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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)

CONNECTED TRANSACTION LEASE AGREEMENT

The Board hereby announces that on 29 July 2021, the Lessee, an indirect wholly-owned subsidiary of the Company, entered into the Lease Agreement with the Landlord (acting by the Agent), pursuant to which the Landlord agreed to lease and the Lessee agreed to take the Premises, for a term of four years commencing from 1 August 2021 to 31 July 2025 (both days inclusive).

As at the date of this announcement, the Landlord and the Agent are connected persons of the Company by virtue of (in respect of the Agent) being the associate of Ms. Leung and Mr. Tam, and (in respect of the Landlord) being the associate of Ms. Leung, Mr. Tam and Mr. Ng (who together with Ms. Leung and Mr. Tam are shareholders of Beacon Enterprise Limited, the Shareholder holding 75% of the issued Shares in the Company directly, and pursuant to a deed of acting in concert dated 2 October 2015, has agreed to jointly control with, inter alia, Ms. Leung and Mr. Tam their respective interests in the Company and therefore amounts to a controlling shareholder and connected person of the Company). Ms. Leung, Mr. Tam and Mr. Ng, together, hold all the issued shares in the Landlord, and Ms. Leung and Mr. Tam together hold all the issued shares in the Agent.

Pursuant to HKFRS 16, the Premises leased under the Lease Agreement will be recognized as right-of-use assets, and the transaction contemplated under the Lease Agreement will be recognized as the acquisition of right-of-use assets with the aggregate consideration of HK\$9,600,000.00, which will constitute a one-off connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the value of the right-of-use asset to be recognized by the Company in connection with the Lease Agreement pursuant to HKFRS 16 exceed 0.1% but are less than 5%, the transaction contemplated under the Lease Agreement is subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

In view of their interests in the Landlord and the Agent, Ms. Leung and Mr. Tam have abstained from voting on the Board resolution approving the Lease Agreement. Save as disclosed above, none of the Directors has a material interest in the transaction contemplated under the Lease Agreement and none of them has abstained from voting on the relevant Board resolution.

1. BACKGROUND

The Board hereby announces that on 29 July 2021, the Lessee entered into the Lease Agreement with the Landlord (acting by the Agent), pursuant to which the Landlord agreed to lease and the Lessee agreed to take the Premises, for a term of four years commencing from 1 August 2021 to 31 July 2025 (both days inclusive).

2. THE LEASE AGREEMENT

The principal terms of the Lease Agreement are summarized as follows:

Date:	29 July 2021
Parties:	The Landlord (acting by the Agent) and the Lessee
Term:	Four years commencing from 1 August 2021 to 31 July 2025 (both days inclusive)
Leased properties:	The Premises, with a total floor area of approximately 6,219 square feet
Usage:	The Premises shall be used for education or education-related purposes or office functions.
Rent:	The fixed monthly rent for the Premises is HK\$200,000.00 (exclusive of rates, government rent and management fee). The total rent payable for the Premises for the term disclosed above is HK\$9,600,000.00.
Payment terms:	The monthly rent for the Premises shall be payable by the Lessee to the Landlord in advance on the 7th day of each calendar month.
Security deposit:	The Lessee shall pay the Landlord a deposit of HK\$400,000.00 equivalent to two months' rent on the signing of the Lease Agreement.

3. INFORMATION OF THE PREMISES

As at the date of this announcement, the unaudited total value of the right-of-use assets to be recognized by the Group in respect of the lease of the Premises under the Lease Agreement is approximately HK\$8,860,000. Shareholders should note that the aforesaid figure is unaudited and may be subject to adjustment in the future. The right-of-use assets represent the right to use the underlying leased assets over the lease term and the lease liability represents the Lessee's obligation to make lease payments (i.e. the rent). The assets and the liability arising from the lease are initially measured on present value basis and calculated by discounting the non-cancellable lease payments under the Lease Agreement, using the Lessee's weighted average incremental borrowing rate as the discount rate. Under HKFRS 16 and in the

consolidated statement of comprehensive income of the Group, the Group shall recognise (i) depreciation charge over the life of the right-of-use assets, and (ii) interest expenses amortised from the lease liability over the lease term.

The aggregate original acquisition cost of the ownership of the Premises to the Landlord in 2012 was HK\$42,500,000.00.

4. REASONS FOR AND BENEFITS OF THE LEASE AGREEMENT

To better satisfy (i) the expansion of the Group's business of international studies and vocational education including but not limited to providing overseas study consultancy services, and setting up IELTS preparation centre and a hub for integration between industry and education; and (ii) the Group's needs for back office space and teaching centres, the Board considers that it is beneficial to the Group to take the lease of the Premises from the Landlord, taking into account (i) the advantageous location of the Premises; (ii) that the monthly rent may be considered reasonable in view of prevailing market rate; (iii) that the layout and fixtures of the Premises are of a nature and type suitable for the business of and intended multi-purpose use by the Group as teaching centre, consultancy centre, hub for industry and education integration and office use, in particular given that the immediately previous lessee of the Premises was also a school operator (i.e. in the same industry as the Group); and (iv) that entering into the Lease Agreement with the Landlord (which is controlled by the two executive Directors) may provide more stability to the Company's lease and use of the Premises in accordance with the terms of the Lease Agreement as compared to other independent third party landlords. As such, the Board believes that the leasing of the Premises shall facilitate the operation and growth of the Group's business as a whole.

