023 to HK\$1.7 million for the six months ended 31 January 2024.

## Major costs components

The summary below shows the major costs components of the Group among which 54.9% (2023: 53.8%) is related to labor costs (staff costs and tutor service fees), followed by printing and other operating expenses, depreciation of right-of-use (“**ROU**”) assets, short-term lease and low-value lease payments, and advertising and promotion expenses.

	For the six months ended 31 January			
	2024	% of	2023	% of
	HK\$'000	revenue	HK\$'000	revenue
Staff costs	35,138	44.1	33,473	49.0
Tutor service fees	13,462	16.9	10,852	15.9
Printing and other operating expenses	23,322	29.3	20,504	30.0
Depreciation of ROU assets	7,437	9.3	5,730	8.4
Short-term lease and low-value lease payments	5,996	7.5	6,598	9.7
Advertising and promotion expenses	3,092	3.9	5,196	7.6

## Staff costs

As at 31 January 2024, the Group had 190 full-time employees and maintained an accumulated pool of 112 part-time employees for seasonal and cyclical business needs.

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

The staff costs increased by HK\$1.7 million or 5.0% from HK\$33.5 million for the six months ended 31 January 2023 to HK\$35.1 million for the six months ended 31 January 2024. Such an increase was mainly attributable to the inclusion of staff costs of our newly acquired business (Ottorino Consultants (International) Limited (“**Ottorino**”)) in late 2022 and the increase in staff headcount to support the Group’s business expansion in mainland China offset by the continuous effort in corporate savings.

## **Tutor service fees**

Typically we offer a revenue sharing scheme to our tutors and thus the tutor service fees are in general positively correlated to the Group's revenue. Such expenses increased by HK\$2.6 million or 24.1% from HK\$10.9 million for the six months ended 31 January 2023 to HK\$13.5 million for the six months ended 31 January 2024.

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

## **Printing and other operating expenses**

Printing and other operating expenses primarily consist of printing expenses, building management fees, service fees to freelancers, legal and professional fees, utilities and other administrative expenses. These expenses increased by HK\$2.8 million or 13.7% from HK\$20.5 million for the six months ended 31 January 2023 to HK\$23.3 million for the six months ended 31 January 2024.

The increase was mainly attributable to the increase in service fees payable to freelancers by HK\$2.8 million or 88.0% from HK\$3.2 million for the six months ended 31 January 2023 to HK\$6.1 million for the six months ended 31 January 2024. More service providers were engaged to cope with the business growth in our various lines of services such as school services. Such an increase was partially offset by the decrease in legal and professional costs due to the absence of merges and acquisitions in the six months ended 31 January 2024.

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

Depreciation of ROU assets and short-term leases and low-value lease payments are part of the largest components of the Group's operating costs, accounting for 9.3% and 7.5% respectively (2023: 8.4% and 9.7%) of the Group's total revenue. The overall lease related expenses increased by HK\$1.1 million or 9.0%, it was mainly attributable to the inclusion of relevant expenses of the business acquired in late 2022 (Ottorino) as well as the rental increment for certain leases after their renewal. With the passage of COVID-19, landlords were reluctant in general to offer more favorable lease terms than before when it comes to the renewal of lease. The Group continuously reviews the utilization and efficiency of the classroom resources with consideration to factors including but not limited to the occupancy rate, the rent and the lease terms.

## **Advertising and promotion expenses**

In recent years, our regular promotion and advertisement strategically shifted to focus on online channels and social media platforms such as Google, Instagram and Facebook, which were relatively more effective and efficient than the traditional offline channels such as billboard, transportation, foamboard and banners. Short videos and live broadcast marketing for promotional purpose were implemented periodically. The Group continued to review and assess the effectiveness and efficiency of advertisement on various channels and platforms which resulted in a decrease in advertising and promotion expenses by HK\$2.1 million or 40.5% from HK\$5.2 million for the six months ended 31 January 2023 to HK\$3.1 million for the six months ended 31 January 2024.

## **Income tax expense**

The income tax expense for the period ended 31 January 2024 was HK\$0.5 million (income tax expense for the six months ended 31 January 2023: HK\$0.2 million). The effective tax rates of the Group for the six months ended 31 January 2024 and 2023 were 15.4% and 1.6% respectively.

