

Goldway Education Group Limited

金滙教育集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8160)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2022

CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

*This announcement, for which the directors (the “**Director(s)**”) of Goldway Education Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules governing the Listing of Securities on the GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

This announcement will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at www.hkexnews.hk for at least seven days from the day of its publication. This announcement will also be published on the Company’s website at www.goldwayedugp.com.

** For identification purpose only*

FINANCIAL HIGHLIGHTS

For the year ended 31 March 2022, audited operating results of the Group were as follows:

- revenue of approximately HK\$35.9 million, representing an increase of 22.6% comparing to the previous financial year;
- loss for the year of approximately HK\$7.0 million, representing an increase of 101.0% comparing to the previous financial year; and,
- the Directors do not recommend the payment of dividend for the year ended 31 March 2022.

ANNUAL RESULTS

The board of Directors (the “**Board**”) is pleased to announce the audited results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2022 (the “**Reporting Period**”) together with the comparative figures for the year ended 31 March 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	5	35,902	29,290
Other income	5	512	5,009
Advertising expenses		(47)	(242)
Building management fee		(591)	(601)
Depreciation expense		(3,773)	(5,261)
Employee benefits expense		(25,914)	(21,775)
Impairment loss on property, plant and equipment	11	(40)	(1,703)
Impairment loss on right-of-use assets	11	(2,385)	(821)
Expected credit loss on other receivables		(514)	–
Short term lease expenses		(502)	(539)
Other operating expenses		(6,268)	(5,643)
Finance costs		(396)	(549)
		<hr/>	<hr/>
Loss before income tax	6	(4,016)	(2,835)
Income tax expense	7	(2,952)	(631)
		<hr/>	<hr/>
Loss and total comprehensive loss for the year		(6,968)	(3,466)
		<hr/>	<hr/>
Loss and total comprehensive loss attributable to owners of the Company		(6,968)	(3,466)
		<hr/>	<hr/>
Loss per share – Basic and diluted (<i>HK cents</i>)	8	(1.33)	(0.66)
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	<i>10</i>	717	1,107
Right-of-use assets		1,634	2,391
Deferred tax assets		–	2,441
Deposits	<i>13</i>	951	1,132
		<u>3,302</u>	<u>7,071</u>
Current assets			
Account receivables	<i>12</i>	588	593
Prepayments, deposits and other receivables	<i>13</i>	2,319	1,700
Amount due from a substantial shareholder of the Company		–	94
Restricted bank balances		14,506	–
Cash and cash equivalents		16,457	30,028
		<u>33,870</u>	<u>32,415</u>
Asset classified as held for sales	<i>10</i>	–	5,427
		<u>33,870</u>	<u>37,842</u>
Current liabilities			
Accruals, other payables and contract liabilities	<i>14</i>	1,923	3,560
Lease liabilities		3,788	3,799
Amount due to a substantial shareholder of the Company		221	–
Tax payable		943	527
		<u>6,875</u>	<u>7,886</u>
Net current assets		<u>26,995</u>	<u>29,956</u>
Total assets less current liabilities		<u>30,297</u>	<u>37,027</u>
Non-current liability			
Lease liabilities		<u>2,121</u>	<u>1,883</u>
Net assets		<u>28,176</u>	<u>35,144</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	<i>15</i>	5,225	5,225
Reserves		22,951	29,919
Total equity		<u>28,176</u>	<u>35,144</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Share capital HK\$'000 (Note 15)	Share premium HK\$'000	Capital reserve HK\$'000	Retained profits/ (accumulated losses) HK\$'000	Total equity HK\$'000
At 1 April 2020	5,225	23,509	3,372	6,504	38,610
Loss and total comprehensive loss for the year	<u>–</u>	<u>–</u>	<u>–</u>	<u>(3,466)</u>	<u>(3,466)</u>
At 31 March 2021 and 1 April 2021	5,225	23,509	3,372	3,038	35,144
Loss and total comprehensive loss for the year	<u>–</u>	<u>–</u>	<u>–</u>	<u>(6,968)</u>	<u>(6,968)</u>
At 31 March 2022	<u>5,225</u>	<u>23,509</u>	<u>3,372</u>	<u>(3,930)</u>	<u>28,176</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 19 October 2015 and its shares have been listed on the GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**GEM Board**”) by way of placing and public offer of shares (the “**Share Offer**”) on 2 December 2016 (the “**Listing**”). The Company’s registered office and the principal place of business are at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Shop 203, Kin Sang Commercial Centre, Kin Sang Estate, Tuen Mun, New Territories, Hong Kong, respectively.

