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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) ANNUAL RESULTS FOR THE YEAR ENDED 31 JULY 2025; (2) NON-FULFILLMENT OF PROFIT GUARANTEE; AND (3) CONNECTED TRANSACTION — SETTLEMENT AGREEMENT

FINANCIAL HIGHLIGHTS

Summary of the results of the Group for the financial year ended 31 July 2025 compared to that of the year ended 31 July 2024 is as follows:

- The Group's revenue increased by 23.0% from HK\$157.1 million to HK\$193.2 million.
- Loss of the Group increased by 5.3% from HK\$23.3 million to HK\$24.5 million.
- Adjusted loss of the Group decreased by 22.1% from HK\$21.9 million to HK\$17.1 million.*
- Loss attributable to owners of the Company decreased by 1.0% from HK\$24.6 million to HK\$24.4 million.

As at 31 July 2025, the Group had cash and cash equivalents of HK\$86.7 million (2024: HK\$76.6 million).

The Board does not recommend the payment of a final dividend for the year ended 31 July 2025.

* Loss of the Group was adjusted by excluding the decrease in fair value of investment property, impairment loss of intangible asset and fair value changes on financial assets at fair value through profit or loss.

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of BExcellent Group Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 July 2025, 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).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 July 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Revenue	3	193,169	157,084
Other income	4	12,197	10,253
Other losses - net	4	(5,260)	(309)
Staff costs	5	(85,702)	(69,835)
Tutor service fees		(39,431)	(33,717)
Short-term lease and low-value lease payments		(10,191)	(10,201)
Advertising and promotion expenses		(8,275)	(5,671)
Printing and other operating expenses		(61,625)	(48,460)
Depreciation and amortisation expenses		(18,729)	(17,862)
Impairment loss of intangible asset		—	(1,189)
Reversal of impairment loss (impairment loss) on financial assets		1,146	(435)
Operating loss		(22,701)	(20,342)
Finance costs	6	(3,622)	(3,859)
Share of profits of associates		1,988	1,157
Loss before tax	7	(24,335)	(23,044)
Income tax expense	8	(190)	(253)
Loss for the year		(24,525)	(23,297)
Other comprehensive (expense) income			
<i>Item that may be reclassified subsequently to profit or loss</i>			
• Exchange difference arising on translation of financial statements of foreign operations		(265)	50
<i>Item that will not be reclassified subsequently to profit or loss</i>			
• Change in the fair value of equity investment at fair value through other comprehensive income		(16)	(50)
Other comprehensive expense for the year		(281)	—
Total comprehensive expense for the year		(24,806)	(23,297)
(Loss) profit attributable to			
• Owners of the Company		(24,375)	(24,615)
• Non-controlling interests		(150)	1,318
		(24,525)	(23,297)
Total comprehensive (expense) income for the year attributable to			
• Owners of the Company		(24,656)	(24,615)
• Non-controlling interests		(150)	1,318
		(24,806)	(23,297)
Loss per share (expressed in HK cent per share):			
• Basic loss per share	9	(4.80)	(4.85)
• Diluted loss per share	9	(4.80)	(4.85)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 July 2025

		2025	2024
	Notes	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment		7,760	7,985
Right-of-use assets		22,102	29,937
Investment property		10,700	14,600
Intangible assets		6,718	6,917
Interests in associates		7,943	5,861
Financial assets at fair value through other comprehensive income		—	16
Deferred tax assets		4,378	4,578
Financial assets at fair value through profit or loss		—	335
Deposits	12	1,248	2,931
		<u>60,849</u>	<u>73,160</u>
Current assets			
Accounts receivables	11	4,938	6,073
Deposits, prepayments and other receivables	12	24,294	19,314
Financial assets at fair value through profit or loss		15,346	19,606
Cash and cash equivalents		86,685	76,560
		<u>131,263</u>	<u>121,553</u>
Current Liabilities			
Other payables	13	19,319	14,794
Contract liabilities		52,352	24,935
Income tax payable		420	427
Borrowings		78,758	80,292
Lease liabilities		7,322	13,490
		<u>158,171</u>	<u>133,938</u>
Net current liabilities		<u>(26,908)</u>	<u>(12,385)</u>
Total assets less current liabilities		<u>33,941</u>	<u>60,775</u>

		2025	2024
	Notes	HK\$'000	HK\$'000
Non-current liabilities			
Other payables	13	475	1,267
Deferred tax liabilities		12	18
Lease liabilities		4,204	5,367
		<u>4,691</u>	<u>6,652</u>
Net assets		<u>29,250</u>	<u>54,123</u>
Equity			
Share capital		124,135	124,135
Reserve		(96,367)	(71,677)
Equity attributable to owners of the Company		27,768	52,458
Non-controlling interests		<u>1,482</u>	<u>1,665</u>
Total equity		<u>29,250</u>	<u>54,123</u>

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

Notes to the Consolidated Financial Statements

1. CORPORATE INFORMATION AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

Corporate information

BExcellent Group Holdings Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act, 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, provision of school services and offer ancillary education services and products in Hong Kong and the People’s Republic of China (“the PRC”). 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.

Basis of preparation

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards 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 preparation of consolidated financial statements in conformity with HKFRS Accounting Standards 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 other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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.

For the year ended 31 July 2025, the Group reported loss for the year of approximately HK\$24,525,000. As at 31 July 2025, the Group had total net current liabilities of approximately HK\$26,908,000 (including bank loans of HK\$71,857,000 that are not repayable within one year but contain a repayment on demand clause), while the Group had cash and cash equivalents of approximately HK\$86,685,000 only.

In preparing the consolidated financial statements of the Group, the directors of the Company have reviewed the Group's cash flow projections covering a period of not less than twelve months from 31 July 2025 and have given careful consideration to the Group's future liquidity, performance and available resources, including but not limited to:

- (i) out of the bank borrowings of HK\$78,758,000, bank borrowings that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause and shown under current liabilities amounted to HK\$71,857,000. The directors of the Company believe that it is not probable that the banks will exercise their discretionary right to demand immediate payment.

The secured bank loans of HK\$5,511,000 which were secured by the investment property of the Group of HK\$10,700,000 and corporate guarantee given by the Company. Its repayment is expected to be fully recovered through the realisation of these assets when the repayment on demand clause be exercised. The unsecured bank loans of HK\$73,247,000 were 100% guaranteed by the Hong Kong Government and by certain controlling shareholders of the Company; and

- (ii) the Group is expected to generate adequate cash flow to maintain its operation.

The directors of the Company consider that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months from 31 July 2025. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

2. APPLICATION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Application of amendments to HKFRS Accounting Standards

In the current year, the Group has applied, for the first time, the following amendments to HKFRS Accounting Standards issued by the HKICPA which are effective for the Group's financial year beginning on 1 August 2024.

