Goldway Education Group Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code : 8160

Annual Report

2017

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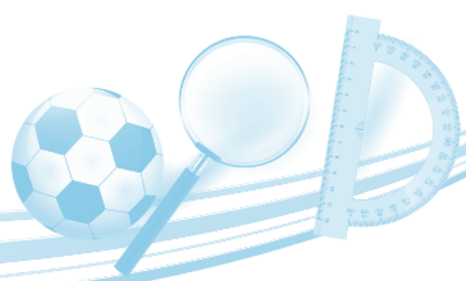
*This report, for which the directors (the "**Director(s)**") of Goldway Education Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules governing the Listing 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 report 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 report misleading.*

This report 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 report will also be published on the Company's website at www.goldwayedugp.com.



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CORPORATE INFORMATION

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Shop 203, Kin Sang Commercial Centre
Kin Sang Estate
Tuen Mun, New Territories
Hong Kong

COMPANY'S WEBSITE ADDRESS

www.goldwayedugp.com

COMPANY SECRETARY

Tsang Hiu San

AUTHORISED REPRESENTATIVES

Mr. Cheung Lick Keung
Ms. Chan Hoi Ying Karina

COMPLIANCE OFFICER

Ms. Chan Hoi Ying Karina

BOARD OF DIRECTORS (THE "BOARD")

Executive Directors

Mr. Cheung Lick Keung
Ms. Chan Hoi Ying Karina

Non-executive Directors

Mr. Tsang Hin Man Terence
Ms. Wong Yi Ling

Independent Non-executive Directors

Mr. Chan Hoi Keung Terence
Mr. Sek Ngo Chi
Mr. Ho Kin

AUDIT COMMITTEE

Mr. Chan Hoi Keung Terence *(Chairman)*
Mr. Sek Ngo Chi
Mr. Ho Kin

REMUNERATION COMMITTEE

Mr. Sek Ngo Chi *(Chairman)*
Mr. Chan Hoi Keung Terence
Mr. Ho Kin

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

Mr. Chan Hoi Keung Terence *(Chairman)*
Mr. Sek Ngo Chi
Mr. Ho Kin

AUDITOR

Moore Stephens CPA Limited
801–806 Silvercord, Tower 1,
30 Canton Road,
Tsimshatsui, Kowloon,
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

GEM STOCK CODE

8160

PROFILE OF THE DIRECTORS

EXECUTIVE DIRECTORS

Mr. Cheung Lick Keung (張力強先生) ("**Mr. Cheung**"), aged 38, is an executive Director, the chief executive officer of the Company and the chairman of our Board. Mr. Cheung obtained the certificate of registration as a teacher and is registered as a teacher under section 45(1) of the Education Ordinance. Mr. Cheung holds a master degree of Education from The University of Hong Kong. Mr. Cheung has extensive experience in the education industry and had been a Certificated Master grade teacher at a school. Mr. Cheung joined the Group in September 2005.

Mr. Cheung is the spouse of Ms. Chan Hoi Ying Karina, an executive Director and the brother of Mr. Cheung Luk Sun, one of the senior management.

Ms. Chan Hoi Ying Karina (陳凱盈女士) ("**Ms. Chan**"), aged 38, is an executive director and our compliance officer. Ms. Chan obtained the certificate of registration as a teacher and is registered as a teacher under section 45(1) of the Education Ordinance. Ms. Chan obtained a Bachelor of Education in Primary Education from The Open University of Hong Kong. Ms. Chan has extensive teaching experience and she had been a Certificated Mistress grade teacher at a school. Ms. Chan joined the Group in April 2012.

Ms. Chan is the spouse of Mr. Cheung, an executive director, the chief executive of the Company, and the chairman of the Board, and the sister-in-law of Mr. Cheung Luk Sun, a member of the senior management.

NON-EXECUTIVE DIRECTORS

Mr. Tsang Hin Man Terence (曾憲文先生) ("**Mr. Terence Tsang**"), aged 55, is a non-executive director. Mr. Terence Tsang obtained a Bachelor of Science in Engineering from the University College London, the University of London and a Bachelor of Laws from the Polytechnic of Central London (now known as the University of Westminster). Mr. Terence Tsang was admitted as a solicitor in Hong Kong and is currently a practising solicitor and the sole proprietor of the law firm, H.M. Tsang & Co. Mr. Terence Tsang was a non-executive director of Winto Group (Holdings) Limited, a company listed on GEM (stock code: 8238) from March 2014 to May 2016, an independent non-executive director of China Investment and Finance Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1226) from April 2014 to June 2016, and an independent non-executive director of Differ Group Holding Company Limited, a company listed on the Main Board of the Stock Exchange (stock code: 6878) since November 2013 to June 2017. He is an independent non-executive director of Lee & Man Handbags Holding Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1488) since May 2011. Mr. Terence Tsang joined the Group in March 2016.

Ms. Wong Yi Ling (黃綺玲女士) ("**Ms. Wong**"), aged 49, is our non-executive director. Ms. Wong obtained a Bachelor of Arts and a Diploma in Education from The Chinese University of Hong Kong and a Master of Education from The University of Hong Kong. Ms. Wong has extensive experience in the education industry and has in-depth knowledge of the Education Ordinance. Ms. Wong was employed as a teacher at secondary schools from September 1990 to March 1999. Ms. Wong was employed as a senior school development officer at the Education Bureau from March 1999 to November 2011. Ms. Wong currently works in the Centre for Advancement of Chinese Language Education and Research at the Faculty of Education in The University of Hong Kong as project manager and curriculum development officer. Ms. Wong joined the Group in March 2016.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Hoi Keung Terence ("**Mr. Chan**"), aged 50, is an independent non-executive director. Mr. Chan is also the chairman of the audit committee and the nomination and corporate governance committee and a member of the remuneration committee. Mr. Chan obtained a Master of Business Administration from Andrews University, Michigan, the United States and was admitted as an associate of The Chartered Association of Certified Accountants (now known as The Association of Chartered Certified Accountants), an associate of the Hong Kong Society of Accountants (now known as the Hong Kong Institute of Certified Public Accountants), and a fellow of The Association of Chartered Certified Accountants. He was also admitted as a member of the Canadian Certified General Accountants Association of Hong Kong and became a chartered professional accountant member of the Chartered Professional Accountants of British Columbia, Canada. Mr. Chan obtained a licence from the SFC to carry on type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO as a representative of Wallbanck Brothers Securities (Hong Kong) Limited, a licensed corporation holding a licence to carry out type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong), in May 2015.

Mr. Chan has substantial experience in accounting and corporate finance in both private and listed companies. He was employed as an auditing staff at KPMG Peat Marwick (now known as KPMG) from July 1989 to March 1992. Mr. Chan held a number of managerial positions in Shui On Investment Company Limited from April 1992 to September 2000 and in Shui On Properties Limited from October 2000 to December 2002. He was employed as a director of portfolio management in ING Real Estate Investment Management (Shanghai) Co. Ltd. in Shanghai, the PRC from May 2006 to June 2008. Mr. Chan had been a director in asset management ACA II Advisors Limited, a member of Aetos Capital Asia Limited from July 2008 to March 2009. Mr. Chan had been the chief financial officer of the Real Estate Business Unit of South China (China) Limited (now known as South China Holdings Company Limited), a company listed on the Main Board of the Stock Exchange (stock code: 0413) from August 2010 to January 2011 and became the regional director from February 2011 to July 2011. Mr. Chan held a number of managerial positions in Yihai Capital Partners Limited from September 2011 to January 2013. Mr. Chan currently works in Wallbanck Brothers Securities (Hong Kong) Limited as representative. Mr. Chan joined the Group in November 2016.

Mr. Sek Ngo Chi (石傲枝先生) ("**Mr. Sek**"), aged 40, is an independent non-executive director. Mr. Sek is also the chairman of the remuneration committee, a member of the audit committee and the nomination and corporate governance committee.

Mr. Sek obtained a Bachelor of Engineering and a Master of Business Administration from The Chinese University of Hong Kong, a Master of Government and Commercial Law from The Australian National University, Canberra, Australia, and a Master of Accounting from Curtin University of Technology (now known as Curtin University), Perth, Western Australia.

Mr. Sek was employed as an assistant business planning manager in Towngas International Company Limited, a subsidiary of The Hong Kong and China Gas Company Limited, from February 2004 to April 2005. Mr. Sek had been a business analyst in the Airport Authority Hong Kong, a commercial analyst in Kingfisher Asia Limited, and an account executive and later promoted to an associate director in China Everbright Securities (HK) Limited, a subsidiary of China Everbright Limited, a company listed on the Main Board of the Stock Exchange (stock code: 0165) and a full time instructor in the School of Accounting and Finance at The Hong Kong Polytechnic University. Mr. Sek is currently the programme director in HKU School of Professional and Continuing Education. Mr. Sek joined the Group in November 2016.

PROFILE OF THE DIRECTORS

Mr. Ho Kin (何健先生) ("**Mr. Ho**"), aged 32, is an independent non-executive director. Mr. Ho is also a member of the audit committee, the remuneration committee and the nomination and corporate governance committee. Mr. Ho obtained a Bachelor of Commerce from the University of Melbourne. He was admitted as a member of CPA Australia in March 2012, a member of the Hong Kong Institute of Certified Public Accountants in January 2015, and a member of The Hong Kong Institute of Directors in July 2015.

Mr. Ho has substantial experience in accounting and corporate finance. He was an assistant manager in KPMG from December 2010 to March 2013. After his resignation from KPMG, he was employed as an accounting manager in i-marker Management Limited and later as a financial controller of JP Partners Medical Group Limited. Mr. Ho is currently a financial controller in Clarity Medical Group Limited. Mr. Ho joined the Group in November 2016.

SENIOR MANAGEMENT

Mr. Cheung Luk Sun (張力新先生), aged 43, is our chief tutor and is promoted as the chief academic officer from 1 January 2017. Mr. Cheung Luk Sun obtained the certificate of registration as a teacher and is registered as a teacher under section 45(1) of the Education Ordinance. Mr. Cheung Luk Sun obtained Master of Education from The University of Hong Kong and a Master of Arts in English Studies from Lingnan University. Mr. Cheung Luk Sun has extensive teaching experience and had been a Certificated Master grade teacher at several secondary schools before joining the Group. Mr. Cheung Luk Sun joined the Group in September 2007.

Mr. Cheung Luk Sun is the brother of Mr. Cheung, an executive Director, the chief executive of the Company, the chairman of the Board, and the brother-in-law of Ms. Chan, an executive Director.

Mr. TSANG Hiu San (曾曉新先生) ("**Mr. Tsang**"), aged 35, is the chief financial officer of our Company and our company secretary. Mr. Tsang graduated from City University of Hong Kong with a Bachelor of Business Administration in Management Science. He is a certified public accountant of the Hong Kong Institute of Certified Public Accountants. Mr. Tsang had worked for international accounting firms and another listed company in Hong Kong as a financial controller and has over nine years of experience in auditing, accounting, financial management and internal control matters. Mr. Tsang joined the Group in October 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The successful listing of the Group on the GEM of the Stock Exchange (the "**Listing**") 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 issued by the Company dated 17 November 2016 (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.

MANAGEMENT DISCUSSION AND ANALYSIS

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

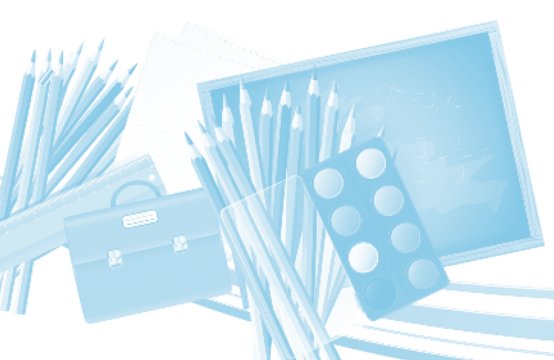
The Group recorded a profit attributable to owners of the Company amounted to approximately HK$2.8 million for the year ended 31 March 2017 (2016: HK$5.0 million), representing a decrease of approximately 44.1% from the same period of previous financial year. Such decrease was primarily due to i) decrease 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 (Note (a))	0.4	0.2	—
Marketing and promotion and other brand building activities	1.5	0.7	0.3
Total	16.8	3.6	2.3

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.

