

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 2017

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange.

Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

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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 Growth Enterprise Market of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

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

* For identification purpose only

FINANCIAL HIGHLIGHTS

For the year ended 31 March 2017, the operating results of the Group were as follows:

- revenue of approximately HK\$37.3 million, representing a decrease of approximately 3.2% comparing to that of approximately HK\$38.6 million for the last year;
- profit for the year attributable to owners of the Company for the year ended 31 March 2017 amounted to approximately HK\$2.8 million (2016: HK\$5.0 million), representing a decrease of approximately 44.1% from the same period of previous financial year; and,
- special dividends of approximately HK\$3,400,000 for the year ended 31 March 2017, represented dividends paid by a subsidiary of the Group to its then equity owners before the completion of the Reorganisation. The Directors do not recommend the payment of final dividend for the year ended 31 March 2017.

ANNUAL RESULTS

The board of Directors (the “**Board**”) of the Company presents the audited consolidated result of the Group for the year ended 31 March 2017, together with the relevant comparative figures for the year ended 31 March 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	<i>Notes</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Revenue	<i>6</i>	37,336	38,576
Other income	<i>6</i>	94	7
Advertising expenses		(102)	(131)
Building management fees		(816)	(704)
Depreciation expense		(690)	(774)
Employee benefit expenses		(15,152)	(13,555)
Operating lease expense		(7,571)	(7,833)
Other operating expenses		(2,781)	(1,954)
Listing expenses		(5,811)	(6,306)
Finance cost	<i>7</i>	—	(70)
Profit before income tax	<i>8</i>	4,507	7,256
Income tax expense	<i>9</i>	(1,716)	(2,267)
Profit and total comprehensive income attributable to owners of the Company for the year		2,791	4,989
		<i>HK cent</i>	<i>HK cent</i>
Basic and diluted earnings per share attributable to equity holders of the Company	<i>11</i>	0.69	1.43

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*At 31 March 2017*

	<i>Notes</i>	2017 HK\$'000	2016 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Plant and equipment		<u>1,650</u>	<u>1,148</u>
Current assets			
Account receivables	12	1,097	721
Prepayments, deposits and other receivables		3,070	4,785
Amounts due from shareholders		—	372
Cash and cash equivalents		<u>39,727</u>	<u>13,730</u>
		<u>43,894</u>	<u>19,608</u>
Current liabilities			
Accruals, receipt in advance and other payables	13	2,021	4,690
Tax payable		<u>20</u>	<u>688</u>
		<u>2,041</u>	<u>5,378</u>
Net current assets		<u>41,853</u>	<u>14,230</u>
Net assets		<u>43,503</u>	<u>15,378</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	14	5,225	—
Reserves		<u>38,278</u>	<u>15,378</u>
Total equity		<u>43,503</u>	<u>15,378</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Share capital <i>(note 14)</i> <i>HK\$'000</i>	Share premium <i>(note 15)</i> <i>HK\$'000</i>	Capital reserve <i>(note 15)</i> <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 April 2015	—	—	—	10,017	10,017
Profit and total comprehensive income for the year	—	—	—	4,989	4,989
Special dividends declared <i>(note 10)</i>	—	—	—	(3,000)	(3,000)
Arising from Reorganisation <i>(as defined in note 1)</i>	—	—	3,372	—	3,372
At 31 March 2016 and 1 April 2016	—	—	3,372	12,006	15,378
Profit and total comprehensive income for the year	—	—	—	2,791	2,791
Special dividends declared <i>(note 10)</i>	—	—	—	(3,400)	(3,400)
Issue of new shares <i>(note 14(d))</i>	1,725	33,637	—	—	35,362
Capitalisation issue of shares <i>(note 14(e))</i>	3,500	(3,500)	—	—	—
Expenses incurred in connection with issue of new shares	—	(6,628)	—	—	(6,628)
At 31 March 2017	<u>5,225</u>	<u>23,509</u>	<u>3,372</u>	<u>11,397</u>	<u>43,503</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 19 October 2015 and its shares have been listed on the GEM 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**”) and his brother Mr. Cheung Luk Sun, who collectively control the Company through shares of the Company held by Digital Achiever Limited (“**Digital Achiever**”) and Golden Dust Holdings Limited (“**Golden Dust**”), companies incorporated in the British Virgin Islands (the “**BVI**”) which are wholly owned by Mr. Cheung and Mr. Cheung Luk Sun respectively.