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5(2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRS Accounting Standards in the current year has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRS Accounting Standards issued but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

HKFRS 18	Presentation and Disclosure in Financial Statements ³
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to HKAS 21	Lack of Exchangeability ¹
Amendments to HKFRS Accounting Standards	Annual improvements to HKFRS Accounting Standards – Volume 11 ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature – dependent Electricity ²

¹ Effective for annual periods beginning on or after 1 January 2025.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

⁴ Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of the above new and amendments to HKFRS Accounting Standards will have no material impact on the results and the financial position of the Group.

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, school services and ancillary education services and products. Ancillary education services and products mainly represent (i) consultancy services including school selection and application, assessment and test preparation, course selection, interview training, and career planning under brands Beacon Childhood Education (遵理兒童教育), Beacon Education Technology (遵理教育科技), Beacon Education Consultancy (遵理教育諮詢), 1% Education (壹伙教育), Advance Bestway, and Ascent Prep; (ii) IELTS courses under our "Beacon BExcellent" brand; (iii) mock examination services; (iv) other education services including VIP self-study services, the BTEC Level 3 Certificate in Enterprise and Entrepreneurship and the new BTEC Level 5 Higher National Diploma in Business (RQF) under the "Beacon CAPE" (遵理持續教育) brand, products including but not limited to online course scheduling and management services, as well as online retail and education business under "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, revenue recognised during the year is disaggregated by major products/service lines and timing of revenue recognition.

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
<u>Revenue from contracts with customers within the scope of HKFRS 15</u>		
Disaggregates by major products or services lines		
– Private supplementary secondary school education services	100,643	95,481
– Private secondary day school services	16,261	12,553
– School services	45,563	28,176
– Ancillary education services and products	30,702	20,874
	<u>193,169</u>	<u>157,084</u>
Timing of revenue recognition:		
– Over time	185,920	149,345
– At a point in time	7,249	7,739
	<u>193,169</u>	<u>157,084</u>
Total revenue from contracts with customers	<u>193,169</u>	<u>157,084</u>

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.

Geographical information

The Group's operations are mainly located in Hong Kong and the PRC.

Information about the Group's revenue from external customers is presented based on the location of the customers. Information about the Group's non-current assets, excluding deposits, financial assets at FVTPL, financial assets at FVTOCI and deferred tax asset, is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Hong Kong	150,235	140,556	48,912	63,424
The PRC	42,934	16,528	6,311	1,876
	<u>193,169</u>	<u>157,084</u>	<u>55,223</u>	<u>65,300</u>

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group is as follow:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Customer A (<i>Note</i>)	<u>22,382</u>	<u>N/A</u>

Note:

Revenue from this customer is related to school services. The corresponding revenue did not contribute over 10% of the total revenue of the Group for the year ended 31 July 2024.

4. OTHER INCOME AND OTHER (LOSSES) GAINS - NET

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Other income		
– Advertising income	6,004	2,105
– IT service income	3,409	3,968
– Rental income from investment property	1,023	719
– Sundry income	897	1,195
– Interest income	435	1,409
– Government subsidies (<i>Note</i>)	429	857
	<u>12,197</u>	<u>10,253</u>
Other (losses) gains - net		
– Decrease in fair value of investment property	(3,900)	(3,400)
– Fair value (loss) gain on financial assets at fair value through profit or loss	(1,567)	3,200
– Exchange differences – net	207	(109)
	<u>(5,260)</u>	<u>(309)</u>

Note:

The Group recognised government grants of HK\$429,000 and HK\$857,000 in respect of Green Lifestyle Local Tour Incentive Scheme provided by the Government of the Hong Kong Special Administrative Region for local travel agents during the year ended 31 July 2025 and 2024 respectively. There are no unfulfilled conditions and other contingencies attached to the receipts of those subsidies.

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Directors' and Chief Executive's emoluments		
– fees	—	—
– salaries, allowances and other benefits	7,616	7,614
– contributions to retirement benefits scheme	72	72
	<u>7,688</u>	<u>7,686</u>
Other staff costs		
– salaries, allowances and other benefits	74,439	59,279
– contributions to retirement benefits scheme	3,575	2,870
	<u>78,014</u>	<u>62,149</u>
Total staff costs	<u><u>85,702</u></u>	<u><u>69,835</u></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 to the MPF Scheme.

Contributions to the MPF Scheme are fully and immediately vested in the employees once the contributions are made by the Group. There are no contributions forfeited by the Group on behalf of its employees who leave the plan prior to vesting fully in such contribution. Hence, there is no forfeited contributions may be used by the Group to reduce the existing level of contributions as described in paragraph 26(2) of Appendix D2 of the Listing Rules.

(b) Five highest paid individuals

The emoluments payable to the five highest paid individuals (including 3 directors (2024: 4 directors)) are as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Basic salaries, housing allowances, other allowances and benefits in kind	8,682	8,574
Contributions to retirement benefits scheme	89	90
	<u>8,771</u>	<u>8,664</u>

The five individuals whose emoluments were the highest in the Group included 3 directors (2024: 4 directors) for the year ended 31 July 2025. The emoluments of the remaining individuals fell within the following band:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
HK\$1,000,001 – HK\$1,500,000	1	—
HK\$1,500,001 – HK\$2,000,000	<u>1</u>	<u>1</u>

During the years ended 31 July 2025 and 2024, no bonus and no emolument were paid by the Group to any of the Directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

6. FINANCE COSTS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interest expenses on lease liabilities	1,164	1,175
Interest expenses on bank loans	<u>2,458</u>	<u>2,684</u>
	<u>3,622</u>	<u>3,859</u>

7. LOSS BEFORE TAX

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss before tax has been arrived at after charging:		
Remuneration to the Company's auditor		
– audit and audit-related services	630	630
– non-audit services	14	14
Remuneration to other auditors		
– audit and audit-related services	244	237
– non-audit services	53	85
Impairment loss on accounts receivables	74	143
Impairment loss on property, plant and equipment	143	—
(Reversal of impairment loss) impairment loss on other receivables	(1,220)	292
Depreciation of property, plant and equipment	2,502	2,495
Amortisation of intangible assets	564	544
	<u>564</u>	<u>544</u>

8. INCOME TAX EXPENSE

The amounts of income tax expense charged to the consolidated statement of profit or loss and other comprehensive income represent:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Hong Kong profit tax		
– provision for current year	105	326
– over-provision in prior years	(109)	(91)
Current income tax	(4)	235
Deferred income tax	194	18
	<u>190</u>	<u>253</u>

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of certain PRC subsidiaries is 25% for the year ended 31 July 2025 (2024: 25%).

Under relevant PRC EIT Law, for the PRC enterprises that qualified as small and low profit enterprise are entitled to a preferential income tax rate of 5% for annual taxable income up to RMB3,000,000, whereas the excess portion will be subject to the tax rate of 25%. No PRC EIT has been provided as the Group had no assessable profits for both years ended 31 July 2025 and 2024.

9. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2025	2024
Loss attributable to owners of the Company (<i>HK\$'000</i>)	(24,375)	(24,615)
Weighted average number of shares in issue (<i>thousand shares</i>)	<u>507,632</u>	<u>507,632</u>
Basic loss per share attributable to owners of the Company (<i>HK cent</i>)	<u>(4.80)</u>	<u>(4.85)</u>

Basic and diluted loss per share for the year ended 31 July 2025 and 2024 are the same since the potential shares from options are anti-dilutive.

10. DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 July 2025 (2024: Nil).

11. ACCOUNTS RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Accounts receivables	5,155	6,216
Less: Allowance for impairment	(217)	(143)
	<u>4,938</u>	<u>6,073</u>

There is no credit period granted as the income from private supplementary secondary school education services, private secondary day school services and school services. Private supplementary secondary school education services and private secondary day school services are normally received in advance through settlement in cash, cheque or credit cards. As at 31 July 2025 and 2024, the ageing analysis of the accounts receivables based on invoice date were as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
1 – 30 days	3,084	4,267
31 – 60 days	529	470
Over 60 days	1,325	1,336
	<u>4,938</u>	<u>6,073</u>

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses (“ECL”) which uses a lifetime expected loss allowance for all accounts receivables. To measure the ECL, 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.

12. DEPOSITS, PREPAYMENT AND OTHER RECEIVABLES

	Notes	2025 HK\$'000	2024 HK\$'000
Other receivables	(i)	13,280	11,772
Deposits and prepayments	(ii)	13,108	12,539
		26,388	24,311
Less: allowance for impairment	(iii)	(846)	(2,066)
		25,542	22,245
Less: non-current portion		(1,248)	(2,931)
Deposits, prepayments and other receivables – current portion		24,294	19,314

Notes:

- (i) As at 31 July 2025, other receivables of HK\$2,473,000 (2024: HK\$2,524,000) represent amounts due from tutors which arise from variable expenses incurred by the Group on behalf of the tutors. Allowance for impairment of HK\$846,000 (2024: HK\$2,066,000) has been made.

As at 31 July 2025, other receivable includes an amount of nil (2024: HK\$527,000) due from associates and a loan to an associate of nil (2024: HK\$860,000). The loan to an associate is unsecured, interest-free with three years repayment terms.

- (ii) Deposits and prepayments mainly represent deposits for utilities, rental deposits, building management fees, prepayments for service fees, renovation, licence fees, advertising and others.

As at 31 July 2025, deposits of HK\$8,730,000 (2024: HK\$7,221,000), prepayments of HK\$3,130,000 (2024: HK\$2,387,000) and other receivables of HK\$12,434,000 (2024: HK\$9,706,000) 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.

13. OTHER PAYABLES

	Notes	2025 HK\$'000	2024 HK\$'000
Other payables	(i)	17,395	13,512
Provision of reinstatement cost	(ii)	2,399	2,549
		<u>19,794</u>	<u>16,061</u>
Less: non-current portion		<u>(475)</u>	<u>(1,267)</u>
		<u><u>19,319</u></u>	<u><u>14,794</u></u>

Notes:

- (i) Other payables mainly represent accrued staff costs, printing expenses, and advertising expenses, etc.
- (ii) Included in other payables is a current portion of provision of reinstatement cost of HK\$1,924,000 (2024: HK\$1,282,000).
Movement of provision of reinstatement cost is as follows:

	2025 HK\$'000	2024 HK\$'000
Balance as at beginning of the year	2,549	3,012
Additions	268	277
Utilisation	<u>(418)</u>	<u>(740)</u>
Balance as at closing of the year	2,399	2,549
Less: non-current portion	<u>(475)</u>	<u>(1,267)</u>
Current portion	<u><u>1,924</u></u>	<u><u>1,282</u></u>

14. COMPARATIVE FIGURES

Staff costs with amount of approximately HK\$5,927,000 for the year ended 31 July 2024 included in printing and other operating expenses has been reclassified to tutor service fees to conform with current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Introduction

Our Group is a preeminent brand and a household name in the education industry of Hong Kong, with a distinguished legacy of 36 years since our establishment in 1989. This rich history and wide range of educational services and products we offered have enabled us to nurture countless students, building a comprehensive educational ecosystem that serves learners from the age of two through adulthood. We principally engage in the operation of private secondary day schools and the provision of private supplementary secondary school education services and school services in Hong Kong and mainland China. 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. Demonstrating strategic foresight, we began our expansion in mainland China several years ago and now possess established experience in providing curricula and maintaining operations in both Hong Kong and mainland China.

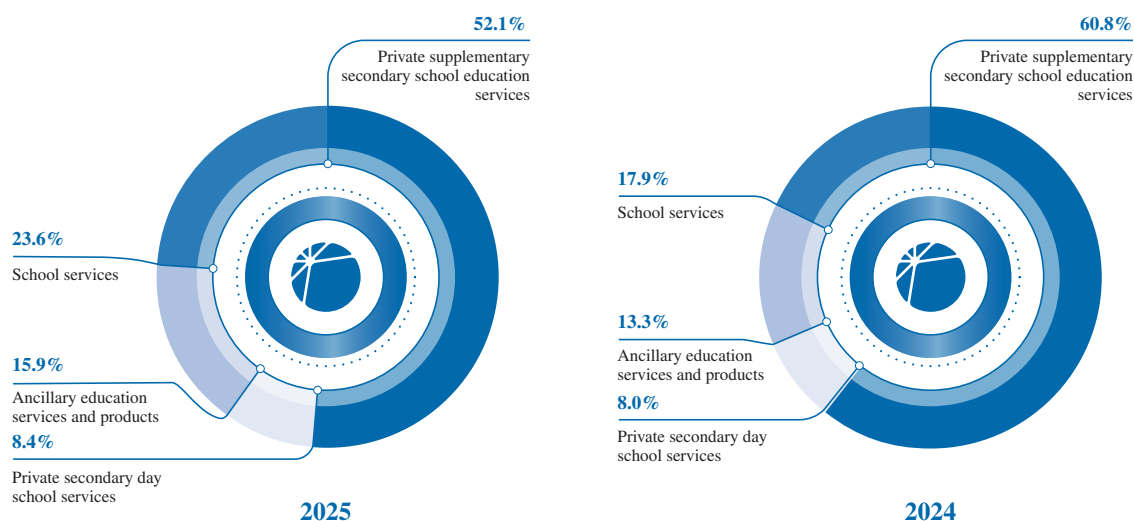
Our commitment to strategic diversification and operational excellence yielded strong financial results for the year ended 31 July 2025. Despite a challenging macroeconomic environment, all lines of our key services and products recorded growth, the Group recorded a significant revenue growth of HK\$36.1 million or 23.0% to HK\$193.2 million for the year ended 31 July 2025 (2024: HK\$157.1 million). This performance was notably driven by the outstanding growth in our school services segment, where revenue rose HK\$17.4 million or 61.7% from HK\$28.2 million for the year ended 31 July 2024 to HK\$45.6 million for the year ended 31 July 2025, underscoring our successful penetration into the B2B education sector in both Hong Kong and mainland China. The private supplementary secondary school education services remain as our largest service category that generated the largest portion of Group's revenue. Its revenue increased by HK\$5.2 million or 5.4% from HK\$95.5 million for the year ended 31 July 2024, to HK\$100.6 million for the year ended 31 July 2025. Our extensive teaching centre network supports the growth, our Group has a network of 11 teaching centres and 75 classrooms across Hong Kong as at 31 July 2025, capable of accommodating 2,052 students at any time in compliance with EDB's guidelines.