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 March 2017, the Group mainly financed its operations with its own working capital. As at 31 March 2016 and 31 March 2017, the Group had net current assets of approximately HK$14.2 million and HK$41.9 million respectively, including cash and bank balances of approximately HK$13.7 million and HK$39.7 million respectively.

The current ratio of the Group increased from approximately 3.6 times as at 31 March 2016 to approximately 21.5 times as at 31 March 2017. Such increase was mainly due to the increase in the net proceeds from the Listing.

Since the Group had no borrowings or payables incurred not in the ordinary course of business during the year ended 31 March 2017, the Group was in a net cash position during the year ended 31 March 2016 and 2017 and no gearing ratio information was presented.

SEGMENTAL INFORMATION

An analysis of the Group's performance for the year ended 31 March 2017 by business segment is set out in note 7 to the consolidated financial statements.

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.

DIRECTORS' REPORT

The directors (the "**Directors**") present the annual report and audited consolidated financial statements for the year ended 31 March 2017.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the provision of tutoring services in Hong Kong and provide private tutoring services including primary and secondary school tutoring services under the trade name of "Logic Tutorial Centre".

RESULT AND DIVIDENDS

The result of the Group for the year ended 31 March 2017 are set out in the consolidated statement of profit or loss and other comprehensive income on page 37 of this annual report.

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

BUSINESS REVIEW

Discussion and analysis of the principal activities of the Group as required by Schedule 5 to the Hong Kong Companies Ordinance can be found in the Management Discussion and Analysis set out on pages 7 to 9 of this annual report. These discussions form part of this directors' report.

FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five years is set out on page 78 of this annual report. This summary does not form part of the audited consolidated financial statements.

PLANT AND EQUIPMENT

Details of movements in plant and equipment of the Group during the year ended 31 March 2017 are set out in Note 15 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

Considering that our services were paid for by students or their parents, they are both regarded as our Group's customers. Due to the nature of our business, we did not have a single customer and supplier who account for more than 5% of our revenue and cost of sales respectively for the year ended 31 March 2017. To the best knowledge of the Directors, at no time during the year ended 31 March 2017, any Director or his associates or any shareholder (who owned more than 5% of the Company's issued share capital) has any interest in the above-mentioned customers or suppliers.

SHARE CAPITAL

Details of movements during the year ended 31 March 2017 in the share capital of the Company are set out in Note 21 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group are presented in the consolidated statement of changes in equity on page 39 of this annual report.

CLOSURE OF REGISTER OF MEMBERS

For ascertaining shareholders' right to attend and vote at the forthcoming annual general meeting (the "**AGM**").

Latest time to lodge transfers	4:00 p.m. on 24 July 2017 (Monday)
Book close date	25 July 2017 (Tuesday) to 28 July 2017 (Friday)
AGM date	28 July 2017 (Friday)

In order to qualify for the right to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong before the above latest time to lodge transfers.

SHARE OPTION SCHEME

We have conditionally adopted the share option scheme (the "**Share Option Scheme**") on 3 November 2016.

(i) Purpose of the Share Option Scheme

The purpose of which is to provide an incentive or a reward to eligible persons for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group or any entity in which the Group holds any equity interest ("**Invested Entity**").

(ii) Who may join

Subject to the provisions in the Share Option Scheme, the Board shall be entitled at any time and from time to time within the period of ten (10) years after the date of adoption of the Share Option Scheme to make an offer to any of the following classes of persons ("**Eligible Participant(s)**"):

(1) any employee (whether full-time or part-time) of the Company, any of its subsidiaries and any Invested Entity;

(2) any director (including executive, non-executive and independent non-executive Directors) of the Company, any of our subsidiaries or any Invested Entity;

(3) any supplier of goods or services to any member of the Group or any Invested Entity;

(4) any customer of the Group or any Invested Entity;

(5) any consultant, adviser, manager, officer or entity that provides research, development or other technological support to the Group or any Invested Entity; or

(6) any person who, in the sole discretion of the Board, has contributed or may contribute to the Group or any Invested Entity eligible for options under the Share Option Scheme.

(iii) Maximum number of Shares

(1) Notwithstanding anything to the contrary herein, the maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not, in aggregate, exceed 30% of the total number of shares in issue from time to time.

(2) The total number of shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of the Company shall not exceed 52,250,000 shares, being 10% of the total number of shares in issue as at the listing date unless our Company obtains the approval of our shareholders in general meeting for renewing the 10% limit ("**Scheme Mandate Limit**") under the Share Option Scheme provided that options lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company will not be counted for the purpose of calculating whether the Scheme Mandate Limit has been exceeded.

(3) Our Company may seek approval of our Shareholders in general meeting to renew the Scheme Mandate Limit such that the total number of shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of the Company as "renewed" shall not exceed 10% ("**Renewal Limit**") of the total number of shares in issue as at the date of the approval of our shareholders on the renewal of the Scheme Mandate Limit, provided that options previously granted under the Share Option Scheme or any other share option schemes of the Company (including options outstanding, cancelled, lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company or exercised) will not be counted for the purpose of calculating the Renewal Limit.

For the purpose of seeking the approval of our shareholders for the Renewal Limit, a circular containing the information and the disclaimer as required under the GEM Listing Rules must be sent to our shareholders.

(4) The Company may seek separate approval of our shareholders in general meeting for granting options beyond the Scheme Mandate Limit provided that the proposed grantee(s) of such option(s) must be specifically identified by the Company before such approval is sought. For the purpose of seeking the approval of our shareholders, the Company must send a circular to our shareholders containing a generic description of the specified proposed grantees of such options, the number and terms of the options to be granted, the purpose of granting such options to the proposed grantees with an explanation as to how the terms of options serve such purpose and the information as required under the GEM Listing Rules.

(iv) Maximum entitlement of each Eligible Participant

No option shall be granted to any Eligible Participant if any further grant of options would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including such further grant exceeding 1% of the total number of shares in issue, unless:

(1) such further grant has been duly approved, in the manner prescribed by the relevant provisions of Chapter 23 of the GEM Listing Rules, by resolution of our Shareholders in general meeting at which the Eligible Participant and his/her/its associates shall abstain from voting;

(2) a circular regarding the further grant has been despatched to our shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 23 of the GEM Listing Rules (including the identity of the Eligible Participant, the number and terms of the options to be granted and options previously granted to such Eligible Participant); and

(3) the number and terms (including the subscription price) of such option are fixed before the general meeting of the Company at which the same are approved.

(v) Exercise of an option

A consideration of HK$1 is payable on acceptance of the offer of grant of an option. Such consideration shall in no circumstances be refundable. An option may be exercised in whole or in part by the grantee (or his personal representative(s)) at any time before the expiry of the period to be determined and notified by our Board to the grantee which in any event shall not be longer than ten (10) years commencing on the date of the offer letter and expiring on the last day of such ten (10)-year period subject to the provisions for early termination as contained in the Share Option Scheme.

(vi) Period of the Share Option Scheme

Subject to any prior termination by the Company in a general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of ten (10) years commencing on the date of adoption of the Share Option Scheme ("**Option Period**"), after which period no further option shall be granted but in respect of all options which remain exercisable at the end of such period, the provisions of the Share Option Scheme shall remain in full force and effect.

As at 31 March 2017, no options have been granted or agreed to be granted under the Share Option Scheme.

DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Group are set out on pages 4 to 6 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors, has entered into a service agreement with the Company for an initial term of three years and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other. Each of the executive Directors is entitled to their respective basic salary (subject to an annual increment, which will be made one year after the commencement date of the service agreement at the discretion of the Directors) and may receive a discretionary bonus, the amount of which will be determined by the Board at its absolute discretion having regard to the operation results of the Company and the performance of the Directors.

Each of the non-executive Directors and independent non-executive Directors has entered into a letter of appointment with the Company. The terms and conditions of each of such letters of appointment are similar in all material respects. Each of the non-executive Directors and independent non-executive Directors is appointed with an initial term of three years subject to termination in certain circumstances as stipulated in the relevant letters of appointment.

Each of the above remunerations is determined by the Company with reference to duties and level of responsibilities of each Director and the remuneration policy of the Company and the prevailing market conditions.

The appointments of the executive Directors, the non-executive Directors and the independent non-executive Directors are subject to the provisions of retirement and rotation of Directors under the articles of association of the Company.

Pursuant to section 84 of the Memorandum and Article of Association of the Company, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years and the retiring Directors shall be eligible for re-election. Ms. Chan Hoi Ying Karina, Mr. Chan Hoi Keung Terence and Mr. Ho Kin will retire and, being eligible, offer themselves for re-election at the forthcoming AGM.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Pursuant to Rule 5.09 of the GEM Listing Rules, the Company has received from each of the existing independent non-executive Directors and annual confirmation of independence. Based on these confirmations, the Company considers all of the independent non-executive Directors are independent from the Group.

DIRECTORS' INTERESTS IN CONTRACTS

The Company or its subsidiaries have entered into a number of transactions with entities in which an executive Director has substantial shareholding. Details of those transactions are set out in the paragraph headed "Connected Transactions" in this directors' report.

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

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

The Directors' fees and other emoluments shall be subject to shareholders' approval at general meetings or determined by the Board with reference to the Directors' duties, responsibilities and performance and the results of the Group. Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in Notes 11 to the consolidated financial statements.

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 31 March 2017, the interests and short positions of the Directors and chief executive of the Company in the shares (the "**Shares**"), underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) (the "**SFO**") which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules required to be notified to the Company and the Stock Exchange, were as follows:

Long position in the Shares

Name of Director	Capacity/Nature of interest	Number of Shares	Approximate percentage of issued share capital
Mr. Cheung Lick Keung ("**Mr. Cheung**")	Interest in controlled corporation (Note 1)	166,810,000	31.96%
Ms. Chan Hoi Ying Karina ("**Ms. Chan**")	Interest of spouse (Note 2)	166,810,000	31.96%

Notes:

1. The entire issued share capital of Digital Achiever Limited is legally and beneficially owned by Mr. Cheung. Mr. Cheung is deemed to be interested in the Shares in which Digital Achiever Limited is interested in under Part XV of the SFO.

2. Ms. Chan is the spouse of Mr. Cheung. Ms. Chan is deemed to be interested in the Shares in which Mr. Cheung is interested in under Part XV of the SFO.

Save as disclosed above, as at 31 March 2017, none of the Directors and chief executive of the Company or their associates had any interest or short position in any Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules required to be notified to the Company and the Stock Exchange.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN THE SHARES OR UNDERLYING SHARES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As 31 March 2017, so far as the Directors are aware, the interests or short positions owned by the following persons (other than the Directors or chief executive of the Company) in the Shares or underlying Shares of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group:

Long position in the Shares

Name of Director	Capacity/Nature of interest	Number of Shares	Approximate percentage of issued share capital
Digital Achiever Limited	Beneficial owner (Note 1)	166,810,000	31.96%
Golden Dust Holdings Limited	Beneficial owner (Note 2)	166,740,000	31.94%
Mr. Cheung Luk Sun	Interest in controlled Corporation (Note 2)	166,740,000	31.94%
Ms. Wong Sau Yee Margaret	Interest of spouse (Note 3)	166,740,000	31.94%

Notes:

1. The entire issued share capital of Digital Achiever Limited is legally and beneficially owned by Mr. Cheung. Mr. Cheung is deemed to be interested in the Shares in which Digital Achiever Limited is interested in under Part XV of the SFO.

