Goldway Education Group Limited
金滙教育集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code : 8160)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2019

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 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

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

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

* *For identification only*

FINANCIAL HIGHLIGHTS

For the year ended 31 March 2019, audited operating results of the Group were as follows:

— revenue of approximately HK$37.5 million, representing an increase of 2.7% comparing to the previous financial year;

— changed from profit of approximately HK$3.9 million for the previous financial year to loss for the year ended 31 March 2019 amounting to approximately HK$1.8 million; and,

— the Directors do not recommend the payment of dividend for the year ended 31 March 2019.

ANNUAL RESULTS

The board of Directors (the "**Board**") is pleased to announce the audited results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2019 (the "**Reporting Period**") together with the comparative figures for the year ended 31 March 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Notes	**2019** *HK$'000*	2018 *HK$'000*
Revenue	4	**37,464**	36,473
Other income	4	**467**	204
Advertising expenses		**(3,789)**	(234)
Building management fee		**(886)**	(862)
Depreciation expense		**(2,265)**	(1,111)
Employee benefits expense		**(20,071)**	(17,899)
Operating lease expenses		**(8,152)**	(8,474)
Other operating expenses		**(4,862)**	(3,881)
(Loss)/profit before income tax	5	**(2,094)**	4,216
Income tax credit/(expense)	6	**302**	(295)
(Loss)/profit and total comprehensive (loss)/income for the year		**(1,792)**	3,921
(Loss)/profit and total comprehensive (loss)/income attributable to owners of the Company		**(1,792)**	3,921
(Loss)/earnings per share			
— Basic and diluted (HK cents)	7	**(0.34)**	0.75

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Plant and equipment	9	**1,813**	1,680
Prepayments for acquisitions of plant and equipment		**—**	1,200
Deferred tax assets		**1,289**	530
Deposits	11	**302**	—
		3,404	3,410
Current assets			
Account receivables	10	**1,152**	1,513
Prepayments, deposits and other receivables	11	**2,086**	2,511
Amount due from a substantial shareholder of the Company		**94**	94
Tax recoverable		**387**	458
Cash and cash equivalents		**42,131**	42,098
		45,850	46,674
Current liabilities			
Accruals, receipt in advance, other payables and contract liabilities	12	**2,842**	2,660
Tax payable		**780**	—
		3,622	2,660
Net current assets		**42,228**	44,014
Net assets		**45,632**	47,424
EQUITY			
Equity attributable to owners of the Company			
Share capital	13	**5,225**	5,225
Reserves		**40,407**	42,199
Total equity		**45,632**	47,424

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2019

	Share capital *HK$'000*	Share premium* *HK$'000*	Capital reserve* *HK$'000*	Retained profits* *HK$'000*	Total equity *HK$'000*
At 1 April 2017	5,225	23,509	3,372	11,397	43,503
Profit and total comprehensive income for the year	—	—	—	3,921	3,921
At 31 March 2018 and 1 April 2018	5,225	23,509	3,372	15,318	47,424
Loss and total comprehensive loss for the year	—	—	—	(1,792)	(1,792)
At 31 March 2019	5,225	23,509	3,372	13,526	45,632

* These accounts comprise the consolidated reserves of approximately HK$40,407,000 (2018: HK$42,199,000) in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE 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 (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, the ultimate controlling parties of the Group are Mr. Cheung Lick Keung ("**Mr. Cheung**"), a director of the Company, 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.

The Group is principally engaged in the provision of tutoring services in Hong Kong. The Group provides private tutoring services including primary and secondary tutoring services under the trade name of "Logic Tutorial Centre". During the year, the Group started the franchising business.

2. BASIS OF PRESENTATION AND 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 also included the applicable disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM Board ("**GEM Listing Rules**").

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

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

Other than changes in accounting policies resulting from application of new and amendments to HKFRSs, the accounting policies and methods of computation used in the consolidated financial statements for the year ended 31 March 2019 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2018.

Application of new and amendments to HKFRSs

In the current year, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2018 for the preparation of the Group's consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HK(IFRIC) — Interpretation 22	Foreign Currency Transactions and Advance Consideration

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The Group's accounting policies in relation to its contracts with customers were changed to comply with the requirements of HKFRS 15.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. In accordance with the transition provisions in HKFRS 15, comparative figures have not been restated. The Group has elected to apply this standard retrospectively only to contracts that are not completed at 1 April 2018.

As at 1 April 2018, receipt in advance amounting to approximately HK$509,000 in respect of sales contracts with customers were reclassified to contract liabilities. The adoption of HKFRS 15 has had no material impact on the Group's retained profits as at 1 April 2018.

The directors of the Company concluded that the adoption of HKFRS 9 has not had any material changes or impact on the amounts recognised in the consolidated financial statements.

