

Goldway Education Group Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code : 8160

2022

ANNUAL REPORT



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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This report, 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 report 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 report misleading.*

This report 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 report will also be published on the Company’s website at www.goldwayedugp.com.

CONTENTS

Corporate Information	3
Profile of the Directors and Senior Management	4
Management Discussion and Analysis	6
Directors' Report	10
Corporate Governance Report	19
Environment, Social and Governance Report	29
Independent Auditor's Report	53
Consolidated Financial Statements	
Consolidated:	
Statement of Profit or Loss and Other Comprehensive Income	59
Statement of Financial Position	60
Statement of Changes in Equity	62
Statement of Cash Flows	63
Notes to the Consolidated Financial Statements	65
Financial Summary	108



CORPORATE INFORMATION

BOARD OF DIRECTORS (THE “BOARD”)

Executive directors

Mr. Cheung Hiu Fung (*Chairman*)
Mr. Hui Ka Fai
(appointed with effect from 10 January 2022)
Mr. Tao Wah Wai Calvin
(appointed with effect from 13 June 2022)

Non-executive director

Ms. Tse Pui Fong
(appointed with effect from 24 September 2021)

Independent Non-executive directors

Mr. Sek Ngo Chi
Mr. Ho Kin
Mr. Yu Lap Pan
(appointment with effect from 27 May 2022)
Mr. Hu Chao
(appointment with effect from 27 May 2022)

AUDIT COMMITTEE

Mr. Yu Lap Pan (*Chairman*)
Mr. Sek Ngo Chi
Mr. Ho Kin

REMUNERATION COMMITTEE

Mr. Sek Ngo Chi (*Chairman*)
Mr. Ho Kin
Mr. Hu Chao

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

Mr. Cheung Hiu Fung (*Chairman*)
Mr. Sek Ngo Chi
Mr. Ho Kin

JOINT COMPANY SECRETARIES

Mr. Cheung Yuk Chuen
Mr. Au Yeung Yiu Chung
(appointed with effect from 13 June 2022)

AUTHORISED REPRESENTATIVES

Mr. Cheung Hiu Fung
Mr. Cheung Yuk Chuen

COMPLIANCE OFFICER

Mr. Cheung Hiu Fung

AUDITOR

Moore Stephens CPA Limited
Registered Public Interest Entity Auditor
801–806 Silvercord, Tower 1
30 Canton Road
Tsimshatsui, Kowloon
Hong Kong

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Shop 203, Kin Sang Commercial Centre
Kin Sang Estate
Tuen Mun, New Territories
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

COMPANY'S WEBSITE ADDRESS

www.goldwayedugp.com

GEM STOCK CODE

8160

PROFILE OF THE DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Cheung Hiu Fung (張曉峯先生) (“Mr. Cheung”), aged 28, is an executive Director. Mr. Cheung has been appointed as the Chairman and the compliance officer of the Company with effect from 3 January 2022. He is also the Chairman of the nomination and corporate governance committee and the authorised representative of the Company under Rule 5.24 of the GEM Listing Rules. He obtained an Associate Degree of Arts of the Hong Kong Baptist University and a Master of Business Administration from University of Chichester, United Kingdom. Mr. Cheung started his career in writing financial analysis and holding financial seminar as a finance columnist on various social media and newspaper in Hong Kong since January 2015, and founded Bofung Company Limited in July 2017. His financial investment course had over thousands students. He is also a writer and published his own financial analysis book “財技x盤路倍升股全攻略” in Hong Kong and Taiwan, with more than 2,000 copies sold. Mr. Cheung has directorship of certain subsidiaries of the Company. Mr. Cheung joined the Group in April 2021.

Mr. Hui Ka Fai (許家輝先生) (“Mr. Hui”), aged 41, is an executive Director. Mr. Hui holds a Bachelor Degree of Management from the Jinan University. Mr. Hui is the director of a subsidiary of the Group. Mr. Hui has 13 years’ experience in the education industry. Mr. Hui joined the Group in 2008 and responsible for marketing, logistic and management.

Mr. Tao Wah Wai Calvin (陶樺璋先生) (“Mr. Tao”), aged 30, is the executive director of the Company. Mr. Tao obtained a Master of Business Administration from Southwestern University in 2018, is currently the Director of Premium Bright Corporate Advisory Limited. Mr. Tao was an executive director of China Trustful Holdings Limited (Stock Code: 8265), a company listed on the Stock Exchange until 12 November 2021.

Mr. Tao has extensive knowledge in corporate finance transactions in Hong Kong. He is well experienced for working in mergers & acquisition, analysing financial and market data, responsible for coordinating and supporting integration planning for acquisitions, and taking deals through the full process to successful completion.

NON-EXECUTIVE DIRECTOR

Ms. Tse Pui Fong (謝佩芳女士) (“Ms. Tse”), aged 35, is a non-executive Director. Ms. Tse is a licensed investment consultant of the Securities and Futures Commission from April 2018 to March 2021. Ms. Tse obtained a Bachelor of Business majoring in Marketing from the Southern Cross University in Australia in September 2014. Ms. Tse has extensive experience in areas of business development, investment and financial services. She worked in AIA International Limited, one of the world’s top 500 financial companies which has rich wealth management experience. Ms. Tse joined the Group in September 2021.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Sek Ngo Chi (石傲枝先生) (“Mr. Sek”), aged 45, is an independent non-executive director of the Company. Mr. Sek is also the Chairman of the remuneration committee, a member of the audit committee and the nomination and corporate governance committee of the Company.

Mr. Sek obtained a Bachelor of Engineering and a Master of Business Administration from The Chinese University of Hong Kong, a Master of Government and Commercial Law from The Australian National University, Canberra, Australia, and a Master of Accounting from Curtin University of Technology (now known as Curtin University), Perth, Western Australia.

Mr. Sek has substantial experience in both commercial development and education management. Mr. Sek was employed in market research and business development roles in various companies from 2001 to 2010. From 2010, Mr. Sek worked in various teaching and education management positions in a number of higher education institutes in Hong Kong and the United Kingdom. Mr. Sek is currently the Business Course Leader in the ONCAMPUS London centre of the Cambridge Education Group. Mr. Sek joined the Group in November 2016.

PROFILE OF THE DIRECTORS AND SENIOR MANAGEMENT

Mr. Ho Kin (何健先生) (“Mr. Ho”), aged 37, is an independent non-executive director of the Company. Mr. Ho is also a member of the audit committee, the remuneration committee and the nomination and corporate governance committee of the Company. Mr. Ho obtained a Bachelor of Commerce from the University of Melbourne. He is a member of CPA Australia, a member of the Hong Kong Institute of Certified Public Accountants and a member of The Hong Kong Institute of Directors.

Mr. Ho has substantial experience in audit, accounting and corporate finance obtained from international accounting firms and private companies. Mr. Ho is currently a financial controller of Clarity Medical Group (stock code: 1406). Mr. Ho joined the Group in November 2016.

Mr. Yu Lap Pan (余立彬先生) (“Mr. Yu”), aged 40, is an independent non-executive director and the Chairman of the audit committee of the Company. Mr. Yu obtained a bachelor’s degree in applied accounting from Oxford Brookes University in 2007 and a master’s degree in corporate governance from the Hong Kong Polytechnic University in 2020. He is a fellow member of the Association of Chartered Certified Accountants, a member of the Hong Kong Institute of Certified Public Accountants and an associate of both The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom. Mr. Yu have extensive experience in the related fields of finance, auditing, accounting and corporate governance practices. Mr. Yu joined the Group in May 2022.

Mr. Hu Chao (胡超先生) (“Mr. Hu”), aged 38, is an independent non-executive director and a member of the remuneration committee of the Company. Mr. Hu obtained a bachelor’s degree in Law from Hunan University of Technology (formerly known as Zhuzhou Institute of Technology). Mr. Hu has extensive experience in legal advisory services in corporation governance and investment and commercial dispute resolution. Mr. Hu is currently the independent non-executive director of GT Group Holdings Limited (stock code: 263), a company listed on the Main Board of the Stock Exchange. Mr. Hu was and has been the independent non-executive director of CL Group (Holdings) Limited (stock code: 8098) from December 2019 to April 2022, and an executive director of Farnova Group Holdings Limited (stock code: 8153) from July 2016 to December 2020, both companies listed on the GEM of the Stock Exchange. Mr. Hu was also an independent non-executive director of China Trustful Group Limited (stock code: 8265), a company which was formerly listed on the GEM of the Stock Exchange, from December 2020 to December 2021. Mr. Hu joined the Group in May 2022.

SENIOR MANAGEMENT

Mr. Tsang Hiu San (曾曉新先生) (“Mr. Tsang”), aged 40, is the chief financial officer of the Company. Mr. Tsang graduated from City University of Hong Kong with a Bachelor of Business Administration in Management Science. He is a certified public accountant of the Hong Kong Institute of Certified Public Accountants. Mr. Tsang had worked for international accounting firms and another listed company in Hong Kong as a financial controller and has over ten years of experience in auditing, accounting, financial management and internal control matters. Mr. Tsang joined the Group in October 2014.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.



MANAGEMENT DISCUSSION AND ANALYSIS

Operating lease expenses

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

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 6 to the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

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 annual report, 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' REPORT

The Directors present the annual report and audited consolidated financial statements for the year ended 31 March 2022.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are 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”.

BUSINESS REVIEW

Discussion and analysis of the principal activities of the Group as required by Schedule 5 to the Hong Kong Companies Ordinance can be found in the section headed “Management Discussion and Analysis” set out on pages 6 to 9 of this annual report. These discussions form part of this directors’ report.

RESULT AND DIVIDENDS

The result of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 59 of this annual report.

The Directors do not recommend the payment of final dividend for the Year (2021: Nil).

DIVIDEND POLICY

The Company has adopted a dividend policy which aims sets out principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its net profits as dividends to the Shareholders.

The Board shall also take into account the following factors of the Group when considering the declaration and payment of dividends:

- financial results;
- cash flow situation;
- business conditions and strategies;
- future operations and earnings;
- capital requirements and expenditure plans;
- interests of shareholders;
- any restrictions on payment of dividends; and
- any other factors that the Board may consider relevant.

Any dividend unclaimed shall be forfeited and shall revert to the Company in accordance with the articles of association of the Company (the “**Articles of Association**”).

FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five years is set out on page 108 of this annual report. This summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the Year are set out in Note 14 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

Considering that our services were paid for by students or their parents, they are both regarded as the Group's customers. Due to the nature of our business, we did not have a single customer and supplier who account for more than 5% of our revenue and cost of sales respectively for the Year. To the best knowledge of the Directors, at no time during the Year, any Director or his associates or any shareholder (who owned more than 5% of the Company's issued share capital) has any interest in the above-mentioned customers or suppliers.

SHARE CAPITAL

Details of movements during the Year in the share capital of the Company are set out in Note 24 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group are presented in the consolidated statement of changes in equity on page 62 of this annual report.

As at 31 March 2022, the Company's reserves available for distribution represent the share premium and retained earnings amounting to approximately HK\$19,579,000.

CLOSURE OF REGISTER OF MEMBERS

For ascertaining shareholders' right to attend and vote at the forthcoming annual general meeting (the "AGM").

Latest time to lodge transfers	4:00 p.m. on 1 August 2022 (Monday)
Book close date	2 August 2022 (Tuesday) to 5 August 2022 (Friday)
AGM date	5 August 2022 (Friday)

In order to qualify for the right to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong before the above latest time to lodge transfers.

SHARE OPTION SCHEME

We have conditionally adopted the share option scheme (the "Share Option Scheme") on 3 November 2016.

(i) Purpose of the Share Option Scheme

The purpose of which is to provide an incentive or a reward to eligible persons for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group or any entity in which the Group holds any equity interest (the "Invested Entity").

DIRECTORS' REPORT

(ii) Who may join

Subject to the provisions in the Share Option Scheme, the Board shall be entitled at any time and from time to time within the period of ten (10) years after the date of adoption of the Share Option Scheme to make an offer to any of the following classes of persons (the “**Eligible Participant(s)**”):

- (1) any employee (whether full-time or part-time) of the Company, any of its subsidiaries and any Invested Entity;
- (2) any director (including executive, non-executive and independent non-executive directors) of the Company, any of the subsidiaries or any Invested Entity;
- (3) any supplier of goods or services to any member of the Group or any Invested Entity;
- (4) any customer of the Group or any Invested Entity;
- (5) any consultant, adviser, manager, officer or entity that provides research, development or other technological support to the Group or any Invested Entity; or
- (6) any person who, in the sole discretion of the Board, has contributed or may contribute to the Group or any Invested Entity eligible for options under the Share Option Scheme.

(iii) Maximum number of shares

- (1) Notwithstanding anything to the contrary herein, the maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not, in aggregate, exceed 30% of the total number of shares in issue from time to time.
- (2) The total number of shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of the Company shall not exceed 52,250,000 shares, being 10% of the total number of shares in issue as at the listing date unless the Company obtains the approval of the shareholders in general meeting for renewing the 10% limit (the “**Scheme Mandate Limit**”) under the Share Option Scheme provided that options lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company will not be counted for the purpose of calculating whether the Scheme Mandate Limit has been exceeded.
- (3) The Company may seek approval of the shareholders in general meeting to renew the Scheme Mandate Limit such that the total number of shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of the Company as “renewed” shall not exceed 10% (the “**Renewal Limit**”) of the total number of shares in issue as at the date of the approval of the shareholders on the renewal of the Scheme Mandate Limit, provided that options previously granted under the Share Option Scheme or any other share option schemes of the Company (including options outstanding, cancelled, lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company or exercised) will not be counted for the purpose of calculating the Renewal Limit.

For the purpose of seeking the approval of the shareholders for the Renewal Limit, a circular containing the information and the disclaimer as required under the GEM Listing Rules must be sent to the shareholders.

- (4) The Company may seek separate approval of the shareholders in general meeting for granting options beyond the Scheme Mandate Limit provided that the proposed grantee(s) of such option(s) must be specifically identified by the Company before such approval is sought. For the purpose of seeking the approval of the shareholders, the Company must send a circular to the shareholders containing a generic description of the specified proposed grantees of such options, the number and terms of the options to be granted, the purpose of granting such options to the proposed grantees with an explanation as to how the terms of options serve such purpose and the information as required under the GEM Listing Rules.