Revenue

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

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

The below charts summarize our Group's revenue proportion for each category of services we provided during the years ended 31 July 2025 and 2024:



Set out below is a summary of our revenue for each category of services which we provided for each of the years ended 31 July 2025 and 2024:

	For the year ended 31 July	
	2025	2024
	HK\$'000	HK\$'000
Private supplementary secondary school education services	100,643	95,481
Private secondary day school services	16,261	12,553
School services	45,563	28,176
Ancillary education services and products	30,702	20,874
	<u>193,169</u>	<u>157,084</u>

i) Private supplementary secondary school education services

Our Group provides private supplementary secondary school education services for students from Secondary 1 to Secondary 6 mainly under our “Beacon College” (遵理學校) brand. For the year ended 31 July 2025, this segment generated revenue of HK\$100.6 million, representing a robust year-on-year increase of HK\$5.2 million or 5.4%. This growth was driven by the successful strategic diversification of our curriculum offerings. In addition to the local HKDSE programs, we expanded our service offerings to international curricula, including A-Level and the International Baccalaureate (IB) programs, attracting a broader student base.

Notably, we maintained revenue from our core HKDSE programs despite having our maximum classroom capacity reduced by 5%, following the strategic optimization of our teaching centre network in Tseung Kwan O and Tsim Sha Tsui. Moreover, we successfully capitalized on the growing demand for premium and personalized services. This demand drove over a million in revenue growth through increased enrollment in our small-group and one-on-one tutorials, underscoring the strength of our brand and our ability to meet diverse learning needs.

ii) Private secondary day school services

We operated two private secondary day schools located respectively in Yuen Long and Mong Kok under our “Beacon Day School” (遵理日校) brand. Due to the increase in the number of student enrollments and increase in school fees in our private secondary day school during the year ended 31 July 2025, the revenue increased by HK\$3.7 million or 29.5% when compared with that in the previous financial year.

iii) School services

Our Group aimed to diversify our education business in recent years, we offer various school services such as education services to schools and institutions in Hong Kong and mainland China under our “Diverse Learning Club” (多元學習坊), “1% Group Education” (壹伙教育) and “Hong Kong Beacon International Education” (香港遵理國際教育) brands respectively.

The table below shows the revenue components of the school services for each of the years ended 31 July 2025 and 2024 respectively:

	For the year ended 31 July	
	2025	2024
	HK\$'000	HK\$'000
Hong Kong	19,301	11,648
Mainland China	26,262	16,528
	<u>45,563</u>	<u>28,176</u>

In line with the government 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. We offered various consultancy services and support to education institutions in Shenzhen, Dongguan, Hangzhou and Foshan in mainland China during the year ended 31 July 2025. On the other hand, our Group offered various academic and activity-based programs to 200 schools in Hong Kong, the revenue increase arising from education tour services was obvious, it increased by HK\$4.5 million or 134% during the year ended 31 July 2025. As a result, our revenue derived from school services increased significantly by HK\$17.4 million or 61.7% from HK\$28.2 million for the year ended 31 July 2024 to HK\$45.6 million for the year ended 31 July 2025.

iv) Ancillary education services and products

Our Group provides a diverse portfolio of ancillary education services and products through multiple specialized brands. These offerings are categorized as:

- (i) **Consultancy Services:** Offered services under brands such as Beacon Childhood Education (遵理兒童教育), Beacon Education Technology (遵理教育科技), Beacon Education Consultancy (遵理教育諮詢), 1% Education (壹伙教育), Advance Bestway, and Ascent Prep. Services include school selection and application, assessment and test preparation, course selection, interview training, and career planning etc;
- (ii) **Beacon BExcellent:** Offered primarily IELTS courses under the “Beacon BExcellent” brand;
- (iii) **Mock Examination Services:** Standardized practice tests to help students prepare for formal qualifications; and

(iv) **Other Education Services:** A range of programs including the BTEC Level 3 Certificate in Enterprise and Entrepreneurship, the BTEC Level 5 Higher National Diploma in Business (RQF) under the “Beacon CAPE” (遵理持續教育) brand, VIP self-study services, online course scheduling and management, as well as online retail and education businesses under “Beacon Living” and “CourseZ” etc.

The table below shows the revenue components of the ancillary education services and products for each of the years ended 31 July 2025 and 2024:

	For the year ended 31 July	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Consultancy services	15,207	4,319
Beacon BExcellent	4,402	5,620
Mock examination services	3,837	4,043
Other education services	7,256	6,892
Total	<u>30,702</u>	<u>20,874</u>

Note: Certain comparative figures have been reclassified to conform to the current year’s presentation

Consultancy Services

The revenue increased significantly by HK\$10.9 million, or 252.1%, from HK\$4.3 million to HK\$15.2 million. This surge is largely attributable to the opportunities arising from the Greater Bay Area (GBA) integration policy, which has made Hong Kong a primary destination for Mainland families seeking education for their children. This trend has led to a growing number of new immigrants with strong demand for academic advisory services, including school selection, application support, and test preparation.

Beacon BExcellent

The revenue decreased by HK\$1.2 million, or 21.7%, from HK\$5.6 million to HK\$4.4 million. The decline was primarily driven by the reduced demand for IELTS courses registered under the Continuing Education Fund (CEF) during the year.

Mock Examination Services

The revenue saw a slight decrease of HK\$0.2 million, or 5.1%, from HK\$4.0 million to HK\$3.8 million. This was a result of strategic discounts offered to attract a larger number of participants, aimed at expanding our student base for better assessment data and future potential enrolment.

Other Education Services

It includes the revenue generated from post-HKDSE courses like BTEC Level 3 Certificate in Enterprise and Entrepreneurship and the BTEC Level 5 Higher National Diploma in Business (RQF), VIP self-study services, online course scheduling and management, as well as online retail and education businesses. The revenue increased by HK\$0.4 million, or 5.3%, from HK\$6.9 million to HK\$7.3 million. The growth was mainly fueled by higher enrolment in the BTEC Level 5 Higher National Diploma in Business, a programme designed for HKDSE graduates pursuing further education.

Outlook and Future Developments

Looking forward, the Group is strategically positioned to support the Hong Kong SAR Government's policy to deepen the development of Hong Kong as an international education hub, navigating the evolving educational landscape through focused expansion in both Hong Kong and mainland China.