In the opinion of the directors of the Company, as at 31 March 2022 and 2021, the ultimate controlling parties of the Group were Mr. Cheung Lick Keung (“**Mr. Cheung**”) and his brother, Mr. Cheung Luk Sun, who collectively control the Company through shares of the Company held by Digital Achiever Limited and Golden Dust Holdings Limited, companies incorporated in the British Virgin Islands (the “**BVI**”) which are wholly-owned by Mr. Cheung and Mr. Cheung Luk Sun respectively. Upon the change of shareholding of the Company on 20 May 2022, the ultimate controlling company and ultimate controlling party of the Group have been changed to Greet Harmony Global Limited, a company incorporated in the BVI, and Mr. Tao Wah Wai Calvin, an executive director of the Company, respectively.

The Group is principally engaged in the provision of tutoring services and franchising services in Hong Kong. The Group provides private tutoring services including primary and secondary tutoring services under the trade name of “Logic Tutorial Centre” and “Pedagog Education Centre”.

2. ADOPTION OF NEW AND AMENDMENTS TO HKFRSs

The Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) has issued a number of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) and had become effective during the year. In preparing the consolidated financial statements, the Group has applied all applicable amendments to HKFRSs issued by the HKICPA, which are effective for the Group’s consolidated financial statements for the accounting period beginning on 1 April 2021.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform Phase 2
Amendments to HKFRS 16	Covid-19-Related Rent Concessions Beyond 30 June 2021

None of these amendments have had a material effect on the Group’s financial performance and financial position for the current or prior years and/or on the disclosures set out in these consolidated financial statements.

At the date when these consolidated financial statements are authorised for issue, certain new and amended HKFRSs have been issued but are not yet effective, and have not been applied early by the Group.

HKFRS 17	Insurance Contracts and the related Amendments	1 January 2023
Amendment to AG 5	Accounting Guideline 5 Merger Accounting for Common Control Combinations (Revised)	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020	1 January 2022

The Group has already commenced an assessment of the related impact of adopting the above new and amendments to HKFRSs. So far, it is concluded that the above new and amendments to HKFRSs will be adopted at the respective effective dates and the adoption of them is unlikely to have a significant impact on the consolidated financial statements of the Group.

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRSs, which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the HKICPA and also included the applicable disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosure required by the Rules Governing the Listing of Securities on the GEM Board (“**GEM Listing Rules**”).

The consolidated financial statements have been prepared on the historical cost convention.

It should be noted that accounting estimates and assumptions are used in the preparation of the consolidated financial statements. Although these estimates are based on the management’s best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates.

The consolidated financial statements are presented in Hong Kong Dollars (“**HK\$**”) which is also the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise indicated.

4. SEGMENT INFORMATION

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is identified on the basis of the internal management reporting information that is provided to and regularly reviewed by the Group's chief operating decision maker ("CODM") in order to allocate resources and assess performance of the segment. For the reporting period, management of the Company has determined that the Group has one single operating segment as the Group is only engaged in the provision of tutoring services, which is the basis used by the CODM to allocate resources and assess performance. Provision of tutoring services includes primary school tutoring services, secondary school tutoring services and franchising services. The Group's revenue from external customers is divided into the following types of services:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Primary school tutoring services	8,640	6,459
Secondary school tutoring services	27,079	22,706
Franchising services	183	125
	<u>35,902</u>	<u>29,290</u>

The Company is an investment holding company and the principal place of the Group's operation is in Hong Kong. For the purpose of segment information disclosures under HKFRS 8, the Group regarded Hong Kong as its place of domicile. All the Group's revenue and non-current assets are principally attributable to Hong Kong, being the single geographical region. During the year ended 31 March 2022, there was no single external customer that contributed 10% or more of the Group's total revenue from external customers (2021: Nil).

