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 2020

CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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

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

*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 purposes only*

FINANCIAL HIGHLIGHTS

For the year ended 31 March 2020, audited operating results of the Group were as follows:

– revenue of approximately HK$33.0 million, representing a decrease of 11.8% comparing to the previous financial year;

– loss for the year of approximately HK$7.0 million, representing an increase of 291.9% comparing to the previous financial year; and,

– the Directors do not recommend the payment of dividend for the year ended 31 March 2020.

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 2020 (the "**Reporting Period**") together with the comparative figures for the year ended 31 March 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Notes	**2020** ***HK$'000***	2019 *HK$'000*
Revenue	5	**33,042**	37,464
Other income	5	**108**	467
Advertising expenses		**(600)**	(3,789)
Building management fee		**(963)**	(886)
Depreciation expense		**(5,899)**	(2,265)
Employee benefits expense		**(22,334)**	(20,071)
Impairment loss on property, plant and equipment	11	**(983)**	–
Impairment loss on right-of-use assets	11	**(2,574)**	–
Lease expenses		**(2,464)**	(8,152)
Other operating expenses		**(4,718)**	(4,862)
Finance costs		**(461)**	–
Loss before income tax	6	**(7,846)**	(2,094)
Income tax credit	7	**824**	302
Loss and total comprehensive loss for the year		**(7,022)**	(1,792)
Loss and total comprehensive loss attributable to owners of the Company		**(7,022)**	(1,792)
Loss per share – Basic and diluted *(HK cents)*	8	**(1.34)**	(0.34)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	10	**8,147**	1,813
Right-of-use assets		**6,290**	–
Deferred tax assets		**2,474**	1,289
Prepayment for acquisition of plant and equipment	13	**1,107**	–
Deposits	13	**1,481**	302
		19,499	3,404
Current assets			
Account receivables	12	**1,033**	1,152
Prepayments, deposits and other receivables	13	**1,317**	2,086
Amount due from a substantial shareholder of the Company		**94**	94
Tax recoverable		**457**	387
Cash and cash equivalents		**27,628**	42,131
		30,529	45,850
Current liabilities			
Accruals, other payables and contract liabilities	14	**2,413**	2,842
Lease liabilities		**4,215**	–
Tax payable		**–**	780
		6,628	3,622
Net current assets		**23,901**	42,228
Total assets less current liabilities		**43,400**	45,632
Non-current liabilities			
Lease liabilities		**4,790**	–
Net assets		**38,610**	45,632
EQUITY			
Equity attributable to owners of the Company			
Share capital	15	**5,225**	5,225
Reserves		**33,385**	40,407
Total equity		**38,610**	45,632

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2020

	Share capital *HK$'000* *(note 15)*	Share premium* *HK$'000*	Capital reserve* *HK$'000*	Retained profits* *HK$'000*	Total equity *HK$'000*
At 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 and 1 April 2019	5,225	23,509	3,372	13,526	45,632
Loss and total comprehensive loss for the year	–	–	–	(7,022)	(7,022)
At 31 March 2020	**5,225**	**23,509**	**3,372**	**6,504**	**38,610**

* These accounts comprise the consolidated reserves of approximately HK$33,385,000 (2019: HK$40,407,000) in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 19 October 2015 and its shares have been listed on 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, 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, one of the senior management of the Company, 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 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".

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS")

(a) Adoption of new and revised HKFRSs effective from 1 April 2019

In the current year, the Group has applied a number of new HKFRSs and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") that are mandatorily effective for an accounting period that begins on or after 1 April 2019. Of these, the following developments are relevant to the Group's consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

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

HKFRS 16 Leases

HKFRS 16 replaces HKAS 17 Leases, HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases – Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. HKFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and enquiries lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group has applied HKFRS 16 for the first time in the current year. The Group has applied HKFRS 16 using the modified retrospective method of application with the date of initial application being 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained profits at 1 April 2019, and the comparative information for 2019 was not restated and continues to be reported under HKAS 17.

Definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed, i.e. the Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application and the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their stand-alone prices. The Group has used a practical expedient that is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

The Group being a lessee regarding leases previously classified as operating leases

Nature of the effect of application of HKFRS 16

The Group has entered into lease contracts for various office properties. As a lessee, the Group previously classified leases as operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets; and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Based on the specific transitional provisions available under HKFRS 16, lease liabilities at 1 April 2019 were recognised based on the present value of the remaining lease payments, discounted using the applicable lessee's incremental borrowing rate at 1 April 2019. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 April 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the consolidated statement of financial position.

