

# Goldway Education Group Limited

(incorporated in the Cayman Islands with limited liability)

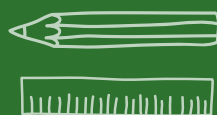
Stock Code : 8160



2020



## Annual Report



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

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

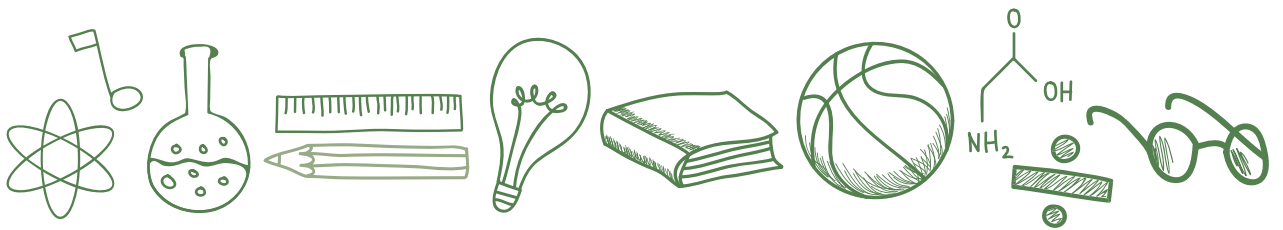
**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities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

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.*

*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 GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this 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](http://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](http://www.goldwayedugp.com).*

**Goldway Education Group Limited**



# CONTENTS

Corporate Information	3
Profile of the Directors	4
Management Discussion and Analysis	6
Directors' Report	9
Corporate Governance Report	19
Environment, Social and Governance Report	28
Independent Auditor's Report	45
Consolidated Financial Statements	
Consolidated:	
Statement of Profit or Loss and Other Comprehensive Income	51
Statement of Financial Position	52
Statement of Changes in Equity	53
Statement of Cash Flows	54
Notes to the Consolidated Financial Statements	55
Financial Summary	100



# 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](http://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  
(resigned with effect from 30 September 2019)  
Ms. Wong Yi Ling  
(resigned with effect from 30 September 2019)

### 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 54, 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 41, is an executive director, the chief executive officer of our 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 our senior management.

Ms. Chan Hoi Ying Karina (陳凱盈女士) (“**Ms. Chan**”), aged 41, 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 university in Hong Kong. Ms. Chan has extensive teaching experience and she had been a Certificated Mistress grade teacher at a school. Ms. Chan joined our Group in April 2012.

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

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Hoi Keung Terence (“**Mr. Chan**”), aged 53, 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 SFO, in May 2015.

Mr. Chan has substantial experience in accounting and corporate finance in both private and listed companies. Mr. Chan is currently operating Forbiz Consulting Limited for finance consulting services. Mr. Chan joined our Group in November 2016.





## PROFILE OF THE DIRECTORS

Mr. Sek Ngo Chi (石傲枝先生) (“**Mr. Sek**”), aged 43, 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 has substantial experience in both commercial development and education management. Mr. Sek was employed in market research and business development roles in various companies from 2001 to 2010. From 2010, Mr. Sek worked in various teaching and education management positions in a number of higher education institutes in Hong Kong and the United Kingdom. Mr. Sek is currently the Business Course Leader in the ONCAMPUS London centre of the Cambridge Education Group. Mr. Sek joined our Group in November 2016.

Mr. Ho Kin (何健先生) (“**Mr. Ho**”), aged 35, 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 is a member of CPA Australia, a member of the Hong Kong Institute of Certified Public Accountants and a member of The Hong Kong Institute of Directors.

Mr. Ho has substantial experience in audit, accounting and corporate finance obtained from international accounting firms and private companies. Mr. Ho is currently a financial controller of Clarity Medical Group. Mr. Ho joined our Group in November 2016.

### SENIOR MANAGEMENT

Mr. Cheung Luk Sun (張力新先生), aged 46, is our chief tutor. 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, a Master of Arts in English Studies from Lingnan University and a Doctor of Education from Tarlac State 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 our Company, the chairman of our Board, and the brother-in-law of Ms. Chan, an executive Director.

Mr. Tsang Hiu San (曾曉新先生) (“**Mr. Tsang**”), aged 38, 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 ten years of experience in auditing, accounting, financial management and internal control matters. Mr. Tsang joined the Group in October 2014.



## BUSINESS REVIEW

### Tutorial Business

During the year, the Group remained to focus on provision of tutoring services to secondary school students and primary school students in Hong Kong.

However, due to the unstable economic situation in the first half of 2019 and the outbreak of a pandemic disease in the second half of 2019 and early 2020, the revenue of tutorial business of the Group dropped by 11.8% to approximately HK\$33.0 million. Consequently, the Group incurred a loss of approximately HK\$7.0 million for the whole Group during the year.

During the year, the revenue generated from primary school tutoring services has decreased to approximately HK\$8.4 million, representing a decrease of 16.5% comparing to that of last financial year. The revenue generated from secondary school tutoring services has decreased to approximately HK\$24.4 million, representing a decrease of 9.3% comparing to that of last financial year.

To cope with the economic downturn, the management decided to streamline the operating procedures and reallocate the resources to achieve cost efficient measurement. As at 31 March 2020, the Group had a total of 12 centres.

### Franchise Business

Due to the economic downturn and the outbreak of the pandemic disease, the management decided to stop the expansion of franchise program during the year ended 31 March 2020. During the year, the Group recorded franchise income of approximately HK\$0.2 million for the year ended 31 March 2020. As at 31 March 2020, we have franchise centres covering Kowloon and the New Territories.

### Environmental Policies and Performance

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

### Compliance with the Relevant Laws and Regulations

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

During the year ended 31 March 2020, there was no material breach of or non-compliance with the applicable laws and rules by the Group.

### Relationships with Employees, Customers and Suppliers

The Group recognises importance of retaining talents to ensure the continuity of business. The Group has established all-rounded staff policy and guidelines for staff welfare, support the development of talent and provide a safe workplace for staff. The Group encouraged employees to update their work-related knowledge, skill by providing training offered by external organisations. During the year ended 31 March 2020, the average number of employee was 77, which is similar to that of 78 for the year ended 31 March 2019. During the year, no violation of labour law was recorded. The customers of the Group included students and their parents considering the services are always paid by either one of them. During the year, there was no material dispute between the Group and the customers/suppliers.



### OUTLOOK

According to Student Enrolment Statistics, 2018/19 issued by Education Bureau, the number of primary school student enrolment in day schools of 2018/19 is 349,745, representing an increase of 2.8% from that of 340,137 in 2017/18. The number of secondary school student enrolment in day schools of 2018/19 is 308,020, representing a decrease of 1.9% from that of 313,848 in 2017/18. The management believe benefits from the growth in number of primary schools in Hong Kong, the Group will continuously allocate more resources to primary school tutoring services. Meanwhile, the Group will also maintain its competitive advantages in secondary school tutoring services.

In the future, the Group will continuously focus on primary school and secondary school tutoring services. The experienced management team still believes that the franchise program will benefit the Group by increasing geographic coverage efficiently and hence will continue to engage more new franchisees after the recovery of economy.

### FINANCIAL REVIEW

#### Revenue

For the year ended 31 March 2020, the Group recorded total revenue of approximately HK\$33.0 million, representing a decrease of approximately 11.8% as compared to approximately HK\$37.5 million for the year ended 31 March 2019. The decrease was mainly due to the decrease of approximately HK\$1.7 million or 16.5% in revenue generated from primary school tutoring services and decrease of approximately HK\$2.5 million or 9.3% in revenue generated from secondary school tutoring services mainly due to unstable economy and outbreak of the pandemic disease.

#### Depreciation expenses

Depreciation comprises depreciation for right-of-use assets, property, leasehold improvement and other equipment. Depreciation of property, plant and equipment increased by approximately HK\$3.6 million from approximately HK\$2.3 million for the year ended 31 March 2019 to approximately HK\$5.9 million for the year ended 31 March 2020, which was mainly due to the recognition of right-of-use assets upon the adoption of HKFRS 16 on 1 April 2019.

#### Employee benefits expense

Employee benefits expense mainly consist of wages and salaries, pension costs and other benefits to the staff and the Directors. Employee benefits expense increased by 11.3% from approximately HK\$20.1 million for the year ended 31 March 2019 to approximately HK\$22.3 million for the year ended 31 March 2020, which was primarily resulted from the increase in staff benefits for retention. As at 31 March 2020, we had a total of 67 (2019: 80) employees.

#### Operating lease expenses

The operating lease expense comprises rental expenses of tutorial centres. For the year ended 31 March 2020, the decrease of operating lease expense was mainly due to the adoption of HKFRS 16 on 1 April 2019.

#### Net loss and net profit margin

The Group recorded a loss attributable to owners of the Company amounting to approximately HK\$7.0 million for the year ended 31 March 2020 (2019: HK\$1.8 million). Such change was primarily due to i) decrease in revenue of HK\$4.4 million mainly caused by unstable economy and outbreak of pandemic disease and ii) increase of employee benefits expense of approximately HK\$2.3 million due to retention as compared to that of previous financial year. The net profit margin changes to -21.3% for the year ended 31 March 2020 from -4.8% of the corresponding period in 2019.





## Account receivables

As at 31 March 2020, the account receivables amounted to approximately HK\$1.0 million, which was similar to that of approximately HK\$1.2 million as at 31 March 2019.

## Cash and cash equivalents

As at 31 March 2020, the cash and cash equivalents amounted to approximately HK\$27.6 million. The decrease comparing to the balance as at 31 March 2019 was mainly due to the cash used in purchase of plant and equipment of approximately HK\$9.0 million.

## CONTINGENT LIABILITIES

As at 31 March 2020, the Group did not have any significant contingent liabilities.

## LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 March 2020, the Group mainly financed its operations with its own working capital. As at 31 March 2020 and 31 March 2019, the Group had net current assets of approximately HK\$23.9 million and HK\$42.2 million respectively, including cash and bank balances of approximately HK\$27.6 million and HK\$42.1 million respectively.

Since the Group had no borrowings or payables incurred not in the ordinary course of business during the years ended 31 March 2020 and 2019, the Group was in net cash position during the years ended 31 March 2020 and 2019 and no gearing ratio information was presented.

## SEGMENTAL INFORMATION

An analysis of the Group's performance for the year ended 31 March 2020 by business segment is set out in note 6 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 2020.

## PRINCIPAL ACTIVITIES

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

## 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 6 to 8 of this annual report. These discussions form part of this directors' report.

## RESULT AND DIVIDENDS

The result of the Group for the year ended 31 March 2020 are set out in the consolidated statement of profit or loss and other comprehensive income on page 51 of this annual report.

The Directors do not recommend the payment of final dividend for the year ended 31 March 2020 (2019: Nil).

## 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 100 of this annual report. This summary does not form part of the audited consolidated financial statements.

## PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year ended 31 March 2020 are set out in Note 14 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 2020. To the best knowledge of the Directors, at no time during the year ended 31 March 2020, 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 2020 in the share capital of the Company are set out in Note 24 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 53 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 27 July 2020 (Monday)
Book close date	28 July 2020 (Tuesday) to 31 July 2020 (Friday)
AGM date	31 July 2020 (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 54, 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 our Group and/or to enable our Group to recruit and retain high-calibre employees and attract human resources that are valuable to our Group or any entity in which our 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 our Company, any of its subsidiaries and any Invested Entity;
- (2) any director (including executive, non-executive and independent nonexecutive Directors) of our Company, any of our subsidiaries or any Invested Entity;
- (3) any supplier of goods or services to any member of our Group or any Invested Entity;
- (4) any customer of our Group or any Invested Entity;
- (5) any consultant, adviser, manager, officer or entity that provides research, development or other technological support to our Group or any Invested Entity; or
- (6) any person who, in the sole discretion of our Board, has contributed or may contribute to our 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 our 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 our Company shall not exceed 50,000,000 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 our 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 our 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 our Company (including options outstanding, cancelled, lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our 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) Our 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 our Company before such approval is sought. For the purpose of seeking the approval of our shareholders, our 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 our 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 our Company in a general meeting or by our 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 2020, 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 5 of this annual report.