Except for the HKFRS 9 and HKFRS 15, the application of these new and amendments to HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior years and/or disclosures set out in these consolidated financial statements.

For HKFRS 9 and HKFRS 15, details of the changes in accounting policies are discussed as follows:

HKFRS 9 Financial Instruments

Impairment of financial assets

Impairment of financial assets from 1 April 2018

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.

Impairment of financial assets prior to 1 April 2018

An assessment for impairment is undertaken at least at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated, the Group will not able to collect all the amounts due to it in accordance with the original terms of receivables. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in profit or loss.

HKFRS 15 Revenue from Contracts with Customers

Revenue recognition from 1 April 2018

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 a presented on a net basis.

The Group's revenue is recognised as follows:

i) Income from tutoring services is recognised when the services rendered;

ii) Franchising income includes initial franchising income and continuing franchising income. Initial franchising income are 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 represent 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, are recognised as revenue when the franchisees' sales occur; and

iii) Interest income from bank deposits is recognised on a time proportion basis using the effective interest method by reference to the principal outstanding.

Revenue recognition prior to 1 April 2018

Revenue comprises the fair value of the consideration received or receivable for the rendering of services and the use by others of the Group's assets which yield interests, net of discounts. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

(i) Income from tutoring services is recognised when the services rendered; and

(ii) Interest income from bank deposits is recognised on a time proportion basis using the effective interest method by reference to the principal outstanding.

3. 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:

	2019	2018
	HK$'000	*HK$'000*
Primary school tutoring services	**10,110**	9,260
Secondary school tutoring services	**26,945**	27,213
Franchising services	**409**	—
	37,464	36,473

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 2019, there was no single external customer that contributed 10% or more of the Group's total revenue from external customers (2018: Nil).

4. REVENUE AND OTHER INCOME

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

	2019	2018
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Income from tutoring services	**37,055**	36,473
Income from initial franchising services	**378**	—
Income from continuing franchising services	**31**	—
	37,464	36,473
Other income		
Interest income	**251**	200
Payment in lieu of notice received from employee	**182**	—
Others	**34**	4
	467	204

Revenue from contract with customers within the scope of HKFRS 15 by timing of revenue recognition:

	Revenue from contracts with customers recognised at a point in time *HK$'000*	recognised over time *HK$'000*	2019 Total *HK$'000*
Income from tutoring services	**—**	**37,055**	**37,055**
Income from initial franchising services	**378**	**—**	**378**
Income from continuing franchising services	**—**	**31**	**31**
	378	**37,086**	**37,464**

Revenue from contracts with customers	2018 *HK$'000*
Recognised over time	
Income from tutoring services	36,473

5. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before income tax is arrived at after charging:

	2019 *HK$'000*	2018 *HK$'000*
Auditor's remuneration	**300**	280
Depreciation	**2,265**	1,111
Employee benefits expense (including directors' remuneration)		
Salaries, allowances and benefits in kind	**19,320**	17,113
Pension scheme contributions		
— Defined contribution plan	**751**	786
	20,071	17,899

6. INCOME TAX (CREDIT)/EXPENSE

	Note	**2019**	2018
		HK$'000	*HK$'000*
Current tax — Hong Kong	b	**457**	845
Over-provision in respect of prior years		**—**	(20)
Income tax expense	b	**457**	825
Deferred tax			
Increase in deferred tax assets		**(759)**	(530)
Income tax (credit)/expense		**(302)**	295

(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% (2018: 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.

7. (LOSS)/EARNINGS PER SHARE

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

	2019	2018
	HK$'000	*HK$'000*
(Loss)/earnings		
(Loss)/profit for the year attributable to the owners of the Company	**(1,792)**	3,921
Number of shares		
Weighted average number of shares for the purpose of calculating basic (loss)/earnings per share	**522,500,000**	522,500,000

Diluted (loss)/earnings per share dilutive was the same as the basic (loss)/earnings per share as there were no potential dilutive ordinary shares outstanding for the year ended 31 March 2019 (2018: Nil).

8. DIVIDEND

The Board of Directors does not recommend the payment of a final dividend for the year ended 31 March 2019 (2018: Nil).

9. PLANT AND EQUIPMENT

During the year ended 31 March 2019, the Group acquired plant and equipment of approximately HK$2,398,000 (2018: HK$1,141,000).

10. ACCOUNT RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Account receivables	**1,152**	1,513

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 2019 and 2018.

	2019	2018
	HK$'000	*HK$'000*
1 to 90 days past due	**1,050**	1,459
Over 90 days past due	**102**	54
	1,152	1,513

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 2019, there were no allowances for bad and doubtful debts provided as there was no recent history of significant default in respect of these customers (2018: 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.

