

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 2023

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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 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.

FINANCIAL HIGHLIGHTS

For the year ended 31 March 2023, audited operating results of the Group were as follows:

- revenue of approximately HK\$43.7 million, representing an increase of 21.6% comparing to the previous financial year;
- loss for the year of approximately HK\$0.3 million, representing a decrease of approximately 96.4% comparing to the previous financial year; and
- the Directors do not recommend the payment of dividend for the year ended 31 March 2023.

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 2023 (the “**Reporting Period**”) together with the comparative figures for the year ended 31 March 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

		2023	2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	5	43,662	35,902
Other income	5	4,280	512
Advertising expenses		(187)	(47)
Amortisation of intangible assets		(643)	–
Building management fee		(761)	(591)
Depreciation expense		(2,520)	(3,773)
Employee benefits expense		(30,921)	(25,914)
Fair value changes on financial assets at fair value through profit or loss (“ FVTPL ”)		(1,232)	–
Impairment loss on property, plant and equipment	11	–	(40)
Impairment loss on right-of-use assets	11	–	(2,385)
Reversal of/(provision for) expected credit loss on other receivables		514	(514)
Short term lease expenses		(766)	(502)
Other operating expenses		(11,082)	(6,268)
Finance costs		(511)	(396)
Loss before income tax	6	(167)	(4,016)
Income tax expense	7	(85)	(2,952)
Loss for the year		<u>(252)</u>	<u>(6,968)</u>
Other comprehensive loss, after tax:			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		(12)	–
Total comprehensive loss for the year		<u>(264)</u>	<u>(6,968)</u>

	2023	2022
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year attributable to:		
— the owners of the Company	(250)	(6,968)
— non-controlling interests	(2)	—
	<u>(252)</u>	<u>(6,968)</u>
 Total comprehensive loss for the year attributable to:		
— the owners of the Company	(256)	(6,968)
— non-controlling interests	(8)	—
	<u>(264)</u>	<u>(6,968)</u>
 Loss per share – Basic and diluted (HK cents)	8	
	<u>(0.05)</u>	<u>(1.33)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	<i>Notes</i>	2023 HK\$'000	2022 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	10	899	717
Intangible assets		6,851	–
Goodwill		6,666	–
Right-of-use assets		7,417	1,634
Deposits	13	1,119	951
		<u>22,952</u>	<u>3,302</u>
Current assets			
Accounts receivable	12	2,312	588
Prepayments, deposits and other receivables	13	2,403	2,319
Financial assets at FVTPL		1,063	–
Tax recoverable		289	–
Restricted bank balances		14,517	14,506
Cash and cash equivalents		8,973	16,457
		<u>29,557</u>	<u>33,870</u>
Current liabilities			
Accruals, other payables and contract liabilities	14	5,658	1,923
Lease liabilities		3,657	3,788
Amount due to a substantial shareholder of the Company		121	221
Tax payable		–	943
		<u>9,436</u>	<u>6,875</u>
Net current assets		<u>20,121</u>	<u>26,995</u>

	<i>Notes</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
Total assets less current liabilities		<u>43,073</u>	<u>30,297</u>
Non-current liability			
Deferred tax liabilities		685	–
Lease liabilities		4,694	2,121
Promissory note		<u>2,073</u>	<u>–</u>
		<u>7,452</u>	<u>2,121</u>
Net assets		<u>35,621</u>	<u>28,176</u>
EQUITY			
Share capital	<i>15</i>	6,270	5,225
Reserves		<u>26,063</u>	<u>22,951</u>
		32,333	28,176
Non-controlling interests		<u>3,288</u>	<u>–</u>
Total equity		<u>35,621</u>	<u>28,176</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023

	Attributable to owner of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Share option reserve HK\$'000	Capital reserve HK\$'000	Foreign currency translation reserve HK\$'000	Retained profits/ losses HK\$'000	Total reserve HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2021	5,225	23,509	-	3,372	-	3,038	29,919	-	35,144
Loss and total comprehensive loss for the year	-	-	-	-	-	(6,968)	(6,968)	-	(6,968)
At 31 March 2022 and 1 April 2022	5,225	23,509	-	3,372	-	(3,930)	22,951	-	28,176
Placing of shares	1,045	3,254	-	-	-	-	3,254	-	4,299
Recognition of share-based payments	-	-	114	-	-	-	114	-	114
Acquisition of subsidiaries	-	-	-	-	-	-	-	3,296	3,296
Loss and total comprehensive loss for the year	-	-	-	-	(6)	(250)	(256)	(8)	(264)
At 31 March 2023	<u>6,270</u>	<u>26,763</u>	<u>114</u>	<u>3,372</u>	<u>(6)</u>	<u>(4,180)</u>	<u>26,063</u>	<u>3,288</u>	<u>35,621</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Goldway Education Group Limited (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 B10, 1/F., Goodrich Shopping Arcade, Tuen Mun, New Territories, Hong Kong, respectively.