(iv) Maximum entitlement of each Eligible Participant

No option shall be granted to any Eligible Participant if any further grant of options would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including such further grant exceeding 1% of the total number of shares in issue, unless:

- (1) such further grant has been duly approved, in the manner prescribed by the relevant provisions of Chapter 23 of the GEM Listing Rules, by resolution of the shareholders in general meeting at which the Eligible Participant and his/her/its associates shall abstain from voting;
- (2) a circular regarding the further grant has been despatched to the shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 23 of the GEM Listing Rules (including the identity of the Eligible Participant, the number and terms of the options to be granted and options previously granted to such Eligible Participant); and
- (3) the number and terms (including the subscription price) of such option are fixed before the general meeting of the Company at which the same are approved.

(v) Exercise of an option

A consideration of HK\$1 is payable on acceptance of the offer of grant of an option. Such consideration shall in no circumstances be refundable. An option may be exercised in whole or in part by the grantee (or his personal representative(s)) at any time before the expiry of the period to be determined and notified by the Board to the grantee which in any event shall not be longer than ten (10) years commencing on the date of the offer letter and expiring on the last day of such ten (10)-year period subject to the provisions for early termination as contained in the Share Option Scheme.

(vi) Subscription price for Shares

The subscription price of a share in respect of any particular option granted under the Share Option Scheme shall be a price determined by the Board in its absolute discretion and notified to an eligible participant, and shall be at least the highest of: (1) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of the Board meeting at which the grant was proposed (the "Offer Date"), (2) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five consecutive business days immediately preceding the Offer Date, and (3) the nominal value of a Share on the Offer Date.



DIRECTORS' REPORT

(vii) Period of the Share Option Scheme

Subject to any prior termination by the Company in a general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of ten (10) years commencing on the date of adoption of the Share Option Scheme, after which period no further option shall be granted but in respect of all options which remain exercisable at the end of such period, the provisions of the Share Option Scheme shall remain in full force and effect.

As at 31 March 2022, no options have been granted or agreed to be granted under the Share Option Scheme.

DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Group are set out on pages 4 to 5 of this annual report.

Each of the executive Directors, has entered into a service contract with the Company for an initial term of three years and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other. Each of the executive Directors is entitled to their respective basic salary (subject to an annual increment, which will be made one year after the commencement date of the service agreement at the discretion of the Directors) and may receive a discretionary bonus, the amount of which will be determined by the Board at its absolute discretion having regard to the operation results of the Company and the performance of the Directors.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company. The terms and conditions of each of such letters of appointment are similar in all material respects. Each of the independent non-executive Directors is appointed with a term of three years subject to termination in certain circumstances as stipulated in the relevant letters of appointment.

Each of the above remunerations is determined by the Company with reference to duties and level of responsibilities of each Director, the remuneration policy of the Company and the prevailing market conditions.

None of the Directors proposed for re-election at the forthcoming annual general meeting of the Company has a service contract which is not determinable by the Group within 1 year without payment of compensation (other than statutory compensation).

The appointments of the executive Directors, and the independent non-executive Directors are subject to the provisions of retirement and rotation of Directors under the Articles of Association.

Pursuant to article 84 of the Articles of Association, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years and the retiring Directors shall be eligible for re-election.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Pursuant to Rule 5.09 of the GEM Listing Rules, the Company has received from each of the existing independent non-executive Directors and annual confirmation of independence. Based on these confirmations, the Company considers all of the independent non-executive Directors are independent from the Group.

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.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the Year.

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

The Directors' fees and other emoluments shall be subject to shareholders' approval at general meetings or determined by the Board with reference to the Directors' duties and level of responsibilities, the remuneration policy of the Company and the prevailing market conditions. Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in Note 10 to the consolidated financial statements.

REMUNERATION PAID TO MEMBERS OF KEY MANAGEMENT

Details of remuneration paid to members of key management (including all Directors and senior management as disclosed in section headed "Profile of the Directors and Senior Management" of this annual report) for the Year are set out in Note 28(c) to the consolidated financial statements.

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 31 March 2022, none of the Directors and chief executive of the Company or their associates had any interest or short position in any shares (the "**Shares**"), underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "**SFO**") which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules required to be notified to the Company and the Stock Exchange.

DIRECTORS' REPORT

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN THE SHARES OR UNDERLYING SHARES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As 31 March 2022, so far as the Directors are aware, the interests or short positions owned by the following persons (other than the Directors or chief executive of the Company) in the Shares or underlying Shares of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group:

Long position in the Shares

Name of Shareholder	Capacity/ Nature of interest	Number of Shares	Approximate percentage of issued share ^(Note 5)
Digital Achiever Limited	Beneficial owner ^(Note 1)	28,762,000	5.50%
Mr. Cheung Lick Keung ("Mr. Cheung")	Interest in controlled corporation ^(Note 2)	28,762,000	5.50%
Ms. Chan Hoi Ying Karina	Interest in spouse ^(Note 3)	28,762,000	5.50%

Notes:

1. The entire issued share capital of Digital Achiever Limited is legally and beneficially owned by Mr. Cheung. Mr. Cheung is deemed to be interested in the Shares in which Digital Achiever Limited is interested in under Part XV of the SFO.
2. The entire issued share capital of Digital Achiever Limited is legally and beneficially owned by Mr. Cheung. Mr. Cheung is deemed to be interested in the Shares in which Digital Achiever Limited is interested in under Part XV of the SFO. Mr. Cheung had resigned as the Chairman, executive director and chief executive officer of the Company with effect from 3 January 2022.
3. Ms. Chan Hoi Ying Karina, the former executive Director, resigned with effect from 20 August 2020, is the spouse of Mr. Cheung. Ms. Chan Hoi Ying Karina is deemed to be interested in the shares in which Mr. Cheung is interested in under Part XV of the SFO.
4. The percentage represents the number of Shares interested divided by the number of the issued Shares as at 31 March 2022 (i.e. 522,500,000 Shares).

Save as disclosed above and as at 31 March 2022, the Directors are not aware of any interests or short positions owned by any persons (other than the Directors or chief executive officer of the Company) in the Shares or underlying Shares of the Company which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the Year, 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.

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.

RELATED PARTY TRANSACTIONS

Details of the related party transactions during the Year are set out in Note 28 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

CORPORATE GOVERNANCE PRACTICES

During the Year, the Company has complied with all the code provisions as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 to the GEM Listing Rules except for certain deviations. For further information on the Company's corporate governance practices and details of deviations, please refer to the Corporate Governance Report of this annual report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Details of the Company's environmental, social and governance practices are set out in the "Environmental Social and Governance Report" section of this annual report.

EMOLUMENT POLICY

All of our employees' remunerations are fixed and in the form of a monthly basic salary. Their remuneration packages vary according to factors such as experience, qualification, education background, previous performance in evaluations and market circumstances, with discretionary performance linked bonus. The Group provides employees with competitive and comprehensive remuneration packages and long term career development opportunities.

The Group has adopted a share option scheme as an incentive to employees. Details of the scheme are set out under the section headed "Share Option Scheme" section in this directors' report.



DIRECTORS' REPORT

RETIREMENT BENEFIT PLANS

The Group participates in the defined contribution scheme (the “**MPF Scheme**”) under the Mandatory Provident Fund Schemes Ordinance which is available to its employees in Hong Kong. Contributions to the MPF Scheme by the Group and employees are made based on a percentage of employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the best knowledge of the Directors, the Company has maintained a sufficient public float as required under the GEM Listing Rules during the Year and up to the date of this annual report.

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.

AUDITOR

Moore Stephens CPA Limited (“**Moore Hong Kong**”) was appointed by the Directors as the first auditor of the Company. Moore Hong Kong will retire, and being eligible, offer themselves for re-appointment at the forthcoming AGM. A resolution for their re-appointment as auditor of the Company will be proposed at the forthcoming AGM. The consolidated financial statements for the years ended 31 March 2020, 2021 and 2022 have been audited by Moore Hong Kong.

By order of the Board

Cheung Hiu Fung

Chairman and Executive Director

Hong Kong, 24 June 2022

CORPORATE GOVERNANCE REPORT

The Board and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The corporate governance principles of the Company emphasise a quality Board, sound internal control, transparency and accountability to all Company's shareholder.

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.

CORPORATE GOVERNANCE PRACTICES

During the Year, the Company has complied with all the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") 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.

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.



CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

The Board currently comprises seven Directors, including two executive Directors, one non-executive Director and four independent non-executive Directors.

Executive directors

Mr. Cheung Lick Keung (resigned with effect from 3 January 2022)

Mr. Cheung Hiu Fung (*Chairman*)

Mr. Hou Haitao (appointed with effect from 24 September 2021 and resigned with effect from 27 May 2022)

Mr. Hui Ka Fai (appointed with effect from 10 January 2022)

Mr. Tao Wah Wai Calvin (appointed with effect from 13 June 2022)

Non-executive directors

Ms. Tse Pui Fong (appointed with effect from 24 September 2021)

Mr. Yan Ximao (appointed with effect from 4 November 2021 and resigned with effect from 27 May 2022)

Independent Non-executive directors

Mr. Chan Hoi Keung Terence (resigned with effect from 1 May 2021)

Mr. Sek Ngo Chi

Mr. Ho Kin

Ms. Lee Yin Ting (appointed with effect from 4 May 2021 and resigned with effect from 27 May 2022)

Mr. Chen Ming (appointed with effect from 8 December 2021 and resigned with effect from 27 May 2022)

Mr. Yu Lap Pan (appointment with effect from 27 May 2022)

Mr. Hu Chao (appointment with effect from 27 May 2022)

The Company has received from each of the independent non-executive Director the annual confirmation of independence and the Board considers them to be independent under Rule 5.09 of the GEM Listing Rules.

The Directors' biographical information is set out on pages 4 to 5 in this annual report. To the best knowledge of the Company, save as disclosed under the section headed "Profile of the Directors", there is no financial, business, family or other material or relevant relationships among members of the Board. All executive Directors have given sufficient time and attention to the affairs of the Group. Each executive Director has sufficient experience to hold the position so as to carry out his/her duties effectively and efficiently.

The Company has arranged its Directors' and officers' liabilities an insurance coverage in respect of any legal actions which may be taken against its Directors and officers in the execution and discharge of their duties or in relation thereto.

BOARD DIVERSITY POLICY

The Company is committed to adopt a board diversity policy (the "**Board Diversity Policy**") on 2 December 2016 to complement the Company's corporate strategy. The Company considers that having a Board with diverse culture would assure Directors that their views are heard and their concerns are attended to and thus would enhance the effectiveness of the Board and maintain high standards of corporate governance. The Board achieves diversity on the Board through engaging Directors based on merit and candidates are considered against objective criteria, having due regard for the benefits of diversity on the Board including, but not limited to, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

The nomination and corporate governance committee of the Company has reviewed the Board's composition, experience and balance of skills of the Board under diversified perspectives, and will monitor the implementation of the Board Diversity Policy to ensure its continued effectiveness on an annual basis.

DIRECTOR NOMINATION POLICY

Director nomination policy of the Company (the "**Nomination Policy**") is in place and was adopted in writing. The Nomination Policy sets out the procedures, process, and criteria for identifying and recommending candidates for election to the Board.

RESPONSIBILITIES OF THE BOARD

The Board is responsible for leadership and control of the Group and be collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. All the Directors should make decisions objectively in the interests of the Group. The Board focuses on formulating the Group's overall strategies, authorising the development plan and budget; monitoring financial and operating performance; supervising and managing management's performance of the Group; and setting the Group's values and standards. The Board also assumes the responsibilities of maintaining high standard of corporate governance including, among others, developing and reviewing the effectiveness of the internal control system; reviewing and monitoring the policies and practices of the Group on compliance with legal and regulatory requirements, and reviewing the compliance of the Company with the CG Code. The Board delegates the day-to-day management, administration and operation of the Group to management. The delegated functions are reviewed by the Board periodically to ensure that they accommodate the needs of the Group.

BOARD PRACTICES

The Board held meetings from time to time whenever a board-level decision on a particular matter is required. At least 14 days' notice of regular Board meetings is given to all directors and they can include matters for discussion in the agenda as they think fit. The agenda accompanying Board papers are sent to all the Directors at least 3 days before the date of every Board meeting in order to allow sufficient time for the directors to review the documents. All Directors may access the advice, regulatory updates on governance and regulatory matters from professional parties if necessary.

The company secretaries of the Company are responsible to take and keep minutes of all Board meetings and committee meetings and ensure compliance with the procedures of Board meetings and general meetings of the Company. Minutes of every Board meeting and committee meeting are circulated to Directors for their perusal and comments prior to confirmation of the minutes. The Board also ensures that it is supplied in a timely manner with all necessary information in a form and of a quality appropriate to enable it to discharge its duties.

BOARD MEETINGS AND DIRECTORS' ATTENDANCE

The Board meets regularly at least four times a year to review the financial and operating performance of the Group.

CORPORATE GOVERNANCE REPORT

For the Year, the Board held thirteen meetings. Details of the attendance record of each Director at the Board and general meetings of the Company during the Year are set out in the table below:

	Number of attendance/ number of meetings	
	Board meetings	AGM
Executive directors		
Mr. Cheung Lick Keung (resigned with effect from 3 January 2022)	11/11	1/1
Mr. Cheung Hiu Fung (<i>Chairman</i>)	12/12	0/1
Mr. Hou Haitao (appointed with effect from 24 September 2021 and resigned with effect from 27 May 2022)	5/5	0/0
Mr. Hui Ka Fai (appointed with effect from 10 January 2022)	1/1	0/0
Non-executive directors		
Ms. Tse Pui Fong (appointed with effect from 24 September 2021)	5/5	0/0
Mr. Yan Ximao (appointed with effect from 4 November 2021 and resigned with effect from 27 May 2022)	4/4	0/0
Independent Non-executive directors		
Mr. Chan Hoi Keung Terence (resigned with effect from 1 May 2021)	2/2	0/0
Mr. Sek Ngo Chi	13/13	0/1
Mr. Ho Kin	12/13	1/1
Ms. Lee Yin Ting (appointed with effect from 4 May 2021 and resigned with effect from 27 May 2022)	8/8	1/1
Mr. Chen Ming (appointed with effect from 8 December 2021 and resigned with effect from 27 May 2022)	2/2	0/0

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Articles of Association provide that subject to the manner of retirement by rotation of directors as from time to time prescribed by the GEM Listing Rules, at each annual general meeting (the “**AGM**”), one-third of the directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation and that every Director shall be subject to retirement at an AGM at least once every three years.