5. REVENUE AND OTHER INCOME

Revenue from the Group's principal activities represents income from provision of tutoring services and franchising services. Revenue and other income are analysed as follows:

	2022	2021
	HK\$'000	HK\$'000
Revenue from contracts with customers, recognised over time		
Income from tutoring services	35,719	29,165
Income from continuing franchising income	183	125
	35,902	29,290
Other income		
Interest income	–	27
Payment in lieu of notice received from employees	–	93
Rental concession	337	421
Government grants (<i>Note</i>)	–	4,375
Gain on disposal of asset classified as held for sales	73	–
Gain on disposal of property, plant and equipment	19	–
Others	83	93
	512	5,009

Note: Government grants of approximately HK\$3,235,000 have been received in June and December 2020 in respect of subsidy for staff costs according to the Employment Support Scheme (“**ESS**”) launched by The Government of the Hong Kong Special Administrative Region (“**HKSAR**”), which aims to provide time-limited financial support to the Group for the period from June to November 2020 to retain employees who may otherwise be redundant. The amount has been recognised as other income during the year ended 31 March 2021 due to the Group has fulfilled all the conditions and other contingencies attached to the receipts.

Government grants of approximately HK\$1,140,000 have been received during the period from July to October 2020 according to the One-off Relief Grant for private school offering non-formal curriculum (“**PSNFCs**”) launched by HKSAR Education Bureau, which aims to provide time-limited financial support to the Group to relieve financial burdens of the Group. The amount has been recognised as other income during the year ended 31 March 2021 due to the Group has fulfilled all the conditions and other contingencies attached to the receipts.

6. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Auditor's remuneration	380	230
Depreciation of		
– Property, plant and equipment (<i>Note 10</i>)	560	1,068
– Right-of-use assets	3,213	4,193
	<u>3,773</u>	<u>5,261</u>
Minimum lease payments under operating leases of tutorial centres	502	539
Impairment loss on property, plant and equipment (<i>Note 10</i>)	40	1,703
Impairment loss on right-of-use assets	2,385	821
Employee benefits expense (including directors' remuneration)		
Salaries, allowances and benefits in kind	25,130	21,079
Pension scheme contributions		
– Defined contribution plan	784	696
	<u>25,914</u>	<u>21,775</u>

7. INCOME TAX EXPENSE

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax – Hong Kong	<i>b</i>	511	528
Under-provision in respect of prior years		–	70
		<u>511</u>	<u>598</u>
Deferred tax			
Decrease in deferred tax assets		2,441	33
		<u>2,952</u>	<u>631</u>

Notes:

- (a) Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (b) Hong Kong Profits Tax is calculated at 16.5% (2021: 16.5%) on the estimated assessable profits for the year. On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of a qualifying corporation will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The two-tiered profits tax rates regime was applicable to the Group for the year.

8. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss for the year attributable to the owners of the Company	<u>(6,968)</u>	<u>(3,466)</u>
Number of shares		
Weighted average number of shares for the purpose of calculating basic loss per share	<u>522,500,000</u>	<u>522,500,000</u>

Diluted loss per share dilutive was the same as the basic loss per share as there were no potential dilutive ordinary shares outstanding for the year ended 31 March 2022 (2021: Nil).

9. DIVIDEND

The Board of Directors does not recommend the payment of a final dividend for the year ended 31 March 2022 (2021: Nil).