The Group is principally engaged in the provision of tutoring services, franchising services and management services in Hong Kong and the People’s Republic of China (“**PRC**”). 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. 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 GEM Board (“**GEM Listing Rules**”).

The consolidated financial statements have been prepared on the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. investments in listed securities and profit guarantee).

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.

3. 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 2022.

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	Property, plant and equipment: proceeds before intended use
Amendments to HKFRS 37	Onerous contracts — cost of fulfilling a contract
Annual Improvements to HKFRSs 2018-2020 Cycle	Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41
Amendments to Accounting Guideline 5	Merger Accounting for common control combinations (AG5)

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

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

Amendments to HKAS 1	Classification of liabilities as current or non-current	1 January 2024
Amendment to HKAS 1	Non-current liabilities with covenants	1 January 2024
Amendments to HKAS 1 and HKFRS Practise Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors — Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12 Income Taxes	Deferred Tax Relate to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Amendments to HKFRS 16	Lease liability in sale and Leaseback and related amendments	1 January 2024
Amendments to HKFRS 17	Insurance contracts	1 January 2023
Amendments to HKFRS 10 & HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	A date to be determined
Hong Kong Interpretation 5 (Revised)	Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause	1 January 2024

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.

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, franchising services and management services. The Group's revenue from external customers is further disclosed in Note 5.

Information about the Group's non-current assets based on the geographical location is presented as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Hong Kong	8,316	2,351
PRC	13,517	–
	<hr/>	<hr/>
Consolidated total	21,833	2,351
	<hr/> <hr/>	<hr/> <hr/>

Non-current assets include property, plant and equipment, intangible assets, goodwill and right-of-use assets.

Information about the Group's revenue from external customers presented based on the geographical location where the Group operates is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Hong Kong	39,027	35,902
PRC	4,635	–
	<hr/>	<hr/>
Consolidated total	43,662	35,902
	<hr/> <hr/>	<hr/> <hr/>

For the year ended 31 March 2023, the Group's total revenue included approximately HK\$4,635,000 from a single external customer (2022: Nil), who accounted for 10% or more of the revenue.

5. REVENUE AND OTHER INCOME

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue from contracts with customers, recognised over time		
Income from tutoring services	38,468	35,719
Income from continuing franchising	559	183
Income from management services	4,635	–
	<u>43,662</u>	<u>35,902</u>
Other income		
Interest income	18	–
Gain on early termination of lease	428	–
Rental concession	886	337
Gain on disposals of assets classified as held for sale	–	73
Gain on disposals of property, plant and equipment	–	19
Government grants (<i>note</i>)	2,151	–
Others	797	83
	<u>4,280</u>	<u>512</u>

Note: Government grants of approximately HK\$1,431,000 have been received in August and October 2022 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 May to July 2022 to retain employees who may otherwise redundant. The amount has been recognised as other income during the year ended 31 March 2023 due to the Group has fulfilled all the conditions and other contingencies attached to the receipts.

Government grants of approximately HK\$720,000 have been received during the period from June to August 2022 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 2023 due to the Group has fulfilled all the conditions and other contingencies attached to the receipts.