Independent non-executive Directors are appointed for a specific term subject to retirement by rotation and re-election in accordance with the Articles of Associations. Each Independent non-executive Director is required to inform the Company as soon as practicable if there is any change that may affect their independence and must provide an annual confirmation of their independence to the Company.

CONTINUES PROFESSIONAL DEVELOPMENT

To assist Directors’ continuing professional development, the Company provides each appointed Director with necessary and updated induction and information to ensure that he/she has a proper understanding of the Group’s businesses, operations and regulatory environments in which the Group operates as well as his/her responsibilities under the relevant statutes, laws, rules and regulations. In order to keep the Directors remain informed and refresh their relevant knowledge and skills, the Company provided regular updates and presentations on changes and developments relating to the Group’s business and the legislative and regulatory environments to the Directors and encouraged Directors to participate in continuous professional developments. Records of the training are required to be provided by Directors and the company secretary(ies) is required to keep and update the training records on a yearly basis.

The Board are committed to complying with code provision A.6.5 of the CG Code (subsequently rearranged and renumbered as C.1.4 in the New CG Code) on Directors' training. All Directors have participated in continuous professional development to develop and refresh their knowledge and skills in relation to their contribution to the Board during the Year.

All of the Directors have either attended seminars organised by external professionals relevant to the business or directors' duties or read professional materials publicised by regulators or professional bodies for the Year.

COMPANY SECRETARY(IES)

Mr. Cheung Yuk Chuen, delegated by an external service provider, has been appointed as the company secretary of the Company since 1 March 2021. Mr. Cheung Yuk Cheun's primary corporate contact is Mr. Cheung Hiu Fung, the executive Director and Chairman of the Company. Pursuant to Rule 5.15 of the GEM Listing Rules, Mr. Cheung Yuk Chuen has taken no less than 15 hours of relevant professional training during the Year.

Mr. Au Yeung Yiu Chung has been appointed as the joint company secretary of the Company with effect from 13 June 2022.

REMUNERATION COMMITTEE

The Company established the remuneration committee pursuant to a resolution of the Directors passed on 3 November 2016 in compliance with Rule 5.34 of the GEM Listing Rules with written terms of reference in compliance with the CG Code.

The role and function written in terms of reference of the remuneration committee are no less exacting terms than the CG Code. The primary functions of the remuneration committee are to make recommendation to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group, review performance based remuneration and ensure none of the Directors determine their own remuneration.

At the date of this annual report, the remuneration committee comprises Mr. Sek Ngo Chi, Mr. Ho Kin and Mr. Hu Chao. Mr. Sek Ngo Chi is the Chairman of the remuneration committee.

For the Year, the remuneration committee held seven meetings to review the remuneration packages of the Directors. Details of the attendance of the meeting are as follows:

Name of Members	Number of attendance/ number of meetings
Mr. Sek Ngo Chi (<i>Chairman</i>)	7/7
Ms. Lee Yin Ting (appointed with effect from 4 May 2021 and resigned with effect from 27 May 2022)	5/5
Mr. Ho Kin	5/7
Mr. Chan Hoi Keung Terence (resigned with effect from 1 May 2021)	0/0

CORPORATE GOVERNANCE REPORT

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

The Company established the nomination and corporate governance committee pursuant to a resolution of the Directors passed on 3 November 2016 with written terms of reference in compliance with the CG Code.

The primary functions of the nomination and corporate governance committee are to review the structure, size, composition and diversity (including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service) of the Board at least annually; to make recommendations to the Board on the selection of, individuals nominated for directorships; to review the Nomination Policy of Directors as appropriate; to assess the independence of the independent non-executive Directors; to review the Board Diversity Policy as well as monitor its implementation so as to ensure its effectiveness; to make recommendations to the Board regarding policies/practices on corporate governance of the Group; to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and to review the Company's compliance with the CG Code.

At the date of this annual report, the nomination and corporate governance committee comprises Mr. Cheung Hiu Fung, Mr. Sek Ngo Chi and Mr. Ho Kin. Mr. Cheung Hiu Fung is the Chairman of the nomination and corporate governance committee.

For the Year, the nomination and corporate governance committee held seven meetings to review the independence of the independent non-executive Directors and to make recommendation regarding practice on corporate governance of the Group. Details of the attendance of the meeting are as follows:

Name of Members	Number of attendance/ number of meetings
Ms. Lee Yin Ting (<i>Chairman</i>) (appointed with effect from 4 May 2021 and resigned with effect from 27 May 2022)	5/5
Mr. Sek Ngo Chi	7/7
Mr. Ho Kin	5/7
Mr. Chan Hoi Keung Terence (resigned with effect from 1 May 2021)	0/0

CORPORATE GOVERNANCE FUNCTION

The nomination and corporate governance committee is responsible for the following corporate governance functions:

- to develop and review the Company's policies and practices on corporate governance and make recommendations on changes and updating;
- to review and monitor the training and continuous professional development of Directors and senior managements;

- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;
- to review the Company's compliance with the CG Code and disclosure in corporate governance reports; and
- such other corporate governance duties and functions set out in the CG Code (as amended from time to time) for which the Board is responsible.

AUDIT COMMITTEE

The Company established the audit committee with written terms of reference in compliance with Rule 5.28 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; to review and monitor the external auditors' independence and objectivity; to review the financial statements and material advice in respect of financial reporting system and to oversee the risk management and internal control systems of the Group.

At the date of this report, 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 our audit committee.

For the Year, the audit committee held four meetings to review and supervise the financial reporting process, to review the internal control system of the Group and to review the quarterly results of the Group as well as to recommend to the Board for their consideration and approval. The audit committee of the Company was of the opinion that the preparation of such results complied with applicable accounting standards and that adequate disclosure has been made. Details of the attendance of the meeting are as follows:

Name of Members	Number of attendance/ number of meetings
Ms. Lee Yin Ting (<i>Chairman</i>) (appointed with effect from 4 May 2021 and resigned with effect from 27 May 2022)	4/4
Mr. Sek Ngo Chi	4/4
Mr. Ho Kin	4/4
Mr. Chan Hoi Keung Terence (resigned with effect from 1 May 2021)	0/0

AUDIT REMUNERATION

For the Year, the fee paid or payable to the auditor of the Company, Moore Stephens CPA Limited, for the annual audit services provided were HK\$380,000.



CORPORATE GOVERNANCE REPORT



ACCOUNTABILITY AND AUDIT

The Board acknowledges its responsibility to prepare the consolidated financial statements that give a true and fair view in accordance with applicable accounting standards and ordinances. In preparation of the audited consolidated financial statements for the Year, the Board has prepared on a going concern basis, selected appropriate accounting policies and applied them consistently, made judgements and estimates that are prudent, fair and reasonable. The Directors are responsible for taking all necessary and reasonable steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The auditor of the Company, Moore Stephens CPA Limited, acknowledges and sets out its responsibilities in the independent auditor's report on the consolidated financial statements of the Group for the Year.

INTERNAL CONTROLS AND RISK MANAGEMENT

The Board acknowledges that it has overall responsibility for the establishment, maintenance and review of the risk management and internal control systems of the Group to safeguard shareholder investments and the assets of the Group. Such risk management and internal control systems of the Group aim to facilitate effective and efficient operations and are designed for managing risks rather than eliminating the risk of failure to achieve business objectives. Such systems can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board has conducted a review of the implemented systems and procedures, covering financial, operational and legal compliance controls and risk management functions and in particular, the adequacy of resources, qualifications and experience of staff, and training programmes and budget of the Company's accounting and financial reporting function. The Board is satisfied with the effectiveness and efficiency of the internal control systems of the Group.

The Group has engaged an independent professional adviser (the "**Internal Control Adviser**") to conduct the annual review of the effectiveness of the internal control systems for the Year. The scope of review included human resources cycle for one of our operating subsidiaries. Internal Control Adviser has reported major findings and areas for improvement to the audit committee. All recommendations from Internal Control Adviser would be followed up closely to ensure that they are implemented within a reasonable period of time. The Group therefore considered that the Group's risk management and internal control processes are adequate to meet the needs of the Company in its current business environment and that nothing has come to its attention to cause the Board to believe the Group's risk management and internal control systems are inadequate.

NON-COMPETITION UNDERTAKINGS

The independent non-executive Directors have reviewed the status of compliance of the terms and the enforcement and confirmed that all of these non-competition undertakings have been complied with by the relevant covenants.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. An AGM of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an AGM, shall be called an extraordinary general meeting (the “**EGM**”).

RIGHT TO CONVENE EGM

The following procedures for shareholders to convene an EGM are subject to the Articles of Associations (as amended from time to time), and the applicable legislations and regulations, in particular the GEM Listing Rules (as amended from time to time):

- (a) any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company (the “**Eligible Shareholder(s)**”) carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary(ies), to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition;
- (b) the Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding, the reason(s) to convene an EGM and the details of the business(es) proposed to be transacted in the EGM, and must be signed by the Eligible Shareholder(s) concerned together with a deposit of a sum of money reasonable sufficient to meet the Company’s expenses in serving the notice of the resolution and circulating the statement submitted by the shareholders concerned in accordance with the statutory requirements to all the registered shareholders;
- (c) Eligible Shareholders who wish to convene an EGM must deposit a written requisition (the “**Requisition**”) signed by the Eligible Shareholder(s) concerned to the head office and principal place of business of the Company in Hong Kong at Shop 203, Kin Sang Commercial Centre, Kin Sang Estate, Tuen Mun, New Territories, Hong Kong or Hong Kong branch share registrar and transfer office of the Company, Tricolor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for the attention of the Board and/or the company secretary(ies);
- (d) the Requisition will be verified with Hong Kong branch share registrar and transfer office of the Company and upon their confirmation that the Requisition is proper and in order, the Board will convene an EGM by serving sufficient notice in accordance with the requirements under the Articles of Associations to all the registered Shareholders. On the contrary, if the Requisition has been verified as not in order or the Shareholders concerned have failed to deposit sufficient money to meet the Company’s expenses for the said purposes, the Eligible Shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not call for an EGM; and
- (e) if within twenty one days of such deposit of the Requisition the Board fails to proceed to convene such EGM, the Eligible Shareholder(s) himself/herself/themselves may do so in the same manner, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) by the Company.



CORPORATE GOVERNANCE REPORT

RIGHT TO PUT FORWARD PROPOSALS AT GENERAL MEETINGS

There are no provisions allowing shareholders to move new resolutions at the general meetings under the Companies Law (Revised) of Cayman Islands. However, pursuant to the Articles of Associations, shareholders who wish to move a resolution may by means of Requisition convene an EGM following the procedures set out above.

RIGHT TO PUT ENQUIRIES TO THE BOARD

Shareholders have the right to put enquiries to the Board. All enquiries shall be in writing and sent by post to the principal place of business of the Company in Hong Kong or by e-mail to info@goldwayedugp.com for the attention of the company secretary(ies) of the Company.

Shareholders are reminded to lodge their questions together with their detailed contact information for the prompt response from the Company if it deems appropriate.

INVESTORS RELATIONS

The Company has established a range of communication channels between itself and its shareholders, investors and other stakeholders. These include the AGM, the publication of annual, interim and quarterly reports, notices, announcements and circulars and the Company's website at www.goldwayedugp.com and meetings with investors and shareholders. News update of the Group's business development and operation are also available on the Company's website.

CONSTITUTIONAL DOCUMENTS

For the Year, there had been no changes in the Company's constitutional documents.

The Board proposes to amend the existing memorandum and articles of association of the Company (the "**Memorandum and Articles**") and to adopt the second amended and restated memorandum and articles of association of the Company incorporating the amendments (the "**New Memorandum and Articles**") for the purposes of, among others, bringing the Memorandum and Articles in line with the relevant requirements of the amendments made to the GEM Listing Rules and the applicable laws of the Cayman Islands.

The proposed amendments to the Memorandum and Articles and the proposed adoption of the New Memorandum and Articles are subject to the approval of the Shareholders by way of a special resolution at the forthcoming AGM to be held on 5 August 2022. The New Memorandum and Articles will take effect on the date on which the proposed amendments are approved by the Shareholders at the AGM.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION AND APPROACH TO ENVIRONMENTAL, SOCIAL AND GOVERNANCE AND REPORTING

This Environmental, Social and Governance Report (the “**ESG Report**”) summarises the initiatives, programmes and performance of the Goldway Education Group Limited (the “**Company**” together with its subsidiaries, “**the Group**”) as well as demonstrates its commitment to sustainability.

The core business of the Group is principally engaged in the provision of tutoring services. The Group mainly operates in two segments. Primary tutoring services segment mainly offers tutoring services to primary school students from Primary 1 to 6 who seek to improve their academic performance in formal school and in examination settings. Secondary tutoring services segment mainly offers tutoring services to secondary school students from Secondary 1 to 6 who seek to improve their academic performance for specific subjects and prepare for public examinations.

The Group believes that environmental protection, low carbon footprint, resource conservation and sustainable development are the key trends in society. In order to follow the key trends, pursue a successful and sustainable business model and set up a role model for our students, the Group recognises the importance of integrating environmental, social and governance (“**ESG**”) aspects into its risk management system and has taken corresponding measures in its daily operation and governance perspectives.

BOARD STATEMENT AND THE ESG GOVERNANCE STRUCTURE

The board of directors of the Company (the “**Board**”) is committed to incorporating the ESG mindset into business operations. The Board accepts full responsibility for the sustainability of the Group, including formulating strategies, overseeing the Group’s ESG related risks and opportunities, and approving this ESG Report. The Board is required to keep abreast of and comply with the latest regulatory requirements before the approval of this ESG Report.

