

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 2024

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

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

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

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*This 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 2024, operating results of the Group were as follows:

- revenue of approximately HK\$45.8 million, representing an increase of 4.9% comparing to the previous financial year;
- loss for the year of approximately HK\$6.0 million, representing an increase of approximately 2,264.7% comparing to the previous financial year; and
- the Directors do not recommend the payment of dividend for the year ended 31 March 2024.

ANNUAL RESULTS

The board of Directors (the “**Board**”) is pleased to announce the results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2024 (the “**Reporting Period**”) together with the comparative figures for the year ended 31 March 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue	5	45,793	43,662
Other income	5	2,837	4,280
Advertising expenses		(98)	(187)
Amortisation of intangible assets		(1,226)	(643)
Building management fee		(816)	(761)
Depreciation expense		(5,683)	(2,520)
Employee benefits expense		(35,830)	(30,921)
Fair value changes on financial assets at fair value through profit or loss (“ FVTPL ”)		(576)	(1,232)
Provision for expected credit loss on accounts receivable		(815)	–
Reversal of expected credit loss on other receivables		–	514
Short term lease expenses		(303)	(766)
Other operating expenses		(8,352)	(11,082)
Finance costs		(872)	(511)
Loss before income tax	6	(5,941)	(167)
Income tax expense	7	(18)	(85)
Loss for the year		<u>(5,959)</u>	<u>(252)</u>
Other comprehensive loss, after tax:			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		(804)	(12)
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value loss on financial assets at fair value through other comprehensive income (“ FVTOCI ”)		(349)	–

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Other comprehensive loss for the year, after tax		<u>(1,153)</u>	<u>(12)</u>
Total comprehensive loss for the year		<u><u>(7,112)</u></u>	<u><u>(264)</u></u>
Loss for the year attributable to:			
– the owners of the Company		(6,400)	(250)
– non-controlling interests		<u>441</u>	<u>(2)</u>
		<u><u>(5,959)</u></u>	<u><u>(252)</u></u>
Total comprehensive loss for the year attributable to:			
– the owners of the Company		(7,191)	(256)
– non-controlling interests		<u>79</u>	<u>(8)</u>
		<u><u>(7,112)</u></u>	<u><u>(264)</u></u>
			(Restated)
Loss per share – Basic and diluted (<i>HK cents</i>)	8	<u><u>(19.87)</u></u>	<u><u>(1.10)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	Note	2024 HK\$'000	2023 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		1,484	899
Intangible assets		5,253	6,851
Goodwill		6,290	6,666
Right-of-use assets		9,932	7,417
Financial assets at FVTOCI		9,040	–
Deposits		1,507	1,119
		<u>33,506</u>	<u>22,952</u>
Current assets			
Accounts receivable	10	4,350	2,312
Prepayments, deposits and other receivables		2,122	2,403
Financial assets at FVTPL		487	1,063
Tax recoverable		317	289
Restricted bank balances		14,559	14,517
Cash and cash equivalents		6,855	8,973
		<u>28,690</u>	<u>29,557</u>
Current liabilities			
Accruals, other payables and contract liabilities		6,434	5,658
Lease liabilities		6,066	3,657
Amount due to a substantial shareholder of the Company		–	121
		<u>12,500</u>	<u>9,436</u>
Net current assets		<u>16,190</u>	<u>20,121</u>
Total assets less current liabilities		<u>49,696</u>	<u>43,073</u>