10. PROPERTY, PLANT AND EQUIPMENT AND ASSET CLASSIFIED AS HELD FOR SALES

	Leasehold land and building <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Furniture, fixture and equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost:					
At 1 April 2020	8,184	8,169	513	2,044	18,910
Additions	–	40	–	1,118	1,158
Transfer to asset classified as held for sales (Note)	(8,184)	–	–	–	(8,184)
At 31 March 2021 and 1 April 2021	–	8,209	513	3,162	11,884
Additions	–	790	–	47	837
Disposal	–	–	–	(1,107)	(1,107)
Written-off	–	(700)	–	–	(700)
At 31 March 2022	<u>–</u>	<u>8,299</u>	<u>513</u>	<u>2,102</u>	<u>10,914</u>
Accumulated depreciation and impairment loss:					
At 1 April 2020	909	7,714	276	1,864	10,763
Charge for the year (Note 6)	266	452	81	269	1,068
Impairment loss (Note 11)	1,582	3	15	103	1,703
Transfer to asset classified as held for sales (Note)	(2,757)	–	–	–	(2,757)
At 31 March 2021 and 1 April 2021	–	8,169	372	2,236	10,777
Charge for the year (Note 6)	–	195	81	284	560
Impairment loss (Note 11)	–	17	2	21	40
Disposal	–	–	–	(480)	(480)
Written-off	–	(700)	–	–	(700)
At 31 March 2022	<u>–</u>	<u>7,681</u>	<u>455</u>	<u>2,061</u>	<u>10,197</u>
Net carrying amounts:					
At 31 March 2022	<u>–</u>	<u>618</u>	<u>58</u>	<u>41</u>	<u>717</u>
At 31 March 2021	<u>–</u>	<u>40</u>	<u>141</u>	<u>926</u>	<u>1,107</u>

Note: Simple Joyous Limited, a wholly-owned subsidiary of the Group, entered into preliminary sale and purchase agreement (the “**Agreement**”) to sell its property (the “**Disposal**”) to an independent third party at a consideration of HK\$5,500,000 on 19 March 2021, resulting in transfer of property, plant and equipment to asset classified as held for sales at fair value less costs of disposal of approximately HK\$5,427,000 when cost of disposal were estimated to be approximately HK\$73,000. The carrying amount of this property at the date of the Agreement was approximately HK\$7,009,000 and therefore resulted in impairment loss for the year ended 2021 in relation to this property of approximately HK\$1,582,000. The Disposal was completed on 13 July 2021, resulting in gain on disposal of asset classified as held for sales of approximately HK\$73,000.

11. IMPAIRMENT TESTING ON PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Tutorial school operations are determined by the management as eleven cash-generating units (“CGUs”). For the purpose of impairment assessment as at 31 March 2022, property, plant and equipment and right-of-use assets have been allocated to the CGUs.

The CGUs suffered operating loss during the year, as a result, the Group assessed the recoverable amounts of the CGUs by value in use calculation of present value of expected cash flows. Management determined the annual growth rate of revenue in five-year period based on past performance and its budget of market development. The discount rate applied reflected specific risks relating to the CGUs.

The recoverable amounts of certain CGUs are less than the carrying amounts of the relevant CGUs as at 31 March 2022. As a result, the Group recognised an impairment loss of approximately HK\$40,000 (2021: HK\$1,703,000) and approximately HK\$2,385,000 (2021: HK\$821,000) on property, plant and equipment and right-of-use assets, respectively, during the year.

Key assumptions adopted in the cash flow projection are as below:

	2022	2021
Annual growth rate of revenue in five-year period	1.6%	2.7%
Pre-tax discount rate	23.8%	20.7%

12. ACCOUNT RECEIVABLES

	2022	2021
	HK\$'000	HK\$'000
Account receivables	588	593

For tutoring service income, there is no credit period granted as it is normally received in advance.

For franchising income, there is 5 days credit period, in general, granted to franchisees.

Ageing analysis of the Group’s account receivables, based on the revenue recognition dates which also presented the ageing analysis of account receivables which are past due but not impaired, at 31 March 2022 and 2021.

	2022	2021
	HK\$'000	HK\$'000
1 to 90 days past due	553	558
Over 90 days past due	35	35
	588	593

The Group's account receivables were interest-free and related to a large number of diversified customers and there was no significant concentration of credit risk. At 31 March 2022, there were no allowances for expected credit loss ("ECL") provided as there was no recent history of significant default in respect of these customers (2021: Nil).

The directors of the Company considered that the fair values of account receivables which were expected to be recovered within one year are not materially different from their carrying amounts because these balances had short maturity periods on their inception.

The maximum exposure to credit risk at the reporting date is the carrying value of the receivables. The Group does not hold any collateral as security.