The Group has established the ESG Taskforce (the “**Taskforce**”). The Taskforce comprises core members from different departments and is responsible for collecting relevant information on our ESG aspects for preparing the ESG Report. The Taskforce reports to the Board, assists in identifying and evaluating the Group’s ESG risks and the effectiveness of the internal control mechanisms. The Taskforce also examines and evaluates our performances in different aspects such as environment, health and safety, labour standards and product responsibilities in the ESG aspects. The Board sets up a general direction for the Group’s ESG strategies, ensuring the effectiveness in the control of ESG risks and internal control mechanisms.

REPORTING SCOPE

Unless stated otherwise, the ESG Report mainly covers the Group’s major operating revenue activities under direct management control, including its provision of primary tutoring services and secondary tutoring services.

The ESG report covers the Group’s policies, compliance issues as well as environmental key performance indicators in two subject areas, namely, Environmental and Social of the above segments under the Group’s operation from 1 April 2021 to 31 March 2022. We will continue to expand the scope of disclosure in the future after the Group’s data collection system is more matured and the sustainable development work is enhanced.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



REPORTING FRAMEWORK

The Group contributes to sustainable development by delivering environmental, social and economic benefits to all stakeholders in a balanced way. The Group is pleased to present the environmental, social and governance report (the “**ESG report**”) for the year ended 31 March 2022 (the “**Reporting Period**”) for the purpose of demonstration of its efforts on sustainable developments to the stakeholders.

This ESG report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide as set out in the Appendix 20 to the Listing Rules and is divided into two parts, namely environmental and social. The basis of reporting principles – materiality, quantitative and consistency:

- “Materiality” Principle: Materiality assessment was conducted and reviewed annually to assess the relative importance of the ESG topics identified. Topics that are relevant and important to the operation of the Group and stakeholders must be covered in this Report.
- “Quantitative” Principle: If the key performance indicators (KPIs) have been established, they must be measurable and applicable to valid comparisons under appropriate conditions.
- “Consistency” Principle: ESG data presented in This Report are prepared using consistent methodologies over time unless otherwise specified either in text or footnote.

Information relating to the corporate governance practices of the Group has been set out in the Corporate Governance Report on pages 19 to 28 of this annual report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

STAKEHOLDER ENGAGEMENT

The Group values its stakeholders and their views relating to its businesses and environmental, social and governance issues. In order to understand and address stakeholders' concerns, the Group communicates with its key stakeholders, including but not limited to employees, investors, customers, suppliers, government bodies and communities via through different channels such as conferences, electronic platforms and public events. In formulating operational strategies and ESG measures, the Group takes into account the stakeholders' expectations and strives to improve its performance through mutual cooperation with the stakeholders, resulting in creating greater value for the community.

Stakeholder Groups	Engagement channels	Possible concerned issues
Investors or Shareholders	Financial reports, annual general meetings, corporate website, direct communication	Business strategies and financial performance, corporate governance, business sustainability
Students and parents	Direct communication, after-class discussion with teachers, customer services	Teaching quality and resources, tutorial centres safety, learning opportunities and support from teachers
Teachers and staff	Appraisals, trainings, work meetings, emails	Rights and benefits, good career development platform, training and development, work hours, occupational health and safety
Business partners and peers	Business meetings, talks	Experience sharing, promote industry development

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MATERIALITY ASSESSMENT

The management and employees, who are responsible for the key functions of the Group have participated in preparing this report, as well as assisted the Group in reviewing its operation, identifying key ESG issues and assessing the importance of these issues to our businesses and stakeholders.

The following table summarizes the Group's significant ESG issues as set out in this report:

The ESG Reporting Guide	Material ESG aspects of the Group
A. Environmental	
A1 Emissions	Exhaust Gas and Greenhouse Gas (" GHG ") Emissions Waste Management
A2 Use of Resources	Energy Consumption Water Consumption
A3 Environment and Natural Resources	External Lighting
A4 Climate Change	Climate Change Mitigation & Adaptation
B. Social	
B1 Employment	Recruitment and Remuneration Work-life Balance Promotion and Career Development Equal Opportunity and Anti-Discrimination
B2 Health and Safety	Occupational Health and Safety
B3 Development and Training	Staff Development and Training
B4 Labor Standards	Prevention of Child Labor and Forced Labor
B5 Supply Chain Management	Environmental and Social Responsibility of Suppliers Fair and Open Procurement
B6 Product Responsibility	Quality Assurance Customer Service
B7 Anti-Corruption	Anti-Corruption
B8 Community Investment	Community Participation

During the Reporting Period, the Group confirmed that appropriate and effective management policies and internal control systems for environmental, social and governance issues are in place and confirmed the information disclosed in the ESG Report meets the ESG Reporting Guide.

CONTACT US

Comments and suggestions are welcome from our stakeholders. You may provide comments on ESG Report or towards our performance in respect of sustainable development via info@goldwayedugp.com.

A. ENVIRONMENTAL

A1. Emissions

General Disclosure and Key Performance Indicators (“KPI”)

The Group adheres to the strategy of sustainable development in our operation. With the aim to reduce energy consumption and GHG emissions, the Group has always been exploring protection operating models of less impact to the environment, recognizing the importance of environmental management, educating our employees to raise their awareness on environmental protection and striving to protect the environment in order to fulfil the Group’s commitment on social responsibility.

In order to enhance our environmental governance practice and mitigate the environmental impact produced by the Group’s operations, we have adopted and implemented relevant environmental policies and have communicated such policies to our employees. These policies apply the waste management principles of “reduce”, “reuse”, “recycle” and “replace” as well as emission mitigation principle, with an objective of minimising the adverse environmental impacts. These policies also ensure the waste disposal or emission generated is conducted in an environmentally responsible manner.

Within the established framework, we continuously look for different opportunities to pursue environmental friendly initiatives, enhance our environmental performance by reducing energy and use of other resources.

This section primarily discloses the Group’s policies, practices, and quantitative data on emissions, use of resources, the environment and natural resources during the Reporting Period.

During the Reporting Period, the Group has not identified any material non-compliance with environmental laws and regulations including but not limited to the Air Pollution Control Ordinance, Waste Disposal Ordinance, and Environmental Impact Assessment Ordinance.

Exhaust Gas Emissions

We strive to mitigate the exhaust gas generated from our operational process as much as possible. The emission data from the vehicles used by the Group are set out as follows:

Types of air pollutants¹	Unit	2022	2021
Nitrogen oxides (NO _x)	Kg	4.02	3.14
Sulphur dioxide (SO ₂)	Kg	0.05	0.04
Particulate Matter (PM)	Kg	0.30	0.23

Note:

- The air pollutant emissions reported were primarily contributed by the use of vehicles.

The Group has set a target of 15% reduction in absolute emissions by 2030 from the base year of 2022. In order to reach this goal, we strive to reduce electricity consumption through various measures as stated in “Energy Consumption” of Aspect A2 below in order to reduce energy consumption.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

GHG Emissions

The consumption of electricity at the office and tutorial centers is the largest source of GHG emissions of the Group. As aforementioned, the Group did not have any GHG emissions related to Scope 1. During the Reporting Period, the Group's total GHG emissions amounted to approximately 163.51 tCO₂e and the total GHG emissions per center was 14.86 tCO₂e/centre. The detailed summary of the GHG emissions is shown as below:

GHG Performance Summary Indicator¹	2022	2021
Direct GHG emissions (Scope 1) (tCO ₂ e)	8.74	6.96
Indirect GHG emissions (Scope 2) – Electricity (tCO ₂ e)	56.19	61.44
Indirect GHG emissions (Scope 3) – Paper and water (tCO ₂ e)	98.57	63.59
Total GHG emissions (Scope 1, 2 and 3) (tCO ₂ e)	163.51	132.10
Total GHG emissions (Scope 1, 2 and 3) intensity ² ((tCO ₂ e)/centre)	14.86	13.21

Notes:

1. GHG emission data is presented in terms of carbon dioxide equivalent and are based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG Report? – Appendix II: Reporting Guidance on Environmental KPIs" issued by the HKEX, "Global Warming Potential Values" from the IPCC Fifth Assessment Report, 2014 (AR5), CLP 2018 Sustainability Report.
2. As at year ended 31 March 2022, the total number of tutorial center covered by the ESG Report was 11 which would also be used for calculating other intensity data.

Consumption of electricity is accounted as the major source of GHG emissions. The Group has implemented measures as stated in "Energy Consumption" of Aspect A2 below in order to reduce energy consumption, and thereby minimizing carbon footprint.

Discharges into Water

We do not consume significant amount of water through our business activities, and therefore our business activities did not generate material portion of discharges into water. The majority of the water supply and discharge facilities are provided and managed by property management company.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Waste Management

Non-hazardous waste

The Group adheres to the waste management principle and strives to properly manage and dispose wastes produced by our business activities. Our waste management practice has complied with relevant laws and regulations relating to environmental protection. During the Reporting Period, the Group was honorably awarded the “Hong Kong Green Organisation Certification (HKGOC) – Wastewi\$e Certificate (Excellent Level)”, in recognition of our active participation in adopting various environmental practices and promoting a green workplace. The non-hazardous wastes generated by the Group’s operations mainly consist of paper and other types of office stationaries. During the Reporting Period, the disposal volume by the Group is shown as below:

Non-hazardous waste category	2022	2021
Paper consumption (tonnes)	20.54	13.25
Paper consumption intensity (tonnes/centre)	1.87	1.32

We regularly monitor the consumption volume of paper and have implemented a number of reduction measures. The Group’s office has also provided suitable facilities and encouraged our staff to sort and recycle the wastes to achieve the objectives in mitigating wastes, reusing and recycling in its operations. The Group maintains high standard in waste reduction, educates its employees the significance of sustainable development and provides relevant support in order to enhance their skills and knowledge in sustainable development.

The Group’s objection is to achieve 15% reduction of non-hazardous wastes by 2030 from the base year of 2022. Accordingly, apart from recycling, the office has implemented various programs and activities to encourage employees to participate in waste reduction management, including:

Paper reduction

- Encouraging paperless workplace and adopting multimedia teaching to reduce use of paper
- Setting up recycling bins to collect paper for reusing and recycling
- Reusing single-sided printing paper and other paper products as much as possible, such as envelopes, briefcases and cartons
- Setting the printer to print on both sides of paper by default
- Procuring recycled paper
- Encouraging students and employees to reduce the demand of copying or printing

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Waste reduction

- Actively reusing, recycling and classifying wastes
- Purchasing reusable stationary whenever it is possible, such as refillable rollerball pens and correction type paper; and
- Avoiding single-use disposable items

Hazardous Waste

Despite the Group did not generate hazardous wastes during the Reporting Period, the Group has established guidelines of governing the management and disposal of hazardous wastes. In case there are any hazardous wastes produced, the Group must engage a qualified chemical waste collector to handle such wastes, which is complied with the relevant environmental regulations and rules.

A2. Use of resource

General Disclosure and KPI

The Group upholds and promotes the principle of effective use of resources, and operates with eco-friendly measures to minimize our impacts to the environment. We promote green classrooms and office, striving to optimising the use of resources in all of the business operations. The Group has established relevant policies and procedures in governing the efficient use of resources, in reference to the objective of achieving higher energy efficiency and reducing the unnecessary use of materials.

Energy Consumption

During our operation, the major energy consumption of the Group is electricity consumption. As mentioned in the Aspect A1, the Group has formulated policies and procedures relating to the environmental management, including energy management. Electricity consumption account for a substantial part of the carbon emission for the Group.

During the Reporting Period, the Group's consumption in electricity was:

Energy type	2022	2021
Electricity consumption (kWh)	183,168	190,953
Electricity consumption intensity (kWh/centre)	16,651.6	19,095.3

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group's objective is to achieve 15% reduction of electricity consumption by 2030 from the base year of 2022. The Group has also conducted the following to improve the energy efficiency performance, including but not limited to:

- Publicizing environmental awareness and posting environmental tips in prominent positions;
- Maintaining indoor temperature of classrooms and offices at over 25 degree Celsius;
- Divided the office into different areas, each with a separate power switch to facilitate the switching off of unnecessary lighting and air-conditioning facilities;
- Encouraged employees to turn off idling equipment, computers and lightings, when not in use or after working hours;
- Monitored the energy usage on a monthly basis, along with investigating significant variance noted;
- Adopted power-saving features for office equipment and computers; and
- Procured energy efficient appliances only upon replacement of old appliances or due to new business needs.

Throughout adopting different energy conservation measures, the Group believes it has set a role model for corporate social responsibility. More importantly, the Group strives in cost reduction in terms of less electricity consumption in workplace in long run.

Water Consumption

We did not consume significant water in its business activities due to its business nature. The Group's water usage is mainly domestic tap water in pantry and toilets in the centers. The Group's water consumption expenses were included in the property management fee, therefore the Group did not have water consumption record during the Reporting Period.

Regardless of limited water consumption, we still promote behavioral changes at office and encourage water conservation. Pantry and toilets are posted with environmental messages to remind employees for water conservation, which results in enhancing our employees' awareness in water conservation.

Due to the Group's business nature and operation mainly based in Hong Kong, the issue in sourcing water that is fit for purpose is not relevant to the Group.

Use of Packaging Materials

In addition, the Group has no industrial production or any factory facilities. Therefore, we do not consume significant amounts of package materials for product packaging.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A3. The Environment and Natural Resources

General Disclosure and KPI

Although the core business of the Group has remote impact on the environment and natural resources, we recognise the responsibility in minimising the negative environmental impacts of our business operations as an ongoing commitment to good corporate social responsibility.

In addition to complying with relevant environmental laws and regulations as well as properly preserve the natural environment, the Group has integrated the concept of environmental protection into its internal management and daily operations, with the aim of achieving environmental sustainability.

The Group strives to promote environmental protection and make effective use of resources. It carries out continuous monitoring if the business operations incur any potential impact to the environment, and minimizes such impact to the environment through promoting green office and operating environment by adopting four basic principles which comprise of reduce, reuse, recycle and replacement. Where applicable, we adopt green purchasing strategies and the most practical technologies to protect our natural resources.

