

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (THE "GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")**

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

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*This report, for which the directors (the "Directors") of Dadi Education Holdings 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 GEM (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.*

# CONTENTS

	Page(s)
Corporate Information	2
Chairman's Statement	3
Management Discussion and Analysis	4
Profile of Directors and Senior Management	10
Corporate Governance Report	14
Environmental, Social and Governance Report	22
Directors' Report	27
Independent Auditor's Report	37
Consolidated Statement of Profit or Loss and Other Comprehensive Income	41
Consolidated Statement of Financial Position	42
Consolidated Statement of Changes in Equity	43
Consolidated Statement of Cash Flows	44
Notes to the Consolidated Financial Statements	45
Financial Summary	82



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Chung Wang Lung (*Chairman*)  
Mr. Mok Patrick (*Chief Executive Officer*)  
Ms. So Pik Sau

### Independent non-executive Directors

Mr. Wong Tak Chun  
Ms. Chung Wai Nar  
Mr. Tsang Chi Fung

## COMPANY SECRETARY

Mr. Tam Hei Lap, Hedley

## COMPLIANCE OFFICER

Mr. Mok Patrick

## AUTHORISED REPRESENTATIVES

Mr. Chung Wang Lung  
Mr. Mok Patrick

## AUDIT COMMITTEE

Mr. Wong Tak Chun (*Chairman*)  
Ms. Chung Wai Nar  
Mr. Tsang Chi Fung

## REMUNERATION COMMITTEE

Ms. Chung Wai Nar (*Chairman*)  
Mr. Wong Tak Chun  
Mr. Tsang Chi Fung

## NOMINATION COMMITTEE

Mr. Chung Wang Lung (*Chairman*)  
Ms. Chung Wai Nar  
Mr. Tsang Chi Fung

## AUDITOR

Grant Thornton Hong Kong Limited  
Level 12  
28 Hennessy Road, Wanchai  
Hong Kong SAR

## REGISTERED OFFICE

PO Box 1350  
Clifton House  
75 Fort Street  
Grand Cayman KY1-1108  
Cayman Islands

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1911, 19/F., Office Tower One  
Grand Plaza, 639 Nathan Road  
Mong Kok  
Kowloon  
Hong Kong

## COMPLIANCE ADVISER

TC Capital International Limited  
Suite 1903-4, 19/F, Tower 6  
The Gateway, Harbour City  
9 Canton Road, Tsim Sha Tsui, Kowloon  
Hong Kong

## PRINCIPAL BANKER

Hang Seng Bank Limited  
83 Des Voeux Road Central  
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Estera Trust (Cayman) Limited  
PO Box 1350  
Clifton House  
75 Fort Street  
Grand Cayman KY1-1108  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited  
31/F, 148 Electric Road  
North Point  
Hong Kong

## STOCK CODE

8417

## WEBSITE

<http://www.dadi.com.hk/>

# CHAIRMAN'S STATEMENT

## CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of Directors (the "Board") of Dadi Education Holdings Limited (the "Company", together with its subsidiaries, the "Group", "we" or "us"), I am pleased to present the annual results of our Group for the year ended 31 March 2017.

The shares of the Company were listed on the GEM of the Stock Exchange on 16 February 2017 (the "Listing Date"). This represented a substantial milestone for our Group. It not only provides our Company a platform to gain access to one of the world's most significant capital markets, but also enhances our Group's reputation and strengthens its corporate governance.

### Review for the year ended 31 March 2017

It had been a challenging year for the year ended 31 March 2017, the global studying landscape had been stirred by a number of significant global events such as the Brexit Referendum in the United Kingdom (the "UK") and the presidential election in the United States of America (the "USA"). The group's financial performance was impacted by the depreciation of the Great British Pounds ("GBP") and concerns over the stability of studying overseas.

However, our Group's extensive network with overseas education providers allow our Group to offer wide variety of academic courses available to be chosen from. This advantage provides a strong resilience from impacts such as the Brexit Referendum. As a result, our revenue generated from the placements of students from Australia, Canada and the USA both recorded improvements in comparison to the year ended 31 March 2016.

### Outlook

Looking forward to the year ended 2018, our Group will take several significant steps to our commitment to deliver the best service to students as well as strengthen our networks with overseas education providers.

In order to achieve these milestones, our Group will perform a major renovation to our flagship service centre in Mongkok and it is going to be operational in July 2017. In conjunction with our dedicated and experienced counselling team, students would enjoy an industry-leading quality of services provided by our Group.

In addition, our Group highly values the solid relationships with education service providers as it serves as one of the main drivers for the continual success of our Group. Thus, our Group sets up a new department which focuses on the relationship management and the development of our networks with overseas education providers. Through this strategic decision, our Group aims to actively approach to high quality overseas education service providers and seek for opportunities for partnerships. Our Group believes the expansion of our networks with overseas education providers is a vital factor in driving our business growth in sustainable manner over the long run.

Besides, with additional resources allocated to marketing, our Group plans to expand marketing activities to a whole new level such as organizing large scale exhibitions and engaging celebrity as our spokesperson, our Group believes that the extensive marketing campaigns will enhance our brand recognition and strengthen our market position to capture further market shares.

Last but not least, I would like to take this opportunity to thank the Board for their contribution to the Group for further growth in the future. I would also like to thank the Group's dedicated and loyal employees for their efforts to the Group.

On behalf of the Board

**Chung Wang Lung**

*Chairman and Executive Director*

Hong Kong, 26 June 2017

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### OVERVIEW

Our Group is one of the leading overseas studies consultancy services providers in Hong Kong. Our network consists of overseas education providers from all over the world. Nevertheless, we mainly serve local students who are mainly seeking secondary education and higher education studies in the UK, Australia, Canada and the USA. During the year ended 31 March 2017, our Group's principal business remained the provision of overseas studies consultancy services in Hong Kong. Commission income generated from the placements of students from the UK and Australia remained as the main driver of our Group's revenue.

Our Company was listed on GEM on the Listing Date when 437,600,000 ordinary shares (comprising a public offer of 131,280,000 Shares and 306,320,000 Shares (comprising 66,320,000 new Shares and 240,000,000 Sale Shares) by way of placing) has been offered for subscription and for sale, at an offer price of HK\$0.34 per Share (the "Listing").

The year ended 31 March 2017 was a year full of challenges and uncertainties to the industry as well as to our Group. The demand for students to study overseas is sensitive to the availability of academic programs, academic requirements, location of study, living costs and the stability of the studying environments. The Brexit Referendum took place in June 2016 had raised concerns about the stability of studying in the UK and the demand for studying in the UK was hammered, in addition to the depreciation to GBP against Hong Kong dollar ("HK\$") during the year ended 31 March 2017. Our Group's commission income generated from the placements of students in the UK had dropped by approximately 16.6% or approximately HK\$2.2 million in comparison to the year ended 31 March 2016.

The diversity of our Group's network with overseas education providers had provided a strong resilience from the impact of the Brexit Referendum, the wide spectrum of academic courses from our Group's networked overseas education service providers allows students to select their alternative solution other than studying in the UK. For the year ended 31 March 2017, the commission income generated from the placements of students from Australia had increased by approximately 2.6% and from Canada and the USA had in aggregate increased by approximately 14.8% respectively.

### Prospects and Strategies

Our Group expects the growth of the demand in overseas education will continue to slow down in the coming year. Given the rising concerns on security after various terrorist attacks in the UK, our Group expects the desire for students to enroll their studies in the UK would be negatively affected. Our Group believes the diversified networks with overseas education providers will allow our Group to provide the alternative study solution to students who would like to seek for overseas studies other than the UK.

Besides, our Group continues to allocate more resources in new marketing campaigns such as engaging spokesperson and hosting large scale exhibitions would further strengthen our brand and increase our recognition which ultimately allow our Group to expand our market share. On the above basis, the Directors are confident that our Group will maintain a steady growth in foreseeable future.

## FINANCIAL REVIEW

### REVENUE

Revenue of our Group for the year ended 31 March 2017 was approximately HK\$23.5 million, representing a decrease of approximately 7.4% from approximately HK\$25.4 million for the year ended 31 March 2016. All revenue was derived from the overseas study consultancy services. Such decrease was mainly attributable to the depreciation of GBP to HK\$ between the two years ended 31 March 2017 and 2016 and the decrease in commission income generated from the placements of students in the high schools of UK.

#### UK

Commission income generated from the placements of students in the UK maintained to be the main source of our Group's revenue which accounted for approximately 46.7% for the year ended 31 March 2017 (2016: approximately 51.8%). Commission income generated from the placements of students in the UK was amounted to approximately HK\$11.0 million (2016: approximately HK\$13.1 million) or declined by approximately 16.6%. The decrease in commission from the placements of students in the UK was mainly contributed by the depreciation of GBP to HK\$ between the two years ended 31 March 2017 and 2016 respectively, and the decrease in number of successful placements in the high schools of the UK.

#### Australia

Commission income generated from the placements of students in Australia increased by approximately HK\$0.3 million or approximately 2.6% from approximately HK\$8.7 million for the year ended 31 March 2016 to approximately HK\$9.0 million for the year ended 31 March 2017, which represented approximately 38.2% of our Group's total revenue for the year ended 31 March 2017 (2016: approximately 34.4%). The increase in the commission income generated from the placements of students in Australia was mainly contributed by the appreciation of AUD and HK\$ between the two years ended 31 March 2017 and 2016 respectively.

#### Canada and the USA

Commission income generated from the placements of students in Canada and the USA in aggregate increased by approximately 14.8% which amounted to approximately HK\$2.9 million (2016: approximately HK\$2.5 million) and represented approximately 12.4% (2016: approximately 10.0%) of total revenue for the year ended 31 March 2017. The increase in amount was attributable to the increase in student placements in Canada for the year ended 31 March 2017.

### OTHER INCOME

Our Group's other income decreased from approximately HK\$2.6 million for the year ended 31 March 2016 to approximately HK\$1.8 million for the year ended 31 March 2017, representing a decrease of approximately HK\$0.8 million or approximately 32.4%. The decrease was mainly due to a decline in marketing income and our Group's recognised exchange loss for the year ended 31 March 2017 in contrast with exchange gain for the year ended 31 March 2016.