6. LOSS BEFORE INCOME TAX

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Auditor's remuneration	500	380
Amortisation of intangible assets	643	–
Depreciation of		
– Property, plant and equipment (<i>Note 10</i>)	431	560
– Right-of-use assets	2,089	3,213
	<u>2,520</u>	<u>3,773</u>
Expenses related to short-term leases	766	502
(Reversal of)/provision for expected credit loss on other receivables	(514)	514
Impairment loss on property, plant and equipment (<i>Note 10</i>)	–	40
Impairment loss on right-of-use assets	–	2,385
Employee benefits expense (including directors' remuneration)		
Salaries, allowances and benefits in kind	30,010	25,130
Pension scheme contributions		
– Defined contribution plan	797	784
Share-based payment expenses	114	–
	<u>30,921</u>	<u>25,914</u>

7. INCOME TAX EXPENSE

	<i>Note</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current tax			
Hong Kong Profits Tax	<i>b</i>		
— Provision for the year		8	511
— Under-provision in respect of prior years		119	—
		<u>127</u>	<u>511</u>
PRC Enterprise Income Tax (“EIT”)			
— Provision for the year	<i>c</i>	23	—
		<u>150</u>	<u>511</u>
Deferred tax			
Decrease in deferred tax liabilities		(65)	—
Decrease in deferred tax assets		—	2,441
		<u>(65)</u>	<u>2,441</u>
Income tax expense		<u>85</u>	<u>2,952</u>

Notes:

- (a) Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (b) 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.
- (c) One of the Group’s PRC subsidiaries has been classified as a small low-profit enterprise under the Law of the PRC on EIT and its Implementation Regulation. The subsidiary is entitled to EIT rates of 2.5% on taxable profits not exceeding RMB1,000,000 and 10% on taxable profits exceeding RMB1,000,000 but not exceeding RMB3,000,000.

7. INCOME TAX EXPENSE (CONTINUED)

The tax rate applicable to the Group's other PRC subsidiaries were 25% during the year.

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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss before income tax	<u>(167)</u>	<u>(4,016)</u>
Tax on loss before income tax at rates applicable	(27)	(663)
Effect of non-deductible expenses	1,133	873
Effect of non-taxable revenue	(428)	(15)
Tax effect of temporary difference not recognised	2	–
Reversal of tax loss recognised in prior years	–	2,471
Effect of tax reduction	(136)	(20)
Effect of utilisation of tax losses not recognised	(638)	–
Effect of tax losses not recognised	9	306
Under-provision of tax in prior years	119	–
Effect of different tax rates of subsidiaries	51	–
Income tax expense	<u>85</u>	<u>2,952</u>

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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss for the year attributable to the owners of the Company	<u>(256)</u>	<u>(6,968)</u>
Number of shares		
Weighted average number of shares for the purpose of calculating basic loss per share	<u>568,594,521</u>	<u>522,500,000</u>

Diluted loss per share dilutive was the same as the basic loss per share as the effects of the Company's potential ordinary shares in respect of the outstanding share options are anti-dilutive for the year ended 31 March 2023 (2022: no potential ordinary share).

9. DIVIDEND

The Board of Directors does not recommend the payment of any final dividend for the year ended 31 March 2023 (2022: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Furniture, fixture and equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost:				
At 1 April 2021	8,209	513	3,162	11,884
Additions	790	–	47	837
Disposal	–	–	(1,107)	(1,107)
Written-off	(700)	–	–	(700)
	<u>8,299</u>	<u>513</u>	<u>2,102</u>	<u>10,914</u>
At 31 March 2022 and 1 April 2022	8,299	513	2,102	10,914
Additions	590	–	23	613
	<u>8,889</u>	<u>513</u>	<u>2,125</u>	<u>11,527</u>
At 31 March 2023	8,889	513	2,125	11,527
Accumulated depreciation and impairment loss:				
At 1 April 2021	8,169	372	2,236	10,777
Charge for the year	195	81	284	560
Impairment loss recognised for the year	17	2	21	40
Disposal	–	–	(480)	(480)
Written-off	(700)	–	–	(700)
	<u>7,681</u>	<u>455</u>	<u>2,061</u>	<u>10,197</u>
At 31 March 2022 and 1 April 2022	7,681	455	2,061	10,197
Charge for the year	351	58	22	431
	<u>8,032</u>	<u>513</u>	<u>2,083</u>	<u>10,628</u>
At 31 March 2023	8,032	513	2,083	10,628
Net carrying amounts:				
At 31 March 2023	<u>857</u>	<u>–</u>	<u>42</u>	<u>899</u>
At 31 March 2022	<u>618</u>	<u>58</u>	<u>41</u>	<u>717</u>

During the years ended 31 March 2023 and 2022, property, plant and equipment and right-of-use assets are allocated to the cash generating units of provision of tutorial services (the “**Tutorial CGU**”) for impairment assessment.