### **DIRECTORS' SERVICE CONTRACTS**

Each of our executive Directors, has entered into a service agreement with our 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 our 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 our 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 our non-executive Directors and independent non-executive Directors has entered into a letter of appointment with our Company. The terms and conditions of each of such letters of appointment are similar in all material respects. Each of our 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 our Company with reference to duties and level of responsibilities of each Director and the remuneration policy of our Company and the prevailing market conditions.

The appointments of our executive Directors, our non-executive Directors and our independent non-executive Directors are subject to the provisions of retirement and rotation of Directors under the articles of association of our 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 (3), 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.

### **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 10 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 2020, 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**

<b>Name of Director</b>	<b>Capacity/Nature of interest</b>	<b>Number of Shares</b>	<b>Approximate percentage of issued share capital</b>
Mr. Cheung Lick Keung (“ <b>Mr. Cheung</b> ”)	Interest in controlled corporation <sup>(Note 1)</sup>	166,810,000	31.96%
Ms. Chan Hoi Ying Karina (“ <b>Ms. Chan</b> ”)	Interest of spouse <sup>(Note 2)</sup>	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 2020, 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 2020, 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**

<b>Name of Director</b>	<b>Capacity/Nature of interest</b>	<b>Number of Shares</b>	<b>Approximate percentage of issued share capital</b>
Digital Achiever Limited	Beneficial owner <sup>(Note 1)</sup>	166,810,000	31.96%
Golden Dust Holdings Limited	Beneficial owner <sup>(Note 2)</sup>	166,740,000	31.94%
Mr. Cheung Luk Sun	Interest in controlled corporation <sup>(Note 2)</sup>	166,740,000	31.94%
Ms. Wong Sau Yee Margaret	Interest of spouse <sup>(Note 3)</sup>	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 2020, 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 2020, 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 2020.

## 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. As such, Mr. Cheung, Mr. Cheung Luk Sun and Mr. Cheung Chuen are connected persons of our Company.

Simple Joyous Limited, a subsidiary of our Company, as a purchaser, entered into an agreement dated 28 May 2019 with Mr. Cheung and Mr. Cheung Luk Sun as joint landlords, pursuant to which Mr. Cheung and Mr. Cheung Luk Sun agreed to sell a property, which located at B10, 1/F, Goodrich Garden Shopping Arcade, 9 Leung Tak Street, Tuen Mun, New Territories, Hong Kong, at the consideration of HK\$7,500,000.

## CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 March 2020, 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 our Company, as tenant, entered into a lease agreement dated 1 April 2019 (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 three months effective from 1 April 2019 to 30 June 2019.

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. Our 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 our Company, as tenant entered into a lease agreement dated 1 April 2019 (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 one year effective from 1 April 2019 until 31 March 2020.

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. Our Directors (including independent non-executive Directors) have reviewed the B96B Lease Agreement and are of the view that 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.

Our 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 our Group, and such transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

### RELATED PARTY TRANSACTIONS

Details of the related party transactions during the year ended 31 March 2020 are set out in Note 29 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 2020 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 2020 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 Hong Kong") was appointed by the Directors as the first auditor of the Company. Moore Hong Kong 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 2020 have been audited by Moore Hong Kong.

By order of the Board

**Cheung Lick Keung**

*Executive Director and Chairman*

Hong Kong, 26 June 2020





# 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 2020, 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 2020.

## BOARD OF DIRECTORS

The Board currently comprises five Directors, two are 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 (resigned with effect from 30 September 2019)  
Ms. Wong Yi Ling (resigned with effect from 30 September 2019)

### Independent Non-executive directors

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



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 5 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.

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 at least four times a year to review the financial and operating performance of the Group.

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

	Number of attendance/ number of meetings since respective appointment date	
	Board meetings	AGM
<b>Executive Directors</b>		
Mr. Cheung Lick Keung	4/4	1/1
Ms. Chan Hoi Ying Karina	4/4	1/1
<b>Non-Executive directors</b>		
Mr. Tsang Hin Man Terence	2/4	1/1
Ms. Wong Yi Ling	2/4	1/1
<b>Independent Non-executive directors</b>		
Mr. Chan Hoi Keung Terence	4/4	1/1
Mr. Sek Ngo Chi	4/4	0/1
Mr. Ho Kin	4/4	1/1



## 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. Trainings conducted by professional service provider regarding listing rules’ updates on corporate governance have been provided to the Directors to ensure a high standard of corporate governance is upheld and that the Directors possess up-to-date information to discharge their duties. 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.

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 2020.

All of the Directors have either attended seminars organised by external professionals relevant to the business or directors’ duties or read professional materials publicised by regulators or professional bodies for the year ended 31 March 2020.

## COMPANY SECRETARY

Mr. Tsang Hiu San was appointed as the company secretary of the Company on 26 May 2019. 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 2020.





**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 our remuneration committee.

For the year ended 31 March 2020, the remuneration committee held one meetings 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 ( <i>Chairman</i> )	1/1
Mr. Chan Hoi Keung Terence	1/1
Mr. Ho Kin	1/1

**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.





For the year ended 31 March 2020, the nomination and corporate governance committee held one meetings 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:

<b>Name of Members</b>	<b>Number of attendance/ number of meetings since respective appointment date</b>
Mr. Chan Hoi Keung Terence ( <i>Chairman</i> )	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 our audit committee.

For the year ended 31 March 2020, the audit committee held four meetings 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:

<b>Name of Members</b>	<b>Number of attendance/ number of meetings since respective appointment date</b>
Mr. Chan Hoi Keung Terence ( <i>Chairman</i> )	4/4
Mr. Sek Ngo Chi	4/4
Mr. Ho Kin	4/4





### AUDIT REMUNERATION

For the year ended 31 March 2020, the fee paid or payable to the auditor of the Company, Moore Stephens CPA Limited, for the annual audit services provided were HK\$220,000.

### 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 2020, 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 2020.

### 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.

The Group has engaged an independent professional adviser (the "**Internal Control Adviser**") to conduct the annual review of the effectiveness of the internal control systems for the year ended 31 March 2019. The scope of review included human resources cycle for one of our operating subsidiaries. Internal Control Adviser has reported major findings and areas for improvement to the Audit Committee. All recommendations from Internal Control Adviser would be followed up closely to ensure that they are implemented within a reasonable period of time. The Group therefore considered that the Group's risk management and internal control processes are adequate to meet the needs of the Company in its current business environment and that nothing has come to its attention to cause the Board to believe the Group's risk management and internal control systems are inadequate.

### 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 covenants.

### 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 extraordinary general meeting 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 54, 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](mailto: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](http://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**

For the year ended 31 March 2020, there had been no changes in the Company's constitutional documents.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



## INTRODUCTION AND APPROACH TO ENVIRONMENTAL, SOCIAL AND GOVERNANCE AND REPORTING

This Environmental, Social and Governance Report (the “**ESG Report**”) summarises the initiatives, programmes and performance of the Goldway Education Group Limited (the “**Company**” together with its subsidiaries, “**the Group**” or “**we**”) as well as demonstrates its commitment to sustainability.

The core business of the Group is principally engaged in the provision of tutoring services. The Group mainly operates in two segments. Primary tutoring services segment mainly offers tutoring services to primary school students from Primary 1 to 6 who seek to improve their academic performance in formal school and in examination settings. Secondary tutoring services segment mainly offers tutoring services to secondary school students from Secondary 1 to 6 who seek to improve their academic performance for specific subjects and prepare for public examinations.

The Group believes that environmental protection, low carbon footprint, resource conservation and sustainable development are the key trends in society. In order to follow the key trends, pursue a successful and sustainable business model and set up a role model for our students, the Group recognises the importance of integrating environmental, social and governance (“**ESG**”) aspects into its risk management system and has taken corresponding measures in its daily operation and governance perspectives.

## THE ESG GOVERNANCE STRUCTURE

The Group has established the ESG Taskforce (the “**Taskforce**”). The Taskforce comprises core members from different departments and is responsible for collecting relevant information on our ESG aspects for preparing the ESG Report. The Taskforce reports to the Board of Directors (the “**Board**”), assists in identifying and evaluating the Group’s ESG risks and the effectiveness of the internal control mechanisms. The Taskforce also examines and evaluates our performances in different aspects such as environment, health and safety, labour standards and product responsibilities in the ESG aspects. The Board sets up a general direction for the Group’s ESG strategies, ensuring the effectiveness in the control of ESG risks and internal control mechanisms.

## REPORTING SCOPE

Unless stated otherwise, the ESG Report mainly covers the Group’s major operating revenue activities under direct management control, including its provision of primary tutoring services and secondary tutoring services.

The ESG report covers the Group’s policies, compliance issues as well as environmental key performance indicators in two subject areas, namely, Environmental and Social of the above segments under the Group’s operation from 1 April 2019 to 31 March 2020. We will continue to expand the scope of disclosure in the future after the Group’s data collection system is more matured and the sustainable development work is enhanced.





## REPORTING FRAMEWORK

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “**ESG Reporting Guide**”) as set out in the Appendix 20 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited.

Information relating to the corporate governance practices of the Group has been set out in the Corporate Governance Report on pages 19 to 27 of this annual report.

## REPORTING PERIOD

The ESG Report specify the ESG activities, challenges and measures being taken during the year ended 31 March 2020 (the “**Reporting Period**”).

## STAKEHOLDER ENGAGEMENT

The Group values its stakeholders and their views relating to its businesses and environmental, social and governance issues. In order to understand and address stakeholders’ concerns, the Group communicates with its key stakeholders, including but not limited to employees, investors, customers, suppliers, government bodies and communities via through different channels such as conferences, electronic platforms and public events. In formulating operational strategies and ESG measures, the Group takes into account the stakeholders’ expectations and strives to improve its performance through mutual cooperation with the stakeholders, resulting in creating greater value for the community.

<b>Stakeholder Groups</b>	<b>Engagement channels</b>	<b>Possible concerned issues</b>
Investors or Shareholders	Financial reports, annual general meetings, corporate website, direct communication	Business strategies and financial performance, corporate governance, business sustainability
Students and parents	Direct communication, after-class discussion with teachers, customer services	Teaching quality and resources, tutorial centres safety, learning opportunities and support from teachers
Teachers and staff	Appraisals, trainings, work meetings, emails	Rights and benefits, good career development platform, training and development, work hours, occupational health and safety
Business partners and peers	Business meetings, talks	Experience sharing, promote industry development



## MATERIALITY ASSESSMENT

The management and employees, who are responsible for the key functions of the Group have participated in preparing this report, as well as assisted the Group in reviewing its operation, identifying key ESG issues and assessing the importance of these issues to our businesses and stakeholders.