### MARKETING COSTS

Our Group's marketing cost increased from approximately HK\$2.3 million for the year ended 31 March 2016 to approximately HK\$2.6 million for the year ended 31 March 2017. The increase was attributable to additional advertising activities on public transport in Hong Kong during the year ended 31 March 2017.

### EMPLOYEE BENEFITS EXPENSES

Staff cost of our Group increased by approximately HK\$1.0 million from approximately HK\$6.9 million for the year ended 31 March 2016 to approximately HK\$7.9 million for the year ended 31 March 2017. The increase was mainly contributed by increased headcounts and a rise in basic salary of all staffs during the year ended 31 March 2017.

### OTHER EXPENSES

Other expenses of our Group increased from approximately HK\$5.5 million for the year ended 31 March 2016 to approximately HK\$7.8 million for the year ended 31 March 2017. The increase in amount was mainly contributed by the recognition of listing expense as our Group listed on GEM on the Listing Date, the increase in legal and professional fees after the listing of the Company and the exchange loss for the depreciation of GBP against HK\$.

### INCOME TAX EXPENSES

Income tax expenses decreased by approximately 23.6% from approximately HK\$2.5 million for the year ended 31 March 2016 to approximately HK\$1.9 million for the year ended 31 March 2017. Such decrease was driven by the decrease in revenue in the same period.

### PROFIT FOR THE YEAR

Net profit for our Group decreased from approximately HK\$9.2 million for the year ended 31 March 2016 to approximately HK\$3.5 million for the year ended 31 March 2017. The decline was mainly contributed by (i) the drop in revenue as a result from the depreciation of GBP against HK\$ and the decrease in number of successful placements in the high schools of the UK, (ii) the increase in employee benefits expenses and (iii) the increase in other expenses principally due to the exchange loss derived from the depreciation of GBP against HK\$ and the increase in legal and professional fees after the Listing of the Company.

### LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Our Group has funded the liquidity for the year ended 31 March 2017 and capital requirements primarily through capital contributions from shareholders, bank borrowings, cash inflows from operating activities and proceeds received from the Listing on the Listing Date.

As at 31 March 2017, our Group has total cash and bank balances of approximately HK\$68.0 million (2016: approximately HK\$6.8 million). The increase was mainly due to the net proceeds received from the Listing. The borrowings of our Group as at 31 March 2017 was approximately HK\$1.3 million (2016: approximately HK\$1.9 million).

As at 31 March 2017, the share capital and total equity attributable to equity holders of the Company amounted to approximately HK\$17.5 million and approximately HK\$76.1 million, respectively (2016: approximately HK\$0 million and approximately HK\$ 15.3 million, respectively).

Gearing ratio is calculated based on the total loans and borrowings divided by total equity as at the period-end date and expressed as a percentage. The gearing ratio of our Group as at 31 March 2017 was approximately 1.7% (2016: approximately 12.0%). As a result of the increased equity following the Listing, our Group's gearing ratio decreased. During the year ended 31 March 2017, our Group did not employ any financial instrument for hedging purpose.

### CHARGES ON GROUP'S ASSETS

Our Group did not have any charges of assets as at 31 March 2017 (2016: Nil).

### CAPITAL COMMITMENT

Our Group had no material capital commitments as at 31 March 2017 and 2016.

### CONTINGENT LIABILITIES

Our Group had no material contingent liabilities as at 31 March 2017 (2016: Nil). Our Group is currently not involved in any material legal proceedings, nor is our Group aware of any pending or potential material legal proceedings.

### FOREIGN EXCHANGE RISK

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Our Group's exposures to currency risk arise from its business transactions which are primarily denominated in Australian dollars ("AUD"), Canadian dollars ("CAD"), GBP and the United States dollars ("US\$"). Our Group is mainly exposed to the effects of fluctuation in AUD, CAD and GBP as the rate of exchange between HK\$ and US\$ is controlled within a tight range. Our Group however did not engage in any derivatives agreements and did not commit to any financial instrument to hedge its foreign exchange exposure during the year ended 31 March 2017.

### EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2017, our Group employed a total of 24 full-time employees in comparison to 23 full-time employees as at 31 March 2016. Total employee benefit expenses for the year ended 31 March 2017 and the year ended 31 March 2016 were approximately HK\$7.9 million and approximately HK\$6.9 million respectively. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to a basic salary, discretionary bonuses were offered to those staff according to the assessment of individual performance.

### SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Apart from the reorganisation in relation to the Listing (as set out under the section headed "History, Reorganisation and Corporate Structure" and the paragraph headed "Corporate reorganisation" in Appendix IV to the Prospectus, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies by our Group during the year ended 31 March 2017. There was no plan for material investments or capital assets as at 31 March 2017 save for the business plan as disclosed in the Prospectus and subject to a voluntary announcement of the Company dated 13 April 2017.

### DIVIDENDS

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

## EVENTS AFTER THE YEAR ENDED 31 MARCH 2017

With an intention to explore business opportunities of expanding the business of provision of overseas studies consultancy services to students in the People's Republic of China and to diversify risk of the Company in the exploration of the intended business opportunities, the Company has subscribed one ordinary share (being the entire issued share capital) of and in Grand Pick Limited (偉擇有限公司), a company incorporated in the British Virgin Islands on 19 April 2017, which in turn holds one ordinary share (being the entire issued share capital) of and in City Victory Investment Limited (港信投資有限公司), a company incorporated in Hong Kong on 10 March 2017. Mr. Chung Wang Lung is the sole director of Grand Pick Limited and City Victory Investment Limited. As at the date of this annual report, no concrete term has been agreed, and no letter of intent, memorandum of understanding or legally binding agreement has been entered into for the intended exploration.

## USE OF NET PROCEEDS FROM THE LISTING

The net proceeds from the Listing of our Company in February 2017 amounted to approximately HK\$55.1 million, after deducting the underwriting fees, the Stock Exchange trading fee, SFC transaction levy for the new Shares and Listing expense in connection with the Share Offer. The period from the Listing Date to 31 March 2017 was relatively short, during which our Group was in its preliminary stage of implementing its business objectives and strategies. As at 31 March 2017, approximately HK\$43,000 had been utilised. Our Group will strive to achieve the milestone events as stated in the Prospectus and it provides an analysis comparing the business objectives set out in the Prospectus with our Group's actual business progress from the Listing Date to the date of this annual report as set out below:

Use of net proceeds	Amount of net proceeds allocated upon listing HK\$'000	Amount of net proceeds utilised for the year ended 31 March 2017 HK\$'000	Balance as at 31 March 2017 HK\$'000	Actual business progress up to the date of this report
Expanding and renovating existing branches	5,198	–	5,198	Renovation of Mongkok office has substantially complete as of the date of this report.
Employing additional counsellors and supporting staff	15,373	43	15,330	Our Group hired three additional staffs as of the date of this report.
Strengthening our brand awareness	25,505	–	25,505	As of the date of this report, our Group has engaged with a celebrity to act as our Group's spokesperson in May 2017.
Expanding our network of overseas education providers	700	–	700	Our Group was still seeking potential partners as of the date of this report.

## MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Use of net proceeds	Amount of net proceeds allocated upon listing HK\$'000	Amount of net proceeds utilised for the year ended 31 March 2017 HK\$'000	Balance as at 31 March 2017 HK\$'000	Actual business progress up to the date of this report
Enhancing our IT system	2,975	–	2,975	Our Group was still seeking for potential contractors as of the date of this report.
Hold large scale exhibitions	3,960	–	3,960	Our Group is committed to hold a major exhibition in July 2017.
General working capital	1,428	–	1,428	N/A
<b>Total</b>	<b>55,139</b>	<b>43</b>	<b>55,096</b>	

Any net proceeds that were not applied immediately have been placed in the short-term demand deposits with authorised financial institutions or licensed banks in Hong Kong as at the date of this annual report.

# PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

## EXECUTIVE DIRECTORS

**CHUNG Wang Lung (鍾宏龍)**, aged 58, is the founder of our Group, the chairman of the Board, an executive Director, and a controlling shareholder of our Company (the "Controlling Shareholder"). He was appointed as a Director on 19 October 2015 and was then re-designated as an executive Director on 11 January 2016. Mr. Chung is primarily responsible for major decision-making, formulating our Group's overall strategic plan and overseeing its overall business development and policy-setting. Mr. Chung is also a director of each of the subsidiaries of our Company, namely Dadi Education Group Limited ("Dadi Education"), Golden Crown Overseas Limited ("Golden Crown"), Time Pace Development Limited ("Time Pace"), DIY110 Limited ("DIY110"), Red City Holdings Limited ("Red City"), Quest Point International Limited ("Quest Point") and Legend Focus Investments Limited ("Legend Focus").

Mr. Chung is the founder of our Group. Based on when he first founded our Group, he has over 25 years of experience in overseas studies consultancy industry and has been the key driver of our Group's business strategies and achievements to date and will continue to oversee the management of the business operations of our Group.

Mr. Chung is currently a director and the sole shareholder of Chung's Capital Resources Limited, Allon Global Limited and Grand Courage Investments Limited ("Grand Courage"). Grand Courage is one of our Controlling Shareholders.

Mr. Chung is the uncle of Ms. So Pik Sau, an executive Director, and the uncle of Ms. Chung Ka Ming, a member of our senior management.

Save as disclosed above, Mr. Chung (i) had no interests in Shares within the meaning of Part XV of the SFO; (ii) did not have any relationship with any Directors, senior management of our Company, substantial shareholders of our Company (the "Substantial Shareholder") or Controlling Shareholders; and (iii) did not hold any directorship in any other public companies the securities of which were listed on any securities market in Hong Kong or overseas in the last three years.

**MOK Patrick (莫柏祺)**, aged 42, is the chief executive officer of our Company, an executive Director and compliance officer. Mr. Mok joined our Group in April 2010 as a management trainee and served consecutively as senior manager, deputy general manager and currently general manager. He was appointed as the chief executive officer of our Company and an executive Director on 11 January 2016. Mr. Mok is primarily responsible for execution of daily management and administration of business operations, overseeing our Group's business operations and executing our strategic plan. Mr. Mok graduated from City University of Hong Kong with a bachelor's degree in engineering (manufacturing engineering) in November 1999. Prior to joining our Group in April 2010 as a management trainee, he worked in Wong's Circuits (HK) Ltd. from April 2000 to May 2001 (at which his last position was assistant engineer). From August 2001 to November 2008, he worked in Yan Tin Chemicals Co., Ltd (at which his last position was sales manager). From April 2009 to September 2009, he worked in Swiss Privilege (a member of AXA Group) (at which his last position was associate relationship manager).

