

Goldway Education Group Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code : 8160



Interim Report

2017

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

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

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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.

Goldway Education Group Limited



FINANCIAL HIGHLIGHTS

For the six months ended 30 September 2017, unaudited operating results of the Group were as follows:

- revenue of approximately HK\$17.3 million, which is similar to that of the same period of previous financial year;
- profit for the six months ended 30 September 2017 amounted to approximately HK\$1.2 million, representing an increase of 3.3% from the same period of previous financial year; and,
- the Directors do not recommend the payment of interim dividend for the six months ended 30 September 2017.



INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

The board of Directors (the “**Board**”) of the Company is pleased to announce the unaudited results of the Group for the six months ended 30 September 2017 together with the comparative unaudited figures for the corresponding period in 2016 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2017

	Notes	Three months ended 30 September		Six months ended 30 September	
		2017 HK'000 (unaudited)	2016 HK'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Revenue	3	8,031	7,962	17,260	17,254
Other income	3	72	—	84	1
Advertising expenses		(86)	(21)	(133)	(41)
Building management fees and rates		(205)	(215)	(419)	(414)
Depreciation expenses		(304)	(153)	(520)	(334)
Employee benefit expenses		(4,104)	(3,462)	(8,005)	(7,027)
Operating lease expenses		(2,171)	(1,894)	(4,308)	(3,807)
Other operating expenses		(1,696)	(577)	(2,478)	(1,014)
Listing expenses		—	(2,257)	—	(2,659)
(Loss)/Profit before income tax expense		(463)	(617)	1,481	1,959
Income tax expense	5	77	(281)	(244)	(762)
(Loss)/Profit and total comprehensive income attributable to owners of the Company for the period		(386)	(898)	1,237	1,197
		HK cent	HK cent	HK cent	HK cent
Basic (losses) earnings per share attributable to equity holders of the Company for the period	7	(0.07)	(0.26)	0.24	0.34



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2017

	<i>Notes</i>	30 September 2017 HK\$'000 (unaudited)	31 March 2017 HK\$'000 (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Plant and equipment	8	2,249	1,650
Current assets			
Account receivables	9	1,871	1,097
Prepayments, deposits and other receivables	10	3,122	3,070
Tax recoverable		307	—
Cash and cash equivalents		38,975	39,727
		44,275	43,894
Current liabilities			
Accruals, receipt in advance and other payables	11	1,784	2,021
Tax payable		—	20
		1,784	2,041
Net current assets		42,491	41,853
Net assets		44,740	43,503
EQUITY			
Equity attributable to owners of the Company			
Share capital	12	5,225	5,225
Reserves		39,515	38,278
Total equity		44,740	43,503



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the six months ended 30 September 2017

	Attributable to owners of the Company				
	Share capital	Share premium	Capital reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance as at 1 April 2016	—	—	3,372	12,006	15,378
Special dividends declared	—	—	—	(3,400)	(3,400)
Profit and total comprehensive income for the year	—	—	—	2,791	2,791
Issue of new shares by share offer	1,725	33,637	—	—	35,362
Capitalisation issue of shares	3,500	(3,500)	—	—	—
Expenses incurred in connection with issue of new shares	—	(6,628)	—	—	(6,628)
At 31 March 2017 and 1 April 2017	5,225	23,509	3,372	11,397	43,503
Profit and total comprehensive income for the period	—	—	—	1,237	1,237
Balance as at 30 September 2017 (unaudited)	5,225	23,509	3,372	12,634	44,740
Balance as at 1 April 2016	—	—	3,372	12,006	15,378
Profit and total comprehensive income for the period	—	—	—	1,197	1,197
Special dividend declared	—	—	—	(3,400)	(3,400)
Balance as at 30 September 2016 (unaudited)	—	—	3,372	9,803	13,175



UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT*For the six months ended 30 September 2017*

	Six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Net cash generated from operating activities	367	1,844
Net cash used in investing activities	(1,119)	(156)
Net cash generated/(used in) financing activities	—	(3,400)
Net decrease in cash and cash equivalents	(752)	(1,712)
Cash and cash equivalents at 1 April	39,727	13,730
Cash and cash equivalents at 30 September	38,975	12,018



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

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

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

2. BASIS OF PRESENTATION AND PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 September 2017 have been prepared by the directors 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 accounting policies and basis of preparation adopted in the preparation of the financial statements for the six months ended 30 September 2017 are consistent with those adopted in the annual report for the year ended 31 March 2017. The adoption of the new and revised HKFRSs that are relevant to the Group and effective from the current period had no significant effects on the results and financial position of the Group.