2. The entire issued share capital of Golden Dust Holdings Limited is legally and beneficially owned by Mr. Cheung Luk Sun. Mr. Cheung Luk Sun is deemed to be interested in the Shares in which Golden Dust Holdings Limited is interested in under Part XV of the SFO.

3. Ms. Wong Sau Yee Margaret is the spouse of Mr. Cheung Luk Sun. Ms. Wong Sau Yee Margaret is deemed to be interested in all the Shares in which Mr. Cheung Luk Sun is interested in under Part XV of the SFO.

Save as disclosed above and as at 31 March 2017, the Directors are not aware of any interests or short positions owned by any persons (other than the Directors or chief executive officer of the Company) in the Shares or underlying Shares of the Company which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year ended 31 March 2017, 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.

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.

CONNECTED TRANSACTIONS

Mr. Cheung is our executive Director, chief executive officer and chairman of our Group and one of our controlling shareholders, and brother of Mr. Cheung Luk Sun. Mr. Cheung Luk Sun is a member of senior management and one of our controlling shareholders, and brother of Mr. Cheung. Mr. Cheung Chuen is the father of each of Mr. Cheung and Mr. Cheung Luk Sun. Mr. Cheung Chuen is neither a Director, chief executive nor substantial shareholder of our Company, but only an associate of our Directors. As such, Mr. Cheung, Mr. Cheung Luk Sun and Mr. Cheung Chuen are connected persons of the Company.

CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 March 2017, the Company had entered into the following transactions with the relevant connected persons of the Company constituting continuing connected transactions on the part of the Company but exempted from reporting, annual review, report and independent shareholders' approval requirements under Rule 20.74(1) of the GEM Listing Rules. Details of the transactions are set out below:

a. The B10 Lease Agreement

Bright Union International Limited ("**Bright Union**"), a subsidiary of the Company, as tenant, entered into a lease agreement dated 28 December 2015 (the "**B10 Lease Agreement**") with Mr. Cheung and Mr. Cheung Luk Sun, pursuant to which Mr. Cheung and Mr. Cheung Luk Sun as joint landlords agreed to lease a property located at B10, 1/F, Goodrich Garden Shopping Arcade, 9 Leung Tak Street, Tuen Mun, New Territories, Hong Kong ("**Unit B10**") with a saleable area of approximately 334 sq. ft. to Bright Union (as tenant), for a monthly rental fee of HK$10,000 (inclusive of government rates and property tax), for use as tutorial centre for a term of two years and three months effective from 1 January 2016 until 31 March 2018.

The proposed annual caps with respect to the B10 Lease Agreement were determined by the parties thereto on an arm's length basis, and based on, among others, the prevailing market rent for similar premises in the vicinity at the time and the historical transaction amounts. The Directors (including independent non-executive Directors) have reviewed the B10 Lease Agreement and are of the view that the entering into of the B10 Lease Agreement is in the ordinary and usual course of business and in the interest of our shareholders as a whole and the terms therein are normal commercial terms, and are fair and reasonable.

b. The B96B Lease Agreement

Bright Union, a subsidiary of the Company, as tenant entered into a lease agreement dated 28 December 2015 (the "**B96B Lease Agreement**", together with the B10 Lease Agreement, the "**Lease Agreements**") with Mr. Cheung Luk Sun and Mr. Cheung Chuen, pursuant to which Mr. Cheung Luk Sun and Mr. Cheung Chuen as joint landlords agreed to lease a property located at B96B, 1/F, Goodrich Garden Shopping Arcade, 9 Leung Tak Street, Tuen Mun, New Territories, Hong Kong ("**Unit B96B**") with a saleable area of approximately 245 sq. ft. to Bright Union (as tenant), for a monthly rental fee of HK$10,000 (inclusive of government rates and property tax), for use as tutorial centre for a term of two years and three months effective from 1 January 2016 until 31 March 2018.

The proposed annual caps with respect to the B96B Lease Agreement were determined by the parties thereto on an arm's length basis, and based on, among others, the prevailing market rent for similar premises in the vicinity at the time and the historical transaction amounts. The Directors (including independent non-executive Directors) have reviewed the B96B Lease Agreement and are of the view that

DIRECTORS' REPORT

the entering into of the B96B Lease Agreement is in the ordinary and usual course of business and in the interest of our shareholders as a whole and the terms therein are normal commercial terms, and are fair and reasonable.

The above transactions have complied with the requirements for continuing connected transactions under Chapter 20 of the GEM Listing Rules.

The Directors (including the independent non-executive Directors) are of the view that the continuing connected transactions described above have been entered into on normal commercial terms and in the ordinary and usual course of business of the Group, and such transactions are fair and reasonable and in the interests of the Company and our shareholders as a whole.

RELATED PARTY TRANSACTIONS

Details of the related party transactions during the year ended 31 March 2017 are set out in Note 25 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

CORPORATE GOVERNANCE PRACTICES

During the accounting period covered by this annual report, 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 for certain deviation. For further information on the Company's corporate governance practices and details of deviation, please refer to the Corporate Governance Report of this annual report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Details of the Company's environmental, social and governance practices are set out in the "Environmental Social and Governance Report" section of this annual report.

EMOLUMENT POLICY

All of our employees' remunerations are fixed and in the form of a monthly basic salary. Their remuneration packages vary according to factors such as experience, qualification, education background, previous performance in evaluations and market circumstances, with discretionary performance linked bonus. The Group provides employees with competitive and comprehensive remuneration packages and long term career development opportunities.

The Group has adopted a share option scheme as an incentive to employees. Details of the scheme are set out under the section headed "Share Option Scheme" section in this directors' report.

RETIREMENT BENEFIT PLANS

The Group participates in the defined contribution scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance which is available to its employees in Hong Kong. Contributions to the MPF Scheme by the Group and employees are made based on a percentage of employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as required under the GEM Listing Rules during the year ended 31 March 2017 and up to the date of this directors' report.

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.

AUDITOR

Moore Stephens CPA Limited ("**Moore Stephens**") was appointed by the Directors as the first auditor of the Company. Moore Stephens will retire, and being eligible, offer themselves for re-appointment at the forthcoming AGM. A resolution for their re-appointment as auditor of the Company will be proposed at the forthcoming AGM. The consolidated financial statements for the year ended 31 March 2017 have been audited by Moore Stephens.

By order of the Board
Cheung Lick Keung
Executive Director and Chairman

Hong Kong, 9 June 2017

CORPORATE GOVERNANCE REPORT

The board (the "**Board**") of directors (the "**Directors**") and the management of Goldway Education Group Limited (the "**Company**") are committed to the maintenance of good corporate governance practices and procedures. The corporate governance principles of the Company emphasise a quality Board, sound internal control, transparency and accountability to all Company's shareholder.

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 (the "**CG Code**") contained in Appendix 15 to the GEM Listing Rules except the following deviation:

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

However, the Board is of the view that Mr. Cheung Lick Keung ("**Mr. Cheung**") has been managing the Group's business and the overall financial and strategic planning since September 2005. The Board believes that the vesting of the roles of chairman and chief executive officer in Mr. Cheung is beneficial to the business operations and management of the Group and will provide a strong and consistent leadership to the Group. In addition, due to the presence of three independent non-executive Directors, the Board considers that no one individual has unfettered power of decision. Accordingly, the Company has not segregated the roles of its chairman and chief-executive officer as required by Code Provision A.2.1 of Appendix 15 to the GEM Listing Rules.

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.

BOARD OF DIRECTORS

The Board currently comprises seven Directors, two are executive Directors, two are non-executive Directors and three are independent non-executive Directors.

Executive Directors

Mr. Cheung Lick Keung
Ms. Chan Hoi Ying Karina

Non-Executive directors

Mr. Tsang Hin Man Terence
Ms. Wong Yi Ling

Independent Non-executive directors

Mr. Chan Hoi Keung Terence (appointed on 3 November 2016)
Mr. Sek Ngo Chi (appointed on 7 November 2016)
Mr. Ho Kin (appointed on 3 November 2016)

The Company has received from each of the independent non-executive Director the annual confirmation of independence and the Board considers them to be independent under Rule 5.09 of the GEM Listing Rule.

The Directors' biographical information is set out on pages 4 to 6 in this annual report. All executive Directors have given sufficient time and attention to the affairs of the Group. Each executive Director has sufficient experience to hold the position so as to carry out his/her duties effectively and efficiently.

The Company has arranged its Directors' and officers' liabilities an insurance coverage in respect of any legal actions which may be taken against its Directors and officers in the execution and discharge of their duties or in relation thereto.

BOARD DIVERSITY POLICY

The Company is committed to adopt a board diversity policy (the "**Board Diversity Policy**") on 2 December 2016 to complement the Company's corporate strategy. The Company considers that having a Board with diverse culture would assure Directors that their views are heard and their concerns are attended to and thus would enhance the effectiveness of the Board and maintain high standards of corporate governance. The Board achieves diversity on the Board through engaging Directors based on merit and candidates are considered against objective criteria, having due regard for the benefits of diversity on the Board including, but not limited to, gender, age, cultural and educational background, professional experience, skills, knowledge and length of service.

The Nomination and Corporate Governance Committee has reviewed the Board's composition, experience and balance of skills of the Board under diversified perspectives, and will monitor the implementation of the Board Diversity Policy to ensure its continued effectiveness on an annual basis.

RESPONSIBILITIES OF THE BOARD

The Board is responsible for leadership and control of the Group and be collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. All the Directors should make decisions objectively in the interests of the Group. The Board focuses on formulating the Group's overall strategies, authorising the development plan and budget; monitoring financial and operating performance; supervising and managing management's performance of the Group; and setting the Group's values and standards. The Board also assumes the responsibilities of maintaining high standard of corporate governance including, among others, developing and reviewing the effectiveness of the internal control system; reviewing and monitoring the policies and practices of the Group on compliance with legal and regulatory requirements, and reviewing the compliance of the Company with the CG Code. The Board delegates the day-to-day management, administration and operation of the Group to management. The delegated functions are reviewed by the Board periodically to ensure that they accommodate the needs of the Group.

BOARD PRACTICES

The Board held meetings from time to time whenever a board-level decision on a particular matter is required. At least 14 days' notice of regular Board meetings is given to all Directors and they can include matters for discussion in the agenda as they think fit. The agenda accompanying Board papers are sent to all the Directors at least 3 days before the date of every Board meeting in order to allow sufficient time for the Directors to review the documents. All Directors may access the advice, regulatory updates on governance and regulatory matters from professional parties if necessary.

CORPORATE GOVERNANCE REPORT

The Company Secretary is responsible to take and keep minutes of all Board meetings and committee meetings and ensure compliance with the procedures of Board meetings and general meetings of the Company. Minutes of every Board meeting and committee meeting are circulated to Directors for their perusal and comments prior to confirmation of the minutes. The Board also ensures that it is supplied in a timely manner with all necessary information in a form and of a quality appropriate to enable it to discharge its duties.

BOARD MEETINGS AND DIRECTORS' ATTENDANCE

The Board meets regularly to review the financial and operating performance of the Group. Since the shares of the Company have been listed on the GEM by way of placing and public offer of shares (the "**Listing**") on 2 December 2016, a total of three Board meetings were held during the year ended 31 March 2017.

Details of the attendance record of each Director at the Board meetings are set out in the table below:

	Number of attendance/number of meetings since respective appointment date	
	Board meetings	**AGM**
Executive Directors		
Mr. Cheung Lick Keung	3/3	N/A
Ms. Chan Hoi Ying Karina	3/3	N/A
Non-Executive directors		
Mr. Tsang Hin Man Terence	3/3	N/A
Ms. Wong Yi Ling	2/3	N/A
Independent Non-executive directors		
Mr. Chan Hoi Keung Terence	2/2	N/A
Mr. Sek Ngo Chi	2/2	N/A
Mr. Ho Kin	2/2	N/A

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The articles of association of the Company (the "**Articles**") provide that subject to the manner of retirement by rotation of directors as from time to time prescribed by the GEM Listing Rules, at each annual general meeting (the "**AGM**"), one-third of the directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation and that every Director shall be subject to retirement at an AGM at least once every three years.