	<i>Note</i>	2024 HK\$'000	2023 HK\$'000
Non-current liabilities			
Deferred tax liabilities		525	685
Lease liabilities		5,129	4,694
Promissory note		2,227	2,073
		<u>7,881</u>	<u>7,452</u>
Net assets		<u>41,815</u>	<u>35,621</u>
EQUITY			
Share capital	<i>11</i>	18	6,270
Reserves		38,430	26,063
		<u>38,448</u>	<u>32,333</u>
Non-controlling interests		3,367	3,288
		<u>41,815</u>	<u>35,621</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	Attributable to owner of the Company									
	Share capital	Share premium	Share option reserve	Fair value reserve of financial assets at FVTOCI	Capital reserve	Foreign currency translation reserve	Accumulated losses	Total reserve	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 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 and 1 April 2023	6,270	26,763	114	-	3,372	(6)	(4,180)	26,063	3,288	35,621
Issue of consideration shares for acquisition of financial assets at FVTOCI	1,296	6,069	-	-	-	-	-	6,069	-	7,365
Placing of shares	1,513	3,632	-	-	-	-	-	3,632	-	5,145
Expenses related to placing of shares	-	(26)	-	-	-	-	-	(26)	-	(26)
Recognition of share-based payments	-	-	822	-	-	-	-	822	-	822
Transfer of share option reserve upon cancellation of share options	-	-	(936)	-	-	-	936	-	-	-
Capital reorganisation	(9,061)	9,061	-	-	-	-	-	9,061	-	-
Loss and total comprehensive loss for the year	-	-	-	(349)	-	(442)	(6,400)	(7,191)	79	(7,112)
At 31 March 2024	<u>18</u>	<u>45,499</u>	<u>-</u>	<u>(349)</u>	<u>3,372</u>	<u>(448)</u>	<u>(9,644)</u>	<u>38,430</u>	<u>3,367</u>	<u>41,815</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 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**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards (“**HKFRS**”), Hong Kong Accounting Standards (“**HKASs**”) and Interpretations. In addition, the consolidated financial statements include applicable disclosure required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange (“**GEM Listing Rules**”) and with the disclosure requirements of the Hong Kong Company Ordinance (Cap 622).

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, profit guarantee and investments in unlisted equity).

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

(a) New and amended standard adoption by the Group

The HKICPA has issued a number of new and amendments to HKFRSs and had become effective during the year. In preparing the consolidated financial statements, the Group has applied all applicable new and 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 2023.

HKFRS 17	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform <ul style="list-style-type: none">– Pillar Two Model Rules– Amendments to IAS 12
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

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.

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund (“MPF”)-Long Service Payment (“LSP”) offsetting mechanism in Hong Kong

The Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee's accrued retirement benefits derived from employers' MPF contributions was allowed under the Employment Ordinance (Cap. 57). In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”) which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset severance payment and LSP (the “**Abolition**”). The Abolition will officially take effect on 1 May 2025 (the “**Transition Date**”). In addition, under the Amendment Ordinance, the last month's salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

The Amendment Ordinance has no material impact on the Group's LSP liabilities and staff cost.

(b) Revised HKFRSs in issue but not yet effective

At the date when these consolidated financial statements are authorised for issue, certain amendments to standards and interpretation have been issued but are not yet effective, and have not been applied early by the Group.

		Effective for accounting beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sales and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

The directors have 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong	11,416	8,316
PRC	11,543	13,517
	<hr/>	<hr/>
Consolidated total	22,959	21,833
	<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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong	37,144	39,027
PRC	8,649	4,635
	<hr/>	<hr/>
Consolidated total	45,793	43,662
	<hr/> <hr/>	<hr/> <hr/>

For the year ended 31 March 2024, the Group's total revenue included approximately HK\$8,649,000 (2023: HK\$4,635,000) from a single external customer, 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from contracts with customers, recognised over time		
Income from tutoring services	36,146	38,468
Income from continuing franchising	998	559
Income from management services	8,649	4,635
	<u>45,793</u>	<u>43,662</u>
Other income		
Interest income	66	18
Gain on early termination of lease	–	428
Rental concession	158	886
Government grants (note (a))	–	2,151
Others (note (b))	2,613	797
	<u>2,837</u>	<u>4,280</u>

Notes: (a) 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 be redundant. The amount has been recognised as other income during the year ended 31 March 2023 due to the Group having 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 having fulfilled all the conditions and other contingencies attached to the receipts.

(b) Others mainly represents income from outsourcing human resources to franchisee for the year ended 31 March 2024 and 2023.

Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) under management service contract as at 31 March 2024 and the expected timing of recognising revenue as follows:

	Management service contract	
	2024	2023
	HK\$'000	HK\$'000
Within one year	8,898	9,335
More than one year but not more than two years	8,898	9,335
More than two years	20,762	31,117
	<u>38,558</u>	<u>49,787</u>

Performance obligations under the contracts for tutorial and franchising services that are unsatisfied (or partially unsatisfied) as of the end of the reporting period are part of a contract with an original expected duration of one year or less. Therefore, the Group has applied the practical expedient in paragraph 121 of HKFRS 15, which exempts the transaction price allocated to such performance obligations from disclosure.

6. LOSS BEFORE INCOME TAX

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

	2024	2023
	HK\$'000	HK\$'000
Auditor's remuneration	500	500
Amortisation of intangible assets	1,226	643
Depreciation of		
– Property, plant and equipment	704	431
– Right-of-use assets	4,979	2,089
	<u>5,683</u>	<u>2,520</u>
Expenses related to short-term leases	303	766
Reversal of expected credit loss on other receivables	–	(514)
Provision for ECL on accounts receivable (<i>Note 10</i>)	815	–
Employee benefits expense (including directors' remuneration)		
Salaries, allowances and benefits in kind	33,710	30,010
Pension scheme contributions		
– Defined contribution plan	1,298	797
Share-based payment expenses	822	114
	<u>35,830</u>	<u>30,921</u>

7. INCOME TAX EXPENSE

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax			
Hong Kong Profits Tax	<i>b</i>		
– Provision for the year		–	8
– Under-provision in respect of prior years		–	119
		<hr/>	<hr/>
		–	127
PRC Enterprise Income Tax (“EIT”)	<i>c</i>		
– Provision for the year		141	23
		<hr/>	<hr/>
		141	150
		<hr/> <hr/>	<hr/> <hr/>
Deferred tax			
Decrease in deferred tax liabilities		(123)	(65)
		<hr/>	<hr/>
Income tax expense		18	85
		<hr/> <hr/>	<hr/> <hr/>

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 established in Hong Kong 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.

No provision for Hong Kong profits tax has been made for the year ended 31 March 2024 since the Group’s entities either had no assessable profit for the year or had sufficient tax losses brought forward to set off against current year’s assessable profit.

- (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 5% (2023: 2.5%) on taxable profits not exceeding RMB1,000,000 and 10% (2023: 10%) on taxable profits exceeding RMB1,000,000 but not exceeding RMB3,000,000.

The tax rate applicable to the Group’s other PRC subsidiaries were 25% during 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss for the year attributable to the owners of the Company	<u>(6,400)</u>	<u>(250)</u>
		(Restated)
Number of shares		
Weighted average number of shares for the purpose of calculating basic loss per share	<u>32,214,992</u>	<u>22,743,281</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 2024 (2023: no potential ordinary share).

For the purpose of calculation of basic and diluted loss per share for the years ended 31 March 2024 and 2023, the share consolidation being effective on 27 October 2023 (as detailed in note 11) and 19 June 2024 was deemed to be effective throughout the period from 1 April 2022 to 31 March 2023. Accordingly, the weighted average number of ordinary shares of the Company in issue during the year ended 31 March 2023 was adjusted to reflect the effect of the above share consolidations.

9. DIVIDENDS

The board of directors does not recommend the payment of any final dividend for the year ended 31 March 2024 (2023: Nil).

10. ACCOUNTS RECEIVABLE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Accounts receivable arising from:		
Tutoring service income	676	630
Franchising income	–	13
Management service income	4,481	1,669
Less: provision for ECL	<u>(807)</u>	<u>–</u>
	<u>4,350</u>	<u>2,312</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, in general, granted to franchisees.

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

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 2024 and 2023.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
1 to 90 days past due	2,656	2,243
Over 90 days past due	1,694	69
	<u>4,350</u>	<u>2,312</u>

The Group's accounts receivable were interest-free. As at 31 March 2024, the Group has significant concentration of credit risk as 84% (2023: 72%) of the Group's accounts receivable were due from one (2023: one) customer in the Management Service CGU, the remaining balance of accounts receivable were related to a large number of diversified customers.