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

For the purpose of impairment assessment as at 31 March 2023, property, plant and equipment and right-of-use assets have been allocated to the Tutorial CGU.

The Group assessed the recoverable amounts of the Tutorial CGU by value in use calculation of present value of expected cash flows approved by the directors of the Group. 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 Tutorial CGUs.

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

	2023	2022
Annual growth rate of revenue in five-year period	3.6%	1.6%
Pre-tax discount rate	<u>26.7%</u>	<u>23.8%</u>

The recoverable amounts of the Tutorial CGU approximates the carrying amounts of the Tutorial CGU as at 31 March 2023. As a result, the Group has not recognise any impairment loss for the year ended 31 March 2023 (2022: impairment loss of approximately HK\$40,000 and HK\$2,385,000 recognised for property, plant and equipment and right-of-use assets respectively).

12. ACCOUNTS RECEIVABLE

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Accounts receivable arising from:		
Tutoring service income	630	584
Franchising income	13	4
Management service income	<u>1,669</u>	<u>–</u>
Total accounts receivable	<u>2,312</u>	<u>588</u>

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 granted to franchisees in general.

For management service income, there is no credit period granted.

12. ACCOUNTS RECEIVABLE (CONTINUED)

Ageing analysis of the Group's accounts receivable, based on the revenue recognition dates which also presented the ageing analysis of accounts receivable which are past due but not impaired, at 31 March 2023 and 2022.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
1 to 90 days past due	2,243	553
Over 90 days past due	<u>69</u>	<u>35</u>
	<u>2,312</u>	<u>588</u>

The Group's accounts receivable were interest-free. As at 31 March 2023, the Group has significant concentration of credit risk as 72% (2022: Nil) of the Group's accounts receivable were due from one (2022: Nil) customer, the remaining balance of accounts receivable were related to a large number of diversified customers.

The directors of the Company considered that the fair values of accounts receivable 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. Accordingly, no ECL had been provided against the carrying amount of accounts receivable for the year ended 31 March 2023 (2022: Nil)

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.

At the end of the reporting period, amounts receivable of the Group are denominated in the following currencies:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
HK\$	643	588
Renminbi ("RMB")	<u>1,669</u>	<u>–</u>
	<u>2,312</u>	<u>588</u>

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Prepayments	171	747
Deposits	2,207	2,258
Other receivables	1,144	779
	<u>3,522</u>	<u>3,784</u>
Less: ECL on other receivables	–	(514)
	<u>3,522</u>	<u>3,270</u>
Less: Portion classified as non-current asset – Deposits	(1,119)	(951)
	<u><u>2,403</u></u>	<u><u>2,319</u></u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
At the beginning of the year	514	–
ECL recognised during the year	–	514
Reversal of ECL recognised for the year	(514)	–
	<u>–</u>	<u>514</u>
At the end of the year	<u><u>–</u></u>	<u><u>514</u></u>

At the end of the reporting period, prepayments, deposits and other receivables of the Group are denominated in the following currencies:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
HK\$	3,290	3,270
RMB	232	–
	<u>3,522</u>	<u>3,270</u>
	<u><u>3,522</u></u>	<u><u>3,270</u></u>

14. ACCRUALS, OTHER PAYABLES AND CONTRACT LIABILITIES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Accruals	3,944	500
Other payables	341	336
Contract liabilities	<u>1,373</u>	<u>1,087</u>
	<u>5,658</u>	<u>1,923</u>

At the end of the reporting period, accruals, other payables and contract liabilities of the Group are denominated in the following currencies:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
HK\$	4,982	1,923
RMB	<u>676</u>	<u>–</u>
	<u>5,658</u>	<u>1,923</u>

Changes in contract liabilities during the year are as follows:

	<i>HK\$'000</i>
Carrying amount at 1 April 2021	989
Revenue recognised that was included in the contract liabilities at beginning of the year	(959)
Increase due to receipts in advance from customers, excluding amounts recognised as revenue during the year	<u>1,057</u>
Carrying amount at 31 March 2022 and 1 April 2022	1,087
Revenue recognised that was included in the contract liabilities at beginning of the year	(1,087)
Increase due to receipts in advance from customers, excluding amounts recognised as revenue during the year	<u>1,373</u>
Carrying amount at 31 March 2023	<u>1,373</u>

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

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

There were no significant changes in the contract liabilities balances during the reporting period.