External Lighting

Light pollution has long been an environmental nuisance to residences living in highly dense city. As a part of the Group's commitment to mitigate the impact of our business operation to the environment and natural resources, the Group has joined the Charter on External Lighting. We commit to switch off all lighting installations of decorative, promotional or advertising purposes that affect the outdoor environment from 11 p.m. to 7 a.m..

A4. Climate Change

Climate change and global warming are the major environmental concerns in the world. Despite having no significant impact on the Group's businesses, the Group still strives to put forward environmental conservation and raise the environmental awareness of the employees.

Since the major business nature of the Group is education, climate change does not have significant impacts on the business directly. With a higher temperature in the future, the Group may need to allocate more spending on cooling.

On the other hand, the Group may experience productivity loss due to increased extreme weather, like typhoons and heavy rain. The Group will review the existing measures for adverse weather conditions and ensure the safety of the employees.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B. SOCIAL

B1. Employment

General disclosure

We regard each employee as a valuable asset of the Group. Providing fair employment and safe working environment to our employees is our top priority. Therefore we worked to provide our employees with a comprehensive welfare package and diverse career development opportunities within the Group. We seek to retain best talents to provide the best services for our business.

During the Reporting Period, the Group was not aware of any material non-compliance with employment-related laws and regulations (i.e. Employment Ordinance) in Hong Kong that would have a significant impact on the Group. The Group employed a total of 72 staffs. All staff members are allocated in Hong Kong. The employee compositions by gender, age group, employment type and geographical region were as follows:

Employee Structure		Number of employees as at 31.03.2022	Percentage of employees as at 31.03.2022
Total number of employees		72	100%
By gender	Male	39	54%
	Female	33	46%
By age	Aged <30	30	42%
	Aged 31-50	41	57%
	Aged >50	1	1%
By employment type	General staff	45	63%
	Middle management	14	19%
	Senior management	13	18%
By geographical region	Hong Kong	70	97%
	PRC	2	3%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The following table sets for the turnover rates of the Group's employees for the Reporting Period by gender, age group and geographical region.

Summary of Employee Data		Number of employees resigned during Reporting Period	Turnover rates
By gender	Male	14	36%
	Female	13	39%
By age	Aged <30	22	73%
	Aged 31-50	5	12%
	Aged >50	0	0%
By geographical region	Hong Kong	27	38%
	PRC	0	0%

Recruitment and Remuneration

We apply robust and transparent recruitment processes based on merit selection against the job criteria, and recruit individuals based on their suitability for the position and potential to fulfil the Group's current and future needs. Employees are hired through open recruitment, fair competition and strict appraisals. Employees of the Group are remunerated at a competitive level and are rewarded according to their performance and experience. The promotion and remuneration of the Group's employees are subject to review regularly. Remuneration packages include holidays, annual leave, medical scheme, group insurance, mandatory provident fund ("MPF"), year-end double pay and discretionary bonus.

During the Reporting Period, we have maintained employee compensation insurance for all our staff. No employee of our Group is paid less than the minimum wage specified by Hong Kong laws. Monthly salary payments and the MPF contribution have been made within the prescribed timeframe for the Reporting Period.

Work-life Balance

We value the importance of maintaining a healthy lifestyle and work-life balance of our employees. The Group actively engages its employees through different work-life balancing social activities.

Promotion and Career Development

The promotion of the Group's employees are subject to review regularly. The Group has established objective performance indicators for annual performance evaluation. Supervisor discusses the performance with employee in facilitating an effective 2-way communication for advancement. Based on the evaluation result, we offer rewards to employees in encouraging continuous improvement.

Equal Opportunity and Anti-discrimination

The Group is an equal opportunity employer and does not discriminate on the basis of personal characteristics, gender or age. The Group has Staff Handbook outlining the terms and conditions of employment, expectation for employees' conducts and behaviours, employees' rights and benefits. We establish and implement policies that promote a harmony and respectful workplace. With the aim of ensuring fair and equal protection for all employees, the Group has zero tolerance on sexual harassment or abuse in the workplace in any form.

B2. Employee Health and Safety

General disclosure

Occupational Health and Safety

The Group prides itself on providing a safe, effective and congenial work environment as we believe that employees are the valuable assets of an enterprise and regards human resources as its corporate wealth. To maintain a safe working environment, the Group has established safety policies and relevant procedures on the prevention and remediation of safety accidents in the workplace.

The safety of our students and staff are the top priority in safeguarding health and safety of the Group. We have implemented the following measures to protect our students and staff:

- Installing CCTV in our centres and back office;
- Properly locking the doors after our opening and office hours;
- Limiting the access of people into our premises other than staff and students unless authorisation is granted; and
- Specifying that students should bring their own access card when they come to attend classes and check in and out of classroom using the access card.

We also pay attention to the fire safety of the centres. We have formulated the fire escape route and invigilated the teachers to lead our students to escape in case of fire. Basic fire service installations including hose reels, fire extinguishers, fire alarm systems or automatic sprinkler systems have been installed in all tutorial centres to meet all related fire safety standards. The fire safety equipment of every tutorial centers are inspected by a registered contractor at least once in every 12 months.

During the Reporting Period, the Group was not aware of any material non-compliance with health and safety-related laws and regulations (i.e. Occupational Safety and Health Ordinance) in Hong Kong that would have a significant impact on the Group. Also, the Group did not record any work-related injury or fatality of employees, nor any lost days due to work injury and a zero-fatality rate is recorded for past three years.

B3. Development and Training

General disclosure

Staff Development and Training

The Group regards our staff as the most important asset and resource as they help to sustain its core values and culture. The Group focuses on the establishment of internal management training and development system. Employees at all levels can satisfy their needs through diverse training courses to enhance their skill sets. Through these training courses, not only do they boost the sustainable development of the Group, but also facilitate employees' personal growth and development.

The Group encourages and supports employees to participate in personal and professional training to fulfill the needs of emerging new teaching materials and examination standards. The Group also encourages the culture of sharing of knowledge and experience. We arrange regular training for our tutors at least once every quarter mostly in relation to how to improve their presentation and communication skills, teaching techniques and class management. We also arrange monthly meetings between tutors to share their experience and exchange tips on teaching as well as discuss recent issues in their respective courses. To allow our teachers to keep abreast of the current examination conditions and questions, we encourage our tutors to attend the Hong Kong Diploma of Secondary Education Examination to learn the latest examination questions and trends.

Moreover, to ensure our tutors satisfy the teaching standards and appropriate moral standards, employee manual has set out guidelines on teaching standards, proper conduct and behavior standards.

There were 90% of employees received training in Reporting Period. The total of 1,586 training hours were conducted in the reporting period, and trainings hours (categorized by gender and employee category) are shown below:

Occupational Training Data		2022
Percentage of employees trained by Gender	Male	100%
	Female	73%
Percentage of employees trained by Gender	General staff	84%
	Middle management	100%
	Senior management	100%
Average Training Hours of Employees by Gender	Male	24
	Female	28
Average Training Hours of Employees by Category	General staff	30
	Middle management	30
	Senior management	2

B4. Labour Standards

General disclosure

Prevention of Child Labour and Forced Labour

Child and forced labour is strictly prohibited during the recruitment process as defined by laws and regulations. The Group strictly complies with local laws and conducts recruitment based on the Hong Kong Employment Ordinance. Personal data are collected during the process to assist in the selection of suitable candidates and to verify candidates' of personal data. The Human Resources Department also ensures identity documents are carefully checked. If violation is involved, it will be dealt with in the light of the circumstances as clearly stated in the Group's Staff Handbook.

During the Reporting Period, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations (i.e. The International Covenant on Civil and Political Rights, Employment Ordinance, etc.) in Hong Kong that would have a significant impact on the Group.

B5. Supply Chain Management

General disclosure

We understand the importance of supply chain management in mitigating the indirect environmental and social risks. We are aware of the environmental and social practices of the suppliers, and try to engage suppliers with responsible acts to the society in view of green supply chain management.

Environmental and Social Responsibility of Suppliers

The Group mainly works with business partners and suppliers who provide us with general office supplies, such as drinking water, photocopiers, paper and stationery and there is no major supplier during the Reporting Period. In order to ensure that our suppliers and have met customers' and our requirements regarding quality, environmental and social standards, we formulated standard and stringent procedure in selecting suppliers. We understand the importance of working closely with our suppliers to ensure the smooth running of our business, and have established a long-standing relationship with our suppliers that share our commitment to quality and ethics especially in the ESG aspect. As a guiding procurement principle, we generally select suppliers who share with our vision and are reputable on excellent performance in the ESG, and committed to quality and ethics.

Fair and Open Procurement

We have also formulated rules to ensure that the suppliers could participate in competitions in an open and fair way. The Group should not have differentiated or discriminated treatment on certain suppliers; it would strictly monitor and prevent all kinds of business bribery; and employees or personnel having any interest relationship with the supplier should not be involved in the related business activity.

B6. Product Responsibility

General disclosure

We are committed to achieving high quality teaching standards across our different tutorial centers and believe it is one of the key attractions for our students. Therefore, we maintained our service quality through a number of measures.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to qualities of products and services (i.e. Education (Exemption) Order, etc.) in Hong Kong that would have a significant impact on the Group). Due to the education business nature of the Group, there were no products sold or shipped. During the Reporting Period, there were no material recalls, significant complaints against the service.

Quality Assurance

Update of Course Materials

In order to keep the course materials up to date, our tutors will discuss with our senior management regarding the course outline and the content of teaching materials. Our tutors are responsible for updating our course materials from time to time and the subject leader will generally review them annually to see whether they may be improved by coverage of additional materials in the topic area. Relying on their experience on the most common student problems, they may also improve the presentation style or layout to enhance the accessibility of the materials for students. After such update, we require them to be approved by a member of our internal control team.

Intellectual Property Right

We respect the intellectual property right of publishers and it is against our rules to copy the materials as our tutoring materials. Our teachers will design the teaching contents, exercise papers and examination papers, the materials will be checked by our supervisors and make sure all contents and graphics are original and no materials are copied from other textbooks, exercises, or teaching materials from schools. For public examination exam papers, we suggest our students to buy from Hong Kong Examination and Assessment Authority, we will only use some past examination questions to illustrate concepts in teaching.

Direct Supervision of Tutors and Students

We assign center supervisors in each of our tutorial centers to supervise and monitor the operation including tutors' attendance record and their performance and their teaching quality based on observation of their classes particularly the apparent knowledge of the subject taught by him or her as well as their presentation and communication skills. These center supervisors will provide our senior management with an assessment of each tutor on a monthly basis as detailed above along with any feedback from the students. Based on the report, our senior management may require the tutors to attend training to improve the quality of their teaching.

We also use our best effort to increase the quality of our classes by having relatively smaller classes where possible to allow for tutors to cater better to the needs of individual students both in class. We also emphasise our teachers that they should rely more on live teaching instead of relying heavily on video teaching to increase student's engagement and provide an interactive experience which we believe that it is key to effective learning and their satisfaction with our courses.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Tutor Performance Review

An appraisal will be performed in the first month when the tutor is hired to confirm the suitability of the tutor. After the initial appraisal, we regularly evaluate the performance of our tutors based on several criteria, including the number of students enrolled in their courses, the improvement of average grade of students in mock exams and if available, their normal school exams and feedback obtained from students and parents. Our senior management will also perform visit to classes from time to time and observe the performance of tutors. After the visit, they will provide the tutors with the reviews on their performance and provide them recommendations.

Customer Service

Complaints will be generally handled by our customer service staff. They will review the nature of the complaint. In case of the complaints are serious, they will be transferred to the relevant center supervisors. The center supervisors will collect further information and investigate the case.

Our customer service staff and the center supervisors will evaluate the degree of seriousness and handle according to the preset procedure. If the case is still not resolved, it will be escalated to our senior managements.

We have established a mechanism to record customer feedback and complaints. We also have a consolidated log at each of our tutorial centers and these information will be centralized for management's annual review.

Protection of Consumers' Information and Privacy

In respect of customer personal data and confidential documents, the Group preserves them properly and strictly complies with the Hong Kong Personal Data (Privacy) Ordinance. During the Reporting Period, the Group did not receive any significant complaint regarding the breach of customer's privacy or loss of customer's information.

Advertising and Labelling

The Group encourages the use of better promotion practices, and prohibits the advertisements to disclose descriptions, claims or illustrations that are not true. In accordance with the relevant legislations and code of practices, the Group formulates the sales and promotion campaigns to ensure they are truthful, fair and reasonable, and free of misleading elements for protection of the consumers' interests.

B7. Anti-corruption

General disclosure

The Group values and upholds integrity, honesty and fairness in how we conduct business. Fraudulent events such as corruption, bribery, and collusion are strictly prohibited. Employees should comply with the rules stated in the Staff Handbook in performing business activities, and they should consult the management if they suspect any professional misconduct. The Group does not tolerate any corruptions, frauds and all other behaviours violating work ethics.

The Group strictly complies with the relevant laws and regulations including but not limited to Anti-Money Laundering and Counter-Terrorist Financing Ordinance, Prevention of Bribery Ordinance, Personal Data (Privacy) Ordinance, and Supply of Services (Implied Terms) Ordinance. During the Reporting Period, the Group did not notify any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering.

Internal Control Mechanism

The Group does not allow any form of corruption. Once it is confirmed, strict punitive measures will be taken. The Group has a strict internal control system. In the Staff Handbook, the regulations on anticorruption are formulated and all employees must comply with it, including but not limited to:

- All directors and employees should avoid conflicts between personal interests and their professional functions;
- Employees shall declare any conflicts of interest to the Group's Human Resources Department; and
- Employees must report to and go through an approval process of the Group when receiving any benefits from the Group's suppliers and customers. The employees must not receive it privately.