The unaudited condensed consolidated financial statements have been prepared on the historical cost convention and are presented in Hong Kong dollar (“**HKS**”) which is also the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise indicated.

The condensed consolidated financial statements have not been audited by the auditors of the Company but have been reviewed by the audit committee of the Company.



3. 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 recognised during the period is as follows:

	Three months ended 30 September		Six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Revenue				
Income from tutoring services	8,031	7,962	17,260	17,254
Other income				
Interest income	72	—	84	1

4. SEGMENT INFORMATION

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is identified on the basis of the internal management reporting information that is provided to and regularly reviewed by the Group's chief operating decision maker ("CODM") in order to allocate resources and assess performance of the segment. For the reporting period, management of the Company has determined that the Group has 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:

	Three months ended 30 September		Six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Primary tutoring services	1,841	1,769	3,958	3,712
Secondary tutoring services	6,190	6,193	13,302	13,542
	8,031	7,962	17,260	17,254

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.



5. INCOME TAX EXPENSES

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit during the six months ended 30 September 2016 and 2017.

6. DIVIDEND

The Directors do not recommend the payment of interim dividend for the six months ended 30 September 2017 (2016: special dividend of HK\$3,400,000).

7. EARNINGS PER SHARE

	Three months ended 30 September		Six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Earnings				
(Loss)/Profit for the period attributable to the owners of the Company	(386)	(898)	1,237	1,197
Number of shares				
Weighted average number of shares for the purpose of calculating basic earnings per share	522,500,000	350,000,000	522,500,000	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 as if the shares had been in issue throughout the entire reporting periods.

Diluted earnings per share amount was the same as basic earnings per share amount as there were no potential dilutive shares outstanding for the six months ended 30 September 2016 and 2017.

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2017, the Group acquired property, plant and equipment of approximately HK\$1,119,000 (six months ended 30 September 2016: HK\$156,000).



9. ACCOUNT RECEIVABLES

	30 September 2017 HK\$'000 (unaudited)	31 March 2017 HK\$'000 (audited)
Account receivables	1,871	1,097

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.

	30 September 2017 HK\$'000 (unaudited)	31 March 2017 HK\$'000 (audited)
1 to 90 days past due	1,871	1,002
Over 90 days past due	—	95
	1,871	1,097

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 30 September 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.



10. PREPAYMENT, DEPOSITS AND OTHER RECEIVABLES

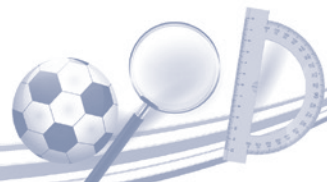
	30 September 2017 HK\$'000 (unaudited)	31 March 2017 HK\$'000 (audited)
Prepayments	582	631
Deposits	2,540	2,360
Other receivables	—	79
	3,122	3,070

11. ACCRUALS, RECEIPT IN ADVANCE AND OTHER PAYABLES

	30 September 2017 HK\$'000 (unaudited)	31 March 2017 HK\$'000 (audited)
Accruals	1,497	1,327
Receipt in advance	287	444
Other payables	—	250
	1,784	2,021

12. SHARE CAPITAL

	30 September 2017 HK\$'000 (unaudited)	31 March 2017 HK\$'000 (audited)
Authorised:		
2,000,000,000 ordinary shares of HK\$0.01 each	20,000	20,000
Issued and fully paid:		
522,000,000 ordinary shares of HK\$0.01 each	5,225	5,225



13. 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:

	Six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Operating lease charges paid to a director and close family members of a director (note)	120	120
Staff costs paid to one of the ultimate controlling parties	498	198
	618	318

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\$120,000 (2016: HK\$360,000) as of 30 September 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:

	Six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Salaries, allowances and benefits in kind	1,047	687
Pension scheme contributions	30	30
	1,077	717



MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the six months ended 30 September 2017 (the “**Reporting Period**”), 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 77.1% (2016: approximately 78.5%) of the revenue of the Group was generated from the provision of tutoring services to secondary school students and approximately 22.9% (2016: approximately 21.5%) of the revenue of the Group was generated from the provision of tutoring services to primary school students during the six months ended 30 September 2017.