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2022	2021
	HK\$'000	HK\$'000
Prepayments	747	316
Deposits	2,258	2,493
Other receivables	779	23
	<u>3,784</u>	<u>2,832</u>
Less: ECL on other receivables	<u>(514)</u>	<u>–</u>
	3,270	2,832
Less: Portion classified as non-current asset		
– Deposits	<u>(951)</u>	<u>(1,132)</u>
	<u>2,319</u>	<u>1,700</u>

The movements in ECL allowance of other receivables are as follows:

	2022
	HK\$'000
At the beginning of the year	–
Charge for the year	<u>514</u>
At the end of the year	<u>514</u>

14. ACCRUALS, OTHER PAYABLES AND CONTRACT LIABILITIES

	2022	2021
	HK\$'000	HK\$'000
Accruals	500	2,271
Other payables	336	300
Contract liabilities	1,087	989
	<u>1,923</u>	<u>3,560</u>

Changes in contract liabilities during the year are as follows:

	<i>HK\$'000</i>
Carrying amount at 1 April 2020	444
Revenue recognised that was included in the contract liabilities at beginning of the year	(413)
Increase due to receipts in advance from customers, excluding amounts recognised as revenue during the year	<u>958</u>
Carrying amount at 31 March 2021 and 1 April 2021	989
Revenue recognised that was included in the contract liabilities at beginning of the year	(959)
Increase due to receipts in advance from customers, excluding amounts recognised as revenue during the year	<u>1,057</u>
Carrying amount at 31 March 2022	<u>1,087</u>

The performance obligation of the tutoring services is satisfied when the services are rendered and advances are required before rendering the services.

The Group selected to choose a practical expedient and no disclosure of remaining performance obligation of those unsatisfied contracts with customers was made as all related contracts have a duration of one year or less.

15. SHARE CAPITAL

Authorised and issued share capital

	2022		2021	
	Number of ordinary shares '000	Amount HK\$'000	Number of ordinary shares '000	Amount HK\$'000
Authorised:				
At beginning and end of the year, ordinary shares of HK\$0.01 each	<u>2,000,000</u>	<u>20,000</u>	<u>2,000,000</u>	<u>20,000</u>
Issued and fully paid:				
At beginning and end of the year, ordinary shares of HK\$0.01 each	<u>522,500</u>	<u>5,225</u>	<u>522,500</u>	<u>5,225</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Tutorial Business

During the year ended 31 March 2022 (the “Year”), the Group remained to focus on provision of tutoring services to secondary school students and primary school students in Hong Kong.

Due to the recovery from the unstable economic situation during the Year, the revenue of the Group bounced back by 22.6% to HK\$35.9 million. The Group incurred a loss of HK\$7.0 million during the Year mainly because of expansion and strengthen of workforce for better service level and hence resulted in increase of staff cost.

During the Year, the revenue generated from primary school tutoring services has increased to approximately HK\$8.6 million, representing an increase of 33.8% comparing to that of the same period last financial year. The revenue generated from secondary school tutoring services has increased to approximately HK\$27.1 million, representing an increase of 19.3% comparing to that of the corresponding period last financial year.

As at 31 March 2022, the Group had a total of 12 centres.

Franchise Business

The Group recorded franchise income of approximately HK\$183,000 for the Year, representing an increase of 46.4%. As at 31 March 2022, we have franchise centres covering Kowloon and the New Territories.

Environmental Policies and Performance

The Board admits the responsibility to environmental protection. Over the years, the Group has committed to reduce pollution and waste with a view of efficient and effective resources utilisation in our tutorial centres. Staff are reminded from time to time to this direction of the Group in this respect.

Compliance with the Relevant Laws and Regulations

The Group endeavours to comply with all legal and regulatory requirements, especially Education Ordinance, Copyright Ordinance and Trade Descriptions Ordinance. In relation to the human resources, the Group is committed to comply with the requirements of the applicable laws and regulations, such as the Employment Ordinance, Mandatory Provident Fund Schemes Ordinance, ordinances in relation to discrimination, the Personal Data (Privacy) Ordinance and the Minimum Wage Ordinance.

During the Year, there was no material breach of or non-compliance with the applicable laws and rules by the Group.