Whistle blowing Mechanism

The Group adopts a whistleblowing policy and procedures for all levels and operations under the Group, so staff can raise concerns, in confidence, about possible improprieties such as misconduct and malpractice in any matter related to the Group. These policies and procedures can be found in the Staff Handbook on the Group's intranet. The Group will make every effort to keep the identity of the whistleblower confidential. Reports and complaints received will be handled in a prompt and fair manner. Such policy also aims at protecting whistle-blowers from unfair dismissal, victimisation and unwarranted disciplinary actions.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Anti-corruption training

In our employee onboarding process, training regarding the anti-corruption is provided to provided. The content of the training included but no limit to definition of corruption, types of corruption, details about whistle-blowing system and the consequence of conducting corruption.

B8. Community Involvement

General disclosure

The Group is committed to embolden and support the public by the means of social participation and contribution as part of its strategic development, and to nurture the corporate culture and practices of corporate citizen in the daily work life throughout the Group. We also focus to inspire our employees towards social welfare concerns. We would embrace the human capital into the social management strategies to sustain our corporate social responsibility as a part of the strategic development of the Group. The Group has been awarded “Caring Company” Scheme Certificate since 2014.

Community Participation

We participate in community activities, for example, donations, volunteering services, sponsorships, etc. With the active participation in community events to help the needy. We also regularly communicate with local charities to understand community’s needs. We believe it helps to connect us with the local community, and maintain a mutually beneficial relationship to the society as a whole.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INDEX TABLE OF ESG REPORTING GUIDE OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Subject Areas, Aspects, General Disclosures and KPIs

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Statement
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions – Exhaust Gas Emissions, GHG Emission
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity.	Emissions – GHG Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	Emissions – Waste Management (not applicable)
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	Emissions – Waste Management
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Emissions – Exhaust Gas Emissions, GHG Emission
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions – Waste Management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Statement
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity.	Use of Resources – Energy Consumption
KPI A2.2	Water consumption in total and intensity.	Use of Resources – Water Consumption and Use of Packaging Materials (not applicable)
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources – Energy Consumption
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources – Water Consumption (not applicable)
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources – Use of Packaging Materials (not applicable)
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources – External Lighting
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate – related issues which have impacted, and those which may impact, the issuer.	Climate Change
KPI A4.1	Description of the significant climate – related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General

Disclosures and KPIs	Description	Section/Statement
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.	Employment
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category.	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Statement
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General

Disclosures and KPIs	Description	Section/Statement
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution.	Community Investment
KPI B8.2	Resources contributed to the focus area.	Community Investment

INDEPENDENT AUDITOR'S REPORT



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大華馬施雲
會計師事務所有限公司

To the Shareholders of Goldway Education Group Limited

(Incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Goldway Education Group Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 59 to 107, which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the *AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS* section of our report. We are independent of the Group in accordance with the *HKICPA's Code of Ethics for Professional Accountants* (the “**Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

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

Key audit matters

How our audit addressed the key audit matter

Recognition of revenue and contract liabilities

Refer to the Notes 4(k), 7 and 22 to the consolidated financial statements

Revenue of the Group mainly comprises tutoring services income which is derived from the Group's tutorial school operations.

We identified the recognition of revenue from tutorial school operations as a key audit matter because revenue is one of the key performance indicators of the Group and therefore there is an inherent risk of revenue and utilisation of related contract liabilities being recorded in inappropriate periods.

Our audit procedures to assess the recognition of revenue from tutorial school operations and the utilisation of the related contract liabilities included the following:

- understanding the key controls over the revenue cycle including student enrolments, maintenance of students and school records, processing of cash receipts and calculation of the contract liabilities in respect of the application of HKFRS 15 *Revenue from Contracts with Customers*;
- assessing the appropriateness of management's assessments on the identification of performance obligations based on the contractual agreements and our knowledge of the business;
- assessing the reasonableness of management's judgements and estimates used to determine the stand-alone selling price of each performance obligation;

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (CONTINUED)

Key audit matters

*Recognition of revenue and contract liabilities
(Continued)*

How our audit addressed the key audit matter

- performing analytical procedures including monthly trend analysis;
- performing the trail running of the IT system from enrolments to end of the tutorial lessons to ascertain the accuracy of the reports generated, on a sample basis;
- performing detailed substantive testings of revenue on a sample basis;
- performing calculation and allocation of total transaction prices to each performance obligation on a sample basis;
- performing specific cut-off procedures to test if the transactions around the year-end are recorded in appropriate period; and
- scrutinising manual journal entries relating to revenue raised during the current year and tracing to underlying documentation for those considered to be material or met other specific risk-based criteria.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (CONTINUED)

Key audit matters

Impairment assessment of non-financial assets

Refer to Notes 4(c), 5, 14 to 16 to the consolidated financial statements

The management of the Company had performed impairment review in accordance with Hong Kong Accounting Standard 36 *Impairment of Assets* in relation to the Group's tutorial school operations, which is considered by the management as ten different cash-generating units ("CGUs"). The Group had recognised an impairment loss of approximately HK\$2,425,000 for the year ended 31 March 2022, allocating to the net carrying amounts of property, plant and equipment and right-of-use assets of approximately HK\$40,000 and HK\$2,385,000 respectively, in respect of the CGUs of tutoring services.

The recoverable amount of the CGUs was determined based on higher of value-in-use or fair value less cost of disposal, which requires significant management's judgements concerning the estimated future cash flows.

Accordingly, we have identified management's impairment assessment of the CGUs as a key audit matter.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

How our audit addressed the key audit matter

Our key procedures to address the matter included:

- assessing the appropriateness of management's assessment on identification of individual tutorial centre as a separately identifiable CGU;
- discussing with the management of the Company regarding the reasonableness of the valuation methodology being adopted;
- discussing with the management of the Company the assumptions and inputs used in determining the recoverable amounts of the CGUs, respectively, and challenged the reasonableness and relevance of key assumptions and inputs based on our knowledge of the business and industry; and
- checking the allocation of impairment loss amongst assets within the CGUs in accordance with the applicable accounting standard.

INDEPENDENT AUDITOR'S REPORT

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

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

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

The audit committee of the Company assists the directors of the Company in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

Moore Stephens CPA Limited

Certified Public Accountants

Leung Yu Ngong

Practising Certificate Number: P06734

Hong Kong, 24 June 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
Revenue	7	35,902	29,290
Other income	7	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	14	(40)	(1,703)
Impairment loss on right-of-use assets	15	(2,385)	(821)
Expected credit loss on other receivables	19	(514)	–
Short term lease expenses		(502)	(539)
Other operating expenses		(6,268)	(5,643)
Finance costs	8	(396)	(549)
Loss before income tax	9	(4,016)	(2,835)
Income tax expense	11	(2,952)	(631)
Loss and total comprehensive loss for the year		(6,968)	(3,466)
Loss and total comprehensive loss attributable to owners of the Company		(6,968)	(3,466)
Loss per share – Basic and diluted (HK cents)	13	(1.33)	(0.66)

The notes on pages 65 to 107 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	717	1,107
Right-of-use assets	15	1,634	2,391
Deferred tax assets	17	–	2,441
Deposits	19	951	1,132
		3,302	7,071
Current assets			
Account receivables	18	588	593
Prepayments, deposits and other receivables	19	2,319	1,700
Amount due from a substantial shareholder of the Company	20	–	94
Restricted bank balances	21	14,506	–
Cash and cash equivalents	21	16,457	30,028
		33,870	32,415
Asset classified as held for sales	14	–	5,427
		33,870	37,842
Current liabilities			
Accruals, other payables and contract liabilities	22	1,923	3,560
Lease liabilities	23	3,788	3,799
Amount due to a substantial shareholder of the Company	20	221	–
Tax payable		943	527
		6,875	7,886
Net current assets		26,995	29,956
Total assets less current liabilities		30,297	37,027
Non-current liability			
Lease liabilities	23	2,121	1,883
Net assets		28,176	35,144

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	24	5,225	5,225
Reserves	25	22,951	29,919
Total equity		28,176	35,144

The notes on pages 65 to 107 form an integral part of these consolidated financial statements.

The consolidated financial statements on pages 65 to 107 were approved and authorised for issue by the Board of Directors on 24 June 2022 and are signed on its behalf by:

Hui Ka Fai
Director

Cheung Hiu Fung
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Share capital	Share premium	Capital reserve	Retained profits/ (accumulated losses)	Total equity
	HK\$'000 (Note 24)	HK\$'000 (Note 25)	HK\$'000 (Note 25)	HK\$'000	HK\$'000
At 1 April 2020	5,225	23,509	3,372	6,504	38,610
Loss and total comprehensive loss for the year	-	-	-	(3,466)	(3,466)
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	-	-	-	(6,968)	(6,968)
At 31 March 2022	5,225	23,509	3,372	(3,930)	28,176

The notes on pages 65 to 107 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
Cash flows from operating activities			
Loss before income tax		(4,016)	(2,835)
Adjustments for:			
Depreciation of property, plant and equipment	9	560	1,068
Depreciation of right-of-use assets	9	3,213	4,193
Impairment loss on property, plant and equipment	9	40	1,703
Impairment loss on right-of-use assets	9	2,385	821
Expected credit loss on other receivables	19	514	–
Gain on disposal of property, plant and equipment	7	(19)	–
Gain on disposal of asset classified as held for sales	7	(73)	–
Finance costs	8	396	549
Rental concession	7	(337)	(421)
Interest income	7	–	(27)
Operating profit before working capital changes		2,663	5,051
Decrease in account receivables		5	440
Increase in prepayments, deposits and other receivables		(952)	(34)
(Decrease)/increase in accruals, other payables and contract liabilities		(1,637)	1,147
Cash generated from operations		79	6,604
Income tax (paid)/refunded		(95)	386
Interest income received		–	27
Net cash (used in)/generated from operating activities		(16)	7,017
Cash flows from investing activities			
Purchases of property, plant and equipment		(837)	(51)
Proceeds from disposal of asset classified as held for sales		5,500	–
Proceeds from disposal of property, plant and equipment		646	–
Net cash generated from/(used in) investing activities		5,309	(51)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

	2022 HK\$'000	2021 HK\$'000
Cash flows from financing activities		
Payment for the principal portion of lease liabilities	(4,277)	(4,017)
Payment for the interest portion of lease liabilities	(396)	(549)
Increase in amount due to a substantial shareholder of the Company	315	–
Net cash used in financing activities	(4,358)	(4,566)
Increase in cash and cash equivalents	935	2,400
Increase in restricted bank balances	(14,506)	–
Cash and cash equivalents at beginning of the year	30,028	27,628
Cash and cash equivalents at end of the year	16,457	30,028

The notes on pages 65 to 107 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

The HKICPA has issued a number of amendments to 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs (CONTINUED)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**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.

Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell (see Note 4(p)).

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 areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation and subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries comprising the Group for the reporting periods.

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all of the following elements are present: power over the investee; exposure, or rights, to variable returns from the investee; and the ability to use its power to affect those variable returns. Generally control is achieved with a shareholding of more than one half of the voting rights over the relevant activities of the investee. The existence and effect of potential voting rights that are exercisable or convertible are considered when assessing whether the Company controls another entity. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation and subsidiaries (Continued)

The financial statements of subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are attributed to the owners of the Company.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

The results of subsidiaries are included in the Company's profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses (see Note 26).

(b) Property, plant and equipment

Plant and equipment are stated at cost, less accumulated depreciation and impairment losses, if any.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the item has been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to profit or loss in the year in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in future economic benefits expected to be obtained from the use of the item, the expenditure is capitalised as an additional cost of the item. When an item of property, plant and equipment is sold, its cost and accumulated depreciation are derecognised and any gain or loss resulting from the disposal, being the difference between the net disposal proceeds and the carrying amount of the asset, is included in profit or loss.

Depreciation is calculated using the straight-line method, based on the estimated economic useful life of the individual assets, as follows:

Leasehold land and building	28 years
Leasehold improvements	Over the lease term
Motor vehicles	5 years
Furniture, fixtures and equipment	5 years

The estimated useful lives and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Impairment of non-financial assets

When an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets), the asset's recoverable amount of the asset is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset or cash-generating unit.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent of those from other assets or groups of assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss is charged to the assets pro rata on the basis of the carrying amounts of each asset in the cash-generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal (if measurable) or value in use (if determinable), whichever is the higher.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a favourable change in the estimates used to determine the asset's recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

(d) Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Leases (Continued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Leases (Continued)

Lease liabilities (Continued)

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

Lease modifications

Except for Covid-19-related rent concessions in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discounted rate at the effective date of the modification. The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for account receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (Continued)

Financial assets (Continued)

Classification and measurement of financial assets (Continued)

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (“**FVTOCI**”):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss (“**FVTPL**”), except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 (Revised) Business Combinations applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and interest income

Financial assets are recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Accounting policy of impairment of financial assets measured at amortised cost is stated in Note 4(f).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities

The Group's financial liabilities include accruals, other payables and amount due to a substantial shareholder of the Company.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised in accordance with the Group's accounting policy for borrowing costs.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in consolidated income statement.

Accruals, other payables and amount due to a substantial shareholder of the Company are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Impairment of financial assets

The Group recognises a loss allowance for expected credit loss (“ECL”) on the financial assets measured at amortised cost. The Group measures a loss allowance at an amount equal to lifetime ECL. For account receivables, the Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which requires the use of the lifetime expected credit losses provision for all account receivables.

When estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Groups historical experience and informed credit assessment and including forward-looking information.

ECL is a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls which is the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive.

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

At each reporting date, the Group assesses on a forward looking basis whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event; and
- it becoming probable that the debtor will enter bankruptcy.

Loss allowance for financial assets measured at amortised cost are deducted from gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforceable activities in order to comply with the Group’s procedures for recovery of amounts due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Dividend distribution

Final dividends proposed by the directors of the Company are classified as a separate allocation of retained profits within the capital and reserves section of the consolidated statement of financial position, until they have been approved by the shareholders of the Company in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as liability.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand, demand deposits and short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

(i) Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. When the time value of money is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditure expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

All provisions are reviewed at the reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefit is remote.

Contingent liabilities are recognised in the course of the allocation of purchase price to the assets and liabilities acquired in a business combination. They are initially measured at fair value at the date of acquisition and subsequently measured at the higher of the amount that would be recognised in a comparable provision as described above and the amount initially recognised less any accumulated amortisation, if appropriate.