The following table summarizes the Group’s significant ESG issues as set out in this report:

The ESG Reporting Guide	Material ESG aspects of the Group	
<b>A. Environmental</b>		
A1. Emissions	Exhaust Gas and Greenhouse Gas (“GHG”) Emissions	P. 31
	Waste Management	P. 32
A2. Use of Resources	Energy Consumption	P. 33
	Water Consumption	P. 34
A3. Environment and Natural Resources	External Lighting	P. 35
<b>B. Social</b>		
B1. Employment	Recruitment and Remuneration	P. 35
	Work-life Balance	P. 36
	Promotion and Career Development	P. 36
	Equal Opportunity and Anti-Discrimination	P. 36
B2. Health and Safety	Occupational Health and Safety	P. 36
B3. Development and Training	Staff Development and Training	P. 37
B4. Labor Standards	Prevention of Child Labor and Forced Labor	P. 37
B5. Supply Chain Management	Environmental and Social Responsibility of Suppliers	P. 38
	Fair and Open Procurement	P. 38
B6. Product Responsibility	Quality Assurance	P. 38
	Customer Service	P. 39
B7. Anti-Corruption	Anti-Corruption	P. 40
B8. Community Investment	Community Participation	P. 41

During the Reporting Period, the Group confirmed that appropriate and effective management policies and internal control systems for environmental, social and governance issues are in place and confirmed the information disclosed in the ESG Report meets the ESG Reporting Guide.

## CONTACT US

Comments and suggestions are welcome from our stakeholders. You may provide comments on ESG Report or towards our performance in respect of sustainable development via [info@goldwayedugp.com](mailto:info@goldwayedugp.com).





## A. ENVIRONMENTAL

### A1. Emissions

#### **General Disclosure and Key Performance Indicators (“KPI”)**

The Group adheres to the strategy of sustainable development in our operation. With the aim to reduce energy consumption and GHG emissions, the Group has always been exploring protection operating models of less impact to the environment, recognizing the importance of environmental management, educating our employees to raise their awareness on environmental protection and striving to protect the environment in order to fulfil the Group’s commitment on social responsibility.

In order to enhance our environmental governance practice and mitigate the environmental impact produced by the Group’s operations, we have adopted and implemented relevant environmental policies and have communicated such policies to our employees. These policies apply the waste management principles of “reduce”, “reuse”, “recycle” and “replace” as well as emission mitigation principle, with an objective of minimising the adverse environmental impacts. These policies also ensure the waste disposal or emission generated is conducted in an environmentally responsible manner.

Within the established framework, we continuously look for different opportunities to pursue environmental friendly initiatives, enhance our environmental performance by reducing energy and use of other resources.

This section primarily discloses the Group’s policies, practices, and quantitative data on emissions, use of resources, the environment and natural resources during the Reporting Period.

During the Reporting Period, the Group has not identified any material non-compliance with environmental laws and regulations including but not limited to the Air Pollution Control Ordinance, Waste Disposal Ordinance, and Environmental Impact Assessment Ordinance .

#### *Exhaust Gas Emissions*

The Group had no fuel consumption during the Reporting Period and therefore did not generate any significant amount of exhaust gas. However, we still strive to mitigate the exhaust gas generated from our operational process as much as possible.

#### *GHG Emissions*

The consumption of electricity at the office and tutorial centers is the largest source of GHG emissions of the Group. As aforementioned, the Group did not have any GHG emissions related to Scope 1. During the Reporting Period, the Group’s total GHG emissions amounted to approximately 153.38 tCO<sub>2</sub>e and the total GHG emissions intensity per center was 13.94 tCO<sub>2</sub>e/centre. The detailed summary of the GHG emissions is shown as below:

<b>GHG Performance Summary Indicator<sup>1</sup></b>	<b>2020</b>
Direct GHG emissions (Scope 1) (tCO <sub>2</sub> e)	-
Indirect GHG emissions (Scope 2) – Electricity (tCO <sub>2</sub> e)	<b>109.47</b>
Indirect GHG emissions (Scope 3) – Paper (tCO <sub>2</sub> e)	<b>43.91</b>
Total GHG emissions (Scope 1, 2 and 3) (tCO <sub>2</sub> e)	<b>153.38</b>
Total GHG emissions (Scope 1, 2 and 3) intensity <sup>2</sup> ((tCO <sub>2</sub> e)/centre)	<b>13.94</b>





Notes:

1. GHG emission data is presented in terms of carbon dioxide equivalent and are based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG Report? – Appendix II: Reporting Guidance on Environmental KPIs" issued by the HKEX, "Global Warming Potential Values" from the IPCC Fifth Assessment Report, 2014 (AR5), CLP 2018 Sustainability Report.
2. As at year ended 31 March 2020, the total number of tutorial center covered by the ESG Report was 11 which would also be used for calculating other intensity data.

Consumption of electricity is accounted as the major source of GHG emissions. The Group has implemented measures as stated in "Energy Consumption" of Aspect A2 below in order to reduce energy consumption, and thereby minimizing carbon footprint.

*Discharges into Water*

We do not consume significant amount of water through our business activities, and therefore our business activities did not generate material portion of discharges into water. The majority of the water supply and discharge facilities are provided and managed by property management company.

*Waste Management*

Non-hazardous waste

The Group adheres to the waste management principle and strives to properly manage and dispose wastes produced by our business activities. Our waste management practice has complied with relevant laws and regulations relating to environmental protection. During the Reporting Period, the Group was honorably awarded the "Hong Kong Green Organisation Certification (HKGOC) – Wastewi\$e Certificate (Excellent Level)", in recognition of our active participation in adopting various environmental practices and promoting a green workplace. The non-hazardous wastes generated by the Group's operations mainly consist of paper and other types of office stationaries. During the Reporting Period, the disposal volume by the Group is shown as below:

<b>Non-hazardous waste category</b>	<b>2020</b>
Paper consumption (tonnes)	<b>43.91</b>
Paper consumption intensity (tonnes/centre)	<b>3.99</b>

We regularly monitor the consumption volume of paper and have implemented a number of reduction measures. The Group's office has also provided suitable facilities and encouraged our staff to sort and recycle the wastes to achieve the objectives in mitigating wastes, reusing and recycling in its operations. The Group maintains high standard in waste reduction, educates its employees the significance of sustainable development and provides relevant support in order to enhance their skills and knowledge in sustainable development.





Apart from recycling, the office has implemented various programs and activities to encourage employees to participate in waste reduction management, including:

### *Paper reduction*

- Encouraging paperless workplace and adopting multimedia teaching to reduce use of paper
- Setting up recycling bins to collect paper for reusing and recycling
- Reusing single-sided printing paper and other paper products as much as possible, such as envelopes, briefcases and cartons
- Setting the printer to print on both sides of paper by default
- Procuring recycled paper
- Encouraging students and employees to reduce the demand of copying or printing

### *Waste reduction*

- Actively reusing, recycling and classifying wastes;
- Purchasing reusable stationary whenever it is possible, such as refillable rollerball pens and correction type paper; and
- Avoiding single-use disposable items

### *Hazardous Waste*

Despite the Group did not generate hazardous wastes during the Reporting Period, the Group has established guidelines of governing the management and disposal of hazardous wastes. In case there are any hazardous wastes produced, the Group must engage a qualified chemical waste collector to handle such wastes, which is complied with the relevant environmental regulations and rules.

## **A2. Use of resource**

### ***General Disclosure and KPI***

The Group upholds and promotes the principle of effective use of resources, and operates with ecofriendly measures to minimize our impacts to the environment. We promote green classrooms and office, striving to optimising the use of resources in all of the business operations. The Group has established relevant policies and procedures in governing the efficient use of resources, in reference to the objective of achieving higher energy efficiency and reducing the unnecessary use of materials.

### *Energy Consumption*

During our operation, the major energy consumption of the Group is electricity consumption. As mentioned in the Aspect A1, the Group has formulated policies and procedures relating to the environmental management, including energy management. Electricity consumption account for a substantial part of the carbon emission for the Group.



During the Reporting Period, the Group's consumption in electricity was:

<b>Energy type</b>	<b>2020</b>
Electricity consumption (kWh)	<b>214,642</b>
Electricity consumption intensity (kWh/centre)	<b>19,512.9</b>

The Group has also conducted the following to improve the energy efficiency performance, including but not limited to:

- Publicizing environmental awareness and posting environmental tips in prominent positions;
- Maintaining indoor temperature of classrooms and offices at over 25 degree Celsius;
- Divided the office into different areas, each with a separate power switch to facilitate the switching off of unnecessary lighting and air-conditioning facilities;
- Encouraged employees to turn off idling equipment, computers and lightings, when not in use or after working hours;
- Monitored the energy usage on a monthly basis, along with investigating significant variance noted;
- Adopted power-saving features for office equipment and computers; and
- Procured energy efficient appliances only upon replacement of old appliances or due to new business needs.

Throughout adopting different energy conservation measures, the Group believes it has set a role model for corporate social responsibility. More importantly, the Group strives in cost reduction in terms of less electricity consumption in workplace in long run.

### *Water Consumption*

We did not consume significant water in its business activities due to its business nature. The Group's water usage is mainly domestic tap water in pantry and toilets in the centers. The Group's water consumption expenses were included in the property management fee, therefore the Group did not have water consumption record during the Reporting Period.

Regardless of limited water consumption, we still promote behavioral changes at office and encourage water conservation. Pantry and toilets are posted with environmental messages to remind employees for water conservation, which results in enhancing our employees' awareness in water conservation.

Due to the Group's business nature and operation mainly based in Hong Kong, the issue in sourcing water that is fit for purpose is not relevant to the Group.

### *Use of Packaging Materials*

In addition, the Group has no industrial production or any factory facilities. Therefore, we do not consume significant amounts of package materials for product packaging.



### A3. The Environment and Natural Resources

#### **General Disclosure and KPI**

Although the core business of the Group has remote impact on the environment and natural resources, we recognise the responsibility in minimising the negative environmental impacts of our business operations as an ongoing commitment to good corporate social responsibility.

In addition to complying with relevant environmental laws and regulations as well as properly preserve the natural environment, the Group has integrated the concept of environmental protection into its internal management and daily operations, with the aim of achieving environmental sustainability.

The Group strives to promote environmental protection and make effective use of resources. It carries out continuous monitoring if the business operations incur any potential impact to the environment, and minimizes such impact to the environment through promoting green office and operating environment by adopting four basic principles which comprise of reduce, reuse, recycle and replacement. Where applicable, we adopt green purchasing strategies and the most practical technologies to protect our natural resources.

#### *External Lighting*

Light pollution has long been an environmental nuisance to residences living in highly dense city. As a part of the Group's commitment to mitigate the impact of our business operation to the environment and natural resources, the Group has joined the Charter on External Lighting. We commit to switch off all lighting installations of decorative, promotional or advertising purposes that affect the outdoor environment from 11 p.m. to 7 a.m..

## B. SOCIAL

### B1. Employment

#### **General disclosure**

We regard each employee as a valuable asset of the Group. Providing fair employment and safe working environment to our employees is our top priority. Therefore we worked to provide our employees with a comprehensive welfare package and diverse career development opportunities within the Group. We seek to retain best talents to provide the best services for our business.

During the Reporting Period, the Group was not aware of any material non-compliance with employment-related laws and regulations (i.e. Employment Ordinance) in Hong Kong that would have a significant impact on the Group.

#### *Recruitment and Remuneration*

We apply robust and transparent recruitment processes based on merit selection against the job criteria, and recruit individuals based on their suitability for the position and potential to fulfil the Group's current and future needs. Employees are hired through open recruitment, fair competition and strict appraisals. Employees of the Group are remunerated at a competitive level and are rewarded according to their performance and experience. The promotion and remuneration of the Group's employees are subject to review regularly. Remuneration packages include holidays, annual leave, medical scheme, group insurance, mandatory provident fund ("MPF"), year-end double pay and discretionary bonus.