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Prepayments	**49**	46
Deposits	**2,335**	2,379
Other receivables	**4**	86
	2,388	2,511
Less: Portions classified as non-current asset	**(302)**	—
	2,086	2,511

12. ACCRUALS, RECEIPT IN ADVANCE, OTHER PAYABLES AND CONTRACT LIABILITIES

	2019	2018
	HK$'000	*HK$'000*
Accruals	**2,064**	1,846
Receipt in advance	**—**	509
Other payables	**351**	305
Contract liabilities	**427**	—
	2,842	2,660

13. SHARE CAPITAL

Authorised and issued share capital

	2019		2018	
	Number of ordinary shares	**Amount**	Number of ordinary shares	Amount
	'000	***HK$'000***	*'000*	*HK$'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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Tutorial Business

According to Student Enrolment Statistics, 2017/18 issued by Education Bureau, the number of primary school student enrolment in day schools of 2017/18 is 340,137, representing an increase of 4% from that of 327,915 in 2016/17. The number of secondary school student enrolment in day schools of 2017/18 is 313,848, representing a decrease of 2% from that of 321,488 in 2016/17.

Benefiting from increasing number of primary school students in Hong Kong, the revenue generated from primary school tutoring services has increased to approximately HK$10.1 million, representing an increase of 9.2% comparing to that of the same period last financial year. However, due to decrease in number of secondary school students in Hong Kong and increasing intense competition in New Territories West, the revenue generated from secondary school tutoring services has decreased to approximately HK$26.9 million, representing a decrease of 1% comparing to that of the corresponding period last financial year.

During the current reporting period, the Group remained to focus on provision of tutoring services to secondary school students and primary school students in Hong Kong and continued to develop and expand the geographic coverage. As at 31 March 2019, the Group had a total of 12 centres.

Franchise Business

In order to expand the geographic coverage in a more efficient way, we started franchise program and placed emphasis on the guidance and training of franchisees during the year ended 31 March 2019 and recorded franchise income of approximately HK$0.4 million for the year ended 31 March 2019. As at 31 March 2019, we have franchise centres covering Kowloon and the New Territories.

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 ended 31 March 2019, there was no material breach of or non-compliance with the applicable laws and rules by the Group.

OUTLOOK

In the future, benefits from the growth in number of primary school students in Hong Kong, the Group will continuously allocate more resources to primary school tutoring services. Meanwhile, the Group will also maintain its competitive advantages in secondary school tutoring services to cope with the growth in number of secondary school students in the near future. We believe that our franchise program will increase our geographic coverage and hence will continue to engage more new franchisees.

Our experienced management team will continue to look for suitable opportunities to invest in education sector including but not limited to tutoring businesses in Hong Kong to maintain the competitiveness of the Group and provide high quality education to students.

FINANCIAL REVIEW

Revenue

For the year ended 31 March 2019, the Group recorded total revenue of approximately HK$37.5 million, representing an increase of approximately 2.7% as compared to approximately HK$36.5 million for the year ended 31 March 2018. The increase was mainly due to the increase of approximately HK$0.9 million or 9.2% in revenue generated from primary school tutoring services and the income from franchise business of HK$0.4 million for the year ended 31 March 2019.

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 12.1% from approximately HK$17.9 million for the year ended 31 March 2018 to approximately HK$20.1 million for the year ended 31 March 2019, which was primarily resulted from the increase in staff benefits. As at 31 March 2019, we had a total of 80 (2018: 83) employees.

Operating lease expense

The operating lease expense comprises rental expenses of tutorial centres. For the year ended 31 March 2019, operating lease expense decreased by approximately HK$0.3 million or approximately 3.8% to approximately HK$8.2 million from approximately HK$8.5 million of previous financial year. The decrease was mainly due to non-renewal of expired tenancy agreements, which was partly offset by the increase in monthly rental upon renewal.

Net (loss)/profit and net profit margin

The Group recorded a loss attributable to owners of the Company amounting to approximately HK$1.8 million for the year ended 31 March 2019 (2018: profit of HK$3.9 million), representing a change from profit to loss from the same period of previous financial year. Such change was primarily due to increase of i) employee benefits expense of approximately HK$2.2 million and ii) advertising expenses of approximately HK$3.6 million for the year ended 31 March 2019 as compared to that of previous financial year. The net profit margin changes to –4.8% for the year ended 31 March 2019 from 10.8% of the corresponding period in 2018.

Account receivables

As at 31 March 2019, the account receivables amounted to approximately HK$1.2 million, representing a decrease of 23.9% as comparing to that of approximately HK$1.5 million as at 31 March 2018. The decrease was mainly due to ongoing effort on collection and closely monitoring the ageing of account receivables.