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.

The movements in ECL allowance of accounts receivable are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
At the beginning of the year	–	–
Provision for ECL for the year	815	–
Exchange realignments	(8)	–
	<u>807</u>	<u>–</u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
HK\$	676	643
Renminbi (“RMB”)	3,674	1,669
	<u>4,350</u>	<u>2,312</u>

11. SHARE CAPITAL

The movements in the Company's authorised and issued share capital during the years ended 31 March 2024 and 2023 are as follows:

	2024		2023	
	Number of ordinary shares '000	Amount HK\$'000	Number of ordinary shares '000	Amount HK\$'000
Authorised:				
At beginning of the year				
Ordinary shares of HK\$0.01 each	2,000,000	20,000	2,000,000	20,000
Share consolidation (<i>note (iii)</i>)	(1,600,000)	–	–	–
Share sub-division (<i>note (iii)</i>)	199,600,000	–	–	–
At end of the year				
Ordinary shares of HK\$0.0001 each (2023: HK\$0.01 each)	<u>200,000,000</u>	<u>20,000</u>	<u>2,000,000</u>	<u>20,000</u>
Issued and fully paid:				
At beginning of the year				
Ordinary shares of HK\$0.01 each	627,000	6,270	522,500	5,225
Placing of shares (<i>note (i)</i>)	151,320	1,513	104,500	1,045
Issue of consideration shares (<i>note (ii)</i>)	129,630	1,296	–	–
Capital reorganisation (<i>note (iii)</i>)	(726,360)	(9,061)	–	–
At end of the year				
Ordinary shares of HK\$0.0001 each (2023: HK\$0.01 each)	<u>181,590</u>	<u>18</u>	<u>627,000</u>	<u>6,270</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 places 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.

On 25 August 2023, the Company and a placing agent entered into a placing agreement in respect of the placement 151,325,926 ordinary shares of HK\$0.01 each at a price of HK\$0.034 per share under general mandate, to not less than six places who are independent third parties to the Group (the “**2023 Placement**”). The 2023 Placement was completed on 19 September 2023. A total of 151,320,000 placing shares were issued. The net proceeds from the 2023 Placement amounted to approximately HK\$5,119,000 after deducting expense of approximately HK\$26,000 under which approximately HK\$1,513,000 and HK\$3,606,000 were credited to share capital and share premium respectively upon the issue of the new shares. The net proceeds of approximately HK\$5,119,000 from the 2023 Placement would be utilised for the Group’s general working capital. Details of the placing are set out in the Company’s announcement dated 25 August 2023 and 19 September 2023.

- (ii) On 15 February 2023, the Company and Grand Popular Limited, a wholly owned subsidiary of the Company, entered into agreement with the vendor for the acquisition of 7.43% of the issued shares of Orange Financial Printing Limited at the consideration of HK\$9 million to be settled in cash and by the allotment and issue of the consideration shares. The transaction was completed on 30 June 2023 and a total of 129,629,630 shares were issued and approximately HK\$1,296,000 and HK\$6,069,000 were credited to share capital and share premium respectively upon issue the new shares. Details of the acquisition are set out in the Company’s announcement dated 15 February 2023, 22 February 2023 and 30 June 2023 and circular dated 25 April 2023.
- (iii) On 26 October 2023, the Company implemented a share consolidation of every five (5) existing shares of par value of HK\$0.01 each in the ordinary shares of the Company into one (1) consolidated share of par value of HK\$0.05 each with effect from 27 October 2023. Immediately following the share consolidation, the par value of each issued consolidated share of HK\$0.05 was reduced to HK\$0.0001 by cancelling the paid-up share capital to the extent of HK\$0.0499 on each issued consolidated share from HK\$0.05 to HK\$0.0001. Besides, each authorised but unissued consolidated share of HK\$0.05 each were sub-divided into 500 new ordinary shares of HK\$0.0001 each. The capital reorganisation was completed on 9 February 2024. Details of the which are set out in the Company’s circular dated 9 October 2023 and announcement dated 11 September 2023, 26 October 2023 and 21 December 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Tutorial Business

During the year ended 31 March 2024 (the “**Year**”), the Group remained to focus on provision of tutoring services to secondary school students and primary school students in Hong Kong.