In Hong Kong, our strategy aligns with recent policy developments. The refined eligibility criteria for 'local student' status, which requires non-permanent Hong Kong residents to have resided in Hong Kong for specified periods to qualify for subsidized university places will be implemented in the HKDSE 2027 university admissions cohort. It reinforces the strategic value of our private day school services. We expect this policy to sustain demand for private secondary day school services from new immigrant families seeking immediate access to Hong Kong's education system. We remain focused on our core HKDSE expertise while maintaining A-Level and IB programmes as supplementary offerings. The upcoming launch of our proprietary AI-driven learning tools will further enhance service quality and support Hong Kong's development as an international education hub.

In the mainland China, our expansion strategy directly supports Hong Kong's education hub ambitions. We will deepen our B2B partnerships with key institutions, including the Affiliated School of Jinan University for Hong Kong and Macau Students (Dongguan) and Guangzhou Zhongshan Whampoa School for Hong Kong and Macao Students, to embed HKDSE-related services within the educational ecosystem. Our "Shining Star" teacher training programme represents a strategic initiative to cultivate local and mainland HKDSE teaching talent, ensuring service quality while supporting systematic expansion beyond the Greater Bay Area. We will actively explore new city entries through both organic growth and strategic collaborations.

While maintaining optimism about long-term opportunities aligned with Hong Kong's education hub development, we acknowledge the challenges of operating in a competitive sector facing increasing regulatory requirements. Our measured approach, supported by a diversified service portfolio and strong brand heritage, positions the Group for sustainable growth and continued value creation for all 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\$36.1 million, or 23.0%, from HK\$157.1 million for the year ended 31 July 2024 to HK\$193.2 million for the year ended 31 July 2025. This was due to the positive revenue growth from all key lines of services and products including the provision of private supplementary secondary school education services, operation of day school education services, provision of school services as well as the ancillary education services and products.

Revenue from the provision of private supplementary secondary school education services increased by HK\$5.2 million, or 5.4% from HK\$95.5 million for the year ended 31 July 2024 to HK\$100.6 million for the year ended 31 July 2025. This growth was driven by our successful strategic curriculum diversification, which generated an additional HK\$1.9 million in revenue this financial year. Furthermore, our focus on operational efficiency led to a 9.3% increase in revenue per average classroom capacity, rising from HK\$43,000 for the year ended 31 July 2024 to HK\$47,000 for the year ended 31 July 2025.

Revenue from the provision of school services increased by HK\$17.4 million, or 61.7% from HK\$28.2 million for the year ended 31 July 2024 to HK\$45.6 million for the year ended 31 July 2025. Such an increase was mainly attributable to the boost of income of school services from both mainland China and Hong Kong by HK\$9.7 million or 58.9% and HK\$7.7 million or 65.7%, respectively.

Revenue from the provision of the ancillary education services and products increased by HK\$9.8 million, or 47.1% from HK\$20.9 million for the year ended 31 July 2024 to HK\$30.7 million for the year ended 31 July 2025. Such increase in the revenue was attributable to the additional income of HK\$11.0 million derived from the consultancy services partially compensated by the decline in revenue from IELTS courses.

Other income

Other income primarily consists of advertising income, IT service income, rental income from an investment property, interest income from bank deposits and government subsidies. Other income increased by HK\$1.9 million or 19.0%, from HK\$10.3 million for the year ended 31 July 2024 to HK\$12.2 million for the year ended 31 July 2025. The increase was mainly attributed to the increase in advertising income by HK\$3.9 million partially offset by the decrease in interest income.

Major costs component

The summary below shows the major costs components of our Group among which 56.7% (2024: 56.7%) is related to labour costs (comprising of staff costs and tutor service fees), followed by printing and other operating expenses, short-term lease and low-value lease payments, depreciation of right-of-use (“ROU”) assets, and advertising and promotion expenses:

	2025		2024	
	<i>HK\$'000</i>	<i>% of revenue</i>	<i>HK\$'000</i>	<i>% of revenue</i>
Staff costs	85,702	44.4%	69,835	44.5%
Tutor service fees	39,431	20.4%	33,717	21.5%
Depreciation of ROU assets	15,663	8.1%	14,823	9.4%
Short-term lease and low-value lease payments	10,191	5.3%	10,201	6.5%
Advertising and promotion expenses	8,275	4.3%	5,671	3.6%
Printing and other operating expenses	61,625	31.9%	48,460	30.8%

Note: Certain comparative figures have been reclassified to conform to the current year's presentation

Staff costs

As at 31 July 2025, the Group had 255 full-time employees and maintained an accumulated pool of 65 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 payment incurred for our employees.

The staff costs increased by HK\$15.9 million or 22.7% from HK\$69.8 million for the year ended 31 July 2024 to HK\$85.7 million for the year ended 31 July 2025. Such an increase was mainly attributable to the increase in teaching staff to support the Group's business expansion in both Hong Kong and mainland China compensated by the continuous effort in corporate savings.

Tutor service fees

Tutor service fees include remuneration under service agreements and share-based payments. Typically, we offer a revenue sharing scheme to our tutors engaging in traditional private supplementary secondary school education services and thus the tutor service fees are in general positively correlated to our Group's revenue. On the other hand, hourly rate or fixed monthly paid are normally adopted in other lines of services. The overall tutor service fees increased by HK\$5.7 million or 16.9%, from HK\$33.7 million for the year ended 31 July 2024 to HK\$39.4 million for the year ended 31 July 2025. The increase was mainly attributable to the business growth brought by the provision of school services.

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

Depreciation of ROU assets and short-term lease and low-value lease payments are part of the largest components of the Group's operating costs, accounting for 8.1% and 5.3% respectively (2024: 9.4% and 6.5%) of the Group's total revenue. The overall lease-related expenses increased by HK\$0.8 million or 3.3%, it was mainly attributable to the inclusion of newly rented office premises and teachers training centre in mainland China offset by the savings arising from the centre network optimization in Shatin and Tseung Kwan O. With the optimistic growth potential in day school services, the Group is in progress of expanding the scale of our day school services in Yuen Long and Mong Kok.

Advertising and promotion expenses

Advertising and promotion expenses mainly consisted of advertising fees in online channels and social media platforms such as Google, Instagram and Facebook, offline channels such as billboard, transportation, foamboard and banners, as well as expenses in relation to branding, courses promotion, marketing and public relations. In order to capture the market opportunity in mainland China swiftly, the marketing and advertising effort put in mainland China contributed to a sharp rise of the advertising and promotion expenses. The overall advertising and promotion expenses increased sharply by HK\$2.6 million or 45.9% from HK\$5.7 million for the year ended 31 July 2024 to HK\$8.3 million for the year ended 31 July 2025.