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

The companies comprising the Group underwent a reorganisation (the “**Reorganisation**”) in preparation for Listing, pursuant to which the Company became the holding company of the Group. The details of the Reorganisation are set out in the prospectus issued by the Company dated 17 November 2016 (the “**Prospectus**”).

2. BASIS OF PRESENTATION

The Company became the holding company of the companies now comprising the Group subsequent to the completion of Reorganisation on 3 November 2016, the Group is regarded as a continuing entity resulting from the Reorganisation since the insertions of certain new holding companies at the top of Billion Bright Management Limited (“**Billion Bright**”) have no commercial substance and do not form a business combination. Accordingly, the consolidated financial statements have been prepared using the principles of merger accounting as if the Reorganisation had occurred as of the beginning of the earliest period presented and the current group structure had always been in existence.

The consolidated statement of profit or loss and other comprehensive income and the consolidated statement of changes in equity of the Group for the years ended 2017 and 2016 include the financial performance of all companies now comprising the Group, as if the current structure had been in existence throughout the reporting periods, or since their respective dates of incorporation, where there is a shorter period. The consolidated statement of financial position of the Group as at 31 March 2016 has been prepared to present the financial position of all companies now comprising the Group as if the current group structure had been in existence as at the respective dates.

The assets and liabilities of the companies comprising the Group are consolidated using the existing book values. No amount is recognised as consideration for goodwill or excess of acquirer’s interest in the fair value of acquiree’s identifiable assets, liabilities and contingent liabilities over cost at the time of combination.

All significant intra-group transactions, balances and unrealised gains on transactions have been eliminated on consolidation. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred.

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and also included the applicable disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the GEM Listing Rules.

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

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

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

4. ADOPTION OF HKFRSs

(a) Adoption of new and revised HKFRSs

In the current year, the Group has applied, for the first time, the new and revised standards, amendments and interpretations (the “new HKFRSs”) issued by the HKICPA, which are relevant to and effective for the Group’s consolidated financial statements for the annual period beginning on 1 April 2016. The adoption of the new HKFRSs had no material impact on the Group’s consolidated financial statements.

HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
HKFRSs (Amendments)	Annual Improvement 2012 — 2014 Cycle

(b) New and revised HKFRSs that have been issued but are not yet adopted

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

Amendments to HKFRS 10, and HKAS 28 (2011)	Sale and Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKAS 7	Disclosure Initiative ¹
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses ¹
Amendments to HKAS 40	Transfer of Investment Property ²
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ²
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ²
HKFRS 9	Financial Instruments ²
HKFRS 15 and Amendments to HKFRS 15	Revenue from Contracts with Customers ²
HKFRS 16	Leases ³
Amendments to HKFRSs	Annual improvements to HKFRSs 2014 — 2016 Cycle ⁵

¹ Effective for annual periods beginning on or after 1 January 2017

² Effective for annual periods beginning on or after 1 January 2018

³ Effective for annual periods beginning on or after 1 January 2019

⁴ Effective for annual periods beginning on or after a date to be determined

⁵ Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate

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

5. 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 only one single business component/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. The Group's revenue from external customers is divided into the following types of services:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Primary school tutoring services	7,501	7,708
Secondary school tutoring services	29,835	30,868
	<u>37,336</u>	<u>38,576</u>

The Company is an investment holding company and the principal place of the Group's operation is in Hong Kong. For the purpose of segment information disclosures under HKFRS 8, the Group regarded Hong Kong as its place of domicile. All the Group's revenue and non-current assets are principally attributable to Hong Kong, being the single geographical region. During the year ended 31 March 2017, there was no single external customer that contributed 10% or more of the Group's total revenue from external customers (2016: Nil).