Relationships with Employees, Customers and Suppliers

The Group recognises importance of retaining talents to ensure the continuity of business. The Group has established all-rounded staff policy and guidelines for staff welfare, support the development of talent and provide a safe workplace for staff. The Group encouraged employees to update their work-related knowledge, skill by providing training offered by external organisations. As at 31 March 2022, the number of employee was 72, which represented an increase of headcount compared to that of 61 as at 31 March 2021. During the Year, no violation of labour law was recorded. The customers of the Group included students and their parents considering the services are always paid by either one of them. During the Year, there was no material dispute between the Group and the customers/suppliers.

OUTLOOK

Due to further recovery of the economy and relief from pandemic outbreak, the management believes there would be further improvement in both primary tutoring services and secondary tutoring services. The Group will continuously focus on tutoring services business and remain our competitive advantages in the keen competitions. Meanwhile, the franchise business will be further developed to seize opportunity of further growth.

Our experienced management team will also look for suitable investment opportunities continuously including but not limited to tutoring businesses in Hong Kong to maintain the competitiveness of the Group and creating value for all stakeholders.

FINANCIAL REVIEW

Revenue

For the Year, the Group recorded total revenue of approximately HK\$35.9 million, representing an increase of approximately 22.6% as compared to approximately HK\$29.3 million for the year ended 31 March 2021. The increase was mainly due to the increase of approximately HK\$2.2 million or 33.8% in revenue generated from primary school tutoring services and increase of approximately HK\$4.4 million or 19.3% in revenue generated from secondary school tutoring services mainly due to recovery from unstable economy and outbreak of the pandemic disease.

Depreciation expenses

Depreciation of property, plant and equipment comprises depreciation for right-of-use asset, leasehold improvement and other equipment. Depreciation of property, plant and equipment decreased by approximately HK\$0.5 million from approximately HK\$1.1 million for the year ended 31 March 2021 to approximately HK\$0.6 million for the Year.

Employee benefits expense

Employee benefits expense mainly consist of wages and salaries, pension costs and other benefits to the staff and the Directors. Employee benefits expense increased by 18.8% from approximately HK\$21.8 million for the year ended 31 March 2021 to approximately HK\$25.9 million for the Year, which was primarily resulted from the increase in staff for expansion and strengthen of workforce for better service level.

Operating lease expenses

The operating lease expense comprises short-term rental expenses. Short-term lease expenses are about HK\$0.5 million for 2021 and 2022.

Net loss and net profit margin

The Group recorded a loss attributable to owners of the Company amounting to approximately HK\$7.0 million for the Year (2021: HK\$3.5 million). Such change was primarily due to (i) government grant of HK\$4.4 million was obtained during the year of 31 March 2021; (ii) increase of employee benefits expense of approximately HK\$4.1 million due to expansion and strengthen of workforce as compared to that of previous financial year. The net profit margin changes to -19.4% for the Year from -11.8% of the corresponding period in 2021.

Account receivables

As at 31 March 2022, the account receivables amounted to approximately HK\$0.6 million, which was similar to that of approximately HK\$0.6 million as at 31 March 2021.

Cash and cash equivalents

As at 31 March 2022, the cash and cash equivalents amounted to approximately HK\$16.5 million. The decrease comparing to the balance as at 31 March 2021 was mainly due to certain bank accounts of the Group were frozen by the Hong Kong Police Force.

CONTINGENT LIABILITIES

As at 31 March 2022, the Group did not have any significant contingent liabilities.

LIQUIDITY AND FINANCIAL RESOURCES

During the Year, the Group mainly financed its operations with its own working capital. As at 31 March 2021 and 31 March 2022, the Group had net current assets of approximately HK\$30.0 million and HK\$27.0 million respectively, including cash and bank balances and restricted bank balances of approximately HK\$30.0 million and HK\$31.0 million respectively.

Since the Group had no borrowings or payables incurred not in the ordinary course of business during the years ended 31 March 2021 and 2022, the Group was in net cash position during the years ended 31 March 2021 and 2022 and no gearing ratio information was presented.