Independent non-executive Directors are appointed for a specific term subject to retirement by rotation and re-election in accordance with the Articles. Each independent non-executive Directors is required to inform the Company as soon as practicable if there is any change that may affect his independence and must provide an annual confirmation of his independence to the Company.

CONTINUES PROFESSIONAL DEVELOPMENT

To assist Directors' continuing professional development, the Company provides each appointed Director with necessary and updated induction and information to ensure that he/she has a proper understanding of the Group's businesses, operations and regulatory environments in which the Group operates as well as his/her responsibilities under the relevant statutes, laws, rules and regulations. The Company also recommends Directors to attend relevant seminars or training courses to develop and refresh their knowledge and skills in relation to their contribution to the Board. Records of the training are required to be provided by Directors and the company secretary is required to keep and update the training records on a yearly basis. During the year ended 31 March 2017, all board members have received a director training hosted by a law firm which was about, inter alias, the listing rules, Companies Ordinance and Securities and Futures Ordinance.

The Board are committed to complying with Code Provision A.6.5 of the CG Code on Directors' training. All Directors have participated in continuous professional development to develop and refresh their knowledge and skills in relation to their contribution to the Board during the year ended 31 March 2017.

COMPANY SECRETARY

Mr. Tsang Hiu San was appointed as the company secretary of the Company on 26 November 2015. Pursuant to Rule 5.15 of the GEM Listing Rules, Mr. Tsang Hiu San has taken no less than 15 hours of relevant professional training during the year ended 31 March 2017.

REMUNERATION COMMITTEE

The Company established the remuneration committee pursuant to a resolution of the Directors passed on 3 November 2016 in compliance with Rule 5.34 of the GEM Listing Rules with written terms of reference in compliance with the CG Code.

The role and function written in terms of reference of the remuneration committee are no less exacting terms than the CG Code. The primary functions of the remuneration committee are to make recommendation to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group, review performance based remuneration and ensure none of the Directors determine their own remuneration.

At the date of this report, the remuneration committee comprises Mr. Chan Hoi Keung Terence, Mr. Sek Ngo Chi and Mr. Ho Kin. Mr. Sek Ngo Chi is the chairman of the remuneration committee.

Followed by the Listing on 2 December 2016, the remuneration committee held one meeting to review the remuneration packages of the Directors and the remuneration policy. Details of the attendance of the meeting are as follows:

Name of Members	Number of attendance/ number of meetings since respective appointment date
Mr. Sek Ngo Chi *(Chairman)*	1/1
Mr. Chan Hoi Keung Terence	1/1
Mr. Ho Kin	1/1

CORPORATE GOVERNANCE REPORT

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

The Company established the nomination and corporate governance committee pursuant to a resolution of the Directors passed on 3 November 2016 with written terms of reference in compliance with the CG Code.

The primary functions of the nomination and corporate governance committee are to review the structure, size, composition and diversity (including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service) of the Board at least annually; to make recommendations to the Board regarding candidates to fill vacancies on the Board; to assess the independence of the independent non-executive Directors; to review the Board diversity policy as well as monitor its implementation so as to ensure its effectiveness; to make recommendations to the Board regarding policies/practices on corporate governance of the Group; to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and to review the Company's compliance with the CG Code.

At the date of this report, the nomination and corporate governance committee comprises Mr. Chan Hoi Keung Terence, Mr. Sek Ngo Chi and Mr. Ho Kin. Mr. Chan Hoi Keung Terence is the chairman of the nomination and corporate governance committee.

Followed by the Listing on 2 December 2016, the nomination and corporate governance committee held one meeting to review the independence of the independent non-executive Directors and to make recommendation regarding practice on corporate governance of the Group. Details of the attendance of the meeting are as follows:

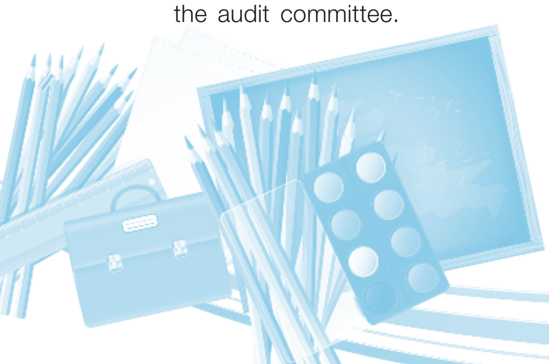
Name of Members	**Number of attendance/ number of meetings since respective appointment date**
Mr. Chan Hoi Keung Terence *(Chairman)*	1/1
Mr. Sek Ngo Chi	1/1
Mr. Ho Kin	1/1

AUDIT COMMITTEE

The Company established the audit committee with written terms of reference in compliance with Rule 5.28 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; to review and monitor the external auditors' independence and objectivity; to review the financial statements and material advice in respect of financial reporting and to oversee the risk management and internal control systems of the Group.

At the date of this report, the audit committee comprises Mr. Chan Hoi Keung Terence, Mr. Sek Ngo Chi and Mr. Ho Kin, all being the independent non-executive Directors. Mr. Chan Hoi Keung Terence is the chairman of the audit committee.



Followed by the Listing on 2 December 2016, the audit committee held one meeting to review and supervise the financial reporting process, to review the internal control system of the Group and to review the quarterly results of the Group as well as to recommend to the Board for their consideration and approval. The audit committee of the Company was of the opinion that the preparation of such results complied with applicable accounting standards and that adequate disclosure has been made. Details of the attendance of the meeting are as follows:

Name of Members	Number of attendance/ number of meetings since respective appointment date
Mr. Chan Hoi Keung Terence *(Chairman)*	1/1
Mr. Sek Ngo Chi	1/1
Mr. Ho Kin	1/1

AUDIT REMUNERATION

For the year ended 31 March 2017, the fee paid or payable to the auditor of the Company, Moore Stephens CPA Limited, for the audit and non-audit services provided were HK$250,000 and HK$450,000 respectively. The non-audit services were mainly for the Listing.

ACCOUNTABILITY AND AUDIT

The Board acknowledges its responsibility to prepare the consolidated financial statements that give a true and fair view in accordance with applicable accounting standards and ordinances. In preparation of the audited consolidated financial statements for the year ended 31 March 2017, the Board has prepared on a going concern basis, selected appropriate accounting policies and applied them consistently, made judgements and estimates that are prudent, fair and reasonable. The Directors are responsible for taking all necessary and reasonable steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The auditor of the Company, Moore Stephens CPA Limited, acknowledges and sets out its responsibilities in the independent auditor's report on the consolidated financial statements of the Group for the year ended 31 March 2017.

INTERNAL CONTROLS AND RISK MANAGEMENT

The Board acknowledges that it has overall responsibility for the establishment, maintenance and review of the risk management and internal control systems of the Group to safeguard shareholder investments and the assets of the Group. Such risk management and internal control systems of the Group aim to facilitate effective and efficient operations and are designed for managing risks rather than eliminating the risk of failure to achieve business objectives. Such systems can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board has conducted a review of the implemented systems and procedures, covering financial, operational and legal compliance controls and risk management functions and in particular, the adequacy of resources, qualifications and experience of staff, and training programmes and budget of the Company's accounting and financial reporting function. The Board is satisfied with the effectiveness and efficiency of the internal control systems of the Group.

NON-COMPETITION UNDERTAKINGS

The independent non-executive Directors have reviewed the status of compliance of the terms and the enforcement and confirmed that all of these non-competition undertakings have been complied with by the relevant covenantors.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. An AGM of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an AGM, shall be called an extraordinary general meeting ("**EGM**").

RIGHT TO CONVENE EXTRAORDINARY GENERAL MEETING

The following procedures for shareholders to convene an EGM are subject to the Articles (as amended from time to time), and the applicable legislations and regulations, in particular the GEM Listing Rules (as amended from time to time):

(a) any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company (the "**Eligible Shareholder(s)**") carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition.

(b) the Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding, the reason(s) to convene an EGM and the details of the business(es) proposed to be transacted in the EGM, and must be signed by the Eligible Shareholder(s) concerned together with a deposit of a sum of money reasonable sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement submitted by the shareholders concerned in accordance with the statutory requirements to all the registered shareholders;

(c) Eligible Shareholders who wish to convene an EGM must deposit a written requisition (the "**Requisition**") signed by the Eligible Shareholder(s) concerned to the head office and principal place of business of the Company in Hong Kong at Shop 203, Kin Sang Commercial Centre, Kin Sang Estate, Tuen Mun, New Territories, Hong Kong or Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for the attention of the Board and/or the company secretary;

(d) the Requisition will be verified with Hong Kong branch share registrar and transfer office of the Company and upon their confirmation that the Requisition is proper and in order, the Board will convene an EGM by serving sufficient notice in accordance with the requirements under the Articles to all the registered shareholders. On the contrary, if the Requisition has been verified as not in order or the shareholders concerned have failed to deposit sufficient money to meet the Company's expenses for the said purposes, the Eligible Shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not call for an EGM; and

(e) if within twenty one days of such deposit of the Requisition the Board fails to proceed to convene such EGM, the Eligible Shareholder(s) himself/herself/themselves may do so in the same manner, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) by the Company.

RIGHT TO PUT FORWARD PROPOSALS AT GENERAL MEETINGS

There are no provisions allowing shareholders to move new resolutions at the general meetings under the Companies Law (Revised) of Cayman Islands. However, pursuant to the Articles, shareholders who wish to move a resolution may by means of Requisition convene an EGM following the procedures set out above.

RIGHT TO PUT ENQUIRIES TO THE BOARD

Shareholders have the right to put enquiries to the Board. All enquiries shall be in writing and sent by post to the principal place of business of the Company in Hong Kong or by e-mail to info@goldwayedugp.com for the attention of the company secretary.

Shareholders are reminded to lodge their questions together with their detailed contact information for the prompt response from the Company if it deems appropriate.

INVESTORS RELATIONS

The Company has established a range of communication channels between itself and its shareholders, investors and other stakeholders. These include the AGM, the publication of annual, interim and quarterly reports, notices, announcements and circulars and the Company's website at www.goldwayedugp.com and meetings with investors and shareholders. News update of the Group's business development and operation are also available on the Company's website.

CONSTITUTIONAL DOCUMENTS

From the date of Listing to the year ended 31 March 2017, there had been no changes in the Company's constitutional documents.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

This is the first Environmental, Social and Governance Report (the "**ESG Report**") of Goldway Education Group Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") to disclose relevant information which may cause material impact to the environment, social and governance. As this is the first ESG Report of the Group, it would present mainly policies, initiatives and performance of the Group for the year ended 31 March 2017.

The ESG Report covered the reporting period from 1 April 2016 to 31 March 2017 (the "**Reporting Period**") and mainly covers the major activities of the Group in Hong Kong presenting the sustainability approach and performance in environmental and social aspects of the business of the Group during the Reporting Period.

The content of ESG Report is presented in compliance with the applicable disclosure requirements of the Environmental, Social and Governance Reporting Guide ("**ESG Guide**") set out in Appendix 20 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**").

INTRODUCTION

The Group principally engaged in the provision of tutoring services in Hong Kong and provide private tutoring services including primary and secondary school tutoring services under the trade name of "Logic Tutorial Centre".