During the Reporting Period, we have maintained employee compensation insurance for all our staff. No employee of our Group is paid less than the minimum wage specified by Hong Kong laws. Monthly salary payments and the MPF contribution have been made within the prescribed timeframe for the Reporting Period.



## *Work-life Balance*

We value the importance of maintaining a healthy lifestyle and work-life balance of our employees. The Group actively engages its employees through different work-life balancing social activities.

## *Promotion and Career Development*

The promotion of the Group's employees are subject to review regularly. The Group has established objective performance indicators for annual performance evaluation. Supervisor discusses the performance with employee in facilitating an effective 2-way communication for advancement. Based on the evaluation result, we offer rewards to employees in encouraging continuous improvement.

## *Equal Opportunity and Anti-discrimination*

The Group is an equal opportunity employer and does not discriminate on the basis of personal characteristics, gender or age. The Group has Staff Handbook outlining the terms and conditions of employment, expectation for employees' conducts and behaviours, employees' rights and benefits. We establish and implement policies that promote a harmony and respectful workplace. With the aim of ensuring fair and equal protection for all employees, the Group has zero tolerance on sexual harassment or abuse in the workplace in any form.

## **B2. Employee Health and Safety**

### **General disclosure**

#### *Occupational Health and Safety*

The Group prides itself on providing a safe, effective and congenial work environment as we believe that employees are the valuable assets of an enterprise and regards human resources as its corporate wealth. To maintain a safe working environment, the Group has established safety policies and relevant procedures on the prevention and remediation of safety accidents in the workplace.

The safety of our students and staff are the top priority in safeguarding health and safety of the Group. We have implemented the following measures to protect our students and staff:

- Installing CCTV in our centres and back office;
- Properly locking the doors after our opening and office hours;
- Limiting the access of people into our premises other than staff and students unless authorisation is granted; and
- 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.

We also pay attention to the fire safety of the centres. We have formulated the fire escape route and invigilated the teachers to lead our students to escape in case of fire. Basic fire service installations including hose reels, fire extinguishers, fire alarm systems or automatic sprinkler systems have been installed in all tutorial centres to meet all related fire safety standards. The fire safety equipment of every tutorial centers are inspected by a registered contractor at least once in every 12 months.

During the Reporting Period, the Group was not aware of any material non-compliance with health and safety-related laws and regulations (i.e. Occupational Safety and Health Ordinance) in Hong Kong that would have a significant impact on the Group.



### **B3. Development and Training**

#### **General disclosure**

##### *Staff Development and Training*

The Group regards our staff as the most important asset and resource as they help to sustain its core values and culture. The Group focuses on the establishment of internal management training and development system. Employees at all levels can satisfy their needs through diverse training courses to enhance their skill sets. Through these training courses, not only do they boost the sustainable development of the Group, but also facilitate employees' personal growth and development.

The Group encourages and supports employees to participate in personal and professional training to fulfill the needs of emerging new teaching materials and examination standards. The Group also encourages the culture of sharing of knowledge and experience. We arrange regular training for our tutors at least once every quarter mostly in relation to how to improve their presentation and communication skills, teaching techniques and class management. We also arrange monthly meetings between tutors to share their experience and exchange tips on teaching as well as discuss recent issues in their respective courses. To allow our teachers to keep abreast of the current examination conditions and questions, we encourage our tutors to attend the Hong Kong Diploma of Secondary Education Examination to learn the latest examination questions and trends.

Moreover, to ensure our tutors satisfy the teaching standards and appropriate moral standards, employee manual has set out guidelines on teaching standards, proper conduct and behavior standards.

### **B4. Labour Standards**

#### **General disclosure**

##### *Prevention of Child Labour and Forced Labour*

Child and forced labour is strictly prohibited during the recruitment process as defined by laws and regulations. The Group strictly complies with local laws and conducts recruitment based on the Hong Kong Employment Ordinance. Personal data are collected during the process to assist in the selection of suitable candidates and to verify candidates' of personal data. The Human Resources Department also ensures identity documents are carefully checked. If violation is involved, it will be dealt with in the light of the circumstances as clearly stated in the Group's Staff Handbook.

During the Reporting Period, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations (i.e. The International Covenant on Civil and Political Rights, Employment Ordinance, etc.) in Hong Kong that would have a significant impact on the Group.



## B5. Supply Chain Management

### **General disclosure**

We understand the importance of supply chain management in mitigating the indirect environmental and social risks. We are aware of the environmental and social practices of the suppliers, and try to engage suppliers with responsible acts to the society in view of green supply chain management.

#### *Environmental and Social Responsibility of Suppliers*

The Group mainly works with business partners and suppliers who provide us with general office supplies, such as drinking water, photocopiers, paper and stationery. In order to ensure that our suppliers and have met customers' and our requirements regarding quality, environmental and social standards, we formulated standard and stringent procedure in selecting suppliers. We understand the importance of working closely with our suppliers to ensure the smooth running of our business, and have established a long-standing relationship with our suppliers that share our commitment to quality and ethics especially in the ESG aspect. As a guiding procurement principle, we generally select suppliers who share with our vision and are reputable on excellent performance in the ESG, and committed to quality and ethics.

#### *Fair and Open Procurement*

We have also formulated rules to ensure that the suppliers could participate in competitions in an open and fair way. The Group should not have differentiated or discriminated treatment on certain suppliers; it would strictly monitor and prevent all kinds of business bribery; and employees or personnel having any interest relationship with the supplier should not be involved in the related business activity.

## B6. Product Responsibility

### **General disclosure**

We are committed to achieving high quality teaching standards across our different tutorial centers and believe it is one of the key attractions for our students. Therefore, we maintained our service quality through a number of measures.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to qualities of products and services (i.e. Education (Exemption) Order, etc.) in Hong Kong that would have a significant impact on the Group.

#### *Quality Assurance*

##### *Update of Course Materials*

In order to keep the course materials up to date, our tutors will discuss with our senior management regarding the course outline and the content of teaching materials. Our tutors are responsible for updating our course materials from time to time and the subject leader will generally review them annually to see whether they may be improved by coverage of additional materials in the topic area. Relying on their experience on the most common student problems, they may also improve the presentation style or layout to enhance the accessibility of the materials for students. After such update, we require them to be approved by a member of our internal control team.





### Intellectual Property Right

We respect the intellectual property right of publishers and it is against our rules to copy the materials as our tutoring materials. Our teachers will design the teaching contents, exercise papers and examination papers, the materials will be checked by our supervisors and make sure all contents and graphics are original and no materials are copied from other textbooks, exercises, or teaching materials from schools. For public examination exam papers, we suggest our students to buy from Hong Kong Examination and Assessment Authority, we will only use some past examination questions to illustrate concepts in teaching.

### Direct Supervision of Tutors and Students

We assign center supervisors in each of our tutorial centers to supervise and monitor the operation including tutors' attendance record and their performance and their teaching quality based on observation of their classes particularly the apparent knowledge of the subject taught by him or her as well as their presentation and communication skills. These center supervisors will provide our senior management with an assessment of each tutor on a monthly basis as detailed above along with any feedback from the students. Based on the report, our senior management may require the tutors to attend training to improve the quality of their teaching.

We also use our best effort to increase the quality of our classes by having relatively smaller classes where possible to allow for tutors to cater better to the needs of individual students both in class. We also emphasise our teachers that they should rely more on live teaching instead of relying heavily on video teaching to increase student's engagement and provide an interactive experience which we believe that it is key to effective learning and their satisfaction with our courses.

### Tutor Performance Review

An appraisal will be performed in the first month when the tutor is hired to confirm the suitability of the tutor. After the initial appraisal, we regularly evaluate the performance of our tutors based on several criteria, including the number of students enrolled in their courses, the improvement of average grade of students in mock exams and if available, their normal school exams and feedback obtained from students and parents. Our senior management will also perform visit to classes from time to time and observe the performance of tutors. After the visit, they will provide the tutors with the reviews on their performance and provide them recommendations.

### Customer Service

Complaints will be generally handled by our customer service staff. They will review the nature of the complaint. In case of the complaints are serious, they will be transferred to the relevant center supervisors. The center supervisors will collect further information and investigate the case.

Our customer service staff and the center supervisors will evaluate the degree of seriousness and handle according to the preset procedure. If the case is still not resolved, it will be escalated to our senior managements.

We have established a mechanism to record customer feedback and complaints. We also have a consolidated log at each of our tutorial centers and these information will be centralized for management's annual review.





## Protection of Consumers' Information and Privacy

In respect of customer personal data and confidential documents, the Group preserves them properly and strictly complies with the Hong Kong Personal Data (Privacy) Ordinance. During the Reporting Period, the Group did not receive any significant complaint regarding the breach of customer's privacy or loss of customer's information.

## Advertising and Labelling

The Group encourages the use of better promotion practices, and prohibits the advertisements to disclose descriptions, claims or illustrations that are not true. In accordance with the relevant legislations and code of practices, the Group formulates the sales and promotion campaigns to ensure they are truthful, fair and reasonable, and free of misleading elements for protection of the consumers' interests.

## **B7. Anti-corruption**

### ***General disclosure***

The Group values and upholds integrity, honesty and fairness in how we conduct business. Fraudulent events such as corruption, bribery, and collusion are strictly prohibited. Employees should comply with the rules stated in the Staff Handbook in performing business activities, and they should consult the management if they suspect any professional misconduct. The Group does not tolerate any corruptions, frauds and all other behaviours violating work ethics.

The Group strictly complies with the relevant laws and regulations including but not limited to Anti-Money Laundering and Counter-Terrorist Financing Ordinance, Prevention of Bribery Ordinance, Personal Data (Privacy) Ordinance, and Supply of Services (Implied Terms) Ordinance. During the Reporting Period, the Group did not notify any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering.

### *Internal Control Mechanism*

The Group does not allow any form of corruption. Once it is confirmed, strict punitive measures will be taken. The Group has a strict internal control system. In the Staff Handbook, the regulations on anticorruption are formulated and all employees must comply with it, including but not limited to:

- All directors and employees should avoid conflicts between personal interests and their professional functions;
- Employees shall declare any conflicts of interest to the Group's Human Resources Department; and
- Employees must report to and go through an approval process of the Group when receiving any benefits from the Group's suppliers and customers. The employees must not receive it privately.

### *Whistle blowing Mechanism*

The Group adopts a whistleblowing policy and procedures for all levels and operations under the Group, so staff can raise concerns, in confidence, about possible improprieties such as misconduct and malpractice in any matter related to the Group. These policies and procedures can be found in the Staff Handbook on the Group's intranet. The Group will make every effort to keep the identity of the whistle-blower confidential. Reports and complaints received will be handled in a prompt and fair manner. Such policy also aims at protecting whistle-blowers from unfair dismissal, victimisation and unwarranted disciplinary actions.





## B8. Community Involvement

### General disclosure

The Group is committed to embolden and support the public by the means of social participation and contribution as part of its strategic development, and to nurture the corporate culture and practices of corporate citizen in the daily work life throughout the Group. We also focus to inspire our employees towards social welfare concerns. We would embrace the human capital into the social management strategies to sustain our corporate social responsibility as a part of the strategic development of the Group. The Group has been awarded “Caring Company” Scheme Certificate since 2014.

### Community Participation

We participate in community activities, for example, donations, volunteering services, sponsorships, etc. With the active participation in community events to help the needy. We also regularly communicate with local charities to understand community’s needs. We believe it helps to connect us with the local community, and maintain a mutually beneficial relationship to the society as a whole.