Save as disclosed above, Mr. Mok (i) had no interests in Shares within the meaning of Part XV of the SFO; (ii) did not have any relationship with any Directors, senior management of our Company, Substantial Shareholders or Controlling Shareholders; and (iii) did not hold any directorship in any other public companies the securities of which were listed on any securities market in Hong Kong or overseas in the last three years.

## PROFILE OF DIRECTORS AND SENIOR MANAGEMENT<sup>(continued)</sup>

**SO Pik Sau (蘇碧秀)**, aged 32, is an executive Director. Ms. So joined our Group in March 2011 and was appointed as an executive Director on 11 January 2016. Ms. So is primarily responsible for general and day-to-day management of our Group. Ms. So is a director of Dadi Education.

Ms. So graduated from Griffith University in Australia with a bachelor's degree in commerce (banking and finance) in Australia in July 2009 and obtained her master's degree in commerce (professional accounting) from Griffith University in Australia in November 2010. Ms. So joined our Group in March 2011 and serves as an education counsellor of our Group. Ms. So is the niece of Mr. Chung who is our Controlling Shareholder, an executive Director and the chairman of our Board and cousin of Ms. Chung Ka Ming who is a senior management of our Group.

Save as disclosed above, Ms. So (i) had no interests in Shares within the meaning of Part XV of the SFO; (ii) did not have any relationship with any Directors, senior management of our Company, Substantial Shareholders or Controlling Shareholders; and (iii) did not hold any directorship in any other public companies the securities of which were listed on any securities market in Hong Kong or overseas in the last three years.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**WONG Tak Chun (黃德俊)**, aged 36, was appointed as an independent non-executive Director on 17 January 2017. He is responsible for supervising and providing independent judgment to our Board.

Mr. Wong graduated from University of British Columbia with a bachelor's degree in arts in May 2005 and obtained his master's degree in corporate governance from Hong Kong Polytechnic University in October 2014. Mr. Wong was certified as a certified public accountant of Hong Kong Institute of Certified Public Accountants in July 2010. He was admitted as Associate of The Hong Kong Institute of Chartered Secretaries in May 2015. He was also admitted to Graduateship and elected as an Associate of The Institute of Chartered Secretaries and Administrators in the UK in December 2014 and May 2015 respectively.

Mr. Wong worked in KPMG from August 2005 to May 2010 (at which his last position was assistant manager). From May 2010 to June 2013, Mr. Wong worked in Central China Real Estate Limited (Stock Code: 832), the issued shares of which are listed on the Main Board of the Stock Exchange (at which his last position was company secretary and finance manager). From August 2013 to January 2014, he worked in Landsea Green Properties Co, Ltd. (Stock Code: 106), the issued shares of which are listed on the Main Board of the Stock Exchange (at which his last position was chief financial officer assistant). From February 2014 to 4 January 2016, he worked in Modern Land (China) Co., Limited (Stock Code: 1107), the issued shares of which are listed on the Main Board of the Stock Exchange (at which his last position was deputy chief financial officer and company secretary). Mr. Wong served as the chief financial officer from 5 January 2016 to 29 February 2016 of Redco Holdings (Hong Kong) Co. Limited, a wholly-owned subsidiary of Redco Properties Group Limited (Stock Code: 1622), the issued shares of which are listed on the Main Board of the Stock Exchange. He served as the company secretary and the chief financial officer of Helidongsheng International Logistic Company Limited\* (和立東升國際物流產業有限公司) in Hunan, the PRC, from March 2016 to February 2017. From February 2017, Mr. Wong served as Company Secretary and Head of Investor Relations of Top Spring International Holdings Limited (Stock Code: 3688).

Save as disclosed above, Mr. Wong (i) had no interests in Shares within the meaning of Part XV of the SFO; (ii) did not have any relationship with any Directors, senior management of our Company, Substantial Shareholders or Controlling Shareholders; and (iii) did not hold any directorship in any other public companies the securities of which were listed on any securities market in Hong Kong or overseas in the last three years.

## PROFILE OF DIRECTORS AND SENIOR MANAGEMENT *(continued)*

**CHUNG Wai Nar (鍾維娜)**, aged 48, was appointed as an independent non-executive Director on 17 January 2017. She is responsible for supervising and providing independent judgment to our Board.

Ms. Chung was admitted as a member of the Association of Chartered Certified Accountants in March 2009. She graduated from Hong Kong Polytechnic University with higher certificate in accountancy in November 1997 and from University of Greenwich with a bachelor's degree in arts (accounting and finance) in October 2006. Ms. Chung worked in United Circuits (Hong Kong) Ltd. from August 1987 to March 1998 (at which her last position was accountant). She was then employed by Kowloon-Canton Railway Corporation from April 1998 to June 2001 (as which her last position was assistant accounting officer). From December 2003 to October 2007, Ms. Chung worked in Sinomax Securities Limited (at which her last position was accounting and administration manager). From April 2009 to October 2011, Ms. Chung worked in Brightoil Petroleum (Holdings) Limited (Stock Code: 933), the issued shares of which are listed on the Main Board of the Stock Exchange (at which her last position was group accountant). Ms. Chung then worked in Shun Hing Industrial Company from November 2011 to September 2014 (at which her last position was accountant). Since September 2014 and up to the Latest Practicable Date, Ms. Chung served as an accountant in Master Communications Limited.

Save as disclosed above, Ms. Chung (i) had no interests in Shares within the meaning of Part XV of the SFO; (ii) did not have any relationship with any Directors, senior management of our Company, Substantial Shareholders or Controlling Shareholders; and (iii) did not hold any directorship in any other public companies the securities of which were listed on any securities market in Hong Kong or overseas in the last three years.

**TSANG Chi Fung (曾志豐)**, aged 45, was appointed as an independent non-executive Director on 17 January 2017. Mr. Tsang is responsible for supervising and providing independent judgment to our Board.

Mr. Tsang obtained his higher diploma certificate in building services engineering from The Hong Kong Polytechnic University in November 1993. He is the founder and managing director of CaSO (HK) Engineering Company Limited, having the responsibilities of overall management, sales and marketing and research and development of its flagship product — the AUGREEN block wall system, an innovative green construction concept. Apart from his experience in green construction, Mr. Tsang had also played key advisory roles in various construction materials companies and industrial association, such as his position as a key committee member of Group 2 (Building Materials) Executive Committee of Federation of Hong Kong Industries.

Save as disclosed above, Mr. Tsang (i) had no interests in Shares within the meaning of Part XV of the SFO; (ii) did not have any relationship with any Directors, senior management of our Company, Substantial Shareholders or Controlling Shareholders; and (iii) did not hold any directorship in any other public companies the securities of which were listed on any securities market in Hong Kong or overseas in the last three years.

### SENIOR MANAGEMENT

**TAM Hei Lap, Hedley (譚希立)**, aged 30, joined our Group on 6 October 2015. He serves as the financial controller and company secretary of our Group. Mr. Tam is primarily responsible for financial planning, financial risks management, financial reporting, treasury and company secretarial work of our Group.

Mr. Tam graduated from University of New South Wales in Australia with a bachelor's degree of aviation (management) in September 2007 and obtained a master's degree in commerce (international finance) in September 2008 from University of New South Wales in Australia. Prior to joining our Group, Mr. Tam served consecutively as accountant and assisting manager in KPMG from August 2008 to April 2013. He was the group accountant in Time Watch Investments Limited (Stock Code: 2033), the issued shares of which are listed on the Main Board of the Stock Exchange, between September 2013 and November 2014. Between November 2014 and September 2015, he served as a senior accountant in Simatelex Manufacturing Company Limited. Mr. Tam is a member of the Hong Kong Institute of Certified Public Accountants.

Save as disclosed above, Mr. Tam (i) had no interests in Shares within the meaning of Part XV of the SFO; (ii) did not have any relationship with any Directors, senior management of our Company, Substantial Shareholders or Controlling Shareholders; and (iii) did not hold any directorship in any other public companies the securities of which were listed on any securities market in Hong Kong or overseas in the last three years.

**CHUNG Ka Ming (鍾家明)**, aged 28, joined our Group on 1 June 2011. Ms. Chung serves as a chief sales manager and education counsellor of our Group. She is primarily responsible for negotiating terms of contracts with overseas education providers. Ms. Chung is a director of Dadi Education. Ms. Chung graduated with a bachelor's degree of commerce in accounting from Griffith University in Queensland, Australia in July 2009. Ms. Chung is the niece of Mr. Chung who is the Controlling Shareholder, an executive Director and the chairman of the Board and cousin of Ms. So Pik Sau who is an executive Director.

Save as disclosed above, Ms. Chung (i) had no interests in Shares within the meaning of Part XV of the SFO; (ii) did not have any relationship with any Directors, senior management of our Company, Substantial Shareholders or Controlling Shareholders; and (iii) did not hold any directorship in any other public companies the securities of which were listed on any securities market in Hong Kong or overseas in the last three years.

# CORPORATE GOVERNANCE REPORT

Pursuant to Rule 18.44(2) of the GEM Listing Rule, the Board is pleased to present hereby the corporate governance report of the Company for the year ended 31 March 2017.

The Directors and the management of our Group recognize the significance of sound corporate governance to the long-term and continuing development of our Group. Therefore, the Board is committed to upholding good corporate standards and procedures for the best interest of the shareholders of the Company (the "Shareholders").

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Our Group's corporate governance practices are based on the principles and the code provisions in the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules.

During the period from the Listing Date to 31 March 2017, the Company has complied with all the applicable code provisions of the CG Code contained in Appendix 15 to the GEM Listing Rules.