ENVIRONMENTAL PROTECTION

We pay a great deal of attention to the environmental and social responsibilities. Due to the Group's business nature, the directors believe that the Group do not have significant impact on the environment and natural resources and the Group is not aware of any material non-compliance with the relevant laws and regulations that have significant impact on the Group related to emission of greenhouse gas or other harmful gas, discharge of pollutants into water or land, generation of hazardous or non-hazardous waste during the Reporting Period. Nevertheless, the Group is committed to protect environment by seeking to reduce the impact to the environment especially on the reduction of greenhouse gas emission and preservation of resources.

To achieve this, the Group has adopted the energy saving policy and reduction of materials consumption. The Group has implemented policy to maintain the office temperature at 26°C, instructed employees to switch off the lights, all the computers and office electrical equipment and air-conditioner when they are not in use, and consider purchasing those electrical appliances that with Grade 1 or 2 energy efficient labels when necessary.

The Group also avoid wastage to achieve the reduction of materials consumption. The Group encourage the employees to read and send documents electronically, especially for those internal communications, and to print and photocopy document on both sides of paper, so as to minimise consumption of paper. The Group also promotes concept of "Reduce, Reuse and Recycle" in daily operation and actively participates in schemes held by green organisations. During the Reporting Period, the operation of the Group does not involve high water consumption, while water usage of the Group is mainly arising from drinking water.

The Group will continue to seek opportunities to reduce further emissions and wastes.

SOCIAL

The Group values employees and regards them as one of the most important factors for the success of the Company. The Group try to ensure good employer-employee relationships, including but not limited to via providing a comfortable, safe and healthy working environment with equal career development opportunities and protection of interest and right of our employees. The Group is awarded as a Family-Friendly Employer in Family-Friendly Employers Award Scheme held by Family Council during the Reporting Period.

The Group is not aware of any material non-compliance with the relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare for the Reporting Period.

EMPLOYMENT

All of our employees' remunerations are fixed and in the form of a monthly basic salary. Their remuneration packages vary according to factors such as experience, qualification, education background, previous performance in evaluations and market circumstances, with discretionary performance linked bonus. The Group provides employees with competitive and comprehensive remuneration packages and long term career development opportunities.

The Group has adopted a share option scheme as an incentive to employees. Details of the scheme are set out under the section headed "Share Option Scheme" section in the directors' report of this annual report.

The Group participates in the defined contribution scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance which is available to its employees in Hong Kong. Contributions to the MPF Scheme by the Group and employees are made based on a percentage of employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Whenever an employee resigns or being laid off, designated human resource personnel or management would carry out exit-interview with the employee to understand the reason of leave.

During the Reporting Period, the Group is not aware of any non-compliance with relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare.

HEALTH AND SAFETY

We maintain health and safety measures at our tutorial centres for our students and employees. These measures include installing CCTV in our centres and back office; properly locking the doors after our opening/office hours; limiting the access of people into premises of the Group other than employees of the Group and students unless authorisation is granted; specifying that students should bring their own access card when they come to attend classes and check in and out of classroom using the access card.

Moreover, the Group has obtained for all the centres (expect for new centre which is under processing) the Fire Services Certificate issued by the Fire Services Department which is the proof of compliance with fire safety requirements.

During the Reporting Period, there were no material accidents in the course of our business operation which gave rise to any claims and compensation paid to our employees and the Group is not aware of any non-compliance with relevant laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

DEVELOPMENT AND TRAINING

The Group believes the strategies involving staff training would improve the quality of the teaching and efficiency of the day to day operations to the benefit of the long term development and competitiveness of the Group. To ensure the tutors understand the teaching standards and appropriate conduct expected from the Group, the Group provides them with an employee manual setting out guidelines on proper conduct and behaviour. As part of maintaining the standard of quality in tutorial centres of the Group, the tutors generally undergo continuous development through staff training and performance review. Moreover, the Group intends to engage external trainers or arrange for the staff to undergo external training to maintain the service quality. During the Reporting Period, the employees have joined various training activities including topics of corporate finance, listing rules, business operation skills and communication skills.

LABOUR STANDARDS

The Group prohibits engaging child labour and forced labour. To prevent engaging child labour, the human resources personnel shall verify the ages by reviewing relevant document proofs before hiring any employment applicants. An appraisal will be performed in the first month when the employee is hired and it will be performed regularly after the initial appraisal. Our senior management will also perform visit to classes from time to time and observe the performance of tutors and provide them with the reviews and suggestions, which at the same time is also a channel for employees to reflect their thoughts to the management. All the work should be voluntarily performed and shall not involve forced labour. Moreover, employees can terminate their contracts upon reasonable notice. The Group is not aware of any non-compliance with relevant laws and regulations that have a significant impact on the Group relating to preventing child and forced labour.

SUPPLY CHAIN MANAGEMENT

The Group has established procurement policy to maintain high level of ethical standards for choosing the right supplier through careful selection and continuous measurement. The Group conducts review on key suppliers annually so as to provide an opportunity to suppliers to enhance their services and products quality, which improves both the suppliers and our procurement management effectively.

SERVICE RESPONSIBILITY

The Group believes the strategies involving staff training and enhancement of existing centres, facilities, equipment and IT systems would improve the quality of the teaching and efficiency of the day to day operations to the benefit of the long term development and competitiveness of the Group.

To ensure the tutors understand the teaching standards and appropriate conduct expected from the Group, the Group provides them with an employee manual setting out guidelines on proper conduct and behavior. If any of the tutors violates such guidelines and subject to the circumstances and seriousness of the violation, the Group may provide them with warning or in serious cases and as set out in our employment contracts with them require them to compensate the Group for any losses and may further result in termination of their employment.

The Group has obtained all material licences, certificates and approvals required for carrying on its business activities during the Reporting Period.

The Group is not aware of any non-compliance with relevant laws and regulations that have a significant impact on the Group relating to health and safety, advertising, labeling and privacy matters relating to services provided and methods of redress.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

PERSONAL DATA PRIVACY

The Group is committed to protecting privacy and confidentiality of personal data of the customers, employees and other identifiable individuals. All customers' data shall be collected by lawful and fair means. Unless there is another consent signed by customers, the purpose of use of the data cannot be changed and the personal data can only be used for the original purpose stated at the time of collection. The Group always ensure the personal data of customers to be sufficiently protected against unauthorized or accidental access, processing, erasure or other use. All electronic personal data can only be accessed by delegated authorities and the database is protected by password. It is our policy to comply with the requirements of the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong). No non-compliance or complaints from customers regarding personal data privacy has been received during the Reporting Period.

ANTI-CORRUPTION

The Group is committed to upholding the highest ethical standard and established anti-fraud policy and whistleblowing policy to prevent, detect and report each and every form of bribery, extortion, fraud and money laundering. Any such kind of fraudulent acts is prohibited and the Group will not tolerate any fraudulent business activities.

The Group is not aware of any potential or confirmed cases regarding corrupt practices brought against the Group or its employees during the Reporting Period. No whistleblowing disclosures were received during the Reporting Period.

COMMUNITY INVOLVEMENT

The Group is constantly aware of the needs of the community and is ready to try its best to contribute to the community by participating and sponsoring community activities. The Group is recognised as a "Caring Company" by The Hong Kong Council of Social Service for the years of 2014–2016.

GOVERNANCE

Details on the Company's corporate governance practices set out in the Corporate Governance Report of this annual report.

INDEPENDENT AUDITOR'S REPORT

MOORE STEPHENS

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大華馬施雲
會計師事務所有限公司

To the members of Goldway Education Group Limited
(Incorporated in the Cayman Islands with limited liability)

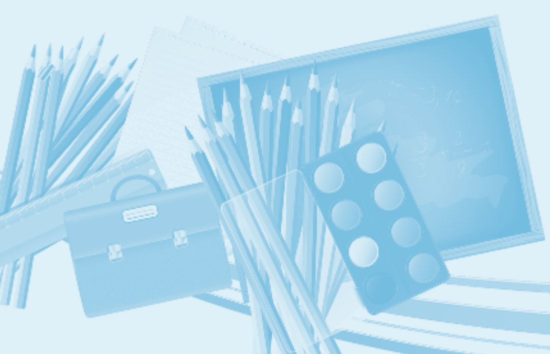
OPINION

We have audited the consolidated financial statements of Goldway Education Group Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 37 to 77, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("**the Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current reporting period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

Recognition of revenue and receipt in advance

Revenue of the Group mainly comprises tutoring services income which is derived from the Group's tutorial school operations.

We identified the recognition of revenue from tutorial school operations as a key audit matter because revenue is one of the key performance indicators of the Group and therefore there is an inherent risk of revenue and utilisation of receipts in advance being recorded in inappropriate periods.

How our audit addressed the key audit matter

Our audit procedures to assess the recognition of revenue from tutorial school operations and the utilisation of the related receipt in advance included the following:

- understanding the controls over the revenue cycle including student enrolments, maintenance of students and school records, processing of cash receipts and calculation of the receipt in advance;
- performing analytical procedures including monthly trend analyses;
- performing the trail running of the IT system from enrolments to end of the tutorial lessons to ascertain the integrity and accuracy of the reports generated;
- performing detailed substantive testings of revenue;
- performing specific cut-off procedures to test if the transactions around the year-end are recorded in appropriate period; and
- scrutinising all manual journal entries relating to revenue raised during the current year and tracing to underlying documentation for those considered to be material or met other specific risk-based criteria.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with HKFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The audit committee assists the directors of the Company in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion, solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

— Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with audit committee, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

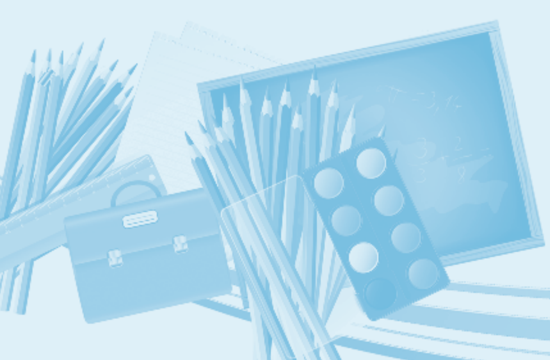
We also provide audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITOR'S REPORT

From the matters communicated with audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Moore Stephens CPA Limited
Certified Public Accountants

Hung, Wan Fong Joanne
Practising Certificate Number: P05419
Hong Kong
9 June 2017



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Revenue	8	**37,336**	38,576
Other income	8	**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	9	**—**	(70)
Profit before income tax	10	**4,507**	7,256
Income tax expense	12	**(1,716)**	(2,267)
Profit and total comprehensive income for the year		**2,791**	4,989
Profit and total comprehensive income attributable to owners of the Company		**2,791**	4,989
Earnings per share — Basic and diluted (HK cents)	14	**0.69**	1.43

The notes on pages 41 to 77 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
ASSETS AND LIABILITIES			
Non-current asset			
Plant and equipment	15	**1,650**	1,148
Current assets			
Account receivables	16	**1,097**	721
Prepayments, deposits and other receivables	17	**3,070**	4,785
Amounts due from shareholders	18	**—**	372
Cash and cash equivalents	19	**39,727**	13,730
		43,894	19,608
Current liabilities			
Accruals, receipt in advance and other payables	20	**2,021**	4,690
Tax payable		**20**	688
		2,041	5,378
Net current assets		**41,853**	14,230
Net assets		**43,503**	15,378
EQUITY			
Equity attributable to owners of the Company			
Share capital	21	**5,225**	—
Reserves	22	**38,278**	15,378
Total equity		**43,503**	15,378

The notes on pages 41 to 77 form an integral part of these consolidated financial statements.