(j) Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Income tax (Continued)

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carried forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carried forward unused tax credits and unused tax losses can be utilised, except in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Revenue recognition

Under HKFRS 15, the Group recognises revenue when a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise in a contract with a customer to transfer to the customer either (a) a good or service (or a bundle of goods or services) that is distinct; or (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group’s right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group’s unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group’s obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liabilities relating to a contract are accounted for and presented on a net basis.

The Group’s revenue is recognised as follows:

- i) Income from tutoring services is recognised when the services are rendered;
- ii) Franchising income includes initial franchising income and continuing franchising income. Initial franchising income is recognised when the Group has performed substantially all initial services and other obligations required of the franchisor (the Group) under the franchise agreements. Continuing franchising income represents fees charged for the use of continuing rights granted by a franchise agreement, or for other services provided during the period of a franchise agreement, is recognised as revenue when the franchisees’ sales occur; and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Employee benefits

(a) Contributions to defined contribution retirement plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution.

The contributions recognised in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

The Group participates the defined contribution scheme (the “**MPF Scheme**”) under the Mandatory Provident Fund Schemes Ordinance which is available to its employees in Hong Kong. Contributions to the MPF Scheme by the Group and employees are made based on a percentage of employees’ basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme.

There were no forfeited contributions utilised by or available for the Group to reduce existing level of contributions for each of the years.

(b) Short-term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

Non-accumulating compensated absences, such as sick leave and maternity leave, are not recognised until the time of leave.

(c) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group restructuring costs involve the payment of termination benefits.

(m) Equity instruments

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Related parties

- (a) A person or a close member of that person's family is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Company.
- (b) An entity is related to the Group if any of the following conditions apply:
- (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) both entities are joint ventures of the same third party.
 - (iv) one entity is a joint venture of a third party and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a).
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Company's parents.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependents of that person or that person's spouse or domestic partner.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors of the Company for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major operations.

The measurement policies the Group uses for reporting segment results under HKFRS 8 Operating Segments are the same as those used in its financial statements prepared under HKFRSs.

(p) Non-current assets held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the above criteria for classification as held for sale are met, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group and the Company are concerned are deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries, associates and joint ventures) and investment properties. These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in Note 3.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

(q) Government grants

Government grants relate to income that are receivables as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

5. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

The directors have considered the development, selection and disclosure of the Group's critical accounting judgements and estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities with the next financial year are discussed below.

Provision for ECL for accounts receivables, deposits and other receivables

The Group estimated the amounts of ECL on these types of receivables based on the expected settlement dates taking into account of the Group's historical experience in relation to these types of receivables. The Group also takes into account forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the estimated default rates are reassessed and changes in the forward-looking information are considered.

During the year ended 31 March 2022, ECL on other receivables of approximately HK\$514,000 (2021: Nil) was recognised by the Group and details of this ECL are set in Note 19.

Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the recoverable amount of the asset. This requires an estimation of the value in use of the cash-generating unit to which the asset is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. A change in the estimate future cash flows and/or the discount rate applied will result in an adjustment to the estimated impairment provision previously made.

During the year ended 31 March 2022, impairment loss on property, plant and equipment of approximately HK\$40,000 (2021: HK\$1,703,000) and on right-of-use assets of approximately HK\$2,385,000 (2021: HK\$821,000) were recognised by the Group and details of these impairment are set out in Notes 14 and 15, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

5. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimated useful lives of property, plant and equipment

In determining the useful lives of property, plant and equipment, the Group has to consider various factors, such as expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful lives of the asset is made based on the experience of the Group with similar assets that are used in a similar way. Depreciation charge is revised if the estimated useful lives of items of property, plant and equipment are different from the previous estimation. Estimated useful lives are reviewed, at the end of each reporting period, based on the changes in circumstances. The carrying amounts of property, plant and equipment are disclosed in Note 14.

Current income tax and deferred tax

The Group is subject to income taxes in Hong Kong. Significant judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises taxes based on estimates of the likely outcome with reference to current tax laws and practices. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provision in the period in which such determination is made.

6. 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
	HK\$'000	HK\$'000
Primary school tutoring services	8,640	6,459
Secondary school tutoring services	27,079	22,706
Franchising services	183	125
	35,902	29,290

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

7. 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 HK\$'000	2021 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 (Note)	-	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 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.

8. FINANCE COSTS

	2022 HK\$'000	2021 HK\$'000
Interest expense for lease arrangements	396	549

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

9. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	2022	2021
	HK\$'000	HK\$'000
Auditor's remuneration	380	230
Depreciation of		
– Property, plant and equipment (Note 14)	560	1,068
– Right-of-use assets (Note 15)	3,213	4,193
	3,773	5,261
Minimum lease payments under operating leases of tutorial centres (Note 15)	502	539
Impairment loss on property, plant and equipment (Note 14)	40	1,703
Impairment loss on right-of-use assets (Note 15)	2,385	821
Employee benefits expense (including directors' remuneration (Note 10))		
Salaries, allowances and benefits in kind	25,130	21,079
Pension scheme contributions		
– Defined contribution plan	784	696
	25,914	21,775

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

10. DIRECTORS' REMUNERATION, FIVE HIGHEST PAID EMPLOYEES AND SENIOR MANAGEMENT EMOLUMENTS

(a) Directors' remuneration

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Pension scheme contributions HK\$'000	Total HK\$'000
Year ended 31 March 2022				
<i>Executive directors:</i>				
Mr. Cheung (Note 1)	-	1,278	13	1,291
Mr. Cheung Hiu Fung (Note 2)	-	390	-	390
Mr. Hou Haitou (Note 3)	-	125	-	125
Mr. Hui Ka Fai (Note 2)	-	142	5	147
Mr. Tao Wah Wai Calvin (Note 2)	-	-	-	-
	-	1,935	18	1,953
<i>Non-Executive directors:</i>				
Ms. Tse Pui Fong (Note 4)	62	-	-	62
Mr. Yan Ximao (Note 5)	50	-	-	50
	112	-	-	112
<i>Independent Non-Executive directors:</i>				
Mr. Chan Hoi Keung Terence (Note 6)	11	-	-	11
Mr. Sek Ngo Chi	96	-	-	96
Mr. Ho Kin	101	-	5	106
Ms. Lee Yin Ting (Note 7)	110	-	-	110
Mr. Chen Ming (Note 8)	40	-	-	40
Mr. Yu Lap Pan (Note 9)	-	-	-	-
Mr. Hu Chao (Note 9)	-	-	-	-
	358	-	5	363
	470	1,935	23	2,428

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

10. DIRECTORS' REMUNERATION, FIVE HIGHEST PAID EMPLOYEES AND SENIOR MANAGEMENT EMOLUMENTS (CONTINUED)

(a) Directors' remuneration (Continued)

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Pension scheme contributions HK\$'000	Total HK\$'000
Year ended 31 March 2021				
<i>Executive directors:</i>				
Mr. Cheung	–	1,790	18	1,808
Ms. Chan Hoi Ying Karina (Note 10)	–	1,097	7	1,104
	–	2,887	25	2,912
<i>Independent Non-Executive directors:</i>				
Mr. Chan Hoi Keung Terence	126	–	–	126
Mr. Sek Ngo Chi	96	–	–	96
Mr. Ho Kin	101	–	–	101
	323	–	–	323
	323	2,887	25	3,235

Note 1: Mr. Cheung resigned as the executive director of the Company with effect from 3 January 2022.

Note 2: Mr. Cheung Hiu Fung, Mr. Hui Ka Fai and Mr. Tao Wah Wai Calvin were appointed as executive directors of the Company with effect from 1 April 2021, 10 January 2022 and 13 June 2022 respectively.

Note 3: Mr. Hou Haitou was appointed and resigned as the executive director of the Company with effect from 24 September 2021 and 27 May 2022 respectively.

Note 4: Ms. Tse Pui Fong was appointed as the non-executive director of the Company with effect from 24 September 2021.

Note 5: Mr. Yan Ximao was appointed and resigned as the non-executive director of the Company with effect from 4 November 2021 and 27 May 2022 respectively.

Note 6: Mr. Chan Hoi Keung Terence resigned as an independent non-executive director of the Company with effect from 1 May 2021.

Note 7: Ms. Lee Yin Ting was appointed and resigned as an independent non-executive director of the Company with effect from 4 May 2021 and 27 May 2022 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

10. DIRECTORS' REMUNERATION, FIVE HIGHEST PAID EMPLOYEES AND SENIOR MANAGEMENT EMOLUMENTS (CONTINUED)

(a) Directors' remuneration (Continued)

Note 8: Mr. Chen Ming was appointed and resigned as an independent non-executive director of the Company with effect from 8 December 2021 and 27 May 2022 respectively.

Note 9: Mr. Yu Lap Pan and Mr. Hu Chao were appointed as independent non-executive directors of the Company with effect from 27 May 2022.

Note 10: Ms. Chan Hoi Ying Karina resigned as an executive director of the Company with effect from 20 August 2020.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and its subsidiaries and the non-executive directors' emoluments shown above were for their services as directors of the Company or its subsidiaries.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year ended 31 March 2022 (2021: Nil).

(b) Five highest paid individuals

The five individuals with the highest emoluments in the Group included 1 (2021: 2) director of the Company whose emoluments are disclosed in Note 10(a) above. The analysis of the emoluments of the remaining 4 (2021: 3) highest paid individuals are set out below:

	2022 HK\$'000	2021 HK\$'000
Salaries, allowances and benefits in kind	5,671	2,695
Pension scheme contributions	72	49
	5,743	2,744

The analysis of the emoluments of the remaining 4 (2021: 3) whose emoluments fell within the following bands is as follow:

	2022	2021
Nil to HK\$1,000,000	2	2
HK\$1,000,001 to HK\$1,500,000	-	1
HK\$1,500,001 to HK\$2,000,000	1	-
HK\$2,000,001 to HK\$2,500,000	1	-
	4	3

During the year ended 31 March 2022, no director or any of the five highest paid individuals waived or agreed to waive any emoluments (2021: Nil). No emoluments were paid by the Group to the directors or any of the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office for the year (2021: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

10. DIRECTORS' REMUNERATION, FIVE HIGHEST PAID EMPLOYEES AND SENIOR MANAGEMENT EMOLUMENTS (CONTINUED)

(c) Senior management emoluments

The number of senior management (excluding the directors of the Company) whose remuneration fell within the following bands is as follows:

	2022	2021
HK\$1,000,001 to HK\$1,500,000	–	1
HK\$1,500,001 to HK\$2,000,000	1	–
	1	1

11. INCOME TAX EXPENSE

	Note	2022 HK\$'000	2021 HK\$'000
Current tax – Hong Kong	b	511	528
Under-provision in respect of prior years		–	70
Income tax expense		511	598
Deferred tax			
Decrease in deferred tax assets (Note 17)		2,441	33
Income tax expense		2,952	631

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

11. INCOME TAX EXPENSE (CONTINUED)

A reconciliation of the income tax expense applicable to loss before income tax at the statutory tax rate to income tax expense at the effective tax rate is as follows:

	2022 HK\$'000	2021 HK\$'000
Loss before income tax	(4,016)	(2,835)
Tax on loss before income tax at rates applicable	(663)	(468)
Effect of non-deductible expense	873	589
Effect of non-taxable revenue	(15)	(936)
Effect of reversal of tax loss recognised in prior years	2,471	–
Effect of tax reduction	(20)	(20)
Effect of change of tax rate (Note (b) above)	–	(165)
Effect of unused tax losses not recognised	306	1,561
Under-provision of tax in prior years	–	70
Income tax expense	2,952	631

12. DIVIDENDS

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

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

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

	Leasehold land and building HK\$'000	Leasehold improvements HK\$'000	Motor vehicles HK\$'000	Furniture, fixture and equipment HK\$'000	Total HK\$'000
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	–	8,299	513	2,102	10,914
Accumulated depreciation and impairment loss:					
At 1 April 2020	909	7,714	276	1,864	10,763
Charge for the year (Note 9)	266	452	81	269	1,068
Impairment loss (Note 16)	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 9)	–	195	81	284	560
Impairment loss (Note 16)	–	17	2	21	40
Disposal	–	–	–	(480)	(480)
Written-off	–	(700)	–	–	(700)
At 31 March 2022	–	7,681	455	2,061	10,197
Net carrying amounts:					
At 31 March 2022	–	618	58	41	717
At 31 March 2021	–	40	141	926	1,107

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

15. RIGHT-OF-USE ASSETS

	Premises HK\$'000
Cost:	
At 1 April 2020	13,087
Addition	1,115
At 31 March 2021 and 1 April 2021	14,202
Additions	4,841
Derecognition upon expiry	(5,432)
At 31 March 2022	13,611
Accumulated depreciation and impairment loss:	
At 1 April 2020	(6,797)
Charge for the year (Note 9)	(4,193)
Impairment loss (Note 16)	(821)
At 31 March 2021 and 1 April 2021	(11,811)
Charge for the year (Note 9)	(3,213)
Impairment loss (Note 16)	(2,385)
Derecognition upon expiry	5,432
At 31 March 2022	(11,977)
Net carrying amounts	
At 31 March 2022	1,634
At 31 March 2021	2,391

The right-of-use assets represent the Group's rights to use underlying leased premises as offices for its operations under operating lease arrangements over the lease terms, which ranged from 1 to 3 years (2021: 1 to 3 years), which are stated at cost less accumulated depreciation and accumulated impairment losses, if any, and adjusted for any remeasurement of the lease liabilities.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

	2022 HK\$'000	2021 HK\$'000
Fixed payments	4,673	4,566
Expense relating to short-term leases (Note 9)	502	539
Total cash outflow for leases	5,175	5,105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

16. 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 in Notes 14 and 15, respectively, 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%

17. DEFERRED TAX

The movements in deferred tax assets during the year are as follows:

Deferred tax assets

	The related depreciation in excess of depreciation allowance HK\$'000	Impairment on non-financial assets HK\$'000	Unused tax losses HK\$'000	Total HK\$'000
At 1 April 2020	957	477	1,040	2,474
Deferred tax charged to the profit or loss during the year (Note 11)	(33)	–	–	(33)
At 31 March 2021 and 1 April 2021	924	477	1,040	2,441
Deferred tax charged to the profit or loss during the year (Note 11)	(924)	(477)	(1,040)	(2,441)
At 31 March 2022	–	–	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

17. DEFERRED TAX (CONTINUED)

As at 31 March 2022, the Group has unused tax losses of approximately HK\$20,588,000 (2021: HK\$18,734,000), which are subject to the approval from the Hong Kong Inland Revenue Department. Such tax losses have no expiry date and can be carried forward indefinitely. During the year ended 31 March 2022, the management of the Group has reassessed the recoverable amount of deferred tax asset and such amount has been assessed at nil due to the unpredictability of future profits streams.