## INDEX TABLE OF ESG REPORTING GUIDE OF THE STOCK EXCHANGE OF HONG KONG LIMITED

### Subject Areas, Aspects, General Disclosures and KPIs

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Statement
<b>Aspect A1: Emissions</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1 (“Comply or explain”)	The types of emissions and respective emissions data.	Emissions – Exhaust Gas Emissions, GHG Emission
KPI A1.2 (“Comply or explain”)	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity.	Emissions – GHG Emissions
KPI A1.3 (“Comply or explain”)	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	Emissions – Waste Management (not applicable)
KPI A1.4 (“Comply or explain”)	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	Emissions – Waste Management
KPI A1.5 (“Comply or explain”)	Description of measures to mitigate emissions and results achieved.	Emissions – GHG Emissions
KPI A1.6 (“Comply or explain”)	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Emissions – Waste Management



**Subject Areas, Aspects,  
General Disclosures  
and KPIs**

**Description**

**Section/Statement**

**Aspect A2: Use of  
Resources**

General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1 ("Comply or explain")	Direct and/or indirect consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity.	Use of Resources – Energy Consumption
KPI A2.2 ("Comply or explain")	Water consumption in total and intensity.	Use of Resources – Water Consumption and Use of Packaging Materials (not applicable)
KPI A2.3 ("Comply or explain")	Description of energy use efficiency initiatives and results achieved.	Use of Resources – Energy Consumption
KPI A2.4 ("Comply or explain")	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Use of Resources – Water Consumption (not applicable)
KPI A2.5 ("Comply or explain")	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources – Use of Packaging Materials (not applicable)

**Aspect A3: The Environment  
and Natural Resources**

General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1 ("Comply or explain")	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources – External Lighting





# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Subject Areas, Aspects, General Disclosures and KPIs

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Statement
<b>Aspect B1: Employment</b> General Disclosure	Information on: <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.</li> </ul>	Employment
<b>Aspect B2: Health and Safety</b> General Disclosure	Information on: <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.</li> </ul>	Health and Safety
<b>Aspect B3: Development and Training</b> General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
<b>Aspect B4: Labour Standards</b> General Disclosure	Information on: <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.</li> </ul>	Labour Standards



**Subject Areas, Aspects,  
General Disclosures  
and KPIs**

	Description	Section/Statement
<b>Aspect B5: Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
<b>Aspect B6: Product Responsibility</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
<b>Aspect B7: Anticorruption</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
<b>Aspect B8: Community Investment</b>		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment





# INDEPENDENT AUDITOR'S REPORT



## Moore Stephens CPA Limited

801-806 Silvercord, Tower 1,  
30 Canton Road, Tsimshatsui,  
Kowloon, Hong Kong

T +852 2375 3180  
F +852 2375 3828

[www.moore.hk](http://www.moore.hk)

大華施雲  
會計師事務所有限公司

## To the Shareholders of Goldway Education Group Limited

*(Incorporated in 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 51 to 99, which comprise the consolidated statement of financial position as at 31 March 2020, 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 2020, 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 judgement, 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 matters

### How our audit addressed the key audit matter

#### *Recognition of revenue and contract liabilities*

Refer to the notes 4(k), 7 and 22 to the consolidated financial statements

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 related contract liabilities being recorded in inappropriate periods.

Our audit procedures to assess the recognition of revenue from tutorial school operations and the utilisation of the related contract liabilities included the following:

- understanding the key controls over the revenue cycle including student enrolments, maintenance of students and school records, processing of cash receipts and calculation of the contract liabilities in respect of the application of HKFRS 15 *Revenue from Contracts with Customers*;
- assessing the appropriateness of management's assessments on the identification of performance obligations based on the contractual agreements and our knowledge of the business;
- assessing the reasonableness of management's judgements and estimates used to determine the stand-alone selling price of each performance obligation;
- 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 accuracy of the reports generated, on a sample basis;
- performing detailed substantive testings of revenue on a sample basis;
- performing calculation and allocation of total transaction prices to each performance obligation on a sample basis;
- performing specific cut-off procedures to test if the transactions around the year-end are recorded in appropriate period; and
- scrutinising 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.





### KEY AUDIT MATTERS (CONTINUED)

#### Key audit matters

#### How our audit addressed the key audit matter

##### *Impairment assessment of non-financial assets*

Refer to notes 4(c), 5, 14 to 16 to the consolidated financial statements

The management of the Company had performed impairment review in accordance with Hong Kong Accounting Standard 36 *Impairment of Assets* in relation to the Group's tutorial school operations, which is considered by the management as eleven different cash-generating units ("CGUs"). The Group had recognised an impairment loss of approximately HK\$3,557,000 for the year ended 31 March 2020, allocating to the net carrying amounts of property, plant and equipment and right-of-use assets of approximately HK\$983,000 and HK\$2,574,000, respectively, in respect of the relevant CGUs.

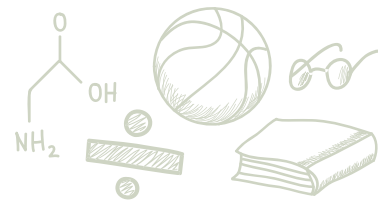
The recoverable amounts of the CGUs were determined based on value in use calculation, which requires significant management's judgements concerning the estimated future cash flows.

Accordingly, we have identified management's impairment assessment of the CGUs as a key audit matter.

Our key procedures to address the matter included:

- assessing the appropriateness of management's assessment on identification of each individual tutorial centre as a separately identifiable CGU;
- discussing with the management of the Company regarding the reasonableness of the valuation methodology being adopted;
- discussing with the management of the Company the assumptions and inputs used in determining the recoverable amounts of the CGUs, respectively, and challenged the reasonableness and relevance of key assumptions and inputs based on our knowledge of the business and industry; and
- checking the allocation of impairment loss amongst assets within the relevant CGUs in accordance with the applicable accounting standard.





### 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 of the Company 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 HKSA's 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 HKSA's, we exercise professional judgement 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.

## INDEPENDENT AUDITOR'S REPORT



### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

We communicate with the audit committee of the Company, 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 the audit committee of the Company 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.

From the matters communicated with the audit committee of the Company, 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*

#### **Leung Yu Ngong**

Practising Certificate Number: P06734

Hong Kong, 26 June 2020





# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Notes	2020 HK\$'000	2019 HK\$'000
Revenue	7	<b>33,042</b>	37,464
Other income	7	<b>108</b>	467
Advertising expenses		<b>(600)</b>	(3,789)
Building management fee		<b>(963)</b>	(886)
Depreciation expense		<b>(5,899)</b>	(2,265)
Employee benefits expense		<b>(22,334)</b>	(20,071)
Impairment loss on property, plant and equipment	14	<b>(983)</b>	–
Impairment loss on right-of-use assets	15	<b>(2,574)</b>	–
Lease expenses		<b>(2,464)</b>	(8,152)
Other operating expenses		<b>(4,718)</b>	(4,862)
Finance costs	8	<b>(461)</b>	–
Loss before income tax	9	<b>(7,846)</b>	(2,094)
Income tax credit	11	<b>824</b>	302
Loss and total comprehensive loss for the year		<b>(7,022)</b>	(1,792)
Loss and total comprehensive loss attributable to owners of the Company		<b>(7,022)</b>	(1,792)
Loss per share – Basic and diluted (HK cents)	13	<b>(1.34)</b>	(0.34)

The notes on pages 55 to 99 form an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION



As at 31 March 2020

	Notes	2020 HK\$'000	2019 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	8,147	1,813
Right-of-use assets	15	6,290	–
Deferred tax assets	17	2,474	1,289
Prepayment for acquisition of plant and equipment	19	1,107	–
Deposits	19	1,481	302
		<b>19,499</b>	3,404
<b>Current assets</b>			
Account receivables	18	1,033	1,152
Prepayments, deposits and other receivables	19	1,317	2,086
Amount due from a substantial shareholder of the Company	20	94	94
Tax recoverable		457	387
Cash and cash equivalents	21	27,628	42,131
		<b>30,529</b>	45,850
<b>Current liabilities</b>			
Accruals, other payables and contract liabilities	22	2,413	2,842
Lease liabilities	23	4,215	–
Tax payable		–	780
		<b>6,628</b>	3,622
Net current assets		<b>23,901</b>	42,228
Total assets less current liabilities		<b>43,400</b>	45,632
<b>Non-current liabilities</b>			
Lease liabilities	23	4,790	–
<b>Net assets</b>		<b>38,610</b>	45,632
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	24	5,225	5,225
Reserves	25	33,385	40,407
<b>Total equity</b>		<b>38,610</b>	45,632

The notes on pages 55 to 99 form an integral part of these consolidated financial statements.

The consolidated financial statements on pages 51 to 99 were approved and authorised for issue by the Board of Directors on 26 June 2020 and are 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 2020

	<b>Share capital</b> HK\$'000 (note 24)	<b>Share premium*</b> HK\$'000 (note 25)	<b>Capital reserve*</b> HK\$'000 (note 25)	<b>Retained profits*</b> HK\$'000	<b>Total equity</b> HK\$'000
<b>At 1 April 2018</b>	5,225	23,509	3,372	15,318	47,424
Loss and total comprehensive loss for the year	–	–	–	(1,792)	(1,792)
<b>At 31 March 2019 and 1 April 2019</b>	5,225	23,509	3,372	13,526	45,632
Loss and total comprehensive loss for the year	–	–	–	(7,022)	(7,022)
<b>At 31 March 2020</b>	<b>5,225</b>	<b>23,509</b>	<b>3,372</b>	<b>6,504</b>	<b>38,610</b>

\* These accounts comprise the consolidated reserves of approximately HK\$33,385,000 (2019: HK\$40,407,000) in the consolidated statement of financial position.

The notes on pages 55 to 99 form an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS



For the year ended 31 March 2020

	Notes	2020 HK\$'000	2019 HK\$'000
<b>Cash flows from operating activities</b>			
Loss before income tax		(7,846)	(2,094)
Adjustments for:			
Depreciation of property, plant and equipment	9	1,676	2,265
Depreciation of right-of-use assets	9	4,223	–
Impairment loss on property, plant and equipment	9	983	–
Impairment loss on right-of-use assets	9	2,574	–
Finance cost	8	461	–
Interest income	7	(23)	(251)
Operating profit/(loss) before working capital changes		2,048	(80)
Decrease in account receivables		119	361
(Increase)/decrease in prepayments, deposits and other receivables		(1,517)	38
(Decrease)/increase in accruals, other payables and contract liabilities		(429)	182
Cash generated from operations		221	501
Income tax (paid)/refunded		(1,211)	394
Interest income received		23	336
<b>Net cash (used in)/generated from operating activities</b>		<b>(967)</b>	<b>1,231</b>
<b>Cash flows from investing activity</b>			
Purchases of property, plant and equipment		(8,993)	(1,198)
<b>Net cash used in investing activity</b>		<b>(8,993)</b>	<b>(1,198)</b>
<b>Cash flows from financing activities</b>			
Payment for the principal portion of lease liabilities		(4,082)	–
Payment for the interest portion of lease liabilities		(461)	–
<b>Net cash used in financing activities</b>		<b>(4,543)</b>	<b>–</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(14,503)</b>	<b>33</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>42,131</b>	<b>42,098</b>
<b>Cash and cash equivalents at end of the year</b>		<b>27,628</b>	<b>42,131</b>

The notes on pages 55 to 99 form an integral part of these consolidated financial statements.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## 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 GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**GEM Board**”) by way of placing and public offer of shares (the “**Share Offer**”) on 2 December 2016 (the “**Listing**”). The Company’s registered office and the principal place of business are at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Shop 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**”), a director of the Company, and his brother, Mr. Cheung Luk Sun, one of the senior management of the Company, who collectively control the Company through shares of the Company held by Digital Achiever Limited and Golden Dust Holdings Limited, 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 and franchising 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. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

### (a) Adoption of new and revised HKFRSs effective from 1 April 2019

In the current year, the Group has applied a number of new HKFRSs and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) that are mandatorily effective for an accounting period that begins on or after 1 April 2019. Of these, the following developments are relevant to the Group’s consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020



## 2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

### (a) Adoption of new and revised HKFRSs effective from 1 April 2019 (Continued)

#### **HKFRS 16 Leases**

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. HKFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and enquires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group has applied HKFRS 16 for the first time in the current year. The Group has applied HKFRS 16 using the modified retrospective method of application with the date of initial application being 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained profits at 1 April 2019, and the comparative information for 2019 was not restated and continues to be reported under HKAS 17.