The consolidated financial statements on pages 37 to 77 were approved and authorised for issue by the Board of Directors on 9 June 2017 and were signed on its behalf by:

Cheung Lick Keung
Director

Chan Hoi Ying Karina
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Share capital (note 21) HK$'000	Share premium (note 22) HK$'000	Capital reserve (note 22) HK$'000	Retained profits HK$'000	Total equity HK$'000
At 1 April 2015	—	—	—	10,017	10,017
Profit and total comprehensive income for the year	—	—	—	4,989	4,989
Special dividends declared (note 13)	—	—	—	(3,000)	(3,000)
Arising from Reorganisation (as defined in note 2)	—	—	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 (note 13)	—	—	—	(3,400)	(3,400)
Issue of new shares (note 21(d))	1,725	33,637	—	—	35,362
Capitalisation issue of shares (note 21(e))	3,500	(3,500)	—	—	—
Expenses incurred in connection with issue of new shares	—	(6,628)	—	—	(6,628)
At 31 March 2017	**5,225**	**23,509**	**3,372**	**11,397**	**43,503**

The notes on pages 41 to 77 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Cash flows from operating activities			
Profit before income tax		**4,507**	7,256
Adjustments for:			
Depreciation of plant and equipment	15	**690**	774
Interest expenses	9	**—**	70
Interest income	8	**(88)**	(2)
Operating profit before working capital changes		**5,109**	8,098
(Increase)/Decrease in account receivables		**(376)**	706
Decrease/(Increase) in prepayments, deposits and other receivables		**1,794**	(2,519)
(Decrease)/Increase in accruals, receipts in advance and other payables		**(2,669)**	2,790
Cash generated from operations		**3,858**	9,075
Income tax paid		**(2,384)**	(1,588)
Interest income received		**9**	2
Net cash generated from operating activities		**1,483**	7,489
Cash flows from investing activities			
Purchases of property, plant and equipment		**(1,192)**	(712)
Net cash used in investing activities		**(1,192)**	(712)
Cash flows from financing activities			
Proceeds from issuance of new shares	30(a)	**35,362**	3,000
Proceeds from borrowings		**—**	3,000
Repayment of borrowings		**—**	(3,000)
Payment of listing expenses		**(6,628)**	—
Interest paid		**—**	(70)
Dividends paid	30(b)	**(3,028)**	(4,300)
Changes in balance with shareholders		**—**	(47)
Net cash generated/(used in) financing activities		**25,706**	(1,417)
Net increase in cash and cash equivalents		**25,997**	5,360
Cash and cash equivalents at beginning of the year		**13,730**	8,370
Cash and cash equivalents at end of the year		**39,727**	13,730

The notes on pages 41 to 77 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 19 October 2015 and its shares have been listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**GEM Board**") by way of placing and public offer of shares (the "**Share Offer**") on 2 December 2016 (the "**Listing**"). The Company's registered office and the principal place of business are at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Shop 203, Kin Sang Commercial Centre, Kin Sang Estate, Tuen Mun, New Territories, Hong Kong, respectively.

In the opinion of the directors of the Company, the ultimate controlling parties of the Group are Mr. Cheung Lick Keung ("**Mr. Cheung**") 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".

2. REORGANISATION AND BASIS OF PRESENTATION

(a) Reorganisation

In the preparation for the listing of the Company's shares on the GEM Board of the Stock Exchange, the companies now comprising the Group, underwent a corporate reorganisation (the "**Reorganisation**") which principally involves the following steps:

(i) Acquisition of Bright Union International Limited ("Bright Union") by Brillion Bright Management Limited ("Brillion Bright") and subscriptions of shares in Billion Bright

On 1 September 2015, Mr. Cheung transferred one share in Bright Union to Billion Bright, in consideration of Billion Bright allotting and issuing 10 shares in Billion Bright, all credited as fully paid, to Mr. Cheung. Upon completion of the share transfer, Bright Union is wholly-owned by Billion Bright.

On 1 September 2015, each of Mr. Cheung and Mr. Cheung Luk Sun subscribed for 23,819 shares and 23,819 shares in Billion Bright, respectively, all credited as fully paid. Upon completion of the share subscriptions, Billion Bright is owned as to 50.01% by Mr. Cheung and as to 49.99% by Mr. Cheung Luk Sun.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

2. REORGANISATION AND BASIS OF PRESENTATION (CONTINUED)

(a) Reorganisation (Continued)

(ii) Investment in Billion Bright by Wealth Secret Limited ("Wealth Secret")

On 1 September 2015, Wealth Secret subscribed for 2,350 shares in Billion Bright at the consideration of HK$3,000,000, with reference to the price-to-earnings ratio of approximately 6.96 times based on the earnings per share of Billion Bright on the enlarged basis being the net profit after tax for the year ended 31 March 2015 of approximately HK$9,171,000 divided by the total issued share capital in Billion Bright of even date. Upon completion of the pre-IPO investment, Billion Bright is owned as to 47.66% by Mr. Cheung, as to 47.64% by Mr. Cheung Luk Sun and as to 4.7% by Wealth Secret.

(iii) Incorporation of the Company

On 19 October 2015, the Company was incorporated in the Cayman Islands with limited liability. At the time of its incorporation, the Company had an authorised share capital of HK$380,000 divided into 38,000,000 Shares of HK$0.01 each, of which one share was allotted and issued to the initial subscriber, which was transferred to Digital Achiever, a company incorporated in the BVI with limited liability on 3 July 2015, which is directly wholly-owned by Mr. Cheung on the same date.

(iv) Incorporation of Simple Joyous Limited ("Simple Joyous")

On 25 August 2015, Simple Joyous was incorporated in the BVI with limited liability, with an authorised share capital of 50,000 shares of a single class of par value of US$1 each, of which one share was allotted and issued to the Company, credited as fully paid on 26 October 2015.

(v) Acquisition of Billion Bright by the Company

On 3 November 2016, each of Mr. Cheung, Mr. Cheung Luk Sun and Wealth Secret transferred 23,830 shares, 23,820 shares and 2,350 shares in Billion Bright, respectively, to Simple Joyous, in consideration of the Company allotting and issuing 2,382 shares, 2,382 shares and 235 shares, all credited as fully paid, to Digital Achiever (at the direction of Mr. Cheung), Golden Dust, a company incorporated in the BVI with limited liability on 10 July 2015 (at direction of Mr. Cheung Luk Sun) and Wealth Secret, respectively, and the share transfers were completed on 3 November 2016. Upon completion of the share transfers, Billion Bright became an indirect wholly-owned subsidiary of the Company.

Upon completion of the Reorganisation on 3 November 2016, the Company became a holding company of the companies now comprising the Group.

2. REORGANISATION AND BASIS OF PRESENTATION (CONTINUED)

(b) 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 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, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the years ended 31 March 2017 and 2016 include the financial performance and cash flows 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 and 2017 have 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

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 Rules Governing the Listing of Securities on the GEM Board ("**GEM Listing Rules**").

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

It should be noted that accounting estimates and assumptions are used in the preparation of the consolidated financial statements. Although these estimates are based on the management's best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 6.

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

4. ADOPTION OF HKFRSs (CONTINUED)

(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 except for the following:

HKFRS 9 Financial Instruments

HKFRS 9 has introduced new requirements for a) classification and measurement of financial assets, b) impairment of financial assets and c) general hedge accounting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

4. ADOPTION OF HKFRSs (CONTINUED)

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

***HKFRS 9 Financial Instruments** (Continued)*

Specifically, with regard to the classification and measurement of financial assets, HKFRS 9 requires all recognised financial assets that are within the scope of HKFRS 9 to be subsequently measured at amortised cost or fair value. Debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of each of the subsequent accounting periods. Debt investments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. Further, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 applies) in other comprehensive income, with only dividend income generally recognised in profit or loss and that cumulative fair value changes will not be reclassified to profit or loss upon derecognition of the investment.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

With regard to impairment of financial assets, HKFRS 9 has adopted an expected credit loss model, as opposed to an incurred credit loss model required under HKAS 39. In general, the expected credit loss model requires an entity to assess the change in credit risk of the financial asset since initial recognition at each reporting date and to recognise the expected credit loss depending on the degree of the change in credit risk.

With regard to the general hedge accounting requirements, HKFRS 9 retains the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

4. ADOPTION OF HKFRSs (CONTINUED)

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

HKFRS 9 Financial Instruments (Continued)

The Group anticipates that the application of HKFRS 9 in the future may have impact on amounts reported in respect of the Group's financial assets (e.g. the impairment on receivables) based on expected loss model and financial liabilities designated as fair value through profit or loss. Currently the Group is in the midst of assessing the financial impact of the application of HKFRS 9 and a reasonable estimate of that effect will be available once a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers and the clarifications to HKFRS 15

HKFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, HKFRS 15 introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The Group does not expect the adoption of HKFRS 15 would result in significant impact on the amounts reported on the Group's consolidated financial statements in future. However, there will be additional qualitative and quantitative disclosures upon the adoption of HKFRS 15.

4. ADOPTION OF HKFRSs (CONTINUED)

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

HKFRS 16 Leases

HKFRS 16 will supersede the current lease guidance including HKAS 17 Leases and the related interpretations when it becomes effective.

With regard to lessee accounting, the distinction of operating leases and finance leases, as required by HKAS 17, has been replaced by a model which requires a right-of-use asset and a corresponding liability to be recognised for all leases by lessees except for short-term leases and leases of low value assets. Specifically, the right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any re-measurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments. Furthermore, the classification of cash flows will also be affected as operating lease payments under HKAS 17 are presented as operating cash flows; whereas, under the HKFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

With regard to lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, HKFRS 16 requires extensive disclosures in the financial statements.

As set out in note 24, the total operating lease commitments of the Group in respect of leased properties as at 31 March 2017 amounted to approximately HK$13,248,000 (2016: HK$12,534,000). A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of the new requirement may result in changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors of the Company complete a detailed review.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation and subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries comprising the Group for the reporting periods. As explained in note 2 above, the Reorganisation is accounted for using merger basis of accounting.

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all of the following elements are present: power over the investee; exposure, or rights, to variable returns from the investee; and the ability to use its power to affect those variable returns. Generally control is achieved with a shareholding of more than one half of the voting rights over the relevant activities of the investee. The existence and effect of potential voting rights that are exercisable or convertible are considered when assessing whether the Company controls another entity. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

The financial statements of subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are attributed to the owners of the Company.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

The results of subsidiaries are included in the Company's statement of comprehensive income to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Plant and equipment

Plant and equipment are stated at cost, less provision for depreciation and impairment losses, if any.

The cost of an item of plant and equipment comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the item has been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to profit or loss in the year in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in future economic benefits expected to be obtained from the use of the item, the expenditure is capitalised as an additional cost of the item. When an item of property, plant and equipment is sold, its cost and accumulated depreciation are derecognised and any gain or loss resulting from the disposal, being the difference between the net disposal proceeds and the carrying amount of the asset, is included in profit or loss.

Depreciation is calculated using the straight-line method, based on the estimated economic useful life of the individual assets, as follows:

Leasehold improvements	Over the lease term
Motor vehicles	5 years
Furniture, fixtures and equipment	5 years

The useful life and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

(c) Impairment of non-financial assets

When an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets), the asset's recoverable amount of the asset is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset or cash-generating unit.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets or groups of assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss is charged pro rata to the assets in the cash-generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal (if measurable) or value in use (if determinable), whichever is the higher.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Impairment of non-financial assets (Continued)

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a favourable change in the estimates used to determine the asset's recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation and amortization) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

(d) Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lease. All other leases are classified as operating leases.

Operating lease charges as the lessee

Where the Group has the right to use of assets held under operating leases, payments made under the leases are recognised as an expense in profit or loss on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rental arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event the lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expenses on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(e) Financial assets

The Group's financial assets include account receivables, deposits and other receivables, amounts due from shareholders and cash and cash equivalents are classified and accounted for as loans and receivables.

The Group classifies these financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at the end of reporting period.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. When financial assets are recognised initially, they are measured at fair value, plus, directly attributable transaction costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial assets (Continued)

Derecognition of financial assets occurs when the rights to receive cash flows from the instruments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest amortisation is included in other income and gains in profit or loss. The amount of loss is recognised in profit or loss of the period in which the impairment occurs.