## **Loss for the period**

The Group recorded a loss of HK\$3.8 million for the six months ended 31 January 2024. (loss of the Group for the six months ended 31 January 2023: HK\$13.0 million). The loss was mainly due to the increase in costs and expenses stated above.

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

As at 31 January 2024, the Group's net current asset value was HK\$1.4 million, which mainly consisted of prepayments, deposits and other receivables and cash and cash equivalents less other payables, contract liabilities, current income tax payable, borrowings and lease liabilities.

The Group's current assets slightly increased from HK\$111.4 million as at 31 July 2023 to HK\$131.8 million as at 31 January 2024. Such increase in current assets was primarily due to the increase in cash and cash equivalents from HK\$75.3 million as at 31 July 2023 to HK\$88.1 million as at 31 January 2024.

The Group had cash and cash equivalents of HK\$88.1 million as at 31 January 2024 compared to HK\$75.3 million as at 31 January 2023. Among the cash and cash equivalents of the Group as at 31 January 2024, 84.2% was denominated in Hong Kong Dollar and 12.0% was denominated in Renminbi.

As at 31 January 2024, the current ratio of the Group (expressed as current assets divided by current liabilities) was 1.01, compared with 1.10 as at 31 July 2023. The Group is not exposed to material fluctuations in exchange rates or any related hedges.

As at 31 January 2024, the Group had bank borrowings amounting to HK\$79.1 million (31 July 2023: HK\$63.6 million) and lease liabilities HK\$20.3 million (31 July 2023: HK\$19.4 million). All lease liabilities and bank borrowings were denominated in Hong Kong Dollar. All bank borrowings are under a floating interest rate structure.

### **Treasury Policy**

The Group has adopted a prudent treasury management policy to (i) ensure that the Group's funds are properly and efficiently collected and deployed such that there is no material shortfall in cash which may interrupt the Group's daily business operations; and (ii) maintain adequate liquidity to cover the Group's operation cash flows, and administrative expenses. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements all the time.

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

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

### **Gearing ratio**

As at 31 January 2024, the Group's gearing ratio (calculated based on bank borrowings amounting to HK\$79.1 million and lease liabilities amounting to HK\$20.3 million divided by equity attributable to the owners of the Company as at the period end date amounting to HK\$71.8 million) was 138.5% (31 July 2023: 107.6%).

### **Contingent liabilities**

The Group did not have any material contingent liabilities as at 31 January 2024 (2023: nil).

## **DIVIDENDS**

The Board does not recommend the payment of an interim dividend for the six months ended 31 January 2024 (2023: nil).

## **ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

There was no other material acquisition or disposal of subsidiaries, associates or joint ventures during the six months ended 31 January 2024.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

As at 31 January 2024, the Group did not have any definite future plan for material investments or capital assets in the coming period of six months ended 31 July 2024.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company during the period of the six months ended 31 January 2024.

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

The Board has committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders of the Company and to enhance corporate value and accountability. Since the listing of the Company's shares on the Main Board of the Stock Exchange and up to 31 January 2024, the Company has complied with all applicable code provisions set out in the Corporate Governance Code in Appendix C1 to the Listing Rules (the "**Corporate Governance Code**") as amended from time to time.



## COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (“**Model Code**”) as its own securities dealing code to regulate all dealings by Directors and relevant employees of securities in the Company and other matters covered by the Model Code. Specific enquiries have been made of all the Directors and the relevant employees and they have confirmed that they have complied with the Model Code during the period of the six months ended 31 January 2024 and up to the date of this announcement.

## AUDIT COMMITTEE

The Audit Committee was established in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The primary duties of the Audit Committee are, *inter alia*, to (i) review and supervise the financial reporting, financial controls, risk management and internal control systems of the Group, (ii) review and approve connected transactions; and (iii) advise the Board in relation to the foregoing, in accordance with the model set out in the code provision D.3.3 of the Corporate Governance Code.