#### *Definition of a lease*

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed, i.e. the Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application and the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their stand-alone prices. The Group has used a practical expedient that is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

### 2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

#### (a) Adoption of new and revised HKFRSs effective from 1 April 2019 (Continued)

##### **HKFRS 16 Leases (Continued)**

*The Group being a lessee regarding leases previously classified as operating leases*

Nature of the effect of application of HKFRS 16

The Group has entered into lease contracts for various office properties. As a lessee, the Group previously classified leases as operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets; and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Based on the specific transitional provisions available under HKFRS 16, lease liabilities at 1 April 2019 were recognised based on the present value of the remaining lease payments, discounted using the applicable lessee’s incremental borrowing rate at 1 April 2019. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 April 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the consolidated statement of financial position.

The Group has elected to apply the following practical expedients when applying HKFRS 16 at 1 April 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application;
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020



## 2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

### (a) Adoption of new and revised HKFRSs effective from 1 April 2019 (Continued)

#### HKFRS 16 Leases (Continued)

The Group being a lessee regarding leases previously classified as operating leases (Continued)

Nature of the effect of application of HKFRS 16 (Continued)

The impacts arising from the application of HKFRS 16 as at 1 April 2019 are as follows:

	Carrying amounts previously reported at 31 March 2019 HK\$'000	Adjustments HK\$'000	Carrying amounts under HKFRS 16 at 1 April 2019 HK\$'000
<b>Non-current assets</b>			
Right-of-use assets	–	5,672	5,672
<b>Current liabilities</b>			
Lease liabilities	–	(2,925)	(2,925)
<b>Non-current liabilities</b>			
Lease liabilities	–	(2,747)	(2,747)

The lease liabilities as at 1 April 2019 reconciled to the operating lease commitments as at 31 March 2019 is as follows:

	At 1 April 2019 HK\$'000
Operating lease commitments as at 31 March 2019	7,752
Less:	
Effects of discounting using applicable incremental borrowing rates at date of initial application	(429)
Practical expedient – leases with lease term ending within 12 months from the date of initial application	(1,651)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16	5,672
Analysed as	
Current	2,925
Non-current	2,747
	5,672

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The average incremental borrowing rate applied by the relevant group entities is 7.5% per annum.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

### 2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

#### (b) Revised HKFRSs that have been issued but are not yet adopted

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

Amendments to HKAS 1 and HKAS 8	Definition of Material <sup>1</sup>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform <sup>1</sup>
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting <sup>1</sup>
Amendments to HKFRS 3 (Revised)	Definition of a Business <sup>1^</sup>
Amendment to HKFRS 16	Covid-19-Related Rent Concessions <sup>2</sup>
HKFRS 17	Insurance Contracts <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2020

<sup>2</sup> Effective for annual periods beginning on or after 1 June 2020

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>4</sup> On 1 January 2016, the HKICPA issued “Effective Date of Amendments to HKFRS 10 and HKAS 28”, following the International Accounting Standards Board’s equivalent amendments. This update defers/removes the effective date of the amendments in “Sale or Contribution of Assets between an Investor or its Associate or Joint Venture” that the HKICPA issued on 7 October 2014. Early application of these amendments continues to be permitted.

<sup>^</sup> The HKICPA will start using the revised Conceptual Framework immediately when revising or developing Standards or Accounting Guidelines. The revised Conceptual Framework has an effective date 1 January 2020 for companies that use the Conceptual Framework to develop accounting policies when no Standards or Accounting Guidelines applies to a particular transaction.

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 April 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020



## 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 Interpretations issued by the HKICPA and also included the applicable disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosure required by the Rules Governing the Listing of Securities on 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 judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

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

## 4. 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.

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 profit or loss and other 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 profit or loss to the extent of dividends received and receivable. The Company’s investments in subsidiaries are stated at cost less any impairment losses (see note 26).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (b) Property, plant and equipment

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

The cost of an item of property, 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 land and building	28 years
Leasehold improvements	Over the lease term
Motor vehicles	5 years
Furniture, fixtures and equipment	5 years

The estimated useful lives 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 of disposal. 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 of 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 to the assets pro rata on the basis of the carrying amounts of each asset 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.

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) 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020



## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (d) Leases

#### **Policy under HKFRS 16 applicable from 1 April 2019**

##### *Definition of a lease*

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### *Allocation of consideration to components of a contract*

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

##### *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to leases of premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

##### *Right-of-use assets*

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (d) Leases (Continued)

#### **Policy under HKFRS 16 applicable from 1 April 2019 (Continued)**

##### *Lease liabilities*

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

##### *Lease modifications*

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discounted rate at the effective date of the modification. The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020



## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (d) Leases (Continued)

#### **Policy under HKAS 17 applicable before 1 April 2019**

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 instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for account receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (e) Financial instruments (Continued)

#### **Financial assets**

##### *Classification and measurement of financial assets*

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (“**FVTOCI**”):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss (“**FVTPL**”), except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 (Revised) Business Combinations applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020



## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (e) Financial instruments (Continued)

#### **Financial assets (Continued)**

##### *Amortised cost and interest income*

Financial assets are recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Accounting policy of impairment of financial assets measured at amortised cost is stated in note 4(f).

##### *Derecognition of financial assets*

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (e) Financial instruments (Continued)

##### **Financial liabilities**

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

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised in accordance with the Group's accounting policy for borrowing costs.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where 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 the recognition of a new liability, and the difference in the respective carrying amount is recognised in consolidated income statement.

Accruals and other payables are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

#### (f) Impairment of financial assets

The Group recognises a loss allowance for expected credit loss ("ECL") on the financial assets measured at amortised cost. The Group measures a loss allowance at an amount equal to lifetime ECL. For account receivables, the Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which requires the use of the lifetime expected credit losses provision for all account receivables.

When estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Groups historical experience and informed credit assessment and including forward-looking information.

ECL is a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls which is the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive.

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

At each reporting date, the Group assesses on a forward looking basis whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020



## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (f) Impairment of financial assets (Continued)

Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event; and
- it becoming probable that the debtor will enter bankruptcy.

Loss allowance for financial assets measured at amortised cost are deducted from gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforceable activities in order to comply with the Group's procedures for recovery of amounts due.

### (g) Dividend distribution

Final dividends proposed by the directors of the Company are classified as a separate allocation of retained profits within the capital and reserves section of the consolidated statement of financial position, until they have been approved by the shareholders of the Company 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.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (i) Provisions and contingent liabilities (Continued)

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.

### (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 2020



## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (k) Revenue recognition

Under HKFRS 15, the Group 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.

A performance obligation is a promise in a contract with a customer to transfer to the customer either (a) a good or service (or a bundle of goods or services) that is distinct; or (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group’s right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group’s unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group’s obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liabilities relating to a contract are accounted for and presented on a net basis.

The Group’s revenue is recognised as follows:

- (i) Income from tutoring services is recognised when the services are rendered;
- (ii) Franchising income includes initial franchising income and continuing franchising income. Initial franchising income is recognised when the Group has performed substantially all initial services and other obligations required of the franchisor (the Group) under the franchise agreements. Continuing franchising income represents fees charged for the use of continuing rights granted by a franchise agreement, or for other services provided during the period of a franchise agreement, is recognised as revenue when the franchisees’ sales occur; and
- (iii) Interest income from bank deposits is recognised on a time proportion basis using the effective interest method by reference to the principal outstanding.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (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 recognized 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.

#### (m) Equity instruments

Ordinary shares of the Company 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.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020



## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (n) 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 Company's parents.

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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (o) Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors of the Company 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.

### 5. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the consolidated financial statements requires the directors of the Company to make judgements, 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 judgements 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 judgements and estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that may 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.

#### **Provision for ECL for accounts receivables, deposits and other receivables**

The Group estimated the amounts of ECL on these types of receivables based on the expected settlement dates taking into account of the Group's historical experience in relation to these types of receivables. The Group also take into account forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the estimated default rates are reassessed and changes in the forward-looking information are considered.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020



## 5. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

### 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.

During the year ended 31 March 2020, impairment loss on property, plant and equipment of approximately HK\$983,000 (2019: Nil) and on right-of-use assets of approximately HK\$2,574,000 (2019: Nil) were recognised by the Group and details of these impairment are set in note 16.

### Estimated useful lives of property, plant and equipment

In determining the useful lives of property, 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 property, plant and equipment are different from the previous estimation. Estimated useful lives are reviewed, at the end of each reporting period, based on the changes in circumstances. The carrying amount of property, plant and equipment is disclosed in note 14.

### Current income tax and deferred tax

The Group is subject to income taxes in Hong Kong. Significant judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises taxes based on estimates of the likely outcome with reference to current tax laws and practices. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provision in the period in which such determination is made.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

### 6. SEGMENT INFORMATION

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is identified on the basis of the internal management reporting information that is provided to and regularly reviewed by the Group's chief operating decision maker ("CODM") in order to allocate resources and assess performance of the segment. For the reporting period, management of the Company has determined that the Group has one single operating segment as the Group is only engaged in the provision of tutoring services, which is the basis used by the CODM to allocate resources and assess performance. Provision of tutoring services includes primary school tutoring services, secondary school tutoring services and franchising services. The Group's revenue from external customers is divided into the following types of services:

	2020 HK\$'000	2019 HK\$'000
Primary school tutoring services	8,446	10,110
Secondary school tutoring services	24,435	26,945
Franchising services	161	409
	<b>33,042</b>	37,464

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 2020, there was no single external customer that contributed 10% or more of the Group's total revenue from external customers (2019: Nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020



## 7. REVENUE AND OTHER INCOME

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

	2020 HK\$'000	2019 HK\$'000
Revenue from contracts with customers		
Income from tutoring services	32,881	37,055
Income from initial franchising income	–	378
Income from continuing franchising income	161	31
	<b>33,042</b>	<b>37,464</b>
Other income		
Interest income	23	251
Payment in lieu of notice received from employee	40	182
Others	45	34
	<b>108</b>	<b>467</b>

Revenue from contract with customers within the scope of HKFRS 15 by timing of revenue recognition:

	Revenue from contracts with customers		
	recognised at a point in time HK\$'000	recognised over time HK\$'000	2020 Total HK\$'000
Income from tutoring services	–	32,881	32,881
Income from continuing franchising income	–	161	161
	–	<b>33,042</b>	<b>33,042</b>

	Revenue from contracts with customers		
	recognised at a point in time HK\$'000	recognised over time HK\$'000	2019 Total HK\$'000
Income from tutoring services	–	37,055	37,055
Income from initial franchising income	378	–	378
Income from continuing franchising income	–	31	31
	378	37,086	37,464