During the Year, the revenue generated from tutoring services has slightly decreased to approximately HK\$36.2 million, representing a decrease of 6.0% comparing to that of the same period last financial year.

As at 31 March 2024, the Group had a total of 11 centres.

Franchising Business

The Group recorded franchising income of approximately HK\$1.0 million for the Year, representing an increase of 78.4%. The significant increase was mainly due to the further recovery from pandemic situation and thus more enrolments was resulted. As at 31 March 2024, we have 5 franchise centres covering Kowloon and the New Territories.

Management Service Business

The Group 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 Group recorded approximately HK8.6 million of revenue for the Year, representing an increase of 86.6%, the increase was mainly due to full year income recognised during the year. The Group will continue to expand the customer base and explore more business opportunities.

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 2024, the number of employee was 96, which represented a decrease of headcount compared to that of 127 as at 31 March 2023. 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 the student enrolment statistics published by the Hong Kong Education Bureau, the number of student enrolment for primary and secondary school exhibited a downward trend in recent years. The impact of decreasing number of students was reflected in the soft demand for tutoring services in Hong Kong for primary and secondary education. Therefore the Group expects that the market for primary and secondary education tutoring services in Hong Kong to remain challenging in the coming years. In view of the uncertain prospects of the tutoring market in Hong Kong, the Group is always mindful to seek new business opportunities to diversify the income source of the Group.

The Group intends to engage in the new business which involves the provision of automated parking systems and related services in China. Initially the Group intends to engage in the sale/distribution of automated parking systems to car park owners in China through its connections with parking system suppliers and end customers. For details please refer to the Company's announcement dated on 30 April 2024 and circular of share consolidation and proposed right issue dated 31 May 2024.

Our experienced management team will also look for suitable investment opportunities continuously including but not limited to tutoring businesses and management service in Hong Kong and China 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\$45.8 million, representing an increase of approximately 4.9% as compared to approximately HK\$43.7 million for the year ended 31 March 2023. The increase was mainly due to the business form management services in the PRC with income of approximately HK\$8.6 million.

Depreciation expenses

Depreciation of property, plant and equipment comprises depreciation for right-of-use asset, leasehold improvements and other equipment. Depreciation of property, plant and equipment increased by approximately HK\$0.3 million from approximately HK\$0.4 million for the year ended 31 March 2023 to approximately HK\$0.7 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 15.9% from approximately HK\$30.9 million for the year ended 31 March 2023 to approximately HK\$35.8 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 decrease from HK\$0.8 million during the year ended 31 March 2023 to HK\$0.3 million for the Year.

Net loss for the year

The Group recorded a loss amounting to approximately HK\$6.0 million for the Year (2023: Loss of approximately HK\$0.3 million). Such change was primarily due to (i) No government grant was received in relation to the COVID-19 pandemic (2023: approximately HK\$2.2 million); (ii) Employee benefit expenses increased to approximately HK\$35.8 million (2023: approximately HK\$30.9 million) and (iii) Depreciation of right-of-use assets increased to approximately HK\$5.0 million (2023: approximately HK\$2.1 million).

Account receivables

As at 31 March 2024, the account receivables amounted to approximately HK\$4.3 million, The increase comparing to the balance as at 31 March 2023 was mainly due to increase approximately in HK\$2.0 million receivables from management services.

Cash and cash equivalents

As at 31 March 2024, the cash and cash equivalents amounted to approximately HK\$6.9 million. The decrease comparing to the balance as at 31 March 2023 was mainly due to cash outflow for the daily operations.

CONTINGENT LIABILITIES

As at 31 March 2024, 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 2023 and 31 March 2024, the Group had net current assets of approximately HK\$20.1 million and HK\$16.2 million respectively, including cash and bank balances and restricted bank balances of approximately HK\$23.5 million and HK\$21.4 million respectively.