## BOARD OF DIRECTORS

### Responsibilities of the Board

The key responsibilities of the Board include formulation of our Group's overall strategies, the setting of management targets and supervision of management performance. The management is delegated with the authority and responsibility by the Board for the management and administration of our Group. In addition, the Board has also delegated various responsibilities to the board committees of the Company. Further details of the board committees of the Company are set out below in this report.

The Company has arranged appropriate insurance coverage on the liabilities of the Directors in respect of any legal actions taken against the Directors arising out of corporate activities. The insurance coverage is reviewed on annual basis.

### Corporate Governance Functions

The Board is responsible for, among others, performing the corporate governance duties as set out in paragraph D.3.1 of the CG Code, which includes:

- (a) to develop and review our Group's policies and practices on corporate governance and make recommendations;
- (b) to review and monitor the training and continuous professional development of the Directors and senior management;
- (c) to review and monitor our Group's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to the Directors and employees; and
- (e) to review our Group's compliance with the CG Code and disclosure in the corporate governance report.

The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

## COMPOSITION OF THE BOARD

As at the date of this annual report, our Board currently consists of six Directors, comprising three executive Directors and three independent non-executive Directors, details of which are set out below:

### Executive Directors:

Mr. Chung Wang Lung (*Chairman*)  
Mr. Mok Patrick (*Chief Executive Officer*)  
Ms. So Pik Sau

### Independent non-executive Directors:

Mr. Wong Tak Chun (appointed on 17 January 2017)  
Ms. Chung Wai Nar (appointed on 17 January 2017)  
Mr. Tsang Chi Fung (appointed on 17 January 2017)

There is a balance of skills and experience for the Board, which is appropriate for the requirements of the business of the Company. The Directors' biographical information is set out in the section headed "Biographical Details of Directors and Senior Management" of this report.

Pursuant to the code provision A.5.6 of the CG Code, listed issuers are required to adopt a board diversity policy. The Board has adopted the board diversity policy with a view to achieve a sustainable and balanced development of our Group. In designing the Board's composition, board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. This diversity policy is reviewed annually by the nomination committee of the Company, and where appropriate, revisions will be made with the approval from the Board.

### Relationships between members of the Board

Mr. Chung Wang Lung is the uncle of Ms. So Pik Sau. They are executive directors with the meaning ascribed thereto under the GEM Listing Rules. The biographical details of each of the Directors are set out in the section headed "Profile of Directors and Senior Management" of this annual report.

Save as disclosed above, the Directors have no financial, business, family or other material or relevant relationship with each other.

## BOARD MEETINGS

Pursuant to code provision A.1.1 of the CG Code, the Board should meet regularly and Board meetings should be held at least four times a year. Additional meetings would be arranged if and when required. Directors may participate either in person or through electronic means of communications. Directors are free to contribute and share their views at meetings and major decisions will only be taken after deliberation at Board meetings. Directors who are considered to have conflict of interests or material interests in the proposed transactions or issues to be discussed will not be counted in the quorum of meeting and will abstain from voting on the relevant resolutions. Full minutes are prepared after the meetings and the draft minutes are sent to all Directors for their comments on the final version of which are endorsed in the subsequent Board meeting. During the year ended 31 March 2017, the Company held a board meeting to consider and approve the relevant resolutions in relation to the Listing on 17 January 2017.

### CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors in respect of the Shares (the "Code of Conduct"). The Company has made specific enquiry to all Directors, and all Directors have confirmed that they have fully complied with the required standard of dealings set out in the Code of Conduct from the Listing Date to up to the date of this annual report.

### APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

The Company established its nomination committee on 17 January 2017. The nomination committee has from time to time identified individuals suitably qualified to become Board members and make recommendations to the Board. The main consideration in selecting candidates for directorships is whether their characters, qualifications and experiences are appropriate for the business of our Group. Each of the executive Directors has entered into a service agreement with the Company for an initial term commencing from the Listing Date to up to the annual general meeting of the Company to be held in 2018, which may be terminated by either the Company or the Director giving to the other not less than one month's notice in writing in accordance with the terms of the agreement. Each independent non-executive Directors was appointed under a letter of appointment for term initially commencing from the Listing Date to up to the annual general meeting of the Company to be held in 2018 which may be terminated on whenever is the earlier of (i) the date of expiry of the period; (ii) ceasing to be a director for any reason pursuant to the articles of association of the Company (the "Articles of Association") or any other applicable law; or (iii) either party giving at least one month's notice in writing.

In accordance with Article 108(a) of the Articles of Association at each annual general meeting, at least 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.

### CONTINUOUS PROFESSIONAL DEVELOPMENT

Our Group acknowledges the importance of continuing professional development for the Directors for better corporate governance and internal control system. In this regard and in compliance with code provision A.6.5 of the CG Code, our Group has provided funding to all Directors to participate in continuous professional development organised in the form of in-house training and seminars to keep them refreshed of their knowledge and skills and understanding of our Group and its business to update their skills and knowledge on the latest development or changes in the relevant statutes, the GEM Listing Rules and corporate governance practices.

During the year ended 31 March 2017, all Directors have participated in continuing professional development by attending training course organised by the Company and reading relevant materials on topics related to corporate governance and regulatory matters.

### BOARD COMMITTEES

Our Group has established three committees, namely audit committee, remuneration committee and nomination committee on 17 January 2017 in compliance with the GEM Listing Rules and to assist the Board to discharge its duties. The relevant terms of reference of each of the three committees can be found on our Group's website ([www.dadi.com.hk](http://www.dadi.com.hk)) and the website of the Stock Exchange.

### AUDIT COMMITTEE

An audit committee was established on 17 January 2017 with this terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules, and paragraphs C.3.3 and C.3.7 of the CG Code. The audit committee consists of three members, namely Mr. Wong Tak Chun, Mr. Tsang Chi Fung and Ms. Chung Wai Nar, all being independent non-executive Directors. Mr. Wong Tak Chun currently serves as the chairman of the audit committee.

The audit committee is to assist the Board in fulfilling its responsibilities by providing an independent review and supervision of financial reporting, by satisfying themselves as to the effectiveness of the internal controls of our Group, and as to the adequacy of the external and internal audits.

With reference to the terms of reference, the primary responsibilities of the audit committee, among others, are as follow:

- (a) to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditors, and to approve and review the remuneration and terms of engagement of the external auditors;
- (b) to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- (c) to develop and implement policy on engaging an external auditors to supply non-audit services;
- (d) to monitor the integrity of financial statements and the annual report and accounts, half-year report and quarterly reports, and to review significant financial reporting judgments contained in them;
- (e) to discuss the internal control system with management of our Group to ensure that the management of our Group has performed its duty to have an effective internal control system; and
- (f) to develop and review our Group's policies and practices on corporate governance and make recommendations to the Board and monitor our Group's policies and practices on compliance with legal and regulatory requirements.

The members of the audit committee should meet at least twice a year. Due to the fact that the Company was listed on 16 February 2017, save and except the audit committee meeting held on 17 January 2017 for approving the financial information for the purpose of the Listing, the audit committee had not held any other meeting during the year ended 31 March 2017.

Our Group's audited annual results in respect of the year ended 31 March 2017 have been reviewed by the audit committee. There was no disagreement between the Board and the audit committee regarding selection and appointment of the external auditors during the year ended 31 March 2017.

### REMUNERATION COMMITTEE

A remuneration committee has been established with its terms of reference in compliance with paragraph B.1.2 of the CG Code. The remuneration committee consists of three members, namely Ms. Chung Wai Nar, Mr. Wong Tak Chun and Mr. Tsang Chi Fung, all being independent non-executive Directors. Ms. Chung Wai Nar currently serves as the chairman of the remuneration committee.

The remuneration committee is obliged to report to the Board on its decisions or recommendations. With reference to the terms of reference of remuneration committee, the primary duties, among others, are as follow:

- (a) to formulate remuneration policy for the approval of the Board;
- (b) to make recommendations to the Board on our Group's policy and structure for all Directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (c) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (d) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management of our Group;
- (e) to make recommendations to the Board on the remuneration of non-executive Directors;
- (f) to review and approve compensation payable to executive Directors and senior management of our Group for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- (g) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and
- (h) to consider the performance bonus for executive Directors, senior management and general staff, having regard to their achievements against the performance criteria and by reference to market norms, and make recommendations to the Board.

The members of the remuneration committee should meet at least once a year. Due to the fact that the Company was listed on 16 February 2017, save and except the remuneration committee meeting held on 17 January 2017 for approving the terms of employment/appointment of our Directors, the remuneration committee had not held any other meeting during the year ended 31 March 2017.

## NOMINATION COMMITTEE

A nomination committee has been established on 17 January 2017 with its terms of reference in compliance with paragraph A.5.2 of the CG Code. The nomination committee of our Group comprises Mr. Chung, the executive Director and Chairman, Mr. Tsang Chi Fung and Ms. Chung Wai Nar, the independent non-executive Directors. Mr. Chung currently serves as the chairman of the nomination committee.

The nomination committee is obliged to report to the Board on its decisions or recommendations. With reference to the terms of reference of nomination committee, the primary duties, among others, are as follow:

- (a) to formulate nomination policy for the Board's consideration and implement the Board's approved nomination policy;
- (b) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement our Group's corporate strategy;
- (c) to identify individuals suitably qualified to become members of the Board and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- (d) to receive nominations from Shareholders or Directors when such are tendered and to make recommendations to the Board on the candidacy of the nominees, having regard to the Board's compositional requirements and suitability of the nominees;
- (e) to assess the independence of independent non-executive Directors and review the independent non-executive Directors' confirmations on their independence; and make disclosure of its review results in the corporate governance report;
- (f) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman of the Board and the chief executive of our Group; and
- (g) to review our Company's board diversity policy and the progress on achieving the objectives set for implementing the said policy.

The members of the nomination committee should meet at least once a year. Due to the fact that the Company was listed on 16 February 2017, save and except the nomination committee meeting held on 17 January 2017 for approving and adopting the Board Diversity Policy, nomination committee meeting had not held any other meeting during the year ended 31 March 2017.

## AUDITORS' REMUNERATION

The amount of fees charged by the Company's external auditor, Grant Thornton Hong Kong Limited ("GT") generally depends on the scope and volume of the external auditors' work performed.