FOREIGN CURRENCY EXPOSURE

Most of the transactions of the Group are denominated in Hong Kong dollar and the Group is not exposed to any significant foreign exchange exposure. The Group currently does not have a foreign currency hedging policy. However, the management will monitor the foreign exchange exposure should the need arise.

SEGMENTAL INFORMATION

An analysis of the Group's performance for the Year by business segment is set out in note 4 to the consolidated financial statements.

CAPITAL STRUCTURE

The shares of the Company have been listed on the GEM by way of placing and public offer of shares on 2 December 2016. There have been no changes in the capital structure of the Group since that date. The capital of the Group only comprises of ordinary shares.

CHARGES ON THE GROUP'S ASSETS

As at 31 March 2022, the Group did not have charges on its assets (2021: Nil).

SIGNIFICANT INVESTMENT, ACQUISITIONS AND DISPOSALS

During the Year, the Group did not process any other significant investment, acquisition or disposal.

FURTHER PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Saved as disclosed in this announcement, the Group did not have any plans for material investments and capital assets.

FUND RAISING ACTIVITIES – PLACING OF SHARES UNDER GENERAL MANDATE

On 30 April 2021, the Company and the placing agent entered into the placing agreement pursuant to which the Company has conditionally agreed to place through the placing agent, on a best effort basis, of up to 104,500,000 placing shares, to not less than six placees who and whose ultimate beneficial owners shall be independent third parties at a price of HK\$0.57 per placing share (the “**Placing**”).

The closing price was HK\$0.63 per share as quoted on the Stock Exchange on 29 April 2021, being the last trading day immediately before the date of the placing agreement.

The placing shares was expected to be allotted and issued under the general mandate granted to the Directors at the annual general meeting, subject to the limit up to 20% of the total number of issued Shares as at the date of the annual general meeting held on 4 September 2020. The Directors believed that the Placing represents an opportunity to raise capital for the Group while broadening the Shareholder and capital base of the Company. In addition, the proceeds of the Placing would facilitate the development of the Group's education and tutoring business to online platform.

Assuming all the placing shares are fully placed, the gross proceeds from the Placing will be approximately HK\$59.57 million and the net proceeds will be approximately HK\$57.40 million (after deduction of commission and other expenses of the Placing), representing a net issue price of approximately HK\$0.55 per placing share. The Directors intend to use the net proceeds as to approximately 80% for the Group's development and expansion of its education services, including (i) the development and promotion of mobile apps and/or internet based platform for online and real time education and tutoring services for primary, secondary and DSE students, (ii) the establishment of a flagship tutoring centre on Hong Kong Island; (iii) the development of new online finance and investment courses for adults, and (iv) the recruitment of new tutors for the adult finance and investment courses. The remaining proceeds will be used for general working capital of the Group.

As the conditions under the placing agreement were not fulfilled on or before 20 May 2021, being the long stop date, the placing agreement has lapsed and the placing did not proceed. Details of the Placing are set out in the announcements of the Company dated 30 April 2021 and 20 May 2021.

DIRECTORS' INTERESTS IN CONTRACTS

No transaction, arrangement or contract of significance, to which the Company, any of its controlling entities or its subsidiaries was a party, and in which a Director or an entity connected with a Director had a material interest, directly or indirectly, subsisted during or at the end of the Year.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year ended 31 March 2022, none of the Directors or any of their respective associates has engaged in any business that competes or may compete with the business of the Group, or has any other conflict of interest with the Group.

DIVIDENDS

The Directors do not recommend the payment of final dividend for the year ended 31 March 2022 (2021: Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any securities of the Company during the year ended 31 March 2022.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the rules set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities of the Company by the Directors. Mr. Cheung Lick Keung ("**Mr. Cheung**"), the former chairman and an executive Director of the Company who resigned with effect from 3 January 2022, for and on behalf of Digital Achiever Limited ("**Digital Achiever**"), a company wholly-owned by Mr. Cheung, informed the Company that there were disposals of the Company's shares held by Digital Achiever on the Stock Exchange in April 2021 (the "**Disposals**"), while Mr. Cheung unintentional non-fully compliance with the Rules 5.61 and 5.62 of the GEM Listing Rules with respect to dealing in any securities by first notifying in writing a director designated by the Board and receiving a dated written acknowledgment before the Disposals. Save as disclosed above and having made specific enquiry to the Directors, the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transaction by Directors during the year ended 31 March 2022.