Printing and other operating expenses

Printing and other operating expenses primarily consist of printing expenses, building management fees, service fees to non-teaching freelancers, education tour expenses, legal and professional fees, utilities and other administrative expenses. These expenses increased by HK\$13.2 million or 27.2% from HK\$48.5 million for the year ended 31 July 2024 to HK\$61.6 million for the year ended 31 July 2025. The increase was mainly attributable to the rise in service fees paid to various service providers supporting business growth in education tour business, advertising services, as well as in private supplementary school education services for the international curriculum. Moreover, printing expenses, scholarships, office supplies, travel, repairs and maintenance, and certain administrative expenses increased in general to meet the demands of growth in the market of mainland China.

Income tax expense

The income tax expense for the year ended 31 July 2025 was HK\$0.2 million (2024: HK\$0.3 million). The decrease in tax expenses was HK\$0.1 million or 24.9%.

Loss for the year

The Group recorded a loss of HK\$24.5 million for the year ended 31 July 2025 (2024: HK\$23.3 million). The loss during the year was mainly due to the increase in operating expenses.

Liquidity, financial resources and capital structure

As at 31 July 2025, the Group's net current liability value was HK\$26.9 million, which mainly consisted of accounts receivables, deposits, prepayments 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 increased from HK\$121.6 million as at 31 July 2024 to HK\$131.3 million as at 31 July 2025. Such an increase in current assets was primarily due to the increase in cash and cash equivalents from HK\$76.6 million as at 31 July 2024 to HK\$86.7 million as at 31 July 2025. As at 31 July 2025, the current ratio of the Group (expressed as current assets divided by current liabilities) was 0.83, compared with 0.91 as at 31 July 2024. Such a decrease in current ratio was mainly attributed to the increase in contract liabilities from HK\$24.9 million as at 31 July 2024 to HK\$52.4 million as at 31 July 2025.

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.

Foreign Exchange Risk

Cash and bank deposits of the Group are mainly in Hong Kong dollars. Most of the business transactions of the Group are denominated in Hong Kong dollars ("HK\$") and Renminbi ("RMB"). For the years ended 31 July 2025 and 2024, the Group did not engage in currency hedging nor did it adopt any formal hedging activities as the Group considered its foreign currency exposure is insignificant. However, the Board will continue to closely monitor the Group's foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Charges on the Group's Assets

The Group has an investment property with carrying value of HK\$10.7 million (2024: HK\$14.6 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 2025, the Group's gearing ratio (calculated based on bank borrowings amounting to HK\$78.8 million and lease liabilities amounting to HK\$11.5 million divided by equity attributable to the owners of the Company as at the year-end date amounting to HK\$27.8 million) was 325.1% (31 July 2024: 189.0%).

Contingent liabilities

The Group did not have any material contingent liabilities as at 31 July 2025 (2024: Nil).

Dividends

The Board does not recommend the payment of a final dividend for the year ended 31 July 2025 (2024: Nil).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board has committed to maintaining 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 2025 and up to the date of this announcement, the Company has applied the principles and complied with all applicable code provisions set out in the Corporate Governance Code in Appendix C1 to the Listing Rules, which will be further illustrated in this Corporate Governance Report for Shareholders' evaluation.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is responsible for establishing and maintaining the Group's risk management and internal control systems and reviewing their effectiveness at least annually. 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 decisions that involve material risk exposures are subject to assessment, consideration and approval of the ways to resolve the said risk exposures by 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 (i) the changes (if any), since the last year (after review), in the nature and extent of significant risks (including ESG risks), and the Company's ability to respond to changes in its business and the external environment; (ii) the scope and quality of the Board's ongoing monitoring of risks (including ESG risks) and of the internal control systems, and where applicable, the work of the Company's internal audit function and other assurance providers; (iii) the extent and frequency of communication of monitoring results to the Board (or the Audit Committee) for the purposes of assessing the adequacy and the effectiveness of the Company's risk management and internal control system; (iv) significant control failings or weaknesses identified (if any) during the review of risk management and internal control systems and the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the Company's financial performance or condition, and any remedial measures taken to address such control failings or weaknesses; (v) the effectiveness of the Company's procedures for financial reporting and compliance of the Listing Rules requirements; and (vi) the adequacy of resources (internal and external) for designing, implementing and monitoring the risk management and internal control systems, including staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit, and financial reporting functions, as well as those relating to the Company's ESG performance and reporting. The Audit Committee also reviews the external independent auditor's management letter, if any, and 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 to perform internal audit function to review the effectiveness of the Group's risk management and internal control systems for the year ended 31 July 2025. As part of the risk management system of the Group, the annual enterprise risk assessment identifies and evaluates the risk level and the significant risks of the Group's operations and business, including the strategic, operational, financial and compliance risks.

As part of the internal control system of the Group, 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 2025 covered the review on (i) the risk management system; (ii) financial close reporting process; (iii) revenue and receipts; (iv) bank and cash management; (v) corporate governance practices according to the corporate governance code in Appendix C1 of the Listing Rules; and (vi) the follow up on the findings identified in last year's report.

The Board considered the enterprise risk assessment report and internal audit report and confirmed and concluded (i) the risk management and internal control systems of the Group are appropriate and effective for the purposes set out in Principle D2 of the Corporate Governance Code; and (ii) the process compliance on Listing Rules and Securities and Futures Ordinance effective and adequate. Upon the Board's annual review, the Board considered and ensured the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions, as well as those relating to the Group's ESG performance and reporting.

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 sets out comprehensive guidelines in respect of handling and dissemination of inside information of the Group and the procedures for the timely, accurate and complete disclosure of discloseable information. 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.

During the year ended 31 July 2025, the Board considered that no significant changes had been made in the Company's assessment of risks (including ESG risks) and the risk management and internal control systems.

AUDIT COMMITTEE AND REVIEW OF PRELIMINARY ANNOUNCEMENT BY THE INDEPENDENT AUDITOR

The Audit Committee comprises three independent non-executive Directors, namely Mr. Li Kai Sing, Mr. Kwan Chi Hong and Mr. Tai Kwok Leung, Alexander. The Audit Committee has reviewed the preliminary announcement and the consolidated financial statements of the Company for the year ended 31 July 2025, including the accounting principles and practices adopted by the Company. The figures in respect of the Company's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 July 2025 as set out in this preliminary announcement have been agreed by the Company's independent auditor, SHINEWING (HK) CPA Limited, Certified Public Accountants of Hong Kong ("SHINEWING") to the amounts set out in the Company's consolidated financial statements for the year. The work performed by SHINEWING in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently, no assurance has been expressed by SHINEWING on this preliminary announcement.

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.

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 year ended 31 July 2025.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 31 July 2025, the Group did not have any definite future plan for material investments or capital assets in the coming year.

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 (including treasury shares) of the Company during the year ended 31 July 2025 and up to the date of this announcement. The Company also did not and does not hold any treasury share during the year ended 31 July 2025 and up to the date of this announcement.

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 2025 and up to the date of this announcement.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained the public float as required by the Listing Rules during the year ended 31 July 2025 and up to the date of this announcement, based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 July 2025 (2024: Nil).