The terms of the Lease Agreement, including but not limited to the consideration, were arrived at after arm's length negotiation between the parties, considering, among others, (i) the valuation report in respect of the Premises with valuation date as of 12 July 2021 prepared by an independent third party valuer; and (ii) the prevailing market rates of lease properties similar to the Premises. The Board (including the independent non-executive Directors), is of the view that (i) the terms of the Lease Agreement are fair and reasonable; (ii) the transaction under the Lease Agreement is conducted on normal commercial terms and in the ordinary and usual course of business of the Group; and (iii) the entering into of the Lease Agreement and the transaction thereunder are in the interests of the Group and the Shareholders as a whole.

5. IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Landlord and the Agent are connected persons of the Company by virtue of (in respect of the Agent) being the associate of Ms. Leung and Mr. Tam, and (in respect of the Landlord) being the associate of Ms. Leung, Mr. Tam and Mr. Ng (who together with Ms. Leung and Mr. Tam are shareholders of Beacon Enterprise Limited, the Shareholder holding 75% of the issued Shares in the Company directly, and pursuant to a deed of acting in concert dated 2 October 2015, has agreed to jointly control with, inter alia, Ms.

Leung and Mr. Tam their respective interests in the Company and therefore amounts to a controlling shareholder and connected person of the Company). Ms. Leung, Mr. Tam and Mr. Ng, together, hold all the issued shares in the Landlord, and Ms. Leung and Mr. Tam together hold all the issued shares in the Agent.

Pursuant to HKFRS 16, the Premises leased under the Lease Agreement will be recognized as right-of-use assets, and the transaction contemplated under the Lease Agreement will be recognized as the acquisition of right-of-use assets with the aggregate consideration of HK\$9,600,000.00, which will constitute a one-off connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the value of the right-of-use asset to be recognized by the Company in connection with the Lease Agreement pursuant to HKFRS 16 exceed 0.1% but are less than 5%, the transaction contemplated under the Lease Agreement is subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

In view of their interests in the Landlord and the Agent, Ms. Leung and Mr. Tam have abstained from voting on the Board resolution approving the Lease Agreement. Save as disclosed above, none of the Directors has a material interest in the transaction contemplated under the Lease Agreement and none of them has abstained from voting on the relevant Board resolution.

6. INFORMATION ABOUT THE PARTIES

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 and/or personal development. The Lessee is an indirect wholly-owned subsidiary of the Company.

The Landlord is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holdings. The Landlord is directly owned by Ms. Leung, Mr. Tam and Mr. Ng in equal shares. The Agent, being the authorized agent of the Landlord in entering into the Lease Agreement, is a company incorporated in Hong Kong with limited liability and is principally engaged in management of investment properties. The Agent is directly owned by Ms. Leung and Mr. Tam in equal shares.

7. DEFINITION

In this announcement, unless the context otherwise requires, the following expressions shall have the meanings set out below:

“Agent”	GLOBAL PROFESSIONAL LIMITED 環球專業有限公司, a company incorporated in Hong Kong with limited liability, being the authorized agent of the Landlord in entering into the Lease Agreement
“associate”	has the meaning as ascribed thereto in the Listing Rules
“Board”	board of Directors
“Company”	BExcellent Group Holdings Limited 精英匯集團控股有限公司 (Stock Code: 1775), a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IELTS”	International English Language Testing System, an international standardised test of English language proficiency
“Landlord”	DRAGON FIELD CORPORATION LIMITED 龍治有限公司, a company incorporated in Hong Kong with limited liability, the landlord to the Lease Agreement acting by its duly authorized Agent
“Lease Agreement”	the lease agreement dated 29 July 2021 entered into between the Lessee and the Landlord (acting by the Agent), pursuant to which the Landlord agreed to lease and the Lessee agreed to take the Premises, for a term of four years commencing from 1 August 2021 to 31 July 2025 (both days inclusive)

“Lessee”	BEACON COLLEGE LIMITED 遵理學校有限公司, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company, the lessee to the Lease Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
“Mr. Ng”	Mr. Ng King Hang, a controlling shareholder of the Company
“Mr. Tam”	Mr. Tam Wai Lung, executive Director and chief executive officer of the Company
“Ms. Leung”	Ms. Leung Ho Ki, June, executive Director and chairman of the Board
“Premises”	Unit A and Unit B on 3rd Floor, Max Share Centre, No. 373 King’s Road, Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board
BExcellent Group Holdings Limited
Leung Ho Ki, June
Chairman and Executive Director

Hong Kong, 29 July 2021

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 Professor Wong Roderick Sue Cheun.