Impairment loss on financial assets

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

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

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial assets (Continued)

Impairment loss on financial assets (Continued)

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

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

(f) Financial liabilities

The Group's financial liabilities include accruals and other payables.

The Group classifies these financial liabilities, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

After initial recognition, the financial liabilities are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest amortisation is included in finance costs in profit or loss.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest amortisation process.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Dividend distribution

Final dividends proposed by the directors are classified as a separate allocation of retained earnings within the capital and reserves section of the consolidated statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as liability.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand, demand deposits and short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

(i) Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. When the time value of money is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditure expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

All provisions are reviewed at the reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefit is remote.

Contingent liabilities are recognised in the course of the allocation of purchase price to the assets and liabilities acquired in a business combination. They are initially measured at fair value at the date of acquisition and subsequently measured at the higher of the amount that would be recognised in a comparable provision as described above and the amount initially recognised less any accumulated amortisation, if appropriate.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carried forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carried forward unused tax credits and unused tax losses can be utilised, except in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Revenue recognition

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

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

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

(l) Employee benefits

(a) Contributions to defined contribution retirement plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution.

The contributions recognised in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

The Group participates the defined contribution scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance which is available to its employees in Hong Kong. Contributions to the MPF Scheme by the Group and employees are made based on a percentage of employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

(b) Short-term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

(c) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group restructuring costs involve the payment of termination benefits.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Equity instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(n) Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

(o) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Company.

(b) An entity is related to the Group if any of the following conditions apply:

(i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third party and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parents.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Related parties (Continued)

(b) An entity is related to the Group if any of the following conditions apply: (Continued)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependents of that person or that person's spouse or domestic partner.

(p) Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major operations.

The measurement policies the Group uses for reporting segment results under HKFRS 8 "Operating Segments" are the same as those used in its financial statements prepared under HKFRSs.

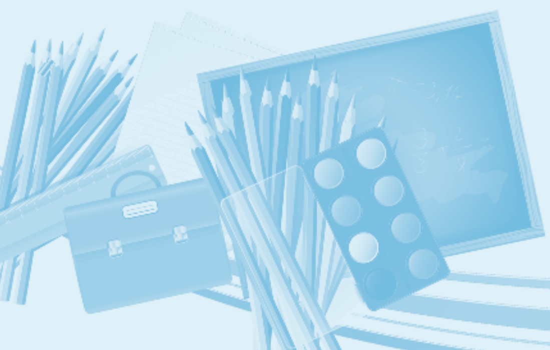
6. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the consolidated financial statements requires the directors of the Company to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors have considered the development, selection and disclosure of the Group's critical accounting judgments and estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities with the next financial year are discussed below.



6. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Impairment of receivables

The provision policy for doubtful debts of the Group is based on the ongoing evaluation of the collectability and ageing analysis of the outstanding receivables and on the management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including creditworthiness and the past collection history of each customer and the related parties. If the financial conditions of the customers and other debtors of the Group were to deteriorate, indicated by default or delinquency in payments, subsequent settlements and ageing analysis of receivables, resulting in an impairment of their ability to make payments, additional impairment may be required. As at 31 March 2017, the carrying amount of account and other receivables was HK$1,176,000 (2016: HK$721,000) (notes 16 and 17).

Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the recoverable amount of the asset. This requires an estimation of the value-in-use of the cash-generating unit to which the asset is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. A change in the estimate future cash flows and/or the discount rate applied will result in an adjustment to the estimated impairment provision previously made.

Estimated useful lives of plant and equipment

In determining the useful lives of plant and equipment, the Group has to consider various factors, such as expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful lives of the asset is made based on the experience of the Group with similar assets that are used in a similar way. Depreciation charge is revised if the estimated useful lives of items of plant and equipment are different from the previous estimation. Useful lives are reviewed, at the end of each reporting period, based on the changes in circumstances. The carrying amount of plant and equipment is disclosed in note 15.

7. 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:

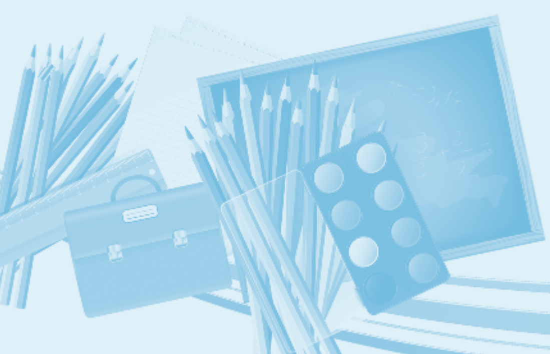
	2017 **HK$'000**	2016 HK$'000
Primary school tutoring services	**7,501**	7,708
Secondary school tutoring services	**29,835**	30,868
	37,336	38,576

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).

8. 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 **HK$'000**	2016 HK$'000
Revenue		
Income from tutoring services	**37,336**	38,576
Other income		
Interest income	**88**	2
Others	**6**	5
	94	7



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

9. FINANCE COST

	2017 **HK$'000**	2016 HK$'000
Interest on bank borrowings	**–**	70

10. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	2017 **HK$'000**	2016 HK$'000
Auditor's remuneration	**250**	200
Employee benefit expenses (including directors' remuneration (note 11))		
Salaries, allowances and benefits in kind	**14,507**	12,941
Pension scheme contributions — Defined contribution plan	**645**	614
	15,152	13,555

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

11. DIRECTORS' REMUNERATION, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' remuneration

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 March 2017				
Executive directors:				
Mr. Cheung (note (i))	**—**	**378**	**18**	**396**
Ms. Chan Hoi Ying Karina (note (i))	**—**	**138**	**7**	**145**
	—	**516**	**25**	**541**
Non-Executive directors:				
Mr. Tsang Hin Man Terence (note (ii))	**40**	**—**	**—**	**40**
Ms. Wong Yi Ling (note (ii))	**40**	**—**	**—**	**40**
	80	**—**	**—**	**80**
Independent Non-Executive directors:				
Mr. Chan Hoi Keung Terrance (note (iii))	**40**	**—**	**—**	**40**
Mr. Sek Ngo Chi (note (iii))	**32**	**—**	**—**	**32**
Mr. Ho Kin (note (iii))	**32**	**—**	**—**	**32**
	104	**—**	**—**	**104**
	184	**516**	**25**	**725**
Year ended 31 March 2016				
Executive directors:				
Mr. Cheung	—	378	18	396
Ms. Chan Hoi Ying Karina	—	138	7	145
	—	516	25	541

11. DIRECTORS' REMUNERATION, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT'S EMOLUMENTS (CONTINUED)

(a) Directors' remuneration (Continued)

Notes:

(i) Mr. Cheung and Ms. Chan Hoi Ying Karina were appointed as executive directors of the Company respectively on 26 November 2015.

(ii) Mr. Tsang Hin Man Terence and Ms. Wong Yi Ling were appointed on 8 March 2016 as non-executive directors of the Company.

(iii) Mr. Chan Hoi Keung, Mr. Sek Ngo Chi and Mr. Ho Kin were appointed as independent non-executive directors of the Company on 3 November 2016, 7 November 2016 and 3 November 2016, respectively.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group and the non-executive directors' emoluments shown above was for their services as directors of the Company or its subsidiaries.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year ended 31 March 2017 (2016: Nil).

(b) Five highest paid individuals

The five individuals with the highest emoluments in the Group included 1 (2016: 1) director of the Company whose emoluments are disclosed in Note 11(a) above. The analysis of the emoluments of the remaining 4 (2016: 4) highest paid individuals, all whose emoluments fell within the salary band of Nil to HK$1,000,000, are set out below:

	2017 **HK$'000**	2016 HK$'000
Salaries, allowances and benefits in kind	**2,124**	1,547
Pension scheme contributions	**68**	69
	2,192	1,616

During the year ended 31 March 2017, no director or any of the five highest paid individuals waived or agreed to waive any emoluments (2016: Nil). No emoluments were paid by the Group to the directors or any of the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office for the year (2016: Nil).

(c) Senior management's emoluments

The number of senior management (excluding the directors of the Company) whose remuneration fell within the following bands is as follows:

	2017	2016
Nil to HK$1,000,000	**2**	2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

12. INCOME TAX EXPENSE

	Note	2017 HK$'000	2016 HK$'000
Current tax — Hong Kong	b	**1,716**	2,267

(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.

A reconciliation of the income tax expense applicable to profit before income tax at the statutory tax rate to income tax expense at the effective tax rate is as follows:

	2017 HK$'000	2016 HK$'000
Profit before income tax	**4,507**	7,256
Tax on profit before income tax at 16.5%	**743**	1,199
Effect of non-deductible expense	**959**	1,008
Effect of non-taxable revenue	**(14)**	—
Effect on temporary differences not recognised	**48**	80
Effect of tax reduction	**(20)**	(20)
Income tax expense	**1,716**	2,267

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

13. DIVIDENDS

	2017 HK$'000	2016 HK$'000
Special dividend of HK$3.4 (2016: HK$3.0) per share	**3,400**	3,000

Special dividend of HK$3.4 (2016: HK$3.0) per share totally HK$3,400,000 (2016: HK$3,000,000) for the years ended 31 March 2017, represented dividends paid by Bright Union, 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 these consolidated financial statements.

14. 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 HK$'000	2016 HK$'000
Earnings		
Profit for the year attributable to the owners of the Company	**2,791**	4,989
Number of shares		
Weighted average number of shares for the purpose of calculating basic earnings per share	**406,712,329**	350,000,000

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 (see Note 21(e)) as if the 350,000,000 shares had been in issue throughout the entire reporting periods.

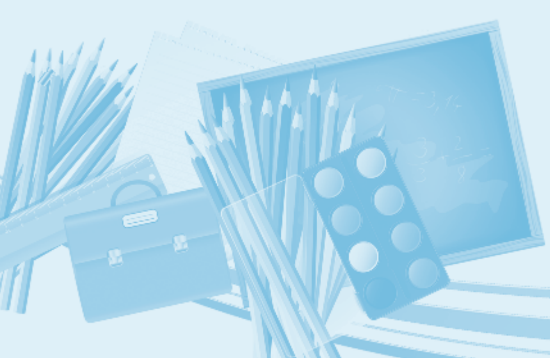
Diluted earnings per share amount was the same as the basic earnings per share amount as there were no potential ordinary shares outstanding for the year ended 31 March 2017 (2016: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

15. PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Motor vehicles HK$'000	Furniture, fixture and equipment HK$'000	Total HK$'000
Cost:				
At 1 April 2015	3,224	107	1,468	4,799
Additions	605	—	107	712
At 31 March 2016 and 1 April 2016	3,829	107	1,575	5,511
Additions	986	—	206	1,192
At 31 March 2017	**4,815**	**107**	**1,781**	**6,703**
Accumulated depreciation:				
At 1 April 2015	2,535	107	947	3,589
Charge for the year	563	—	211	774
At 31 March 2016 and 1 April 2016	3,098	107	1,158	4,363
Charge for the year	494	—	196	690
At 31 March 2017	**3,592**	**107**	**1,354**	**5,053**
Net carrying amounts:				
At 31 March 2017	**1,223**	**—**	**427**	**1,650**
At 31 March 2016	731	—	417	1,148



16. ACCOUNT RECEIVABLES

	2017 HK$'000	2016 HK$'000
Account receivables	**1,097**	721

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 HK$'000	2016 HK$'000
1 to 90 days past due	**1,002**	720
Over 90 days past due	**95**	1
	1,097	721

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2017 HK$'000	2016 HK$'000
Prepayments	631	2,768
Deposits	2,360	2,017
Other receivables	79	—
	3,070	4,785

18. AMOUNTS DUE FROM SHAREHOLDERS

The amounts due from shareholders were non-trade in nature, unsecured, interest-free and repayable on demand.