Since the Group had no borrowings or payables incurred not in the ordinary course of business during the years ended 31 March 2023 and 2024, the Group was in net cash position during the years ended 31 March 2023 and 2024 and no gearing ratio information was presented.

FOREIGN CURRENCY EXPOSURE

The Group's business is principally conducted in Hong Kong dollar. The Directors consider that potential foreign exchange exposure of the Group is limited. 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 annual results 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 2024, the Group did not have charges on its assets (2023: Nil).

SIGNIFICANT INVESTMENT, ACQUISITIONS AND DISPOSALS

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 ("OFP"), 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, poll result of the extraordinary general meeting dated 12 May 2023 and announcement of completion of disclosable transaction dated 30 June 2023.

As at 31 March 2024, the investment of OFP held by the Group save as follows:

Name of investee company	Number of shares held	Percentage of interest held	Cost <i>HK\$'000</i>	Fair Value <i>HK\$'000</i>	Accumulated unrealised loss arising on revaluation <i>HK\$'000</i>	Change in fair value for the year <i>HK\$'000</i>
Orange Financial Printing Limited	222,993	7.43%	9,389	9,040	(349)	(349)

OFP is a private company incorporated in Hong Kong with limited liability. The principal activities of OFP is provision of financial printing services in Hong Kong, specialising in IPO prospectuses, financial reports, circulars, announcements and other financial documents. As at 31 March 2024, the fair value of this investment amount to approximately HK\$9,040,000 which accounted for approximately 14.5% of the total assets of the Group. The Group's investment strategy for this investment is for long-term capital appreciation.

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 results announcement, the Group did not have any plans for material investments and capital assets.

FUND RAISING ACTIVITIES AND USAGE OF FUND PROCEEDS

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, circular dated 24 April 2023, poll result of the extraordinary general meeting dated 12 May 2023 and announcement of completion of disclosable transaction dated 30 June 2023.

On 25 August 2023, 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 151,325,926 new Shares at a price of HK\$0.034 per placing share, for and on behalf of the Company. On 19 September 2023, the Company completed placing of 151,320,000 shares at the placing price (“**Placing**”). The net proceeds from the Placing (after deducting professional fees and other relevant expenses) amounted to approximately HK\$5.1 million, were intended to be used for the purpose of general working capital of the Company. As of the date of this announcement, all of the net proceeds were utilised as intended, including the settlement of loan professional fees, staff costs and general office expenses. For details please refer to the announcement dated 25 August 2023 and 19 September 2023.

On 30 April 2024, The Company proposed to implement the share consolidation pursuant to which every five (5) issued and unissued Shares of HK\$0.0001 each will be consolidated into one (1) Consolidated Share of HK\$0.0005 each. The Company also proposed to implement right issue on the basis of three rights shares for every one consolidated share held on the record date at the subscription price of HK\$0.145 per rights share, to raise gross proceeds of approximately HK\$15.8 million before deducting the costs and expenses. For details please refer to the announcement dated 30 April 2024 and 20 June 2024, the circular dated 31 May 2024, the poll result of the extraordinary general meeting dated 17 June 2024.

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 2024 (2023: 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 4 August 2023, Mr. Tao Wah Wai Calvin retired as executive Director and Chairman of nomination and corporate governance committee of the Company, the Company fails to meet the following requirements: 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 7 August 2023, Ms. Ip Sin Nam Ingrid (“**Ms. Ip**”) has been appointed as an executive Director of the Company and the chairman of nomination and corporate governance Committee of the Company. Following the appointment of Ms. Ip, the nomination and corporate governance committee 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 4 August 2023 and 7 August 2023.

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, Wong Chi Man and Mr. Wong Ming Fair Victor, 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 draft 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 2024 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 draft 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
Leung Wai Tai
Executive Director

Hong Kong, 28 June 2024

As at the date of this announcement, the executive Directors are Mr. Leung Wai Tai; Ms. Ip Sin Nam Ingrid and Mr. Cheung Tung Tsun Billy and the independent non-executive Directors are Mr. Yu Lap Pan, Mr. Wong Chi Man and Mr. Wong Ming Fair Victor.