SIGNIFICANT EVENTS AFTER THE FINANCIAL YEAR ENDED 31 JULY 2025

Subscription of New Shares under General Mandate

Reference is made to the announcements of the Company dated 18 August 2025 and 5 September 2025 respectively. Unless otherwise defined, capitalised terms used in this section shall bear the same meanings as those defined in the said announcements.

On 5 September 2025, a total of 25,380,000 Subscription Shares with the Subscription Price of HK\$0.50 per Subscription Share were issued under General Mandate pursuant to the Subscription Agreement dated 18 August 2025, causing the total number of Shares to be increased to 533,012,000 upon completion of the Subscription on 5 September 2025.

The net proceeds from the Subscription were approximately HK\$12.6 million. The Group intends to apply (i) 30% or HK\$3.8 million of the net proceeds for technology upgrade with AI integration; (ii) 30% or HK\$3.8 million of the net proceeds for talent acquisition and training; (iii) 10% or HK\$1.2 million of the net proceeds for brand awareness campaigns; and (iv) 30% or HK\$3.8 million of the net proceeds for general working capital of the Group. Please refer to the Company's announcements dated 18 August 2025 and 5 September 2025 for more details.

Financial Assistance

Please refer to the section headed “NON-FULFILLMENT OF PROFIT GUARANTEE” below for the financial assistance provided by the Company after the financial year ended 31 July 2025, which also constitutes a connected transaction under Chapter 14A of the Listing Rules.

NON-FULFILLMENT OF PROFIT GUARANTEE

Reference is made to the announcement of the Company dated 25 October 2022 (the “**1st Announcement**”) in relation to the Subscription and the Acquisition, the announcement of the Company dated 28 March 2024 in relation to the variations to the terms of the guarantees under the Subscription and the Acquisition (“**2nd Announcement**”), and the annual report of the Company for the year ended 31 July 2024. Unless otherwise defined, capitalised terms used in this announcement shall bear the same meanings as those defined in the 1st Announcement and 2nd Announcement.

Requirements of the Profit Guarantee

As disclosed in the 2nd Announcement, pursuant to the Supplemental Agreement dated 28 March 2024, the Purchaser, the Vendors and the Target Company agreed to, 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 ended 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 New Guarantee Period.

In respect of the Profit Guarantee, if 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:

Compensation Sum = (Guaranteed Sum – Actual Net Profit) 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 Actual Net Profit shall be settled by the Vendors (on a joint and several basis) to the Purchaser within 30 Business Days upon the issuance of the AFS in respect of the last financial year during the New Guarantee Period by way of cash or cash equivalent (“**Original Payment Arrangement**”). Notwithstanding any other provisions of the Agreement and the Supplemental Agreement, the accumulated total amount of the Compensation Sum payable by the Vendors for the Profit Guarantee shall be capped at the amount of the Consideration paid or satisfied by the Purchaser (i.e., HK\$6,374,700).

Financial performance of the Target Company

As at 31 July 2025, the audited consolidated net asset value of the Target company was approximately HK\$3.9 million.

Based on the audited financial statements of the Target Company for the years ended 31 July 2023, 2024 and 2025 respectively, the Target Company has incurred Actual Net Profit of approximately HK\$3.0 million in aggregate for the financial year ended 31 July 2023, 2024 and 2025. Accordingly, the Actual Net Profit for the New Guarantee Period is HK\$3.0 million, which is less than the Guaranteed Sum of HK\$15.0 million by a shortfall of HK\$12.0 million (“**Shortfall**”).

Based on the above, the Board considers that the Profit Guarantee has not been fulfilled by the Vendors. Consequently, pursuant to the Agreement and the Supplemental Agreement, the Vendors shall be liable to pay to the Purchaser the Compensation Sum, which shall be calculated as follows:

$$\begin{aligned}\text{Compensation Sum} &= (\text{HK\$15,000,000} - \text{HK\$3,000,000}) \times 51\% \times 2.5 \text{ times} \\ &= \text{HK\$15,300,000} \text{ (which is greater than the Consideration)} \\ &= \text{capped at HK\$6,374,700}\end{aligned}$$

Upon discussion with the Vendors (being the existing directors of the Target Company), the Board is of the view that the Shortfall was primarily attributable to, (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 since the Completion Date; (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 ever since the Completion Date and during the New Guarantee Period.

SETTLEMENT AGREEMENT

Major terms

On 28 October 2025 (after trading hours), the Purchaser and the Vendors (“**Parties**”) entered into a settlement agreement (“**Settlement Agreement**”), pursuant to which, the Parties agreed that, among others:

1. The Compensation Sum of HK\$6,374,700 (“**Debt**”) has become payable as of the date of the Settlement Agreement by the Vendors on a joint and several basis to the Purchaser;
2. HK\$1,000,000 out of the Debt shall be paid on or before the date of the Settlement Agreement by the Vendors to the Purchaser (“**Initial Repayment**”);
3. The balance of the Debt, being HK\$5,374,700 (“**Principal Balance**”) shall be paid in 24 equal consecutive monthly instalments of HK\$223,946 each (after rounding off) (each an “**Instalment Principal**”);
4. The Vendors shall pay to the Purchaser a simple interest on the outstanding Principal Balance, calculated at a rate equivalent to the Hong Kong Prime Lending Rate (as quoted from time to time by The Hong Kong and Shanghai Banking Corporation Limited) (“**Interest Rate**”), which shall accrue on a daily basis on the basis of a 365-day year until and unless the Principal Balance is fully repaid, and shall be payable monthly in arrears;
5. Each Instalment Principal, together with interest accrued on the outstanding Principal Balance (each an “**Instalment**”), shall be payable by the Vendors to the Purchaser on or before the 15th day of each calendar month (each, a “**Payment Date**”), provided that if the Payment Date is not a Business Day, the payment of such Instalment shall be made on or before the immediately preceding Business Day before the original Payment Date;
6. For the avoidance of doubt, the interest for each period shall be calculated on the Principal Balance remaining outstanding immediately prior to the payment of the Instalment Principal on such Payment Date;
7. The first Instalment shall be made on or before 15 December 2025, and each subsequent Instalment shall be paid on the Payment Date in each consecutive calendar month thereafter until the Instalment Principal and all interest accrued on the outstanding Principal Balance (collectively, the “**Total Indebtedness**”) is fully repaid; and
8. Upon the occurrence of events of default (including without limitation where any part of the Total Indebtedness which is due and payable remains unpaid after its due date or any breach by the Vendor(s) of the terms of the Settlement Agreement), all outstanding Principal Balance (together with any accrued interest thereon) may, upon declaration of the Purchaser, be immediately due and payable.

As of the date of this announcement, the Initial Repayment of HK\$1,000,000 has been paid by the Vendors to the Purchaser in accordance with the Settlement Agreement. The granting of the Principal Balance as credit (upon and subject to the terms and conditions of the Settlement Agreement), constitutes a variation of the Original Payment Arrangement and financial assistance by the Purchaser to the Vendors (“**Financial Assistance**”).