6. REVENUE AND OTHER INCOME

Revenue from the Group's principal activities, which is also the Group's turnover, represents the income from provision of tutoring services. Revenue and other income are analysed as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Revenue		
Income from tutoring services	<u>37,336</u>	<u>38,576</u>
Other income		
Interest income	88	2
Others	<u>6</u>	<u>5</u>
	<u>94</u>	<u>7</u>

7. FINANCE COST

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Interest on bank borrowings	—	70

8. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Auditor's remuneration	250	200
Employee benefit expenses (including directors' remuneration) Salaries, allowances and benefits in kind	14,507	12,941
Pension scheme contributions — Defined contribution plan	645	614
	<u>15,152</u>	<u>13,555</u>

9. INCOME TAX EXPENSE

	<i>Note</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Current tax — Hong Kong	<i>b</i>	<u>1,716</u>	<u>2,267</u>

(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 has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profit for the year ended 31 March 2017.

Deferred tax has not been provided at 31 March 2017 because there were no material temporary differences (2016: Nil).

10. DIVIDENDS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Special dividend of HK\$3.4 (2016: HK\$3.0) per share	<u>3,400</u>	<u>3,000</u>

Special dividend HK\$3.4 (2016: HK\$3.0) per share totally HK\$3,400,000 for the year ended 31 March 2017 (2016: HK\$3,000,000), represented dividends paid by Bright Union International Limited, a subsidiary of the Group to its then equity owners before the completion of the Reorganisation. The rate of dividend and the number of shares ranking for dividend is not presented as such information is not meaningful having regard to the purpose of the consolidated financial statements.

11. EARNINGS PER SHARE

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Earnings		
Profit for the year attributable to the owners of the Company	<u>2,791</u>	<u>4,989</u>
Number of shares		
Weighted average number of shares for the purpose of calculating basic earnings per share	<u>406,712,329</u>	<u>350,000,000</u>

The number of shares used for the purpose of calculating basic earnings per share has been retrospectively adjusted for the issue of shares during the Reorganisation and Capitalisation Issue (note 14 (e)) as if the 350,000,000 shares had been in issue throughout the entire reporting periods.

Diluted earnings per share amount was the same as the basic earnings per share amount as there were no potential ordinary shares outstanding for the years ended 31 March 2017 and 2016.

12. ACCOUNT RECEIVABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Account receivables	<u>1,097</u>	<u>721</u>

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

Ageing analysis of the Group's account receivables, based on the transaction dates which also presented the ageing analysis of account receivables which are past but not impaired, at the end of each reporting period.

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
1 to 90 days past due	1,002	720
Over 90 days past due	<u>95</u>	<u>1</u>
	<u>1,097</u>	<u>721</u>

The Group's account receivables were interest-free and relate to a large number of diversified customers and there was no significant concentration of credit risk. At 31 March 2017, there were no allowances for bad and doubtful debts provided as there was no recent history of significant default in respect of these customers (2016: Nil).

The directors of the Company consider that the fair values of account receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have 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. ACCRUALS, RECEIPT IN ADVANCE AND OTHER PAYABLES

	2017 HK\$'000	2016 HK\$'000
Accruals	1,327	3,744
Receipt in advance	444	746
Other payables	250	200
	<u>2,021</u>	<u>4,690</u>

14. SHARE CAPITAL

Authorised and issued share capital

	Number of ordinary shares '000	Amount HK\$'000
Authorised:		
At 19 October 2015 (date of incorporation) and 31 March 2016 (<i>note a</i>)	38,000	380
Increase in authorised share capital (<i>note b</i>)	1,962,000	19,620
	<u>2,000,000</u>	<u>20,000</u>
Issued and fully paid:		
Issue of share 19 October 2015 (date of incorporation) (<i>note a</i>)	— [^]	— [*]
At 31 March 2016	—	—
Issue of shares upon Reorganisation (<i>note c</i>)	5	— [*]
Issue of new shares by Share Offer (<i>note d</i>)	172,500	1,725
Capitalisation issue of shares (<i>note e</i>)	349,995	3,500
	<u>522,500</u>	<u>5,225</u>