For the year ended 31 March 2017, the remuneration paid or payable to GT in respect of the statutory audit services and non-audit services for our Group are as follows:

Services rendered	Fees paid/payable (HK\$'000)
Statutory audit services	380
Non-statutory audit services	
— as reporting accountant for listing of the shares of the Company on the GEM of the Stock Exchange	2,600

### COMPANY SECRETARY

Mr. Tam Hei Lap, Hedley, was appointed as the company secretary of the Company on 17 January 2017. Please refer to the section "Profile of Directors and Senior Management" for his biographical information. During the year ended 31 March 2017, Mr. Tam Hei Lap has undertaken no less than 15 hours of relevant professional training in accordance with Rule 5.15 of the GEM Listing Rules.

### RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the effectiveness of our Group's internal control and risk management system, which is designed to provide reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

Given the relatively simple corporate and operation structure, our Group currently does not have an internal audit function.

Our Group has in place an effective internal control system which encompasses sound control environment, appropriate segregation of duties, well defined policies and procedures, close monitoring and is reviewed and enhanced by the management at regular intervals.

Our Group is committed to maintaining and upholding good corporate governance practice and internal control system. Our Group has engaged, CT Partners Consultants Limited to review the effectiveness of our Group's internal control system and the results were summarised and reported to the audit committee and the Board. In respect of the year ended 31 March 2017, the Board considered the internal control system effective and adequate. No significant areas of concern which might affect Shareholders were identified.

### DIRECTORS' AND AUDITORS' RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of our Group that give a true and fair view of the state of affairs, results and cash flows of our Group and are in compliance with the relevant accounting standards and principles, applicable laws and disclosure provisions required of the GEM Listing Rules. As at 31 March 2017, the Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon our Group's ability to continue as a going concern, therefore the Directors continue to adopt the going concern approach in preparing the consolidated financial statements.

The responsibility of the external auditors is to form an independent opinion, based their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the Shareholders. The independent auditor's report by external auditors, GT, about their reporting responsibility on the consolidated financial statements of our Group is set out in the independent auditor's report on pages 37 to 40 of this report.

### SHAREHOLDERS' RIGHTS

The annual general meeting (the "AGM") is an opportunity for the Board and the Shareholders to communicate directly and exchange views concerning the affairs and overall performance of our Group, and its future developments.

At the AGM, the Directors (including the independent non-executive Directors) are available to attend to questions raised by the Shareholders. The external auditors of the Company are also invited to be present at the AGM to address the queries of the Shareholders concerning the audit procedures and the auditors' report.

The first AGM of the Company is being scheduled on 31 July 2017, the notice of which shall be sent to the Shareholders in accordance with the Articles of Association of the Company, the GEM Listing Rules and other applicable laws and regulations.

### **PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING AND PROCEDURES FOR SHAREHOLDERS TO PUT FORWARD PROPOSALS AT SHAREHOLDERS' MEETINGS**

The following procedures for the Shareholders to convene an extraordinary general meeting are subject to the Article 64 of the Articles of Association, and the applicable legislation and regulation, in particular the GEM Listing Rules:

The Board may, whenever it thinks fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the requisition of 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 having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Shareholders may also use this same method to put forward proposals for the general meeting.

### **PROCEDURES FOR RAISING ENQUIRIES**

Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividend to the Company's Hong Kong share registrar (details of which are set out in the section headed "Corporate Information" of this report).

Should there be any enquiries and concerns from Shareholders, they may send in written enquiries addressed to the head office and principal place of the business of the Company in Hong Kong at Room 1911, 19/F, Office Tower One, Grand Plaza, 639 Nathan Road, Mongkok, Kowloon, Hong Kong, by post for the attention of the Board and/or the company secretary of the Company. Shareholders are reminded to lodge their questions together with their detailed contact information for the prompt response from the Company if it deems appropriate.

### **INVESTOR RELATIONS**

The Company has established a range of communication channels between itself and its Shareholders, and investors. These include answering questions through the annual general meeting, the publication of annual, interim and quarterly reports, notices, announcements and circulars, the Company's website at [www.dadi.com.hk](http://www.dadi.com.hk) and meetings with investors and Shareholders. News update of our Group's business development and operation are also available on the Company's website.

### **SIGNIFICANT CHANGES IN CONSTITUTIONAL DOCUMENTS**

Save for the adoption of the amended and restated Memorandum and Articles of Association for the purpose of the listing of the Shares on the GEM of the Stock Exchange, during the year ended 31 March 2017, there had been no significant changes in the constitutional documents of the Company.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To comply with the requirements set forth in Appendix 20 Environmental, Social and Governance (“**ESG**”) Reporting Guide of the GEM Listing Rules (the “**ESG Guide**”), our Group hereby presents this Environmental, Social and Governance report (“**ESG Report**”) for the year ended 31 March 2017.

The Board is responsible for our Group ESG strategy and reporting including evaluating and determining our ESG-related risk and ensuring that appropriate and effective ESG risk management and internal control systems are in place. We have engaged our business functions to identify relevant ESG issues and to assess their materiality to our business as well as our stakeholders and customers, through reviewing our Group’s operations and holdings internal discussions. Our management has provided a confirmation to the Board on the effectiveness of our ESG risk management and internal control systems. Pursuant to the general disclosure requirements of the ESG Guide, disclosures relating to the material ESG issues identified have been included in this ESG Report which aims to provide a balanced representation of our Group’s ESG performance in the environmental and social areas, and covers our Group’s operations.

Our Group principally engages in the provision of overseas consultancy services in Hong Kong.

The Group strives to create positive value not only to shareholders but also to stakeholders and customers, the Group believes being socially responsible and achieving a high quality corporate citizenship would be mutually beneficial to the Group as well as the society the Group operating in.

The following sections provide information about the Group practices across environment aspect, operations and employment aspect and our contribution to the community in promoting a good corporate citizenship of our Group.

## ENVIRONMENT

### Emission and Use of Resources

Given business nature of our Group is services-oriented with minimal involvement of heavy machinery and industrial process, thus, hazardous and toxic waste will not be generated in our Group’s ordinary course of business. The direct impact to the environment to the environment is immaterial.

We do not have significant air emission and discharges into water except the non-hazardous solid wastes generated in our offices during our operations. The electricity consumption and the usage of papers represented most of our Group’s carbon footprint, which is mainly attributed to the lighting and air conditioning of our Group’s office premises and the utilisation of office equipment. The water consumption is immaterial as our Group’s business model does not rely heavy on water usage.

Our Group implemented numerous energy saving measures and environment friendly initiatives in workplaces including the following:

- maintaining optimal room temperature on the air-conditioning at 26 degrees Celsius in the office premises
- installation of energy-saving lighting system
- encourage complete power-off for computer equipment and other office equipment when not utilised
- double-sided printing is defaulted for printers
- envelope, parcel bag recycling

Our Group upholds the principles of waste management and is committed to the proper handling and disposal of all wastes from our business activities. Our Group encourages employees to reduce the use of papers by assessing the necessity of printing and where appropriate to use duplex printing and reuse any single-side printed papers. Our Group is committed to continue to reduce our paper consumption and reduction of waste. Besides, we also deploy energy-efficient devices which carry Energy Label issued by the Electrical and Mechanical Services Department and minimize the number of travels by our management and employees. Through actively monitoring and managing the use of resources, we aim to reduce our operating costs as well as our carbon footprints.

There was no non-compliance case noted in relation to environmental laws and regulations for the year ended 31 March 2017.

We regularly assess the environmental risks of our business and adopt preventive measures as necessary to reduce the risks and ensure compliance of the relevant laws and regulations.

### **SOCIAL**

#### **Employment and Labour Practices**

Our Group acknowledges and highly regards employees are the most valuable assets and it has been the core for our Group's continual success. Our Group strives to cultivate the best talent in the labor market and achieves a vanguard position within the industry. We reconcile economical imperatives with well-beings, aiming at reinforcing satisfaction, loyalty and commitment of human capital. We provide good working environment including a workplace free from discrimination and harassments; and provide equal opportunities for all employees along with competitive remuneration.

Several initiatives were introduced to promote good working environment, creating fair opportunities for career development and to remunerate all employees equally according to skills, experience and performance. We have developed a written human resources policy and staff manual to govern the recruitment, promotion, discipline, working hours, leaves and other benefits of our employees, in accordance with the relevant laws and regulations. Our Group also advocates work-life balance.

The Group sets up a sound appraisal policy to appropriately remunerate and recognize the efforts devoted by performing staffs. The management of the Group conducts annual appraisal with employees individually with reciprocal discussion on expectation and results about performance and concludes an agreed appraisal rating scaled from one to ten across certain criterion. The remuneration increment reflects each employee appraisal result respectively with reference to the market standard. A wide range of benefits including retirement schemes is provided to employees. The performances of senior management are appraised and reviewed by the Board of Directors of the Group and the remuneration package is discussed and approved by the remuneration committee of the Board.

Our Group respects cultural and individual diversity. We believe that no one should be treated less favourably on his/her personal characteristics, such as, gender, pregnancy, marital status, disability, family status, race. Opportunities for employment, training and career development are equally opened to all qualified employees.

There was no non-compliance case noted in relation to employment laws and regulations for the year ended 31 March 2017.

#### **Health and Occupational Safety**

Our Group acknowledges the creation and maintenance of a safe, healthy and hygiene working environment would be mutually beneficial for the employees as well as our Group. We are committed to providing and maintaining such a working environment to all other persons likely to be affected by our operations and activities.

Health and safety standards are given prime consideration in our operations and regulatory compliance is strongly upheld. The management had compiled and implemented workplace health and safety guidelines and recommended practices including but not limited to recommended sitting position, keeping obstacle-free office and regular training on occupation health and safety awareness to maintain hazard at minimal level. Employees at every level are committed to, and accountable for, the delivery of the safety initiatives contained in the staff manual of our Company, with a view of maintaining an injury-free culture.

There was no non-compliance case noted in relation to health and safety laws and regulations during the year ended 31 March 2017.

### **Development and Training**

We acknowledge the importance of training for the development of our employees as well as our Group. We encourage and support our employees in personal and professional training. Our Group provides regular training and workshops for further enhancing the skills set and assisting career development of the employees. We will reimburse for external training courses for employees to enhance their competence in performing their jobs effectively and efficiently. In addition, a barrier-free communication platform between the management and staffs is established to promote innovation and high transparency culture of the Group.