CORPORATE GOVERNANCE PRACTICES

On 1 January 2022, the amendments to the Corporate Governance Code (the "**New CG Code**") came into effect and the requirements under the New CG code would apply to corporate governance reports for financial year commencing on or after 1 January 2022. The Board will continue to review and enhance its corporate governance practice of the Company to ensure compliance with the New CG Code and align with the latest developments.

During the Year, the Company has complied with all the code provisions as set out in the Corporate Governance Code (the “**CG Code**”) and Corporate Governance Report contained in Appendix 15 to the GEM Listing Rules except the following deviations:

Deviation from Code Provision A.2.1 (subsequently rearranged and renumbered as C.2.1 in the New CG Code)

The code provision A.2.1 of the CG Code (subsequently rearranged and renumbered as C.2.1 in the New CG Code) requires the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

However, the Board was of the view that Mr. Cheung Lick Keung (“**Mr. Cheung**”) has been managing the Group’s business and the overall financial and strategic planning since September 2005. The Board believes that the vesting of the roles of chairman and chief executive officer in Mr. Cheung is beneficial to the business operations and management of the Group and will provide a strong and consistent leadership to the Group. In addition, due to the presence of three independent non-executive Directors, the Board considers that no one individual has unfettered power of decision. Accordingly, the Company has not segregated the roles of its chairman and chief-executive officer during the period from 1 April 2021 to 3 January 2022.

Mr. Cheung had resigned as the chairman, chief executive officer and executive director of the Company with effect from 3 January 2022. Following his resignation, Mr. Cheung Hiu Fung had been appointed as the Chairman of the Company. The Company had no chief executive officer since 3 January 2022.

Deviation from Code Provision A.6.7 (subsequently rearranged and renumbered as C.1.6 in the New CG Code)

The code provision A.6.7 of the CG Code (subsequently rearranged and renumbered as C.1.6 in the New CG Code) requires the independent non-executive Directors, as equal board members, to attend general meetings and develop a balanced understanding of the views of shareholders of the Company. Due to other overseas commitment and prearranged business engagements, an independent non-executive Director was unable to attend annual general meeting of the Company held on 6 August 2021.

AUDIT COMMITTEE

The Audit Committee was established with written terms of reference in compliance with Rule 5.28 to 5.33 of the GEM Listing Rules pursuant to a resolution of the Directors passed on 3 November 2016. The primary duties of the audit committee are mainly to make recommendations to the Board on the appointment and removal of the external auditors, review the financial statements and material advice in respect of financial reporting and oversee the internal control procedures of the Company. At present, the audit committee comprises Mr. Yu Lap Pan, Mr. Sek Ngo Chi and Mr. Ho Kin, all being the independent non-executive Directors. Mr. Yu Lap Pan is the chairman of the audit committee. The audit committee, together with the Board, has reviewed the audited consolidated financial statements of the Group for the Year and was of the opinion that the preparation of such statements complied with applicable accounting standards and that adequate disclosure has been made in respect thereof.

SCOPE OF WORK ON THE ANNUAL RESULTS ANNOUNCEMENT BY THE AUDITOR

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and consolidated statement of changes in equity and the related notes thereto for the year ended 31 March 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, Moore Stephens CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Moore Stephens CPA Limited 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 Hong Kong Institute of Certified Public Accountants and consequently no opinion or assurance conclusion has been expressed by Moore Stephens CPA Limited on the preliminary announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This preliminary results announcement will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.goldwayedugp.com). The annual report for the financial year will be dispatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board
Goldway Education Group Limited
Cheung Hiu Fung
Chairman and Executive Director

Hong Kong, 24 June 2022

As at the date of this announcement, the executive Directors are Mr. Cheung Hiu Fung, Mr. Hui Ka Fai and Mr. Tao Wah Wai Calvin; the non-executive Director is Ms. Tse Pui Fong; and the independent non-executive Directors are Mr. Sek Ngo Chi, Mr. Ho Kin, Mr. Yu Lap Pan and Mr. Hu Chao.