Due to operating in a highly competitive industry while the number of secondary school students in Hong Kong is decreasing because of the low birth rate in the early 2000s and the increasing of operating costs, the Group faced with enormous challenges during the six months ended 30 September 2017. However, the experience of the Directors and the management team and the huge efforts put by our staff continued to maintain the performance of the Group during the six months ended 30 September 2017.

During the six months ended 30 September 2017, we have opened our new centre in Shatin and closed a centre in Tuen Mun due to the end of tenancy period. While the setup of a new centre in Tsz Wan Shan will soon be completed and will commence to operate during the three months ended 31 December 2017, we will manage to operate 15 tutorial centres.

Outlook

The Directors believe the number of primary school students in Hong Kong will increase in coming years due to the increase of birth rate after 2007. To seize the various business opportunities caused by the above factor, the Group will seek to introduce more innovative courses, expand our network via developing franchise program and explore any investment opportunities in education industry of People’s Republic of China besides continuing to achieve the future plans disclosed in the prospectus issued by the Company dated 17 November 2016. All of these diversified developments will be funded by the internally generated resources of the Group.

In addition, the Group will continue to implement cost effective measures to enhance the profitability in order to strengthen the positive cash flow and earnings for the Group in long run and to generate greater value to the shareholders of the Group.



Financial Review

Revenue

For the six months ended 30 September 2017, the Group recorded total revenue of approximately HK\$17.3 million, which is similar to that of the same period of previous financial year.

Employee benefit expenses

Employee benefit expenses mainly consist of wages and salaries, pension costs and other benefits to the Directors and the staff. Comparing to the same period of previous financial year, employee benefit expenses increased by approximately 13.9% to HK\$8.0 million for the six months ended 30 September 2017, which was primarily resulted from the recruitment of staff to support its expanding operations and the increase in other benefits incurred for employees.

Operating lease expenses

The operating lease expense comprises rental expenses of tutorial centres. The operating lease expense increased by approximately 13.2% to approximately HK\$4.3 million for the six months ended 30 September 2017 from approximately HK\$3.8 million for the six months ended 30 September 2016. The increase was mainly due to rent of new centres and increment of rent upon renewal of tenancy agreement of existing centres, which offset by closure of Lung Mun Centre.

Net profit and net profit margin

The Group recorded a profit attributable to owners of the Company amounted to approximately HK\$1.24 million for the six months ended 30 September 2017 (2016: HK\$1.20 million), representing an increase of approximately 3.3% from the same period of previous financial year. Such growth was primarily due to saving of listing expenses since the Company was successfully listed on GEM of the Stock Exchange on 2 December 2016, which offset by an increase in i) employee benefit expenses of approximately HK\$1.0 million and ii) operating lease expenses of approximately HK\$0.5 million during the six months ended 30 September 2017 as compared to the same period of previous financial year. The net profit margin increased to 7.2% for the six months ended 30 September 2017 from 6.9% of the corresponding period in 2016.

CONTINGENT LIABILITIES

As at 30 September 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 30 September 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 30 September 2017 HK\$ million	Actual use of net proceeds up to 30 September 2017 HK\$ million
Expansion of network	13.0	3.2	3.2
Enhancement of existing centres, facilities and equipment and IT systems	1.9	1.3	1.0
Staff training (Note (a))	0.4	0.2	—
Marketing and promotion and other brand building activities	1.5	0.9	0.9
Total	16.8	5.6	5.1

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 six months ended 30 September 2017, the Group mainly financed its operations with its own working capital. As at 31 March 2017 and 30 September 2017, the Group had net current assets of approximately HK\$41.9 million and HK\$42.5 million respectively, including cash and bank balances of approximately HK\$39.7 million and HK\$39.0 million respectively.