An intensive training will be provided to new recruitments by senior officers to get familiar with the business environment of the Group and illustrate the duties expected from the management of the Group.

Furthermore, the management and the Board are encouraged to attend professional trainings to maintain their competencies to perform their statutory duties.

### **Labour Standards**

Our Group has no overseas employments and all employments are regulated under Hong Kong Employment Ordinance. Our Group strictly adheres to all relevant regulations in relation to our Group's employment affairs. We prohibit any child and forced labour in any of our operations and services. Labour who is forced to work by means of physical punishment, abuse, involuntary servitude, peonage or trafficking is strictly prohibited. Child who is below the age as set by the local Labour Law should not be employed. We also avoid engaging suppliers and contractors that are known to employ child or forced labour in their operations.

There was no non-compliance case noted in relation to labour standard and Employment Ordinance during the year ended 31 March 2017.

## **SUPPLY CHAIN MANAGEMENT**

Due to the nature of our business activities, our Group had no major supplier and did not maintain any inventories during the year ended 31 March 2017. In the event our Group will have to select supplier for providing products or services for us, our Group will adopt a prudent approach in selecting suppliers, including meeting with potential suppliers to understand their products or services and business operations. We would conduct background checks before appointing a supplier and ensure the supplier is duly registered and has obtained relevant licence and permit with the relevant authorities in accordance with the applicable laws and regulations.

## PRODUCT RESPONSIBILITY

Our Group is principally engaged in the overseas studies consultancy business which involves the consultancy of local students and their placement with study programs provided by overseas education providers. We strive to expand our network of overseas education providers and the study programs offered and maintain the relationship with the existing customers from time to time in order to allow us to provide the best recommendation of overseas studies to the students we assist given their different needs, preferences and academic background. To improve quality, we have experienced counsellors and will provide basic training and on-the-job training to all our counsellors. We have set up a complaint handling policy for handling customers and student feedback and complaints. We will review complaints on a regular basis and strive to improve our service to avoid similar incidents in the future. Understanding customers' need is the key to provide the best possible customer experience. We appreciate customer comments and suggestions and have various communication channels in place such as visits, telephone and emails.

## PROTECTION OF PERSONAL INFORMATION

Our Group emphasizes the importance of protecting personal data. The Group strictly adheres to the provisions of the Personal Data (Privacy) Ordinance, Cap. 486. Policy. We highly respect personal data privacy and are firmly committed to preserving the data protection principles. Procedures were established regulating the collection, processing and using any stakeholder's, students and parents' personal data, including:

- we only collect personal data that we believe to be relevant and required to conduct our business;
- we will use personal data only for the purpose for which data is collected or for a directly related purpose unless consent with a new purpose is obtained;
- we will not transfer or disclose personal data to any entity unless with the consent or unless it is previously notified or unless it is required by the law; and
- we maintain appropriate security systems and measures designed to prevent unauthorised access to personal data, such as, limited access has been set in our computer systems for the proprietary information and personal information of our students.

There was no non-compliance case noted in relation to our data privacy during the year ended 31 March 2017.

## ANTI-CORRUPTION

We aim to maintain the highest standards of openness, uprightness and accountability and all our staff are expected to observe the highest standards of ethical, personal and professional conduct. Our Group has zero-tolerance in any behaviors that may cause impairment to integrity or ethicality. We do not tolerate corruption, bribery, extortion, money laundering and other fraudulent activities in connection with any of our business operations. Gift-acceptance policy has been implemented to frontline employees to safeguard the services provided is unbiased.

In addition, a whistleblowing policy is also enacted allowing employees directly report to the management regarding to any suspicious or inappropriate incidents that may cast ethical concerns. Ongoing review of the effectiveness of the internal control systems is conducted on a regular basis in preventing the occurrence of corruption activities.

There was no non-compliance case noted in relation to corruption related laws and regulations during the year ended 31 March 2017.

### SERVICES

The Group is committed to provide the best experience to our service target, the Group has established a complaint handling policy which follows a progression from senior officers, chief sales manager and ultimately the executive directors of the Group depending on the complexity of the subject matter.

### COMMUNITY INVESTMENT

As a corporate citizen, we promote social contributions throughout members of our Group to the local communities in which we operate. We place great emphasis on cultivating social responsibility awareness among our staff and encourages them to better serve our community at work and during their personal time. We will try to maximize our social investments as possible in order to create a more favorable environment for our community and our business.

# DIRECTORS' REPORT

The Directors have pleasure in presenting their report and the audited consolidated financial statements of the Group for the year ended 31 March 2017.

## DIRECTORS

The Directors during the year and up to the date of this annual report were as follows:

### Executive Directors

Mr. Chung Wang Lung (*Chairman*)

Mr. Mok Patrick (*Chief Executive Officer*)

Ms. So Pik Sau

### Independent non-executive Directors

Mr. Wong Tak Chun (*appointed on 17 January 2017*)

Ms. Chung Wai Nar (*appointed on 17 January 2017*)

Mr. Tsang Chi Fung (*appointed on 17 January 2017*)

## BIOGRAPHIES OF DIRECTORS

The biographical details of the Directors are disclosed in the section headed "Profile of Directors and Senior Management" on pages 10 to 13 of this annual report.

## DIRECTORS' SERVICE CONTRACTS

Each of executive Directors has entered into a service agreement with the Company for an initial term commencing from the Listing Date up to the annual general meeting of 2018 and continues thereafter until terminated in accordance with the terms of the agreement.

Mr. Wong Tak Chun, being an independent non-executive Director has entered into a letter of appointment with the Company for a term from 17 January 2017 up to the annual general meeting of 2018 and will continue thereafter unless terminated by either party giving at least one month's notice in writing.

Ms. Chung Wai Nar, being an independent non-executive Director has entered into a letter of appointment with the Company for a term from 17 January 2017 up to the annual general meeting of 2018 and continues thereafter unless terminated by either party giving at least one month's notice in writing.

Mr. Tsang Chi Fung, being an independent non-executive Director has entered into a letter of appointment with the Company for a term from 17 January 2017 up to the annual general meeting of 2018 and will continue thereafter unless terminated by either party giving at least one month's notice in writing.

Other than as disclosed above, no Director proposed for re-election at the forthcoming AGM has a service contract with the Company, which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

## CONFIRMATION OF INDEPENDENCE

The Company has received from the independent non-executive Directors an annual confirmation pursuant to Rule 5.09 of the GEM Listing Rules and considers that all the independent non-executive Directors are independent to the Company.

### DIRECTORS' INTERESTS IN CONTRACTS

Apart from the contracts relating to the reorganisation of our Group in relation to the Listing and save as disclosed in this report, no transactions, arrangements and contracts of significance in relation to our Group's business to which the Company or any of its subsidiaries was a party and in which the Director or an entity connected to the Director had a material interest, whether directly or indirectly, subsisted at any time during the year ended 31 March 2017.

### CONTROLLING SHAREHOLDERS' INTEREST

Apart from the contracts relating to the reorganisation of our Group in relation to the Listing and save as disclosed in this report, no contracts of significance were entered into between the Company or any of its subsidiaries and any Controlling Shareholders or any of its subsidiaries or any contracts of significance for the provision of services to the Company or any of its subsidiaries by any Controlling Shareholders or any of its subsidiaries.

### EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of our Group are set out in note 12 to the consolidated financial statements in this report.

### EMOLUMENT POLICY

The remuneration committee will review and determine the remuneration and compensation packages of the Directors regarding their responsibilities, workload, time devoted to our Group and the performance of our Group. The Directors may also receive options to be granted under the Share Option Scheme.

### COMPETING INTERESTS

The Directors confirm that none of the Controlling Shareholders or the Directors and their respective close associates (as defined in the GEM Listing Rules) is interested in any business apart from the business operated by our Group which competes or is likely to compete, directly or indirectly, with our Group's business during the year ended 31 March 2017 and up to the date of this annual report.

### DEED OF NON-COMPETITION

Mr. Chung Wang Lung and Grand Courage (each the "Covenantor" and collectively the "Covenantors") entered into a Deed of Non-competition on 17 January 2017 in favour of the Company and its subsidiaries (the "Deed of Non-Competition").

### DEED OF NON-COMPETITION *(continued)*

Pursuant to the Deed of Non-Competition, each of the Covenantors has irrevocably and unconditionally undertaken to our Company (for ourselves and for the benefit of its subsidiaries) that, save and except the interest in our Group, during the period that the Deed of Non-Competition remains effective, he/it shall not, and shall procure that his/its close associates (other than any member of our Group) not to carry on or be engaged, concerned or interested, or otherwise be involved, directly or indirectly, in any business in competition with or likely to be in competition with the existing business of any member of our Group in Hong Kong and such other part of the world where any member of our Group may engage from time to time, save for the holding of not more than 5% shareholding interests (individually or with his/its associates) in any company listed on a recognised stock exchange and at any time the relevant listed company shall have at least one shareholder (individually or with his/its close associates, if applicable) whose shareholding interests in the relevant listed company is higher than that of the relevant Covenantor (individually or with his/its close associates). Each of the Covenantors further undertakes that if he/it or his/its close associates other than any member of our Group is offered or become aware of any business opportunity in Hong Kong or such other parts of the world where any member of the Group may operate from time to time which compete with the business of our Group, he/it shall procure that his/its close associates to promptly notify our Company in writing and our Group shall have a right of first refusal to take up such opportunity. Our Group shall, within six months after receipt of the written notice (or such longer period if our Group is required to complete any approval procedures as set out under the GEM Listing Rules from time to time), notify the Covenantor(s) whether our Group will exercise the right of first refusal. The independent non-executive Directors will review, on an annual basis, the compliance with the Deed of Non-Competition by the Covenantors, and be responsible for deciding whether or not to allow any of the Covenantors and/or his/its close associates to involve or participate in any business in competition with or likely to be in competition with the existing business activity of any member of the Group within Hong Kong or such other parts of the world where any member of the Group may operate from time to time and if so, any condition to be imposed. The Company will disclose decisions or matters reviewed by the independent non-executive Directors relating to compliance and enforcement of the Deed of Non-Competition of the Covenantors in the annual reports of the Company.