The payment or satisfaction of the Initial Repayment and the Total Indebtedness in accordance with the terms of the Settlement Agreement shall be in full and final settlement of all and any claims, demands, actions, causes of action and proceedings of any nature whatsoever, whether known or unknown, which the Purchaser has or may have against the Vendors under or in connection with the Compensation Sum, and accordingly, all rights and liabilities of the Parties in relation to the Compensation Sum under the Agreement (as amended by the Supplemental Agreement) shall be terminated, discharged and waived absolutely.

The terms and conditions of the Settlement Agreement (including without limitation the Interest Rate) was determined after arm’s length negotiation between the Purchaser and the Vendors with reference to, among other things, the commercial benefits of achieving an amicable and more certain recovery for the Group and the prevailing market lending rates for unsecured credit extended to private debtors.

Information on the Group and the Purchaser

The Group is principally engaged in the provision of private supplementary secondary school education services and the operation of private secondary day schools in Hong Kong. The Group also offers 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.

The Purchaser, Beacon Holdings Limited, is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment holdings.

Information on the Vendors and the Target Company

The Vendors are Mr. Cheng Hong Fu (鄭匡富) and Ms. Ng Mei Yee (吳美儀), who are principally engaged in the provision of educational services in Hong Kong through the Target Company.

The Target Company is Ottorino Consultants (International) Limited, a private company with limited liability incorporated under the laws of Hong Kong and is owned as to 51% by the Purchaser and 24.5% by each of the Vendors respectively as at the date of this announcement. The Target Company is principally engaged in the provision of educational services in Hong Kong, which include those relating to top-up degrees, professional or vocational training, on-the-job English training, professional examination courses and other professional courses, and academic, interest and activity-based classes, in different industry disciplines under the business name of “1% Group Education”.

Reasons for and benefits of entering into the Settlement Agreement

The Board considers that entering into the Settlement Agreement (including without limitation the variation of the Original Payment Arrangement) represents a commercially sensible and beneficial arrangement for the Company and its shareholders as a whole. The Board evaluated various recovery alternatives in respect of the Compensation Sum and concluded that the Settlement Agreement provides a more certain, cost-effective and timely recovery mechanism. In particular, the Settlement Agreement established a structured and enforceable mechanism for the recovery of the Debt through monthly instalments supported by interest accrued on the outstanding Principal Balance. In determining the Interest Rate, the Board has taken into account prevailing market rates offered by licensed banks in Hong Kong to private borrowers and considered that the use of the Hong Kong Prime Lending Rate as quoted by The Hongkong and Shanghai Banking Corporation Limited reflects a fair market-based benchmark for unsecured lending to private individuals, and is therefore on normal commercial terms. Such arrangement enables the Purchaser to secure repayment in an orderly and predictable manner while avoiding the need for immediate litigation or other recovery proceedings, which could otherwise result in additional costs, uncertainties and diversion of management resources.

The Board is of the view that the terms of the Settlement Agreement collectively strike a fair balance between ensuring effective recovery of the Compensation Sum for the Group and maintaining commercial reasonableness for the Group, including without limitation by ensuring that a substantial portion of the Debt is repaid in the Initial Repayment, thereby reducing the Group's overall credit exposure from the outset. In assessing the credit risk of the Vendors, the Board has taken into account that the Vendors collectively hold 49% equity interest in the Target Company and continue to serve as its directors, thereby having a direct economic interest in the long-term performance of the Target Company and a strong incentive to fulfil their repayment obligations under the Settlement Agreement. The Board also considers that the charging of interest at a market-based rate compensates the Group for the time value of money and provides additional return to the shareholders over the instalment period.

The Settlement Agreement also helps preserve the stability and continuity of the Target Company's operations. As the Vendors continue to serve as the Target Company's directors (being key members in its management) and hold collectively 49% of the Target Company, permitting repayment by instalments enables the Vendors to maintain their management roles without immediate financial strain, thereby protecting the value and business performance of the Target Company. As substantial shareholders of the Target Company, the Vendors' ongoing financial stability is also aligned with the long-term value creation of the Target Company. This approach minimises potential operational disruption and aligns with the Company's overall objective of sustaining the Target Company's contribution to the Group. Accordingly, the Board believes that the Financial Assistance provided under the Settlement Agreement is in the interests of the Shareholders as it enhances the probability of full recovery while preserving the operational and financial performance of the Target Company, which may continue to contribute to the Group's results.

Taking into account the reasons described above, the Board (including all the independent non-executive Directors) considers that the terms of the Settlement Agreement and the transactions contemplated thereunder, including the Financial Assistance and the variation of the Original Payment Arrangement, are on normal commercial terms, in the ordinary and usual course of business of the Group, and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Board does not expect the Settlement Agreement to have any significant impact on the business operations and financial position of the Company in any material aspects.

None of the Directors has any material interest in the entering into of the Settlement Agreement and the transactions contemplated thereunder and is required to abstain from voting on the relevant resolutions of the Board.

Listing Rules Implications

As there is a material variation of the terms of a transaction previously announced pursuant to Chapter 14 of the Listing Rules, and the actual performance of the Target Company fails to meet the Profit Guarantee for the New Guarantee Period, the Company shall disclose by way of an announcement pursuant to Rule 14.36 and Rule 14.36B of the Listing Rules.

As at the date of this announcement, each of the Vendors is a director of the Target Company and holds respectively 24.5% of the issued share capital of the Target Company. The Target Company is held as to 51% by the Purchaser and therefore an indirect non-wholly-owned subsidiary of the Company. Accordingly, each of the Vendors constitutes a connected person of the Company under the Listing Rules. As such, the Financial Assistance by the Purchaser to the Vendors constitutes a connected transaction under Chapter 14A of the Listing Rules.

Since (i) the Financial Assistance is on normal commercial terms; and (ii) all applicable percentage ratios (as defined in the Listing Rules) in respect of the Financial Assistance are less than 5%, the Financial Assistance is subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and Shareholders' approval requirements under Rule 14A.76(2)(a) of the Listing Rules.

For the avoidance of doubt, as all applicable percentage ratios in respect of the Financial Assistance are less than 5%, the Financial Assistance does not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

ANNUAL GENERAL MEETING

The AGM is to be held on Friday, 19 December 2025. A notice convening the AGM and all other relevant documents will be published and despatched to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the forthcoming AGM to be held on Friday, 19 December 2025 (or at any adjournment of it), the register of members of the Company will be closed from Tuesday, 16 December 2025 to Friday, 19 December 2025, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Monday, 15 December 2025.

PUBLICATION OF PRELIMINARY ANNOUNCEMENT AND ANNUAL REPORT

This preliminary announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.bexcellentgroup.com). The annual report of the Company for the year ended 31 July 2025 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 October 2025

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; and the independent non-executive directors are Mr. Kwan Chi Hong, Mr. Li Kai Sing, and Mr. Tai Kwok Leung, Alexander.