The Group has elected to apply the following practical expedients when applying HKFRS 16 at 1 April 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application; and
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The impacts arising from the application of HKFRS 16 as at 1 April 2019 are as follows:

	Carrying amounts previously reported at 31 March 2019	**Adjustments**	**Carrying amounts under HKFRS 16 at 1 April 2019**
	HK$'000	*HK$'000*	*HK$'000*
Non-current Assets			
Right-of-use assets	–	5,672	5,672
Current Liabilities			
Lease liabilities	–	(2,925)	(2,925)
Non-current liabilities			
Lease liabilities	–	(2,747)	(2,747)

The lease liabilities as at 1 April 2019 reconciled to the operating lease commitments as at 31 March 2019 is as follows:

	At 1 April 2019
	HK$'000
Operating lease commitments as at 31 March 2019	7,752
Less:	
Effects of discounting using applicable incremental borrowing rates at date of initial application	(429)
Practical expedient – leases with lease term ending within 12 months from the date of initial application	(1,651)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16	5,672
Analysed as	
Current	2,925
Non-current	2,747
	5,672

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The average incremental borrowing rate applied by the relevant group entities is 7.5% per annum.

(b) Revised HKFRSs that have been issued but are not yet adopted

The following revised HKFRSs which are potentially relevant to the Group's consolidated financial statements have been issued but are not yet effective and have not been early adopted by the Group.

Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting[1]
Amendments to HKFRS 3 (Revised)	Definition of a Business[1^]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions[2]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2020

2 Effective for annual periods beginning on or after 1 June 2020

3 Effective for annual periods beginning on or after 1 January 2021

4 On 1 January 2016, the HKICPA issued "Effective Date of Amendments to HKFRS 10 and HKAS 28", following the International Accounting Standards Board' s equivalent amendments. This update defers/removes the effective date of the amendments in "Sale or Contribution of Assets between an Investor or its Associate or Joint Venture" that the HKICPA issued on 7 October 2014. Early application of these amendments continues to be permitted.

^ The HKICPA will start using the revised Conceptual Framework immediately when revising or developing Standards or Accounting Guidelines. The revised Conceptual Framework has an effective date 1 January 2020 for companies that use the Conceptual Framework to develop accounting policies when no Standards or Accounting Guidelines applies to a particular transaction.

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 April 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

3. BASIS OF PRESENTATION

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.

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

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

4. SEGMENT INFORMATION

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

	2020	2019
	HK$'000	*HK$'000*
Primary school tutoring services	**8,446**	10,110
Secondary school tutoring services	**24,435**	26,945
Franchising services	**161**	409
	33,042	37,464

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 2020, there was no single external customer that contributed 10% or more of the Group's total revenue from external customers (2019: Nil).

5. REVENUE AND OTHER INCOME

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

	2020	2019
	HK\$'000	*HK\$'000*
Revenue from contracts with customers		
Income from tutoring services	**32,881**	37,055
Income from initial franchising income	**–**	378
Income from continuing franchising income	**161**	31
	33,042	37,464
Other income		
Interest income	**23**	251
Payment in lieu of notice received from employee	**40**	182
Others	**45**	34
	108	467

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	**Revenue from contracts with customers recognised over time**	**2020 Total**
	HK\$'000	***HK\$'000***	***HK\$'000***
Income from tutoring services	**–**	**32,881**	**32,881**
Income from continuing franchising income	**–**	**161**	**161**
	–	**33,042**	**33,042**

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

6. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	2020	2019
	HK$'000	*HK$'000*
Auditor's remuneration	**220**	300
Depreciation on		
– Property, plant and equipment	**1,676**	2,265
– Right-of-use assets	**4,223**	–
	5,899	2,265
Impairment loss on property, plant and equipment *(note 11)*	**983**	–
Impairment loss on right-of-use assets *(note 11)*	**2,574**	–
Employee benefits expense (including directors' remuneration)		
Salaries, allowances and benefits in kind	**21,470**	19,320
Pension scheme contributions		
– Defined contribution plan	**864**	751
	22,334	20,071

7. INCOME TAX CREDIT

		2020	2019
	Note	***HK$'000***	*HK$'000*
Current tax – Hong Kong	b	**384**	457
Over-provision in respect of prior years		**(23)**	–
Income tax expense		**361**	457
Deferred tax			
Increase in deferred tax assets		**(1,185)**	(759)
Income tax credit		**(824)**	(302)

(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% (2019: 16.5%) on the estimated assessable profits for the year. On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

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

8. LOSS PER SHARE

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

	2020	2019
	HK$'000	*HK$'000*
Loss for the year attributable to the owners of the Company	**(7,022)**	(1,792)
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 2020 (2019: Nil).