The current ratio of the Group increased from approximately 21.5 times as at 31 March 2017 to approximately 24.8 times as at 30 September 2017. Such increase was mainly due to the settlement of other payables during the six months ended 30 September 2017.

Since the Group had no borrowings or payables incurred not in the ordinary course of business during the year ended 31 March 2017 and six months ended 30 September 2017, the Group was in a net cash position during the year ended 31 March 2017 and six months ended 30 September 2017 and no gearing ratio information was presented.

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.

CAPITAL COMMITMENTS

As at 31 March 2017 and 30 September 2017, the Group did not have any material capital commitments.

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 30 September 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	Interest in controlled corporation (Note 1)	166,810,000	31.96%
Ms. Chan Hoi Ying Karina	Interest of spouse (Note 2)	166,810,000	31.96%

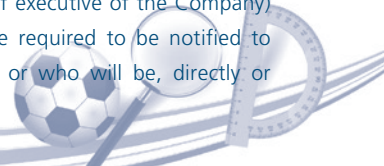
Notes:

1. The entire issued share capital of Digital Achiever Limited is legally and beneficially owned by Mr. Cheung Lick Keung. Mr. Cheung Lick Keung 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 Hoi Ying Karina is the spouse of Mr. Cheung Lick Keung. Ms. Chan Hoi Ying Karina is deemed to be interested in the Shares in which Mr. Cheung Lick Keung is interested in under Part XV of the SFO.

Save as disclosed above, as at 30 September 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 at 30 September 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 Lick Keung. Mr. Cheung Lick Keung 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 30 September 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 CONTRACTS

No Director had a material interest in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the six months ended 30 September 2017.



DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the six months ended 30 September 2017 and up to the date of this report, none of the Directors or substantial shareholders of the Group 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.

SHARE OPTION SCHEMES

No share options have been granted or agreed to be granted during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any listed securities of the Company during the Reporting Period.

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 Reporting Period.

CORPORATE GOVERNANCE PRACTICES

During the Reporting Period, the Company has complied with all the applicable 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 the deviation described below. The code provision A.2.1 of Appendix 15 to the GEM Listing Rules requires the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. However, the Board is of the view that Mr. Cheung Lick Keung has been managing the Group's business and the overall financial and strategic planning since September 2005. The Board believes that the vesting of the roles of chairman and chief executive officer in Mr. Cheung Lick Keung is beneficial to the business operations and management of the Group and will provide a strong and consistent leadership to the Group. In addition, due to the presence of three independent non-executive Directors, the Board considers that no one individual has unfettered power of decision. Accordingly, the Company has not segregated the roles of its chairman and chief-executive officer as required by Code



Provision A.2.1 of Appendix 15 to the GEM Listing Rules. Therefore, the Board considers that the deviation from paragraph A.2.1 of the CG Code is appropriate in the aforesaid circumstance.

INTERESTS OF THE COMPLIANCE ADVISER

During the six months ended 30 September 2017 and up to the date of this report, as notified by the Company's compliance adviser, Kingsway Capital Limited (the "**Compliance Adviser**"), except for the compliance adviser agreement dated 15 November 2016 entered into between the Company and the Compliance Adviser, neither the Compliance Adviser nor its directors, employees or associates had any interests in relation to the Company or any other companies of the Group (including options or rights to subscribe for such securities) which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

AUDIT COMMITTEE

The Audit Committee was established with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules pursuant to a resolution of the Directors passed on 3 November 2016. The primary duties of the audit committee are mainly to make recommendations to the Board on the appointment and removal of the external auditors, review the financial statements and material advice in respect of financial reporting and oversee the internal control procedures of the Company. At present, the audit committee comprises Mr. Chan Hoi Keung Terence, Mr. Sek Ngo Chi and Mr. Ho Kin, all being the independent non-executive Directors of the Group. Mr. Chan Hoi Keung Terence is the chairman of the audit committee. The audit committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 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.

By order of the Board
Goldway Education Group Limited
Cheung Lick Keung
Executive Director and Chairman

Hong Kong, 13 November 2017

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