The Audit Committee consists of three members: Mr. Li Kai Sing, Mr. Kwan Chi Hong and Professor Wong Roderick Sue Cheun, all of whom are independent non-executive Directors. Mr. Li Kai Sing is the chairman of the Audit Committee. The Audit Committee has reviewed with the management this announcement including the unaudited financial statements of the Group for the six months ended 31 January 2024 and the accounting principles and practices adopted by the Group, and has discussed auditing, internal controls and financial reporting matters.

## **SIGNIFICANT EVENT AFTER THE REPORTING PERIOD**

### **SUPPLEMENTAL AGREEMENT IN RELATION TO THE SUBSCRIPTION AND ACQUISITION OF 51% OF THE ENLARGED ISSUED SHARE CAPITAL OF OTTORINO CONSULTANTS (INTERNATIONAL) LIMITED**

Reference is made to the announcement of the Company dated 25 October 2022 respectively (the “**Announcement**”) in relation to the Subscription and the Acquisition. Unless otherwise defined, capitalised terms used in this announcement shall bear the same meanings as those defined in the Announcement.

#### **Introduction**

It was announced in the Announcement, amongst others, that pursuant to the Agreement, the Vendors unconditionally and irrevocably, on a joint and several basis and as principal obligor and not merely as surety, guaranteed to the benefit of the Purchaser that (i) the operating cash flow of the Target Company during the period from 15 February 2022 (being the Target Company’s date of incorporation) and ending on 31 December 2022 (the “**Cash Flow Period**”) (the “**Relevant Cash Flow**”) as set out in its unaudited financial statements in respect of such period to be prepared by the Target Company in accordance with the Hong Kong Financial Reporting Standards (the “**Management Accounts**”); and (ii) the audited annual net profit after tax of the Target Company (the “**Actual Net Profit**”) for each of the three financial years ending on 31 July 2023, 2024 and 2025 respectively (the “**Guarantee Period**”) as set out in its audited consolidated financial statements in respect of such financial year to be prepared by auditors of the Target Company from time to time in accordance with the Hong Kong Financial Reporting Standards (the “**AFS**”), shall each not be less than HK\$5,000,000 (the “**Guaranteed Sum**”).

## The Supplemental Agreement

On 28 March 2024 (after trading hours), the Purchaser, the Vendors and the Target Company entered into a supplemental agreement in relation to the Agreement (the “**Supplemental Agreement**”), pursuant to which, the Parties agreed to (i) in respect of the Cash Flow Guarantee, clarify the meaning of the operating cash flow of the Target Company as being the gross cash receipts from the operations of the Target Company; (ii) in respect of the Profit Guarantee, change the Guaranteed Sum and Guarantee Period from the Actual Net Profit of HK\$5,000,000 for each of the three financial years ending on 31 July 2023, 2024 and 2025 respectively to an aggregated total amount of the Actual Net Profit of HK\$15,000,000 for the three financial years ending on 31 July 2023, 2024 and 2025 calculated as a whole (the “**New Guarantee Period**”); and (iii) make necessary amendments to other relevant clauses of the Agreement to align with the aforementioned amendments (collectively, the “**Amendments**”).

Consequential to the Amendments, if (i) the Relevant Cash Flow is less than HK\$5,000,000; or (ii) the Actual Net Profit for the New Guarantee Period is less than HK\$15,000,000, the Vendors shall pay to the Purchaser the Compensation Sum calculated as follows in respect of the Relevant Cash Flow or the Actual Net Profit (as the case may be):

Compensation Sum = (relevant Guaranteed Sum — Relevant Cash Flow/Actual Net Profit (as the case may be))  
x 51% x 2.5 times

For the avoidance of doubt, should the Target Company record an audited annual net loss in its AFS for any financial year during the New Guarantee Period, the audited annual net profits after tax for the Target Company for such financial year to be aggregated and form part of the Actual Net Profit for the New Guarantee Period shall be deemed as zero.

In the event that the payment of the Compensation Sum is required, the Compensation Sum for the Relevant Cash Flow or the Actual Net Profit (as the case may be) shall be settled by the Vendors (on a joint and several basis) to the Purchaser within 30 Business Days upon the issuance of the Management Accounts or the AFS in respect of the last financial year during the New Guarantee Period (as the case may be) by way of cash or cash equivalent.