15. SHARE CAPITAL

The movements in the Company's authorised and issued share capital during the years ended 31 March 2023 and 2022 are as follows:

	2023		2022	
	Number of ordinary shares '000	Amount HK\$'000	Number of ordinary shares '000	Amount HK\$'000
Authorised:				
At beginning and end of the year, Ordinary shares of HK\$0.01 each	<u>2,000,000</u>	<u>20,000</u>	2,000,000	<u>20,000</u>
Issued and fully paid:				
At beginning of the year Ordinary shares of HK\$0.01 each	522,500	5,225	522,500	5,225
Placing of shares (<i>note (i)</i>)	<u>104,500</u>	<u>1,045</u>	–	–
At the end of the year Ordinary shares of HK\$0.01 each	<u><u>627,000</u></u>	<u><u>6,270</u></u>	<u><u>522,500</u></u>	<u><u>5,225</u></u>

Note:

- (i) On 21 October 2022, the Company and a placing agent entered into a placing agreement in respect of the placement 104,500,000 ordinary shares of HK\$0.01 each at a price of HK\$0.044 per share under general mandate, to not less than six placees who are independent third parties to the Group (the "**Placement**"). The Placement was completed on 4 November 2022. The net proceeds from the Placement amounted to approximately HK\$4,299,000 after deducting expense of approximately HK\$299,000 under which HK\$1,045,000 and HK\$3,254,000 were credited to share capital and share premium respectively upon the issue of the new shares. The net proceeds of HK\$4,299,000 from the Placement would be utilised for the Group's general working capital.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Tutorial Business

During the year ended 31 March 2023 (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 increased by 21.6% to HK\$43.7 million. The Group incurred a loss of HK\$0.3 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 tutoring services has increased to approximately HK\$38.5 million, representing a increase of 7.7% comparing to that of the same period last financial year.

As at 31 March 2023, the Group had a total of 11 centres.

Franchising Business

The Group recorded franchising income of approximately HK\$0.6 million for the Year, representing an increase of 205.5%. The significant increase was mainly due to the further recovery from pandemic situation and thus more enrolments was resulted. As at 31 March 2023, we have franchise centres covering Kowloon and the New Territories.

Management Service Business

During the year, the Group commenced the new business segment of management services through the acquisition of 55% equity interest in Golden Path Developments Limited (“GPD”), a company incorporated in the British Virgin Islands. GPD fully owned 借山教育科技有限公司(深圳)有限公司 (Jieshan Education Technology (Shenzhen) Co. Ltd.*) (“OPCO”), a company incorporated in the PRC. The OPCO is principally engaged in the provision of management services to 深圳借山館藝術有限公司 (Shenzhen Jieshanguan Art Co. Ltd.*) (“JSG”), a company incorporated in the PRC with limited liability. JSG is principally engaged in the provision of art and painting education services to children under the brand “借山畫館” (“Jieshan Gallery”) in Shenzhen, China. The acquisition was completed on 28 September 2022.

The Group recorded approximately HK4.6 million of revenue and approximately HK\$0.1 million of segment loss for the year ended 31 March 2023. GPD will continue to expand the customer base and explore more business opportunities to the segment.

Environmental Policies and Performance

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

Compliance with the Relevant Laws and Regulations

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

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

Relationships with Employees, Customers and Suppliers

The Group recognises importance of retaining talents to ensure the continuity of business. The Group has established all-rounded staff policy and guidelines for staff welfare, support the development of talent and provide a safe workplace for staff. The Group encouraged employees to update their work-related knowledge, skill by providing training offered by external organisations. As at 31 March 2023, the number of employee was 127, which represented an increase of headcount compared to that of 72 as at 31 March 2022. 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 improvements 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 franchising business will be further developed to seize opportunity of further growth. The new acquire PRC management services business will further improve the overall financial performance of the Group.

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\$43.7 million, representing an increase of approximately 21.6% as compared to approximately HK\$35.9 million for the year ended 31 March 2022. The increase was mainly due to the new business form management services in the PRC with income of approximately HK\$4.6 million and the increase of approximately HK\$2.7 million or 7.7% in revenue generated from 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 assets, leasehold improvements and other equipment. Depreciation of property, plant and equipment decreased by approximately HK\$0.2 million from approximately HK\$0.6 million for the year ended 31 March 2022 to approximately HK\$0.4 million for the Year.