9. DIVIDEND

The Board of Directors does not recommend the payment of a final dividend for the year ended 31 March 2020 (2019: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 March 2020, the Group acquired property, plant and equipment of approximately HK$8,993,000 (2019: HK$2,398,000).

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

Tutorial school operations are determined by the management as eleven cash-generating units ("**CGU**"). For the purpose of impairment assessment as at 31 March 2020, property, plant and equipment and right-of-use assets have been allocated to the CGUs.

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

The recoverable amounts of certain CGUs are less than the carrying amounts of the relevant CGUs as at 31 March 2020. As a result, the Group recognised an impairment loss of approximately HK$983,000 (2019: Nil) and approximately HK$2,574,000 (2019: Nil) 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.

	2020
Annual growth rate of revenue in five-year period	**2.7%**
Pre-tax discount rate	**18.1%**

12. ACCOUNT RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Account receivables	**1,033**	1,152

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 2020 and 2019.

	2020	2019
	HK$'000	*HK$'000*
1 to 90 days past due	**963**	1,050
Over 90 days past due	**70**	102
	1,033	1,152

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 2020, there were no allowances for expected credit loss provided as there was no recent history of significant default in respect of these customers (2019: nil).

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

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

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Prepayments	**1,458**	49
Deposits	**2,440**	2,335
Other receivables	**7**	4
	3,905	2,388
Less: Portions classified as non-current assets		
– Prepayment for acquisition of plant and equipment	**(1,107)**	–
– Deposits	**(1,481)**	(302)
	(2,588)	(302)
	1,317	2,086

14. ACCRUALS, OTHER PAYABLES AND CONTRACT LIABILITIES

	2020	2019
	HK$'000	*HK$'000*
Accruals	**1,683**	2,064
Other payables	**286**	351
Contract liabilities	**444**	427
	2,413	2,842

15. SHARE CAPITAL

Authorised and issued share capital

	2020		2019	
	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

During the year, the Group remained to focus on provision of tutoring services to secondary school students and primary school students in Hong Kong.

However, due to the unstable economic situation in the first half of 2019 and the outbreak of a pandemic disease in the second half of 2019 and early 2020, the revenue of tutorial business of the Group dropped by 11.8% to approximately HK$33.0 million. Consequently, the Group incurred a loss of approximately HK$7.0 million during the year.

During the year, the revenue generated from primary school tutoring services has decreased to approximately HK$8.4 million, representing a decrease of 16.5% comparing to that of last financial year. The revenue generated from secondary school tutoring services has decreased to approximately HK$24.4 million, representing a decrease of 9.3% comparing to that of last financial year.

To cope with the economic downturn, the management decided to streamline the operating procedures and reallocate the resources to achieve cost efficient measurement. As at 31 March 2020, the Group had a total of 12 centres.

Franchise Business

Due to the economic downturn and the outbreak of the pandemic disease, the management decided to stop the expansion of franchise program during the year ended 31 March 2020. During the year, the Group recorded franchise income of approximately HK$0.2 million for the year ended 31 March 2020. As at 31 March 2020, 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 ended 31 March 2020, there was no material breach of or non-compliance with the applicable laws and rules by the Group.

Relationships with Employees, Customers and Suppliers

The Group recognises importance of retaining talents to ensure the continuity of business. The Group has established all-rounded staff policy and guidelines for staff welfare, support the development of talent and provide a safe workplace for staff. The Group encouraged employees to update their work-related knowledge, skill by providing training offered by external organisations. During the year ended 31 March 2020, the average number of employee was 77, which is similar to that of 78 for the year ended 31 March 2019. 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

According to Student Enrolment Statistics, 2018/19 issued by Education Bureau, the number of primary school student enrolment in day schools of 2018/19 is 349,745, representing an increase of 2.8% from that of 340,137 in 2017/18. The number of secondary school student enrolment in day schools of 2018/19 is 308,020, representing a decrease of 1.9% from that of 313,848 in 2017/18. The management believe benefits from the growth in number of primary schools 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.

In the future, the Group will continuously focus on primary school and secondary school tutoring services. The experienced management team still believes that the franchise program will benefit the Group by increasing geographic coverage efficiently and hence will continue to engage more new franchisees after the recovery of economy.

FINANCIAL REVIEW

Revenue

For the year ended 31 March 2020, the Group recorded total revenue of approximately HK$33.0 million, representing a decrease of approximately 11.8% as compared to approximately HK$37.5 million for the year ended 31 March 2019. The decrease was mainly due to the decrease of approximately HK$1.7 million or 16.5% in revenue generated from primary school tutoring services and decrease of approximately HK$2.5 million or 9.3% in revenue generated from secondary school tutoring services mainly due to unstable economy and outbreak of the pandemic disease.