18. ACCOUNT RECEIVABLES

	2022 HK\$'000	2021 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 HK\$'000	2021 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

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

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

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

Further details on the Group's credit policy for other receivables are set out in Note 30.

20. AMOUNT DUE FROM/(TO) A SUBSTANTIAL SHAREHOLDER OF THE COMPANY

The amount due from/(to) a substantial shareholder of the Company is unsecured, interest-free and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

21. RESTRICTED BANK BALANCES AND CASH AND CASH EQUIVALENTS

	2022 HK\$'000	2021 HK\$'000
Cash in hand and bank balances	30,963	30,028
Less: Restricted bank balances (Note)	(14,506)	–
Cash and cash equivalents	16,457	30,028

All cash and cash equivalents are denominated in HK\$ and were kept in Hong Kong.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

Note: The board of directors of the Company confirms that the Hong Kong Police Force and the Securities and Futures Commission (collectively the "**Law Enforcers**") jointly executed a search warrant and entered into the Company's principal place of business in Hong Kong on 15 December 2021 for the purpose of an investigation relating to an alleged offence of money laundering and/or offences suspected to have been committed under the Securities and Futures Ordinance (the "**Investigation**"). Certain documents were seized by the Law Enforcers during the Investigation and Mr. Cheung, the then chairman and the then executive director of the Company, and another staff of the Group were arrested by the Law Enforcers. Mr. Cheung has been released on bail and no written confirmation has been received by Mr. Cheung from the Law Enforcers that the Investigation on Mr. Cheung has been completed. As at 31 March 2022, certain bank accounts of the Group were frozen by the Hong Kong Police Force. Details of which were set out in the Company's announcement dated 21 December 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

22. ACCRUALS, OTHER PAYABLES AND CONTRACT LIABILITIES

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

Changes in contract liabilities during the year are as follows:

	HK\$'000
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	958
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	1,057
Carrying amount at 31 March 2022	1,087

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

23. LEASE LIABILITIES

The carrying amounts of the lease liabilities and the movements during the year are as follows:

	HK\$'000
As at 1 April 2020	9,005
Addition	1,115
Rental concession (Note)	(421)
Payments	(4,017)
As at 31 March 2021 and 1 April 2021	5,682
Additions	4,841
Rental concession (Note)	(337)
Payments	(4,277)
As at 31 March 2022	5,909

	2022 HK\$'000	2021 HK\$'000
Analysed into:		
Current portion	3,788	3,799
Non-current portion	2,121	1,883
	5,909	5,682

Note: During the year ended 31 March 2022, there were rental concession of 4 (2021: 7) lease agreements as a direct consequence of Covid-19 amounting to approximately HK\$337,000 (2021: HK\$421,000), which was included in other income.

As at 31 March 2022, the future minimum lease payments of the net minimum lease payments are as follows:

	2022 HK\$'000	2021 HK\$'000
Within one year	4,027	4,094
Over one year but not more than two years	2,200	1,940
Total lease payments	6,227	6,034
Less: Finance charges	(318)	(352)
Total lease obligations	5,909	5,682

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

24. 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	2,000,000	20,000	2,000,000	20,000
Issued and fully paid:				
At beginning and end of the year, ordinary shares of HK\$0.01 each	522,500	5,225	522,500	5,225

25. RESERVES

Details of the movements on the Group's reserve are as set out in the consolidated statement of changes in equity.

Share premium

Share premium account of the Group represents the excess of the proceeds received over the nominal value of the Company's shares issued.

Capital reserve

Capital reserve of the Group represents the capital contribution from the then shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

26. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

As at 31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
Non-current asset			
Investments in subsidiaries		—*	—*
Current assets			
Amount due from a subsidiary		2,934	26,806
Restricted bank balances		788	—
Cash and cash equivalents		7	8
		3,729	26,814
Current liability			
Amount due to subsidiaries		299	—*
Net current assets		3,430	26,814
Total assets less current liability		3,430	26,814
Net assets		3,430	26,814
Equity			
Share capital	24	5,225	5,225
Reserves	26(a)	(1,795)	21,589
Total equity		3,430	26,814

* Amounts less than HK\$1,000.

The statement of financial position of the Company were approved and authorised for issue by the board of directors on 24 June 2022 and is signed on its behalf by:

Hui Ka Fai
Director

Cheung Hiu Fung
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

26. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

(a) Reserves of the Company

	Share premium HK\$'000	Accumulated losses HK\$'000	Total reserves HK\$'000
At 1 April 2020	23,509	(1,258)	22,251
Loss and total comprehensive loss for the year	–	(662)	(662)
At 31 March 2021 and 1 April 2021	23,509	(1,920)	21,589
Loss and total comprehensive loss for the year	–	(23,384)	(23,384)
At 31 March 2022	23,509	(25,304)	(1,795)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

27. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities:

	Lease liabilities HK\$'000	Amount due to a substantial shareholder of the Company HK\$'000
At 1 April 2020	9,005	–
Changes from financing cash flows:		
Payment for principal portion of lease liabilities	(4,017)	–
Payment for interest portion of lease liabilities	(549)	–
Total changes from financing cash flows	(4,566)	–
Other changes:		
Interest charge on lease liabilities (Note 8)	549	–
Addition of lease liabilities (Note 23)	1,115	–
Rental concession (Note 23)	(421)	–
Total other changes	1,243	–
As at 31 March 2021 and 1 April 2021	5,682	–
Changes from financing cash flows:		
Payment for principal portion of lease liabilities	(4,277)	–
Payment for interest portion of lease liabilities	(396)	–
Increase in amount due to a substantial shareholder of the Company	–	315
Total changes from financing cash flows	(4,673)	315
Other changes:		
Interest charge on lease liabilities (Note 8)	396	–
Additions of lease liabilities (Note 23)	4,841	–
Rental concession (Note 23)	(337)	–
Net off with balance of amount due from a substantial shareholder of the Company	–	(94)
Total other changes	4,900	(94)
As at 31 March 2022	5,909	221

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

28. RELATED PARTY TRANSACTIONS

(a) Balances and transactions

Save as disclosed elsewhere in these consolidated financial statements, the Group had the following material transactions with related parties:

	2022 HK\$'000	2021 HK\$'000
Operating lease charges paid to: Mr. Cheung Luk Sun and a close family member of Mr. Cheung and Mr. Cheung Luk Sun (Note)	-	110

Note: The operating leases for use as tutorial centres were charged by the respective related parties at HK\$10,000 per month and the lease terms expired on 28 February 2021.

The above transactions also constituted continuing connected transactions as defined in Chapter 20 of the GEM Listing Rules.

(b) Commitments with related parties

In respect of the operating lease arrangements entered with related parties as disclosed in above, there are no future minimum rental payable under non-cancellable operating leases of the Group in respect of properties as of 31 March 2021. As mentioned above, the leases have expired during the year ended 31 March 2022.

(c) Senior management's emoluments

The emoluments paid or payable to members of senior management of the Group and the Company (including directors' emoluments) are as follows:

	2022 HK\$'000	2021 HK\$'000
Salaries, allowances and benefits in kind	3,963	4,213
Pension scheme contributions	42	56
	4,005	4,269

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

29. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments are as follows:

	2022 HK\$'000	2021 HK\$'000
Financial assets		
At amortised cost:		
Account receivables	588	593
Deposits and other receivables	2,523	2,516
Amount due from a substantial shareholder of the Company	–	94
Restricted bank balances	14,506	–
Cash and cash equivalents	16,457	30,028
	34,074	33,231
Financial liabilities		
At amortised cost:		
Accruals and other payables	836	2,571
Lease liabilities	5,909	5,682
Amount due to a substantial shareholder of the Company	221	–
	6,966	8,253

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise account receivables, deposits and other receivables, amount due from/(to) a substantial shareholder of the Company, restricted bank balances, cash and cash equivalents, accruals and other payables and lease liabilities. These financial instruments mainly arise from its operations.

The carrying amounts of the Group's financial instruments approximated to their fair value as at the end of each reporting period. Fair value estimates are made at a specific point in time and are based on relevant market information about the financial instruments.

These estimates are subjective in nature and involve uncertainties and matters of significant judgement, and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. As the Group's exposure to these risks is kept to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The board of directors of the Company reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

Credit risk relates to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group.

In order to minimise the credit risk, the management of the Group performs ongoing and tightly monitoring the ageing of the receivables. In this regards, the management of the Group considers that the Group's credit risk is significantly reduced.

The Group's management considers that all the above financial assets that are not impaired based on the historical settlement track records, except other receivables. For other receivables, the Group has applied the general approach in HKFRS 9 to measure the ECL allowance approximate to such at 12m ECL; Further quantitative disclosures in respect of the Group's exposure to credit risk arising from deposits and other receivables and amount due from a substantial shareholder of the Company are set out in Notes 19 and 20, respectively.

The credit risk for restricted bank balances and cash at banks are regarded as immaterial as they are deposited with major banks located in Hong Kong.

None of the Group's financial assets are secured by collateral or other credit enhancement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet obligations associated with its financial liabilities. The Group is exposed to liquidity risk in respect of settlement of accruals and other payables, lease liabilities and amount due to a substantial shareholder of the Company and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	On demand or within 1 year HK\$'000	1 to 5 years HK\$'000	Total contractual undiscounted cash flow HK\$'000	Carrying amounts HK\$'000
31 March 2022				
Accruals and other payables	836	–	836	836
Lease liabilities	4,027	2,200	6,227	5,909
Amount due to a substantial shareholder of the Company	221	–	221	221
	5,084	2,200	7,284	6,966
31 March 2021				
Accruals and other payables	2,571	–	2,571	2,571
Lease liabilities	4,094	1,940	6,034	5,682
	6,665	1,940	8,605	8,253

Fair value of financial instruments

The notional amounts of financial assets and financial liabilities with a maturity of less than one year (including account receivables, deposits and other receivables, amount due from/(to) a substantial shareholder of the Company, restricted bank balances, cash and cash equivalents, accruals and other payables and lease liabilities) are assumed to approximate their fair value based on the nature or short-term maturity of these instruments

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

31. CAPITAL MANAGEMENT

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as going concern and to maintain reasonable capital ratios in order to support its business and maximise shareholders' value. The Group's overall strategy remains unchanged during the year.

The capital structure of the Group consists of equity attributable to the equity holders of the Company, comprising share capital and reserves disclosed in the consolidated statement of changes in equity, amounting to approximately HK\$28,176,000 as at 31 March 2022 (2021: HK\$35,144,000).

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders' returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through adjust the amount of dividends paid to the shareholders, return capital to the shareholder, issue new share and raise new borrowings.

The Group's overall strategy remains unchanged from 2021.

32. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

As at the date of this report, the Company has direct or indirect interests in the following subsidiaries, all of which are private companies with limited liability, the particulars of which are set out as follows:

Company name	Place and date of incorporation	Particulars of issued and fully paid up share capital	Attributable equity interest		Place of operation and principal activities
			Direct	Indirect	
Simple Joyous Limited	the BVI, 25 August 2015	1 ordinary share of United States dollars ("US\$")	100% (2021: 100%)	-	Hong Kong, Investment holding
Asia Pacific Goldway Education Holding Limited	the BVI, 19 March 2021	1 ordinary share of US\$1	100% (2021: 100%)	-	Hong Kong, Investment holding
Bright Union International Limited	Hong Kong, 7 December 2007	HK\$10,000	-	100% (2021: 100%)	Hong Kong, Provision of private tutoring services
Billion Bright Management Limited	the BVI, 1 July 2009	50,000 ordinary shares of US\$1 each	-	100% (2021: 100%)	Hong Kong, Investment holding
Base Channel Limited	the BVI, 13 March 2017	1 ordinary share of US\$1	-	100% (2021: 100%)	Hong Kong, Investment holding
Bright Wealth International Limited	Hong Kong, 13 January 2017	HK\$1	-	100% (2021: 100%)	Hong Kong, Provision of private tutoring services
Wise Develop Investment Limited	the BVI, 31 May 2017	1 ordinary share of US\$1	-	100% (2021: 100%)	Hong Kong, Investment holding
Bright Talents International Limited	Hong Kong, 16 June 2017	HK\$1	-	100% (2021: 100%)	Hong Kong, Provision of franchising services
Asia Pacific Goldway Education Limited	Hong Kong, 29 March 2021	HK\$1	-	100% (2021: 100%)	Hong Kong,Inactive

FINANCIAL SUMMARY

The following is a summary of the published results and assets and liabilities of the Group for the last five financial years prepared on the basis set out in the notes below.

RESULTS

	Year ended 31 March				
	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000
Revenue	35,902	29,290	33,042	37,464	36,473
(Loss)/profit before income tax	(4,016)	(2,835)	(7,846)	(2,094)	4,216
Income tax (expense)/credit	(2,952)	(631)	824	302	(295)
(Loss)/profit for the year	(6,968)	(3,466)	(7,022)	(1,792)	3,921
(Loss)/profit attributable to owners of the Company	(6,968)	(3,466)	(7,022)	(1,792)	3,921

ASSETS AND LIABILITIES

	Year ended 31 March				
	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000
Total assets	37,172	44,913	50,028	49,254	50,084
Total liabilities	(8,996)	(9,769)	(11,418)	(3,622)	(2,660)
	28,176	35,144	38,610	45,632	47,424
Equity attributable to owners of the Company	28,176	35,144	38,610	45,632	47,424