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

### 8. FINANCE COSTS

	2020 HK\$'000	2019 HK\$'000
Interest expense for lease arrangements	461	–

### 9. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	2020 HK\$'000	2019 HK\$'000
Auditor's remuneration	220	300
Depreciation on		
– Property, plant and equipment (note 14)	1,676	2,265
– Right-of-use assets (note 15)	4,223	–
	<b>5,899</b>	2,265
Impairment loss on property, plant and equipment (note 14)	983	–
Impairment loss on right-of-use assets (note 15)	2,574	–
Employee benefits expense (including directors' remuneration (note 10))		
Salaries, allowances and benefits in kind	21,470	19,320
Pension scheme contributions		
– Defined contribution plan	864	751
	<b>22,334</b>	20,071

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020



## 10. DIRECTORS' REMUNERATION, FIVE HIGHEST PAID EMPLOYEES AND SENIOR MANAGEMENT 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 HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Pension scheme contributions HK\$'000	Total HK\$'000
<b>Year ended 31 March 2020</b>				
<i>Executive directors:</i>				
Mr. Cheung	–	1,458	18	1,476
Ms. Chan Hoi Ying Karina	–	1,218	18	1,236
	–	2,676	36	2,712
<i>Non-Executive directors:</i>				
Mr. Tsang Hin Man Terence (Note 1)	50	–	–	50
Ms. Wong Yi Ling (Note 1)	50	–	–	50
	100	–	–	100
<i>Independent Non-Executive directors:</i>				
Mr. Chan Hoi Keung Terence	120	–	–	120
Mr. Sek Ngo Chi	96	–	–	96
Mr. Ho Kin	96	–	–	96
	312	–	–	312
	412	2,676	36	3,124



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

### 10. DIRECTORS' REMUNERATION, FIVE HIGHEST PAID EMPLOYEES AND SENIOR MANAGEMENT EMOLUMENTS (CONTINUED)

#### (a) Directors' remuneration (Continued)

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Pension scheme contributions HK\$'000	Total HK\$'000
Year ended 31 March 2019				
<i>Executive directors:</i>				
Mr. Cheung	–	540	18	558
Ms. Chan Hoi Ying Karina	–	309	9	318
Mr. Abd Kadir B Abd Rashid (Note 2)	61	–	–	61
	61	849	27	937
<i>Non-Executive directors:</i>				
Mr. Tsang Hin Man Terence	120	–	–	120
Ms. Wong Yi Ling	120	–	–	120
	240	–	–	240
<i>Independent Non-Executive directors:</i>				
Mr. Chan Hoi Keung Terence	120	–	–	120
Mr. Sek Ngo Chi	96	–	–	96
Mr. Ho Kin	96	–	–	96
	312	–	–	312
	613	849	27	1,489

Note 1: Mr. Tsang Hin Man Terence and Ms. Wong Yi Ling resigned as non-executive directors of the Company with effect from 30 September 2019.

Note 2: Mr. Abd Kadir B Abd Rashid was appointed as executive director of the Company with effect from 31 October 2018 and resigned on 18 January 2019.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and its subsidiaries and the non-executive directors' emoluments shown above were 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 2020 (2019: Nil).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020



## 10. DIRECTORS' REMUNERATION, FIVE HIGHEST PAID EMPLOYEES AND SENIOR MANAGEMENT EMOLUMENTS (CONTINUED)

### (b) Five highest paid individuals

The five individuals with the highest emoluments in the Group included 2 (2019: 1) directors of the Company whose emoluments are disclosed in Note 10(a) above. The analysis of the emoluments of the remaining 3 (2019: 4) highest paid individuals are set out below:

	2020 HK\$'000	2019 HK\$'000
Salaries, allowances and benefits in kind	2,138	2,203
Pension scheme contributions	54	69
	<b>2,192</b>	<b>2,272</b>

The analysis of the emoluments of the remaining 3 (2019: 4) whose emoluments fell within the following bands is as follow:

	2020	2019
Nil to HK\$1,000,000	2	4
HK\$1,000,001 to HK\$1,500,000	1	-
	<b>3</b>	<b>4</b>

During the year ended 31 March 2020, no director or any of the five highest paid individuals waived or agreed to waive any emoluments (2019: 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 (2019: Nil).

### (c) Senior management emoluments

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

	2020	2019
Nil to HK\$1,000,000	1	2
HK\$1,000,001 to HK\$1,500,000	1	-
	<b>2</b>	<b>2</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## 11. INCOME TAX CREDIT

	Notes	2020 HK\$'000	2019 HK\$'000
Current tax – Hong Kong	b	384	457
Over-provision in respect of prior years		(23)	–
Income tax expense		361	457
Deferred tax			
Increase in deferred tax assets (note 17)		(1,185)	(759)
Income tax credit		(824)	(302)

(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 is calculated at 16.5% (2019: 16.5%) on the estimated assessable profits for the year. On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of a qualifying corporation will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The two-tiered profits tax rates regime was applicable to the Group for the year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020



## 11. INCOME TAX CREDIT (CONTINUED)

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

	2020 HK\$'000	2019 HK\$'000
Loss before income tax	(7,846)	(2,094)
Tax on loss before income tax at rates applicable	(1,295)	(345)
Effect of non-deductible expense	661	304
Effect of non-taxable revenue	18	(56)
Effect of tax reduction	(20)	(40)
Effect of change of tax rate (note (b) above)	(165)	(165)
Over-provision of tax in prior years	(23)	–
Income tax credit	(824)	(302)

As at 31 March 2020, the Group has unused tax losses of approximately HK\$6,303,000 (2019: HK\$3,054,000), which are subject to the approval from the Hong Kong Inland Revenue Department. Such tax losses have no expiry date and can be carried forward indefinitely.

## 12. DIVIDENDS

The Board of Directors does not recommend the payment of a final dividend for the year ended 31 March 2020 (2019: Nil).

## 13. LOSS PER SHARE

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

	2020 HK\$'000	2019 HK\$'000
Loss for the year attributable to the owners of the Company	(7,022)	(1,792)
<b>Number of shares</b>		
Weighted average number of shares for the purpose of calculating basic loss per share	522,500,000	522,500,000

Diluted loss per share dilutive was the same as the basic loss per share as there were no potential dilutive ordinary shares outstanding for the year ended 31 March 2020 (2019: Nil).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

### 14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building HK\$'000	Leasehold improvements HK\$'000	Motor vehicles HK\$'000	Furniture, fixture and equipment HK\$'000	Total HK\$'000
<b>Cost:</b>					
At 1 April 2018	–	5,841	107	1,896	7,844
Additions	–	1,873	406	119	2,398
Write-off	–	(325)	–	–	(325)
At 31 March 2019 and 1 April 2019	–	7,389	513	2,015	9,917
Additions	8,184	780	–	29	8,993
<b>At 31 March 2020</b>	<b>8,184</b>	<b>8,169</b>	<b>513</b>	<b>2,044</b>	<b>18,910</b>
<b>Accumulated depreciation and impairment loss:</b>					
At 1 April 2018	–	4,532	107	1,525	6,164
Charge for the year	–	2,033	73	159	2,265
Write-off	–	(325)	–	–	(325)
At 31 March 2019 and 1 April 2019	–	6,240	180	1,684	8,104
Charge for the year	243	1,233	81	119	1,676
Impairment loss	666	241	15	61	983
<b>At 31 March 2020</b>	<b>909</b>	<b>7,714</b>	<b>276</b>	<b>1,864</b>	<b>10,763</b>
<b>Net carrying amounts:</b>					
<b>At 31 March 2020</b>	<b>7,275</b>	<b>455</b>	<b>237</b>	<b>180</b>	<b>8,147</b>
At 31 March 2019	–	1,149	333	331	1,813

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020



## 15. RIGHT-OF-USE ASSETS

	<b>Premises</b> HK\$'000
<b>Cost:</b>	
At 1 April 2019 recognised upon the application of HKFRS 16	5,672
Addition	7,655
Lease modification	(240)
	13,087
<b>Accumulated depreciation and impairment loss:</b>	
At 1 April 2019	–
Charge for the year	(4,223)
Impairment loss	(2,574)
	(6,797)
At 31 March 2020	(6,797)
<b>Net carrying amounts</b>	
<b>At 31 March 2020</b>	<b>6,290</b>

The right-of-use assets represent the Group's rights to use underlying leased premises as offices for its operations under operating lease arrangements over the lease terms, which ranged from 1 to 3 years, which are stated at cost less accumulated depreciation and accumulated impairment losses, if any, and adjusted for any remeasurement of the lease liabilities.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

	<b>2020</b> HK\$'000
Fixed payments	<b>4,543</b>
Expense relating to short-term leases	<b>2,464</b>
<b>Total cash outflow for leases</b>	<b>7,007</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

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

Tutorial school operations are determined by the management as eleven cash-generating units (“CGU”). For the purpose of impairment assessment as at 31 March 2020, property, plant and equipment and right-of-use assets in notes 14 and 15, respectively, have been allocated to the CGUs.

The CGUs suffered operating loss during the year, as a result, the Group assessed the recoverable amounts of the CGUs by value in use calculation of present value of expected cash flows. Management determined the annual growth rate of revenue in five-year period based on past performance and its budget of market development. The discount rate applied reflected specific risks relating to the CGUs.

The recoverable amounts of certain CGUs are less than the carrying amounts of the relevant CGUs as at 31 March 2020. As a result, the Group recognised an impairment loss of approximately HK\$983,000 (2019: Nil) and approximately HK\$2,574,000 (2019: Nil) on property, plant and equipment and right-of-use assets, respectively, during the year.

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

	<b>2020</b>
Annual growth rate of revenue in five-year period	<b>2.7%</b>
Pre-tax discount rate	<b>18.1%</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020



## 17. DEFERRED TAX

The movements in deferred tax assets during the year are as follows:

### Deferred tax assets

	<b>The related depreciation in excess of depreciation allowance</b>	<b>Impairment on non-financial assets</b>	<b>Unused tax losses</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2018	530	–	–	530
Deferred tax credited to the profit or loss during the year (note 11)	255	–	504	759
At 31 March 2019 and 1 April 2019	785	–	504	1,289
Deferred tax credited to the profit or loss during the year (note 11)	172	477	536	1,185
<b>At 31 March 2020</b>	<b>957</b>	<b>477</b>	<b>1,040</b>	<b>2,474</b>

The directors of the Company considered that the deferred assets will be recoverable through using the estimated future taxable income based on the approved budgets for the Group and the Group is expected to generate taxable income for the coming years.

There was no other significant unprovided deferred taxation for both years at the end of respective reporting periods.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

### 18. ACCOUNT RECEIVABLES

	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
Account receivables	<b>1,033</b>	1,152

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

For franchising income, there is 5 days credit period, in general, granted to franchisees.

Ageing analysis of the Group's account receivables, based on the revenue recognition dates which also presented the ageing analysis of account receivables which are past due but not impaired, at 31 March 2020 and 2019.

	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
1 to 90 days past due	<b>963</b>	1,050
Over 90 days past due	<b>70</b>	102
	<b>1,033</b>	1,152

The Group's account receivables were interest-free and related to a large number of diversified customers and there was no significant concentration of credit risk. At 31 March 2020, there were no allowances for expected credit loss provided as there was no recent history of significant default in respect of these customers (2019: nil).

The directors of the Company considered that the fair values of account receivables which were expected to be recovered within one year are not materially different from their carrying amounts because these balances had short maturity periods on their inception.

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 2020



## 19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2020 HK\$'000	2019 HK\$'000
Prepayments	1,458	49
Deposits	2,440	2,335
Other receivables	7	4
	<b>3,905</b>	2,388
Less: Portions classified as non-current assets		
– Prepayment for acquisition of plant and equipment	(1,107)	–
– Deposits	(1,481)	(302)
	<b>(2,588)</b>	(302)
	<b>1,317</b>	2,086

## 20. AMOUNT DUE FROM A SUBSTANTIAL SHAREHOLDER OF THE COMPANY

The amount due from a substantial shareholder of the Company is unsecured, interest-free and repayable on demand.