Cash and cash equivalents

As at 31 March 2019, the cash and cash equivalents amounted to approximately HK$42.1 million. The slight increase comparing to the balance as at 31 March 2018 was mainly due to the net effect of the net cash generated from operating activities amounting to approximately HK$1.23 million and the cash used in purchase of plant and equipment of HK$1.20 million.

CONTINGENT LIABILITIES

As at 31 March 2019, the Group did not have any significant contingent liabilities.

EVENT AFTER THE REPORTING DATE

On 28 May 2019, the Company announced that the Group, via a direct wholly-owned subsidiary, entered into a sale and purchase agreement with Mr. Cheung and Mr. Cheung Lick Sun (collectively the "**Vendors**"). Pursuant to which the Group agreed to purchase a property from the Vendors at the consideration of HK$7.5 million. Details of which are set out in the Company's announcement dated 28 May 2019.

USE OF NET PROCEEDS FROM LISTING

The shares of the Company have been listed on the GEM by way of placing and public offer of shares on 2 December 2016. Net proceeds from the Listing (after deducting underwriting commission and relevant expenses) amounted to approximately HK$16.8 million. Since the actual net proceeds from the Listing was different from the estimated net proceeds of approximately HK$15.0 million as set out in the Prospectus, the Group adjusted the use of proceeds in the same manner and in the same proportion as shown in the Prospectus.

	Adjusted use of proceeds in the same manner as stated in the Prospectus	Planned use of net proceeds as stated in the Prospectus up to 31 March 2019	Actual use of net proceeds up to 31 March 2019
	HK$ million	*HK$ million*	*HK$ million*
Expansion of network	11.6	11.6	11.6
Enhancement of existing centres, facilities and equipment and IT systems	1.7	1.7	1.7
Staff training	0.4	0.4	0.4
Marketing and promotion and other brand building activities	1.3	1.3	1.3
Total	15.0	15.0	15.0

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENT OR CONTRACTS

The Company or its subsidiaries have entered into a number of transactions with entities in which an executive Director has substantial shareholding.

Save as disclosed above, 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 ended 31 March 2019.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year ended 31 March 2019 and up to the date of this announcement, none of the Directors or any of their respective associates, has engaged in any business that competes or may compete with the business of the Group, or has any other conflict of interest with the Group.

DIVIDENDS

The Directors do not recommend the payment of final dividend for the year ended 31 March 2019 (2018: Nil).

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

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any securities of the Company during the year ended 31 March 2019.

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. Having made specific enquiry to the Directors, the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transaction by Directors during the year ended 31 March 2019.

CORPORATE GOVERNANCE PRACTICES

During the Reporting Period, the Company has complied with all the applicable code provisions as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 to the GEM Listing Rules except the following deviation:

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The code provision A.2.1 of Appendix 15 to the GEM Listing Rules requires the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

However, the Board is 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 as required by Code Provision A.2.1 of Appendix 15 to the GEM Listing Rules.

INTERESTS OF THE COMPLIANCE ADVISER

During the year ended 31 March 2019 and up to the date of this announcement, as notified by the Company's compliance adviser, Kingsway Capital Limited (the "**Compliance Adviser**"), except for the compliance adviser agreement dated 15 November 2016 entered into between the Company and the Compliance Adviser, neither the Compliance Adviser nor its directors, employees or associates had any interests in relation to the Company or any other companies of the Group (including options or rights to subscribe for such securities) which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

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. Chan Hoi Keung Terence, Mr. Sek Ngo Chi and Mr. Ho Kin, all being the independent non-executive Directors of the Group. Mr. Chan Hoi Keung Terence is the chairman of the audit committee. The audit committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 March 2019 and was of the opinion that the preparation of such statements complied with applicable accounting standards and that adequate disclosure has been made in respect thereof.

SCOPE OF WORK ON THE ANNUAL RESULTS ANNOUNCEMENT BY THE AUDITOR

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and consolidated statement of changes in equity and the related notes thereto for the year ended 31 March 2019 as set out in this announcement have been agreed by the Group's auditor, Moore Stephens CPA Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Moore Stephens CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Moore Stephens CPA Limited on the preliminary announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

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

By order of the Board
Goldway Education Group Limited
Cheung Lick Keung
Executive Director and Chairman

Hong Kong, 14 June 2019

As at the date of this announcement, the executive Directors are Mr. Cheung Lick Keung and Ms. Chan Hoi Ying Karina; the non-executive Directors are Mr. Tsang Hin Man Terence and Ms. Wong Yi Ling; and the independent non-executive Directors are Mr. Chan Hoi Keung Terence, Mr. Sek Ngo Chi and Mr. Ho Kin.