Employee benefits expense

Employee benefits expense mainly consist of wages and salaries, pension costs, share-based payment expenses and other benefits to the staff and the Directors. Employee benefits expense increased by 19.3% from approximately HK\$25.9 million for the year ended 31 March 2022 to approximately HK\$30.9 million for the Year, which was primarily resulted from the increase in staff for expansion and strengthen of workforce for better service level.

Operating lease expenses

The operating lease expense comprises short-term rental expenses. Short-term lease expenses increase from HK\$0.5 million during the year ended 31 March 2022 to HK\$0.8 million in current year.

Net loss for the year

The Group recorded a loss attributable to owners of the Company amounting to approximately HK\$0.3 million for the Year (2022: HK\$7.0 million). Such change was primarily due to (i) increase in revenue, government grants and other income by approximately HK\$11.5 million; (ii) no impairment loss on right-to-use assets during the year ended 31 March 2023; (iii) significant decrease in income tax expenses by approximately HK\$2.9 million as compared to that of previous financial year.

Account receivables

As at 31 March 2023, the account receivables amounted to approximately HK\$2.3 million. The increase comparing to the balance as at 31 March 2022 was mainly due to increase in approximately HK\$1.7 million receivables from management services.

Cash and cash equivalents

As at 31 March 2023, the cash and cash equivalents amounted to approximately HK\$9.0 million. The decrease comparing to the balance as at 31 March 2022 was mainly due to cash outflow for the acquisition of subsidiaries.

CONTINGENT LIABILITIES

As at 31 March 2023, 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 2022 and 31 March 2023, the Group had net current assets of approximately HK\$27.0 million and HK\$20.1 million respectively, including cash and bank balances and restricted bank balances of approximately HK\$31.0 million and HK\$23.5 million respectively.

Since the Group had no borrowings or payables incurred not in the ordinary course of business during the years ended 31 March 2022 and 2023, the Group was in net cash position during the years ended 31 March 2022 and 2023 and no gearing ratio information was presented.

FOREIGN CURRENCY EXPOSURE

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

SEGMENTAL INFORMATION

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

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 2023, the Group did not have charges on its assets (2022: Nil).

SIGNIFICANT INVESTMENT, ACQUISITIONS AND DISPOSALS

On 6 September 2022, the Company entered into the sales and purchase agreement with All Perfect Developments Limited for the acquisition of 55% issued shares of Golden Path Developments Limited, a company incorporated in the British Virgin Islands at the consideration of HK\$11 million which will be satisfied as to HK\$9 million in cash and HK\$2 million by way of Promissory Note. For detail please refer to the announcement dated 6 September 2022 and supplemental announcement dated 31 October 2022.

On 15 February 2023, Grand Popular Limited, a wholly owned subsidiary of the Company, entered into the sale and purchase agreement with Rainbow Kingdom Limited for the acquisition of 7.43% of the issued shares of Orange Financial Printing Limited, a company incorporated in Hong Kong at the consideration of HK\$9 million to be settled in cash and 129,629,630 new shares to be issued by the Company at the issue price of HK\$0.054 per share pursuant to the agreement by the allotment and issue of the consideration shares. For details please refer to the announcement dated 15 February 2023, the supplemental announcement dated 22 February 2023 and circular dated 24 April 2023.

The Group did not process any other significant investment, acquisition or disposal during the year.

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 AND USAGE OF FUND PROCEEDS

On 21 October 2022, the Company entered into the placing agreement with Cheong Lee Securities Limited (the “**Placing Agent**”) pursuant to which the Placing Agent has agreed to place, on a best effort basis, to not less than six independent placees for up to 104,500,000 new Shares at a price of HK\$0.044 per placing share, for and on behalf of the Company. On 4 November 2022, the Company completed placing of 104,500,000 shares at the placing price (“**Placing**”). The net proceeds from the Placing (after deducting professional fees and other relevant expenses) amounted to approximately HK\$4.5 million, were intended to be used for the purpose of general working capital of the Company. During the year ended 31 March 2023, all of the net proceeds were utilised as intended, including the settlement of professional fees, staff costs and general office expenses. For detail please refer to the announcement dated 21 October 2022 and 4 November 2022.