## 21. CASH AND CASH EQUIVALENTS

	2020 HK\$'000	2019 HK\$'000
Cash in hand and bank balances	27,628	42,131

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

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

### 22. ACCRUALS, OTHER PAYABLES AND CONTRACT LIABILITIES

	2020 HK\$'000	2019 HK\$'000
Accruals	1,683	2,064
Other payables	286	351
Contract liabilities	444	427
	<b>2,413</b>	2,842

Changes in contract liabilities during the year are as follows:

	HK\$'000
Carrying amount at 1 April 2018	509
Revenue recognised that was included in the contract liabilities at beginning of the year	(479)
Increase due to receipts in advance from customers, excluding amounts recognised as revenue during the year	397
Carrying amount at 31 March 2019 and 1 April 2019	427
Revenue recognised that was included in the contract liabilities at beginning of the year	(396)
Increase due to receipts in advance from customers, excluding amounts recognised as revenue during the year	413
<b>Carrying amount at 31 March 2020</b>	<b>444</b>

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020



## 23. LEASE LIABILITIES

The carrying amounts of the lease liabilities and the movements during the year are as follows:

	2020 HK\$'000
As at 1 April 2019	5,672
– upon application of HKFRS 16	
Additions	7,655
Lease modification (note)	(240)
Payments	(4,082)
As at 31 March 2020	9,005
Analysed into:	
Current portion	4,215
Non-current portion	4,790
	9,005

Note: During the year ended 31 March 2020, the Group and one of the landlords agreed on 31 August 2019 to reduce the monthly lease payments of one of the leased premises. Such changing the consideration of the lease is accounted for as lease modification at the date when both parties agreed for the change. (i.e. the date of changing the consideration).

As at 31 March 2020, the future minimum lease payments of the net minimum lease payments are as follows:

	2020 HK\$'000
Within one year	4,735
Over one year but not more than two years	5,079
Total lease payments	9,814
Less: Finance charges	(809)
Total lease obligations	9,005



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

### 24. SHARE CAPITAL

#### Authorised and issued share capital

	2020		2019	
	Number of ordinary shares '000	Amount HK\$'000	Number of ordinary shares '000	Amount HK\$'000
<b>Authorised:</b>				
At beginning and end of the year, ordinary shares of HK\$0.01 each	2,000,000	20,000	2,000,000	20,000
<b>Issued and fully paid:</b>				
At beginning and end of the year, ordinary shares of HK\$0.01 each	522,500	5,225	522,500	5,225

### 25. 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 from the then shareholders.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020



## 26. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2020 HK\$'000	2019 HK\$'000
<b>Non-current assets</b>			
Investments in subsidiaries		–*	–*
<b>Current assets</b>			
Amount due from subsidiaries		25,928	27,189
Cash and cash equivalents		1,548	1,545
		<b>27,476</b>	28,734
<b>Current liabilities</b>			
Amount due to a subsidiary		–*	262
<b>Net current assets</b>			
		<b>27,476</b>	28,472
<b>Total assets less current liabilities</b>			
		<b>27,476</b>	28,472
<b>Net assets</b>			
		<b>27,476</b>	28,472
<b>Equity</b>			
Share capital	24	5,225	5,225
Reserves	(a)	22,251	23,247
<b>Total equity</b>			
		<b>27,476</b>	28,472

\* Amounts less than HK\$1,000.

The financial statements were approved and authorised for issue by the board of directors on 26 June 2020 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 2020

### 26. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

#### (a) Reserves of the Company

	Share premium HK\$'000	Accumulated losses HK\$'000	Total equity HK\$'000
At 1 April 2018	23,509	–	23,509
Loss and total comprehensive loss for the year	–	(262)	(262)
At 31 March 2019 and 1 April 2019	23,509	(262)	23,247
Loss and total comprehensive loss for the year	–	(996)	(996)
<b>At 31 March 2020</b>	<b>23,509</b>	<b>(1,258)</b>	<b>22,251</b>

### 27. NOTE TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

#### Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities:

	Lease liabilities HK\$'000
At 31 March 2019	–
Effect of adoption of HKFRS 16 (note 3)	5,672
At 1 April 2019 (restated)	5,672
Changes from financing cash flows:	
Payment for principal portion of lease liabilities	(4,082)
Payment for interest portion of lease liabilities	(461)
Total changes from financing cash flows	(4,543)
Other changes:	
Interest charge on lease liabilities (note 9)	461
Addition of lease liabilities (note 23)	7,655
Lease modification (note 23)	(240)
Total other changes	7,876
<b>As at 31 March 2020</b>	<b>9,005</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020



## 28. COMMITMENTS

### Operating lease

As at 31 March 2019, the Group, as lessee, had future minimum rental payments under non-cancellable operating leases of the Group in respect of properties with certain independent third parties at each of the reporting period is as follows:

	2019 HK\$'000
Within one year	4,171
Within two to four years	1,811
	<hr/> 5,982

The Group leases certain properties under operating leases. The leases generally run for an initial period of 1 to 4 years as at 31 March 2019.

Certain leasing arrangements have been subject to contingent rent by reference to monthly revenue throughout the leasing periods. The minimum guaranteed rental has been used to arrive at the above commitments. No contingent rent has been paid for the year ended 31 March 2020 (2019: Nil).

Due to adoption of HKFRS 16, the relevant lease commitments were not set out and were recognised as at 31 March 2020.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

### 29. 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:

	2020 HK\$'000	2019 HK\$'000
Operating lease charges paid to: Mr. Cheung, a director of the Company, and Mr. Cheung Luk Sun, a senior management (collectively, the "ultimate controlling parties of the Group") (note 1)	30	120
Mr. Cheung Luk Sun and a close family member of Mr. Cheung and Mr. Cheung Luk Sun (note 1)	120	120
	<b>150</b>	240
Acquisition of property from ultimate controlling parties (note 2)	<b>7,500</b>	–

Note 1: The operating leases for use as tutorial centres were charged by the respective related parties at HK\$10,000 (2019: HK\$10,000) per month and the lease terms expired on 31 May 2019 and 31 March 2020 respectively.

The above transactions also constituted continuing connected transactions as defined in Chapter 20 of the GEM Listing Rule.

Note 2: The Group purchased a property from the ultimate controlling parties of the Group at the cash consideration of HK\$7,500,000 on 28 May 2019.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020



## 29. RELATED PARTY TRANSACTIONS (CONTINUED)

### (b) Commitments with related parties

In respect of the operating lease arrangements entered with related parties as disclosed in above, there are no future minimum rental payable under non-cancellable operating leases of the Group in respect of properties as of 31 March 2020 and 2019.

### (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:

	2020 HK\$'000	2019 HK\$'000
Salaries, allowances and benefits in kind	4,666	2,815
Pension scheme contributions	72	60
	<b>4,738</b>	<b>2,875</b>

## 30. FINANCIAL INSTRUMENTS BY CATEGORY

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

	2020 HK\$'000	2019 HK\$'000
<b>Financial assets</b>		
At amortised cost:		
Account receivables	1,033	1,152
Deposits and other receivables	2,447	2,339
Amount due from a substantial shareholder of the Company	94	94
Cash and cash equivalents	27,628	42,131
	<b>31,202</b>	<b>45,716</b>
<b>Financial liabilities</b>		
At amortised cost:		
Accruals and other payables	1,969	2,415
Lease liabilities	9,005	-
	<b>10,974</b>	<b>2,415</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

### 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise account receivables, deposits and other receivables, amount due from a substantial shareholder of the Company, cash and cash equivalents, accruals and other payables and lease liabilities. 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 judgement, 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 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.

#### **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 performs ongoing and tightly monitoring the ageing of the receivables. 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 based on the historical settlement track records. Further quantitative disclosures in respect of the Group's exposure to credit risk arising from deposits and other receivables and amount due from a substantial shareholder of the Company are set out in notes 19 and 20, respectively.

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 2020



## 31. 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 lease liabilities and also in respect of its cash flow management. The Group'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 maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	On demand or within 1 year HK\$'000	1 to 5 years HK\$'000	Total contractual undiscounted cash flow HK\$'000	Carrying amounts HK\$'000
<b>31 March 2020</b>				
Accruals and other payables	1,969	–	1,969	1,969
Lease liabilities	4,735	5,079	9,814	9,005
	<b>6,704</b>	<b>5,079</b>	<b>11,783</b>	<b>10,974</b>
			Total contractual undiscounted cash flow HK\$'000	Carrying amounts HK\$'000
<b>31 March 2019</b>				
Accruals and other payables	2,415	–	2,415	2,415

### 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, amount due from a substantial shareholder of the Company, cash and cash equivalents, accruals and other payables and lease liabilities) are assumed to approximate their fair value based on the nature or short-term maturity of these instruments.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

### 32. 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\$38,610,000 as at 31 March 2020 (2019: HK\$45,632,000).

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 2019.

### 33. 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	
Simple Joyous Limited	the BVI, 25 August 2015	1 ordinary share of United States dollars ("US\$") 1	100%	-	Hong Kong, Investment holding
Dynamic Winner Holdings Limited	the BVI, 22 March 2018	1 ordinary share of US\$1	100%	-	Hong Kong, Investment holding
Bright Union International Limited	Hong Kong, 7 December 2007	HK\$10,000	-	100%	Hong Kong, Provision of private tutoring services
Billion Bright Management Limited	the BVI, 1 July 2009	50,000 ordinary shares of US\$1 each	-	100%	Hong Kong, Investment holding
Base Channel Limited	the BVI, 13 March 2017	1 ordinary share of US\$1	-	100%	Hong Kong, Investment holding
Bright Wealth International Limited	Hong Kong, 13 January 2017	HK\$1	-	100%	Hong Kong, Provision of private tutoring services
Wise Develop Investment Limited	the BVI, 31 May 2017	1 ordinary share of US\$1	-	100%	Hong Kong, Investment holding
Bright Talents International Limited	Hong Kong, 16 June 2017	HK\$1	-	100%	Hong Kong, Provision of franchising services
Wealth Create Development Limited	Hong Kong, 8 January 2018	HK\$100	-	100%	Hong Kong, Inactive

# 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

	2020 HK\$'000	Year ended 31 March			
		2019 HK\$'000	2018 HK\$'000	2017 HK\$'000	2016 HK\$'000
Revenue	<b>33,042</b>	37,464	36,473	37,336	38,576
(Loss)/Profit before income tax	<b>(7,846)</b>	(2,094)	4,216	4,507	7,256
Income tax credit/(expense)	<b>824</b>	302	(295)	(1,716)	(2,267)
(Loss)/Profit for the year	<b>(7,022)</b>	(1,792)	3,921	2,791	4,989
(Loss)/Profit attributable to owners of the Company	<b>(7,022)</b>	(1,792)	3,921	2,791	4,989

## ASSETS AND LIABILITIES

	2020 HK\$'000	Year ended 31 March			
		2019 HK\$'000	2018 HK\$'000	2017 HK\$'000	2016 HK\$'000
Total assets	<b>50,028</b>	49,254	50,084	45,544	20,756
Total liabilities	<b>(11,418)</b>	(3,622)	(2,660)	(2,041)	(5,378)
	<b>38,610</b>	45,632	47,424	43,503	15,378
Equity attributable to owners of the Company	<b>38,610</b>	45,632	47,424	43,503	15,378