[^] Number less than 1,000

^{*} Amount less than HK\$1,000

Notes:

- (a) The Company was incorporated in the Cayman Islands on 19 October 2015 with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of par value of HK\$0.01 each. Upon its incorporation, 1 share of HK\$0.01 was allotted and issued to the initial subscriber and was transferred to Digital Achiever on the same date.
- (b) Pursuant to the written resolutions of the shareholders passed on 3 November 2016, conditional on the conditions as set out in the section headed “Structure and conditions of the Share Offer” in the Prospectus, the authorised share capital of the Company was increased from HK\$380,000 to HK\$20,000,000 by creation of an additional 1,962,000,000 shares to rank pari passu with the existing shares.

- (c) On 3 November 2016, Digital Achiever, Golden Dust and Wealth Secret Limited transferred their entire shareholding interests in Billion Bright to Simple Joyous Limited in consideration of the allotment and issue of 4,999 ordinary shares of the Company of HK\$0.01 each, all credited as fully paid.
- (d) On 2 December 2016, 172,500,000 ordinary shares of HK\$0.01 each of the Company were issued at a price of HK\$0.205 by way of Share Offer. On the same date, the Company's shares were listed on the Stock Exchange. The proceeds of HK\$1,725,000 representing the par value of the shares of the Company, were credited to the Company's share capital. The remaining proceeds of HK\$33,637,500, before issuing expenses, were credited to the share premium account.
- (e) Pursuant to the written resolutions of the shareholders passed on 3 November 2016, conditional upon the share premium account of the Company being credited as a result of the Share Offer of the Company's shares, the directors of the Company were authorised to capitalise an amount of HK\$3,499,950 standing to the credit of the share premium account of the Company and applied in paying up in full at par a total of 349,995,000 shares for allotment and issue to the shareholders of the Company (the "Capitalisation Issue"), all of which shall rank pari passu in all respects with the existing shares. The Capitalisation Issue was completed on 2 December 2016.

15. RESERVES

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

Share premium

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

Capital reserve

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The successful listing of the Group on the GEM of the Stock Exchange marks an important milestone of the Company during the year ended 31 March 2017.

During the year, the Group continued to focus on its principal business in relation to the provision of tutoring services to secondary school students and primary school students in Hong Kong. Approximately 79.9% (2016: approximately 80.0%) of the revenue of the Group was generated from the provision of tutoring services to secondary school students and approximately 20.1% (2016: approximately 20.0%) of the revenue of the Group was generated from the provision of tutoring services to primary school students during the year ended 31 March 2017.

Having operated in a highly competitive industry, the revenue and number of enrolment during the year ended 31 March 2017 were approximately HK\$37.3 million (2016: approximately HK\$38.6 million) and 52,276 (2016: 53,782) respectively, representing a decrease of approximately 3.2% and approximately 2.8% compared with last year respectively. The Group and our tutor continued to be attentive to the particular circumstances of our students and seek to offer sufficient support necessary for them to succeed.

During the year ended 31 March 2017, the Group had managed to operate 14 (2016: 13) tutorial centres. The new centre in Kwun Tong started operation in March 2017.

Outlook

Due to keen competition within the industry and sluggish economic outlook in Hong Kong, the Directors anticipate that there will be another difficult year and is unable to outperform easily. The Group will seek for more diversified business opportunities together with implementing cost effective measures so as to enhance the profitability and remain competitive.

Moving forward, the Group will continue to operate mainly in provision of tutoring services to secondary school students and primary school students in Hong Kong and follow the future plans disclosed in the Prospectus. To expand our network in order to gain competitive advantage of geographical coverage, our new centre in Shatin is planned to start operation in June 2017.

To diversify our income stream in order to cope with market challenges, the Group is determined to develop vertically and horizontally within our education platform. These opportunities may include launching innovative new courses or developing our brand via franchising in order to achieve faster and larger network expansion. These developments will be funded by our internally generated resources.