19. CASH AND CASH EQUIVALENTS

	2017 HK$'000	2016 HK$'000
Cash in hand and bank balances	9,727	13,730
Deposits	30,000	—
	39,727	13,730

All cash and cash equivalents were denominated in HK$ and were kept in Hong Kong.

Cash at banks earned interest at floating rates based on daily bank deposit rates. Deposits are made for three months (2016: Nil) depending on the immediate cash requirement of the Group, and earn interest at the deposit rates of 1.22% per annum. The bank balances were deposited with creditworthy banks with no recent history of default.

20. 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
	2,021	4,690

21. 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 (note a)	38,000	380
Increase in authorised share capital (note b)	1,962,000	19,620
At 31 March 2017	**2,000,000**	**20,000**
Issued and fully paid:		
Issue of share 19 October 2015 (date of incorporation) (note a)	—^	—*
At 31 March 2016	—	—
Issue of shares upon Reorganisation (note c)	5	—*
Issue of new shares by Share Offer (note d)	172,500	1,725
Capitalisation issue of shares (note e)	349,995	3,500
	522,500	**5,225**

^ 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 transferred their entire shareholding interests in Billion Bright to Simple Joyous 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.

21. SHARE CAPITAL (CONTINUED)

Authorised and issued share capital (Continued)

Notes: (Continued)

(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.

22. 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.

23. FINANCIAL INFORMATION OF THE COMPANY

	Notes	2017 HK$'000	2016 HK$'000
Non-current assets			
Investments in subsidiaries	(a)	—*	—*
Current assets			
Amount due from a subsidiary		27,189	—
Amount due from a shareholder		—	—*
Cash and cash equivalents		1,546	—
		28,735	—*
Current liabilities			
Amount due to a subsidiary		—*	—*
Net current assets		28,735	—*
Total assets less current liabilities		28,735	—*
Net assets		28,735	—*
Equity			
Share capital	21	5,225	—*
Reserves	(b)	23,510	—
Total equity		28,735	—*

* Amounts less than HK$1,000.

The financial statements of the Company were approved and authorised for issue by the board of directors on 9 June 2017 and are signed on its behalf by:

Cheung Lick Keung
Director

Chan Hoi Ying Karina
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

23. FINANCIAL INFORMATION OF THE COMPANY (CONTINUED)

(a) Investments in subsidiaries of the Company

	2017 HK$'000	2016 HK$'000
Unlisted equity investments	—*	—*

* Amount less than HK$1,000.

(b) Reserves of the Company

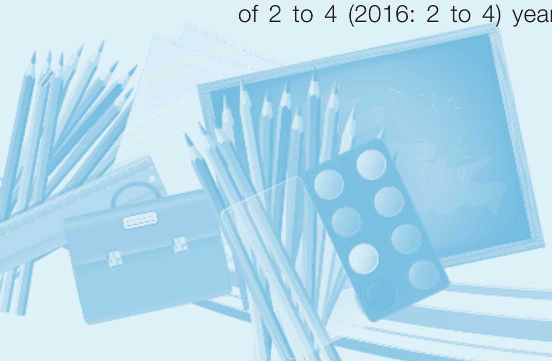
	Share premium HK$'000	Retained profits HK$'000	Total equity HK$'000
At 19 October 2015 (date of incorporation), 31 March 2016 and 1 April 2016	—	—	—
Issue of new shares by Share Offer (note 21(d))	33,637	—	33,637
Capitalisation issue of shares (note 21(e))	(3,500)	—	(3,500)
Expenses incurred in connection with issue of new shares	(6,628)	—	(6,628)
Profit and total comprehensive income for the year	—	1	1
At 31 March 2017	**23,509**	**1**	**23,510**

24. OPERATING LEASE COMMITMENTS

During the year ended 31 March 2017, the Group as lessee had future minimum rental payments under non-cancellable operating leases of the Group in respect of properties with related parties (note 25) and certain independent third parties at each of the reporting period is as follows:

	2017 HK$'000	2016 HK$'000
Within one year	7,310	6,719
Within two to four years	5,938	5,815
	13,248	12,534

The Group leases certain properties under operating leases. The leases generally run for an initial period of 2 to 4 (2016: 2 to 4) years.



24. OPERATING LEASE COMMITMENTS (CONTINUED)

Certain leasing arrangements have been subject to contingent rent by reference to monthly turnover throughout the leasing periods. The minimum guaranteed rental has been used to arrive at the above commitments. Certain personal guarantee given by Mr. Cheung to certain leasing arrangements has been released during the year ended 31 March 2016. No contingent rent has been paid for the year ended 31 March 2017 (2016: Nil).

25. RELATED PARTY TRANSACTIONS

(a) Balances and transactions

Save as disclosed elsewhere in these consolidated financial statements, the Group had the following material transactions with related parties:

	2017 HK$'000	2016 HK$'000
Operating lease charges paid to a director and close family members of a director (note)	**240**	240
Staff costs paid to one of the ultimate controlling parties	**956**	396

Note: The operating leases are charges by the respective related parties at HK$10,000 (2016: HK$10,000) per month and the lease terms will be expired on 31 March 2018.

(b) Commitments with related parties

In respect of the operating lease arrangements entered with related parties as disclosed in above, the future minimum rental payable under non-cancellable operating leases of the Group in respect of properties was HK$240,000 (2016: HK$480,000) as of 31 March 2017.

(c) Senior management's emoluments

The emoluments paid or payable to members of senior management of the Group and the Company (including directors' emoluments) are as follows:

	2017 HK$'000	2016 HK$'000
Salaries, allowances and benefits in kind	**1,458**	858
Pension scheme contributions	**35**	35
	1,493	893

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

26. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments are as follows:

	2017	2016
	HK$'000	HK$'000
Financial assets		
Loans and receivables:		
Account receivables	**1,097**	721
Deposits and other receivables	**2,439**	2,017
Amounts due from shareholders	**—**	372
Cash and cash equivalents	**39,727**	13,730
	43,263	16,840
Financial liabilities		
At amortised cost:		
Accruals and other payables	**1,577**	3,944

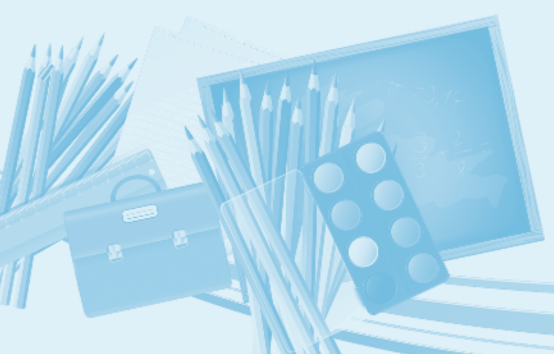
27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise account receivables, deposits and other receivables, amounts due from shareholders, cash and cash equivalents, accruals and other payables. These financial instruments mainly arise from its operations.

The carrying amounts of the Group's financial instruments approximated to their fair value as at the end of each reporting period. Fair value estimates are made at a specific point in time and are based on relevant market information about the financial instruments.

These estimates are subjective in nature and involve uncertainties and matters of significant judgment, and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. As the Group's exposure to these risks is kept to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The board of directors of the Company reviews and agrees policies for managing each of these risks and they are summarised below.



27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's exposure to interest rate risk mainly arises on bank balances and deposits which bore floating and fixed interest rates respectively.

The Group manages interest rate risk by monitoring its interest rate profile on an ongoing basis. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk. The Group has not formulated a policy to manage the interest rate risk.

No sensitivity analysis is presented for bank balances carrying floating interest rates as the directors of the Company considered the Group's exposure to interest rate risk is minimal.

Credit risk

Credit risk relates to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group.

In order to minimise the credit risk, the management of the Group reviews the recoverable amount of each individual debt periodically and at each reporting date to ensure that adequate impairment loss is made for irrecoverable amounts. In this regards, the management of the Group considers that the Group's credit risk is significantly reduced.

The Group's management considers that all the above financial assets that are not impaired under review are of good credit quality, including those that are past due. Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in notes 16 and 17.

The credit risk for cash at banks is regarded as immaterial as they are deposited with major banks located in Hong Kong.

None of the Group's financial assets are secured by collateral or other credit enhancement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet obligations associated with its financial liabilities. The Group is exposed to liquidity risk in respect of settlement of accruals and other payables and amount due to a shareholder, and also in respect of its cash flow management. The Company's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term. The financial liabilities of the Group are all due within twelve months at the reporting date.

Fair value of financial instruments

The notional amounts of financial assets and financial liabilities with a maturity of less than one year (including account receivables, deposits and other receivables, amounts due from shareholders, cash and cash equivalents, accruals and other payables) are assumed to approximate their fair value based on the nature or short-term maturity of these instruments.

28. CAPITAL MANAGEMENT

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as going concern and to maintain reasonable capital ratios in order to support its business and maximise shareholders' value. The Group's overall strategy remains unchanged during the year.

The capital structure of the Group consists of equity attributable to the equity holders of the Company, comprising share capital and reserves disclosed in the consolidated statement of changes in equity, amounting to approximately HK$43,503,000 as at 31 March 2017 (2016: HK$15,378,000).

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders' returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through adjust the amount of dividends paid to the shareholders, return capital to the shareholder, issue new share and raise new borrowings.

The Group's overall strategy remains unchanged from 2016.

29. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

As at the date of this report, the Company has direct or indirect interests in the following subsidiaries, all of which are private companies with limited liability, the particulars of which are set out as follows:

Company name	Place and date of incorporation	Particulars of issued and fully paid up share capital	Attributable equity interest		Place of operation and principal activities
			Direct	Indirect	
Simply Joyous	the BVI, 25 August 2015	1 ordinary share of United States dollars ("**US$**") 1 each	100%	—	Hong Kong, Investment holding
Billion Bright	the BVI, 1 July 2009	50,000 ordinary shares of US$1 each	—	100%	Hong Kong, Investment holding
Bright Union	Hong Kong, 7 December 2007	10,000 ordinary shares of HK$10,000	—	100%	Hong Kong, Provision of private tutoring services
Base Channel Limited	the BVI, 13 March 2017	1 ordinary shares of US$1 each	—	100%	Hong Kong, Investment holding
Bright Wealth International Limited	Hong Kong, 13 January 2017	1 ordinary share of HK$1	—	100%	Hong Kong, Investment holding

30. MAJOR NON-CASH TRANSACTIONS

(a) During the year ended 31 March 2016, proceeds from issuance of new shares of Billion Bright to Mr. Cheung and Mr. Cheung Luk Sun amounting to approximately HK$372,000 were settled through the current accounts with its shareholders.

(b) Dividend amounting to approximately HK$372,000 declared by Bright Union during the year ended 31 March 2017 was settled through the current accounts with its shareholders.

FINANCIAL SUMMARY

The following is a summary of the published results and assets and liabilities of the Group for the last five financial years prepared on the basis set out in the notes below.

RESULTS

	Year ended 31 March				
	2017	2016	2015	2014	2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**37,336**	38,576	36,249	36,238	33,739
Profit before income tax	**4,507**	7,256	11,287	12,426	7,998
Income tax expense	**(1,716)**	(2,267)	(2,123)	(2,114)	(1,397)
Profit for the year	**2,791**	4,989	9,164	10,312	6,601
Profit attributable to owners of the Company	**2,791**	4,989	9,164	10,312	6,601

ASSETS AND LIABILITIES

	Year ended 31 March				
	2017	2016	2015	2014	2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**45,544**	20,756	13,273	16,910	13,867
Total liabilities	**(2,041)**	(5,378)	(3,256)	(2,557)	(6,779)
	43,503	15,378	10,017	14,353	7,088
Equity attributable to owners of the Company	**43,503**	15,378	10,017	14,353	7,088