Save as disclosed above, there was no other change to the terms of Agreement (including the terms of the Cash Flow Guarantee and the Profit Guarantee respectively) under the Supplemental Agreement.

## **Reasons for Entering into the Supplemental Agreement**

In respect of the Profit Guarantee, the Parties entered into the Supplemental Agreement to change its terms mainly due to considering the practical difficulties which are beyond the Parties contemplation and may delay the Target Company's business in achieving the Profit Guarantee, being (i) the longer than expected period of time required to achieve the business integration of the Target Company with the Group for a synergy effect; (ii) the unexpectedly lengthy processing time for the Target Company's registration as a school under the Education Bureau, such that Target Company was only successfully registered as a school in order to conduct regulated teaching activities in January 2024; and (iii) a slower than expected economic recovery in Hong Kong following the relaxation of public health measures for COVID-19 especially in the education industry.

The change of terms of the Profit Guarantee to assess the Actual Net Profit across all three financial years in the New Guarantee Period on an aggregated basis would in effect give less weight on the impact of the COVID-19 pandemic and such other negative practical, market and economic conditions on the Actual Net Profit for the financial year ended 31 July 2023 and allow the Target Company to continue to work towards gradual and healthy recovery post-pandemic in the financial years ending 31 July 2024 and 2025 having resolved the initial business integration and licensing issues, so as to create more synergy effect with the Group's existing businesses and bring along other commercial benefits as disclosed in the Announcement.

In respect of the Cash Flow Guarantee, the Parties wished to take the opportunity of the Supplemental Agreement to clarify the meaning of the operating cash flow of the Target Company as the gross cash receipts from the operations of the Target Company. Given the Target Company was relatively newly incorporated at the time of negotiations for the Agreement, the Company intended to assess the scale and cash-generation ability of its business model as of the date of the Agreement (being 25 October 2022) and during the period within which completion under the Agreement was expected to take place (being 30 November 2022) through the Cash Flow Guarantee. Such business scale and cash generation ability are predominantly demonstrated by the amount of cash the Target Company receives from its education institution/student customers for its educational services. In other words, the Cash Flow Guarantee was intended to assess whether the scale of the Target Company's education services (as supported by the Vendors' tangible and intangible resources) would be able to secure such business generating at least the Guaranteed Sum, comprised of service fees, course fees, tuition fees, etc. paid by educational institutions/student customers in cash, during the Cash Flow Period. Considering the above, the Parties took this opportunity to explicitly clarify the meaning of the operating cash flow under the Cash Flow Guarantee in order to reflect the original business intent of the Parties when setting the Cash Flow Guarantee.

Taking into account the reasons described above, the Board (including all the independent non-executive Directors) considers that the terms of the Supplemental Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, the Board (including all the independent non-executive Directors) considers that such change of terms of the Agreement (including the terms of the Cash Flow Guarantee and the Profit Guarantee respectively) is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Listing Rules Implications**

This section of this announcement is issued by the Company pursuant to (i) Rule 14.36 of the Listing Rules given that the changes to the Agreement by way of the Supplemental Agreement constituted material variation to the terms of transactions contemplated under the Agreement previously disclosed in the Announcement; and (ii) Rule 14.36B(1) of the Listing Rules given that there were subsequent changes to the terms of the Cash Flow Guarantee and the Profit Guarantee given under the Agreement.

### **PERFORMANCE OF THE TARGET COMPANY IN RELATION TO THE CASH FLOW GUARANTEE**

The Board is pleased to announce that the Cash Flow Guarantee was satisfied based on the terms of the Agreement (as clarified and supplemented by the Supplemental Agreement).

The Relevant Cash Flow (as determined based on the gross cash receipts from the operations of the Target Company), based on the Management Accounts received and approved by the Purchaser pursuant to the Agreement, was in excess of HK\$5,000,000 and therefore was more than the relevant Guaranteed Sum. Accordingly, the Cash Flow Guarantee was satisfied.

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

This preliminary announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.bexcellentgroup.com](http://www.bexcellentgroup.com)). The interim report of the Company for the six months ended 31 January 2024 containing all the information required by the Listing Rules will be despatched to the Shareholders and made available on the same websites in due course.

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

Hong Kong, 28 March 2024

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