On 15 February 2023, Grand Popular Limited, a wholly owned subsidiary of the Company, entered into the sale and purchase agreement with Rainbow Kingdom Limited for the acquisition of 7.43% of the issued shares of Orange Financial Printing Limited, a company incorporated in Hong Kong at the consideration of HK\$9 million to be settled in cash and 129,629,630 new shares to be issued by the Company at the issue price of HK\$0.054 per share pursuant to the agreement by the allotment and issue of the consideration shares. For details please refer to the announcement dated 15 February 2023, the supplemental announcement dated 22 February 2023 and circular dated 24 April 2023.

DIRECTORS' INTERESTS IN CONTRACTS

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

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the Year, 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 2023 (2022: 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.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Model Code**”) as its own code governing securities transactions of the Directors. Specific enquiries have been made to all Directors and all Directors have confirmed that they have fully complied with the required standard of dealings as set out in the Model Code during the YEAR.

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:

Pursuant to the code provision C.2.1, the roles of Chairman (the “**Chairman**”) and chief executive officer (the “**CEO**”) should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and the CEO should be clearly established and set out in writing.

The Group currently has no Chairman and CEO. The daily operation and management of the Group is monitored by executive Directors. The Board is of the view that although there is no chairman and chief executive officer, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals who would meet from time to time to discuss issues affecting operation of the Group. This arrangement can still enable the Group to make and implement decisions promptly, and thus achieve the Group's objectives efficiently and effectively in response to the changing environment.

The Group will, at the appropriate time, arrange for the election of the new chairman and CEO of the Board.

On 5 August 2022, Mr. Ho Kin retired as an independent non-executive Director and member of each audit committee, remuneration committee and nomination and corporate governance committee of the Company, the Company failed to meet the following requirements: (i) the requirement under 5.28 of the GEM Listing Rules and the terms of reference of the audit committee of the Company that the audit committee must comprise a minimum of three members; (ii) the requirement that the remuneration committee shall comprise a minimum of three members pursuant to the terms of reference of the remuneration committee of the Company; and (iii) the requirement that the nomination and corporate governance committee shall comprise a minimum of three members under the terms of reference of the nomination and corporate governance committee of the Company.

On 8 August 2022, Mr. Wong Chi Man was appointed as an independent non-executive Director, a member of audit committee and a member of remuneration committee. Mr. Yu Lap Pan, an independent non-executive Director of the Company, was appointed as a member of remuneration committee and a member of nomination and corporate governance committee. Mr. Hu Chao, an independent non-executive Director of the Company, was appointed as the chairman of remuneration committee, a member of audit committee and a member of nomination and corporate governance committee. After the appointment of independent non-executive Director and the change of composition of board committees, (i) the audit committee of the Company has three members and all members are independent non-executive Directors, thus meet the requirement under Rule 5.28 of the GEM Listing Rules and the terms of reference of the Audit Committee of the Company; (ii) the remuneration committee of the Company has three members and all members are independent non-executive Directors, thus meet the requirement the terms of reference of the remuneration committee of the Company; and (iii) the nomination and corporation governance committee of the Company has three members, thus meet the requirement under the terms of reference of the Nomination and corporate governance committee of the Company.

For the details information, please refer to the announcements of the Company dated 5 August 2022 and 8 August 2022.

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. Hu Chao and Wong Chi Man, all being the independent non-executive Directors. Mr. Yu Lap Pan is the Chairman of the audit committee. The audit committee, together with the Board, has reviewed the audited consolidated financial statements of the Group for the Year and was of the opinion that the preparation of such statements complied with applicable accounting standards and that adequate disclosure has been made in respect thereof.

SCOPE OF WORK ON THE ANNUAL RESULTS ANNOUNCEMENT BY THE AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2023 as set out in this announcement have been agreed by the Group's auditors, McMillan Woods (Hong Kong) CPA Limited (“**McMillan Woods**”), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by McMillan Woods in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by McMillan Woods on this 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
Tao Wah Wai Calvin
Executive Director

Hong Kong, 28 June 2023

As at the date of this announcement, the executive Directors are Mr. Tao Wah Wai Calvin and Mr. Leung Wai Tai; and the independent non-executive Directors are Mr. Yu Lap Pan, Mr. Hu Chao and Mr. Wong Chi Man.