The Group believes education in good quality is essential and is confident that this will be resulted in various business opportunities. The Group will explore new opportunities actively to strengthen the positive cash flow and earnings for the Group in long run and to generate greater value to the shareholders of the Group.

Financial Review

Revenue

For the year ended 31 March 2017, the Group recorded total revenue of approximately HK\$37.3 million, representing a decrease of approximately 3.2% as compared to approximately HK\$38.6 million for the year ended 31 March 2016. The decrease was mainly due to the decrease of approximately HK\$1.0 million or 3.3% in revenue generated from secondary school tutoring services.

Employee benefit expenses

Employee benefit expenses mainly consist of wages and salaries, pension costs and other benefits to the staff and the Directors. Employee benefit expenses increased by 11.8% from approximately HK\$13.6 million for the year ended 31 March 2016 to HK\$15.2 million for the year ended 31 March 2017, which was primarily resulted from the recruitment of staff to support its expanding operations and the increase in other benefits incurred for employees. As at 31 March 2017, we had a total of 74 (2016: 65) employees.

Operating lease expense

The operating lease expense comprises rental expenses of tutorial centres. For the year ended 31 March 2017, operating lease expense decreased by approximately HK\$0.26 million or approximately 3.3% to approximately HK\$7.6 million from approximately HK\$7.8 million of previous financial year. The decrease was mainly due to non-renewal of certain expired tenancy agreements, which was partly offset by signing of several new tenancy agreements.

Net profit and net profit margin

The Group recorded a profit attributable to owners of the Company amounted to approximately HK\$2.8 million for the year ended 31 March 2017 (2016: HK\$5.0 million), representing a decrease of approximately 44.1% from the same period of previous financial year. Such decrease was primarily due to i) decrease of approximately HK\$1.0 million in revenue generated from secondary school tutoring services and ii) increase in employee benefit expenses of approximately HK\$1.6 million during the year ended 31 March 2017 as compared to the same period of previous financial year. As a result, net profit margin declined to 7.5% for the year ended 31 March 2017 from 12.9% of the corresponding period in 2016.

CONTINGENT LIABILITIES

As at 31 March 2017, the Group did not have any significant contingent liabilities.

USE OF NET PROCEEDS FROM LISTING

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

As at 31 March 2017, the unutilised proceeds were deposited in a licensed bank in Hong Kong.

	Adjusted use of proceeds in the same manner as stated in the Prospectus HK\$ million	Planned use of net proceeds as stated in the Prospectus up to 31 March 2017 HK\$ million	Actual use of net proceeds up to 31 March 2017 HK\$ million
Expansion of network	13.0	1.6	1.4
Enhancement of existing centres, facilities and equipment and IT systems	1.9	1.1	0.6
Staff training (<i>Note (a)</i>)	0.4	0.2	—
Marketing and promotion and other brand building activities	1.5	0.7	0.3
Total	<u>16.8</u>	<u>3.6</u>	<u>2.3</u>

Note (a): The actual use of the net proceeds was less than the estimated one, which was mainly because the Group is still identifying appropriate external training programs and external trainers for improving quality of the staff.

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No Director had a material interest in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended 31 March 2017.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year ended 31 March 2017 and up to the date of this announcement, none of the Directors or any of their respective associates, has engaged in any business that competes or may compete with the business of the Group, or has any other conflict of interest with the Group.

DIVIDENDS

The Directors do not recommend the payment of final dividend for the year ended 31 March 2017 (2016: Nil).

SHARE OPTION SCHEMES

No share options have been granted or agreed to be granted during the year ended 31 March 2017.

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 2017.

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 2017.

CORPORATE GOVERNANCE PRACTICES

During the year ended 31 March 2017, the Company has complied with all the code provisions as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 to the GEM Listing Rules except 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 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 Lick Keung 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

As at 31 March 2017, 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 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, together with the Board and external auditor, has reviewed the audited consolidated financial statements of the Group for the year ended 31 March 2017 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 financial information set out in this announcement does not constitute the Group's audited consolidated financial statements for the year ended 31 March 2017, but represents an extract from those consolidated financial statements. 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, 9 June 2017

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