A summary of the major terms of the Deed of Non-Competition was disclosed in the section headed "Relationship with our Controlling Shareholders" of the Prospectus.

### REORGANISATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 19 October 2015. The Company completed the corporate reorganisation (the "Reorganisation") on 18 April 2016 in preparation for the Listing, pursuant to which the Company became the holding company of the companies now comprising our Group. Details of the Reorganisation are set out in paragraph headed "Reorganisation" in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus. The Shares were listed on GEM of the Stock Exchange on 16 February 2017 by way of share offer.

### PRINCIPAL ACTIVITIES

Our Group is principally engaged in the provision of overseas studies consultancy services. The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 16 to the consolidated financial statements of this annual report. There were no significant changes our Group's principal activities during the year ended 31 March 2017.

### BUSINESS REVIEW

Detailed business review is set out in the section of "Management Discussion and Analysis" in this annual report. A discussion of the principal risks and uncertainties, environmental policies of our Group, compliance with laws and regulations and key relationship with employees, customers, suppliers and others that have a significant impact by our Group are illustrated in this Directors' report.

### PRINCIPAL RISK AND UNCERTAINTIES

Our Group's financial position, results of operations and business prospects may be affected by a number of risks and uncertainties directly and indirectly pertaining to our Group's business. The following are the key risks and uncertainties identified by our Group.

#### **Changes in the foreign exchange rate for foreign currencies against our functional currency may materially and adversely affect our operating performance as well as our financial position.**

Our Group's revenues were primarily denominated in foreign currencies based on the locality of our customers including but not limited to GBP, AUD, US\$ and CAD, with relative significant exposure to GBP and AUD given majority of the Group's revenues is generated from the UK and Australia. In contrast, all the expenditures and costs of the Group including but not limited to staff costs, rental of office premises and marketing expenditures are dominated in HK\$. The Group's consolidated financial statements are prepared in HK\$, foreign currency monetary items such as trade receivables and cash and cash equivalent are translated to HK\$ for reporting purposes. Thus, the Company's foreign currency-dominated amounts are exposed to fluctuations in the value of the HK\$ against the foreign currency-dominated amounts assets and liabilities.

#### **Material Changes in studying landscape in the United Kingdom and Australia may materially and adversely affect our business and financial performance**

The Group's revenue from the UK and Australia represented approximately 84.7% for the year ended 31 March 2017. Therefore, the demand from the students in Hong Kong for studying in the UK and Australia is subjected to the change in studying landscape including but not limited local education system, security, living condition, etc. The Group's operating result may also be affected.

### MAJOR CUSTOMERS

During the year ended 31 March 2017, the Group's largest and the five largest customers represented approximately 15.2% and approximately 41.2% respectively of the Group's total revenue.

None of the directors nor any of their associates (as defined in the GEM Listing Rules) nor any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any material beneficial interest in the Group's five largest customers.

### KEY RELATIONSHIP WITH EMPLOYEES, CUSTOMERS, SUPPLIERS AND OTHERS THAT HAVE A SIGNIFICANT IMPACT

#### **Relationship management with overseas education providers**

Our Group is principally engaged in the overseas studies consultancy business which involves the consultancy of local students and their placements with study programs provided by overseas education providers. Our Group strive to expand the network of overseas education providers and the study programs offered and maintain the relationships with the existing overseas education providers from time to time in order to allow our Group to provide the best recommendation of overseas studies to the students given their different needs, preferences and academic backgrounds. To improve quality, our Group has experienced counsellors and will provide regular trainings and on-the-job trainings to all our counsellors. Our Group has set up a complaint handling policy for handling customers and student feedbacks and complaints. Our Group will review complaints on a regular basis and strive to improve our service to avoid similar incidents in the future. Understanding customers' need is the key to provide the best possible customer experience. We appreciate customer comments and suggestions and have various communication channels in place such as visits, telephone and emails.

### KEY RELATIONSHIP WITH EMPLOYEES, CUSTOMERS, SUPPLIERS AND OTHERS THAT HAVE A SIGNIFICANT IMPACT *(continued)*

#### Supply chain management

Due to the nature of business activities of our Group, no major supplier and no inventory has been maintained during the year ended 31 March 2017. In the event our Group will have to select supplier for providing products or services, our Group will adopt a prudent approach in selecting suppliers, including meeting with potential suppliers to understand their products or services and business operations. Background checks would be conducted before appointing a supplier and ensure the supplier is duly registered and has obtained relevant licences and permits with the relevant authorities in accordance with the applicable laws and regulations.

### ENVIRONMENTAL POLICY AND PERFORMANCE

Given business nature of our Group is services-oriented with minimal involvement of heavy machinery and industrial process, thus, hazardous and toxic waste will not be generated in our Group's ordinary course of business. The direct impact to the environment to the environment is immaterial.

Our Group do not have significant air emission and discharges into water except the non-hazardous solid wastes generated in our offices during our operations. The electricity consumption and the usage of papers represented most of our Group's carbon footprint, which is mainly attributed to the lighting and air conditioning of our Group's office premises and the utilisation of office equipment. The water consumption is immaterial as our Group's business model does not rely heavy on water usage.

Our Group implemented numerous energy saving measures and environment friendly initiatives in workplaces including the following:

- maintaining optimal room temperature on the air-conditioning at 26 degrees Celsius in the office premises
- installation of energy-saving lighting system
- encourage complete power-off for computer equipment and other office equipment when not utilised
- double-sided printing is defaulted for printers
- envelope, parcel bag recycling

Our Group upholds the principles of waste management and is committed to the proper handling and disposal of all wastes from our business activities. Our Group encourages employees to reduce the use of papers by assessing the necessity of printing and where appropriate to use duplex printing and reuse any single-side printed papers. Our Group is committed to continue to reduce our paper consumption and reduction of waste. Besides, we also deploy energy-efficient devices which carry Energy Label issued by the Electrical and Mechanical Services Department and minimize the number of travels by our management and employees. Through actively monitoring and managing the use of resources, we aim to reduce our operating costs as well as our carbon footprints.

There was no non-compliance case noted in relation to environmental laws and regulations for the year ended 31 March 2017.

The Directors and the senior management of our Group regularly assess the environmental risks of our business and adopt preventive measures as necessary to reduce the risks and ensure compliance of the relevant laws and regulations.

### COMPLIANCE WITH LAWS AND REGULATIONS

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, our Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of our Group during the year ended 31 March 2017.

### RESULTS

The results of our Group for the year ended 31 March 2017 are set out in the consolidated statement of profit or loss and other comprehensive income on page 41 of this report.

### FINAL DIVIDEND

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

### CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining entitlement to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from Wednesday, 26 July 2017 to Monday, 31 July 2017, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the forthcoming AGM, all transfer of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited, of 31/F, 148 Electric Road, North Point, Hong Kong, no later than 4:30 p.m. on Tuesday, 25 July 2017.

### ANNUAL GENERAL MEETING

The annual general meeting will be held on Monday, 31 July 2017. A notice convening the meeting will be issued and sent to the shareholders in due course.

### PROPERTY, PLANT AND EQUIPMENT

Movements in the property, plant and equipment of our Group during the Reporting Period are set out in note 15 to the consolidated financial statements of this annual report.

### SHARE CAPITAL

Movements of the share capital of the Company during the Reporting Period are set out in note 22 to the consolidated financial statements of this annual report.

### DISTRIBUTABLE RESERVES OF THE COMPANY

Distributable reserves of the Company as at 31 March 2017, calculated under Companies Law, Cap. 22 (Laws 3 of 1961 as consolidated and revised) of the Cayman Islands, amounted to approximately HK\$40,036,000 (2016: HK\$Nil).

### EQUITY-LINKED AGREEMENTS

Save for the share option scheme of the Company (the "Share Option Scheme") as set out below, no equity-linked agreements were entered into by our Group, or existed during the year ended 31 March 2017.

### PRE-EMPTIVE RIGHTS

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

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries from the Listing Date to 31 March 2017.

### MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

Apart from the reorganisation in relation to the Listing, during the year ended 31 March 2017, there was no material acquisition, disposal or investment by the Group.

### SHARE OPTION SCHEME

The Share Option Scheme has been adopted by way of shareholder's written resolution passed on 17 January 2017 for the purpose of attracting and retaining the best available personnel, to provide additional incentive to employees (full-time and part-time), Directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of our Group and to promote the success of the businesses of our Group. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules and are summarised below:

The total number of shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the Shares in issue at any point in time, without prior approval from the Shareholders. The number of Shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the Shares in issue at any point in time, without prior approval from the Shareholders. Options granted to substantial Shareholders or independent non-executive Directors or any of their respective associates (including a discretionary trust whose discretionary objects include substantial Shareholders, independent non-executive directors, or any of their respective associates) in any 12-month period in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5 million must be approved in advance by the Shareholders. Options granted must be taken up within seven days inclusive of the day on which such offer was made, upon payment of HK\$1 per option. Options may be exercised at any time during a period as the Directors may determine which shall not exceed ten years from the date of grant. The exercise price is determined by the Directors, and will be at least the higher of (i) the closing price of the Shares on the date of grant, (ii) the average closing price of the Shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Share. The Share Option Scheme will remain in force for a period of ten years commencing on the date on the adoption date (i.e 17 January 2017) and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the Shareholders in general meeting. There is no option outstanding, granted, exercised, cancelled and lapsed from the date of adoption of the Share Option Scheme to 31 March 2017.

## **DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES**

As at 31 March 2017, the interest and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the SFO) which, once the Shares are listed on the GEM of the Stock Exchange, will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interest or short positions which they are taken or deemed to have under such provisions of the SFO) or will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the directors, to be notified to the Company and the Stock Exchange, will be as follows:

### **Long Position in the Shares**

<b>Name of Directors</b>	<b>Capacity/Nature</b>	<b>Number of Shares</b>	<b>Percentage of Shareholding</b>
Mr. Chung Wang Lung ("Mr. Chung")	Interest of a controlled corporation Beneficial Interest	1,312,800,000 (Note 1)	75%

Notes:

1. These Shares are registered in the name of Grand Courage, the entire issued share capital of which is legally and beneficially owned by Mr. Chung, the Chairman and executive Director of the Company. Under the SFO, Mr. Chung is deemed to be interested in all the Shares held by Grand Courage. Mr. Chung is a director of Grand Courage.