Depreciation expenses

Depreciation comprises depreciation for right-of-use assets, property, leasehold improvement and other equipment. Depreciation of property, plant and equipment increased by approximately HK$3.6 million from approximately HK$2.3 million for the year ended 31 March 2019 to approximately HK$5.9 million for the year ended 31 March 2020, which was mainly due to the recognition of right-of-use assets upon the adoption of HKFRS 16 on 1 April 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 11.3% from approximately HK$20.1 million for the year ended 31 March 2019 to approximately HK$22.3 million for the year ended 31 March 2020, which was primarily resulted from the increase in staff benefits for retention. As at 31 March 2020, we had a total of 67 (2019: 80) employees.

Operating lease expenses

The operating lease expense comprises rental expenses of tutorial centres. For the year ended 31 March 2020, the decrease of operating lease expense was mainly due to the adoption of HKFRS 16 on 1 April 2019.

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 ended 31 March 2020 (2019: HK$1.8 million). Such change was primarily due to i) decrease in revenue of HK$4.4 million mainly caused by unstable economy and outbreak of pandemic disease and ii) increase of employee benefits expense of approximately HK$2.3 million due to retention as compared to that of previous financial year. The net profit margin changes to -21.3% for the year ended 31 March 2020 from -4.8% of the corresponding period in 2019.

Account receivables

As at 31 March 2020, the account receivables amounted to approximately HK$1.0 million, which was similar to that of approximately HK$1.2 million as at 31 March 2019.

Cash and cash equivalents

As at 31 March 2020, the cash and cash equivalents amounted to approximately HK$27.6 million. The decrease comparing to the balance as at 31 March 2019 was mainly due to the cash used in purchase of plant and equipment of approximately HK$9.0 million.

CONTINGENT LIABILITIES

As at 31 March 2020, the Group did not have any significant contingent liabilities.

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 March 2020, the Group mainly financed its operations with its own working capital. As at 31 March 2020 and 31 March 2019, the Group had net current assets of approximately HK$23.9 million and HK$42.2 million respectively, including cash and bank balances of approximately HK$27.6 million and HK$42.1 million respectively.

Since the Group had no borrowings or payables incurred not in the ordinary course of business during the years ended 31 March 2020 and 2019, the Group was in net cash position during the years ended 31 March 2020 and 2019 and no gearing ratio information was presented.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENT OR CONTRACTS

Bright Union International Limited ("**Bright Union**"), a subsidiary of our Company, as a tenant, entered into a lease agreement dated 1 April 2019 with Mr. Cheung and Mr. Cheung Luk Sun, pursuant to which Mr. Cheung and Mr. Cheung Luk Sun as joint landlords agreed to lease a property located at B10, 1/F, Goodrich Garden Shopping Arcade, 9 Leung Tak Street, Tuen Mun, New Territories, Hong Kong with a saleable area of approximately 334 sq. ft. to Bright Union (as a tenant), for a monthly rental fee of HK$10,000 (inclusive of government rates and property tax), for use as tutorial centre for a term of one year effective from 1 April 2019 to 30 June 2019.

Bright Union, a subsidiary of our Company, as tenant entered into a lease agreement dated 1 April 2019 with Mr. Cheung Luk Sun and Mr. Cheung Chuen, pursuant to which Mr. Cheung Luk Sun and Mr. Cheung Chuen as joint landlords agreed to lease a property located at B96B, 1/F, Goodrich Garden Shopping Arcade, 9 Leung Tak Street, Tuen Mun, New Territories, Hong Kong with a saleable area of approximately 245 sq. ft. to Bright Union (as a tenant), for a monthly rental fee of HK$10,000 (inclusive of government rates and property tax), for use as tutorial centre for a term of one year effective from 1 April 2019 until 31 March 2020.

Simple Joyous Limited, a subsidiary of our Company, as a purchaser, entered into an agreement dated 28 May 2019 with Mr. Cheung and Mr. Cheung Luk Sun as joint landlords, pursuant to which Mr. Cheung and Mr. Cheung Luk sun agreed to sell a property, which located at B10, 1/F, Goodrich Garden Shopping Arcade, 9 Leung Tak Street, Tuen Mun, New Territories, Hong Kong, at the consideration of HK$7,500,000.

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 2020.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year ended 31 March 2020, 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 2020 (2019: 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 2020.

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 2020.

CORPORATE GOVERNANCE PRACTICES

During the year ended 31 March 2020, 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 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 2020 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 2020 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 2020 as set out in the preliminary announcement have been agreed by the Group's auditor, Moore Stephens CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Moore Stephens CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no 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, 26 June 2020

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