### **Long position in the ordinary shares of associated corporation**

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Capacity/Nature</b>	<b>Number of Shares</b>	<b>Percentage of Shareholding</b>
Mr. Chung	Grand Courage	Beneficial owner	1 share of US\$1.00	100%

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

### SUBSTANTIAL SHAREHOLDERS' AND OTHERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2017, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interest or short position in Shares or underlying Shares which fell to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Capacity/Nature	Number of Shares	Percentage of Shareholding
Grand Courage	Beneficial owner	1,312,800,000	75%
Ms. Yin Xiao Pei (Note 1)	Interest of spouse	1,312,800,000	75%

Note:

1. Ms. Yin Xiao Pei is the spouse of Mr. Chung, she is deemed, or taken to be, interested in all Shares in which Mr. Chung is interested in for the purposes of the SFO.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this report, at no time during the year ended 31 March 2017 were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

### PERMITTED INDEMNITY PROVISION

The Articles of Association provide that Directors shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted. The Company has maintained liability insurance to provide appropriate cover for the Directors during the year ended 31 March 2017.

### INTEREST OF COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, our Group has appointed TC Capital International Limited as our compliance adviser, which will provide advice and guidance to our Group in respect of compliance with the applicable laws and the GEM Listing Rules including various requirements relating to directors' duties and internal controls. Except for the compliance adviser agreement entered into between the Company and our compliance adviser dated on 19 January 2016, neither our compliance advisor nor its Directors, employees or close associates had any interests in relation to the Company which is required to be notified to our Group pursuant to Rule 6A.32 of the GEM Listing Rules.

### RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the year ended 31 March 2017 are set out in note 27 to the consolidated financial statements of the Group. None of these related party transactions constituted a connected transaction as defined under the GEM Listing Rules during the year ended 31 March 2017.

### SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that at least 25% of the issued Shares were held by the public (i.e. the prescribed public float applicable to the Company under the GEM Listing Rules) during the year ended 31 March 2017 and thereafter up to the date of this report.

### CHARITABLE DONATIONS

During the year ended 31 March 2017, the Group had made charitable and other donation for approximately HK\$2,000 (2016: approximately HK\$Nil).

### BANK BORROWINGS

Details of bank borrowings of our Group as at 31 March 2017 are set out in note 21 to the consolidated financial statements of this annual report.

### FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interest of the Group for the last four financial years is set out on page 82 of this annual report.

### AUDITOR

GT shall retire in the forthcoming AGM and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of GT as auditor of the Company will be proposed at the forthcoming AGM.

By order of the Board

**Chung Wang Lung**

*Chairman and Executive Director*

Hong Kong, 26 June 2017

# INDEPENDENT AUDITOR'S REPORT



**To the members of Dadi Education Holdings Limited**  
*(incorporated in the Cayman Islands with limited liability)*

## OPINION

We have audited the consolidated financial statements of Dadi Education Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 41 to 81, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

## BASIS FOR OPINION

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

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current 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.

# INDEPENDENT AUDITOR'S REPORT *(continued)*

## KEY AUDIT MATTERS *(continued)*

### Impairment of trade receivables

Refer to notes 2.6, 4 and 17 to the consolidated financial statements

The Key Audit Matter	How the matter was addressed in our audit
<p>As at 31 March 2017, the Group's carrying amount of trade receivables amounted to HK\$4,584,000.</p> <p>The assessment of impairment of trade receivables involved significant management judgment and use of estimates to ascertain the recoverability of trade receivables.</p> <p>In determining the provision for impairment of trade receivables, the management references to the ageing analysis of the trade receivables and considers the individual customer's credit history, including any default or delay settlement records, current market and financial conditions.</p> <p>We have identified impairment on trade receivables as a key audit matter because of its significance to the consolidated financial statements and the assessment involves significant management judgment and use of estimates. Management concluded no provision for impairment of trade receivables is recognised for the year ended 31 March 2017.</p>	<p>Our procedures in relation to assessment of impairment of trade receivables included:</p> <ul style="list-style-type: none"><li>— reviewing the Group's procedures on credit policy given to customers;</li><li>— re-performing and testing the ageing analysis of the trade receivables, on a sample basis, to the supporting evidences;</li><li>— evaluating management's judgment and assumptions used to assess the recoverability of trade receivables, taking into account the customer circumstances with reference to the credit history, including any default or delay settlement records, the market and financial conditions of each individual customer; and</li><li>— examining the subsequent settlement of trade receivables, on sample basis, to the supporting evidences.</li></ul> <p>We found the management's assessment of impairment of trade receivables were supported by the evidences.</p>

## OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the 2017 annual report of the Company, 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 this other information, we are required to report that fact. We have nothing to report in this regard.

### RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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 directors are assisted by the Audit Committee 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. We report our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism 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.

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, 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 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, 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.

#### **Grant Thornton Hong Kong Limited**

*Certified Public Accountants*

Level 12  
28 Hennessy Road  
Wanchai  
Hong Kong

26 June 2017

Chan Tze Kit  
Practising Certificate No.: P05707

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	Notes	2017 HK\$'000	2016 HK\$'000
<b>Revenue</b>	5	<b>23,481</b>	25,367
Other income	7	<b>1,776</b>	2,626
Marketing costs		<b>(2,561)</b>	(2,345)
Employee benefits expenses	8	<b>(7,934)</b>	(6,912)
Operating lease charges		<b>(1,480)</b>	(1,449)
Other expenses		<b>(7,752)</b>	(5,500)
Finance costs	9	<b>(168)</b>	(150)
<b>Profit before income tax</b>	10	<b>5,362</b>	11,637
Income tax expense	11	<b>(1,883)</b>	(2,466)
<b>Profit and total comprehensive income for the year</b>		<b>3,479</b>	9,171
<b>Profit and total comprehensive income for the year attributable to:</b>			
Equity holders of the Company		<b>2,652</b>	8,399
Non-controlling interest		<b>827</b>	772
		<b>3,479</b>	9,171
<b>Earnings per share for profit attributable to equity holders of the Company</b>			
Basic and diluted	14	<b>HK0.17 cents</b>	HK0.54 cents

The notes on pages 45 to 81 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Notes	2017 HK\$'000	2016 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	72	22
<b>Current assets</b>			
Trade and other receivables	17	11,702	12,972
Amount due from a related party	18	–	1
Tax recoverable		771	–
Cash and bank balances	19	67,982	6,768
		<b>80,455</b>	19,741
<b>Current liabilities</b>			
Accrued charges and other payables	20	2,819	1,889
Amount due to a related party	18	–	2
Bank borrowings	21	1,276	1,879
Income tax payable		–	370
		<b>4,095</b>	4,140
<b>Net current assets</b>		<b>76,360</b>	15,601
<b>Net assets/Total assets less current liabilities</b>		<b>76,432</b>	15,623
<b>CAPITAL AND RESERVES</b>			
Share capital	22	17,504	–
Reserves	23	58,590	15,310
<b>Equity attributable to equity holders of the Company</b>		<b>76,094</b>	15,310
<b>Non-controlling interest</b>	25	<b>338</b>	313
<b>Total equity</b>		<b>76,432</b>	15,623

Chung Wang Lung  
Director

Patrick Mok  
Director

The notes on pages 45 to 81 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Equity attributable to equity holders of the Company					Non-controlling interest HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium* HK\$'000 (note 23)	Capital reserve* HK\$'000 (note 23)	Retained profits* HK\$'000 (note 23)	Total HK\$'000		
As at 1 April 2015	–	–	11	11,282	11,293	479	11,772
Profit and total comprehensive income for the year	–	–	–	8,399	8,399	772	9,171
Transactions with owners:							
Dividends declared and paid (note 13)	–	–	–	(4,382)	(4,382)	–	(4,382)
Dividends paid to non-controlling interest	–	–	–	–	–	(938)	(938)
Transactions with owners	–	–	–	(4,382)	(4,382)	(938)	(5,320)
As at 31 March 2016 and 1 April 2016	–	–	11	15,299	15,310	313	15,623
Profit and total comprehensive income for the year	–	–	–	2,652	2,652	827	3,479
Transactions with owners:							
Capitalisation issue of shares (note 22)	15,528	(15,528)	–	–	–	–	–
Issue of shares upon public offering and placing (note 22)	1,976	65,208	–	–	67,184	–	67,184
Expenses incurred in connection with the issue of shares during the year (note 22)	–	(4,275)	–	–	(4,275)	–	(4,275)
Dividends declared and paid (note 13)	–	–	–	(4,777)	(4,777)	–	(4,777)
Dividends paid to non-controlling interest	–	–	–	–	–	(802)	(802)
Transactions with owners	17,504	45,405	–	(4,777)	58,132	(802)	57,330
<b>As at 31 March 2017</b>	<b>17,504</b>	<b>45,405</b>	<b>11</b>	<b>13,174</b>	<b>76,094</b>	<b>338</b>	<b>76,432</b>

\* The reserves accounts comprise the Group's reserves of HK\$58,590,000 (2016: HK\$15,310,000) in the consolidated statement of financial position.

The notes on pages 45 to 81 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

	Notes	2017 HK\$'000	2016 HK\$'000
<b>Cash flows from operating activities</b>			
Profit before income tax		5,362	11,637
Adjustments for:			
Depreciation	10	12	7
Gain on disposal of available-for-sale financial asset	7	–	(10)
Interest income	7	(3)	(2)
Interest income from investment in a life insurance policy	7	–	(30)
Interest expenses	9	168	150
Impairment loss on other receivable	10	–	129
Operating profit before working capital changes		5,539	11,881
Decrease/(increase) in trade and other receivables		1,270	(7,823)
(Increase)/decrease in amounts due with related parties		(1)	4,462
Increase in accrued charges and other payables		930	265
Cash generated from operations		7,738	8,785
Interest paid		(168)	(150)
Income tax paid		(3,024)	(3,243)
<i>Net cash generated from operating activities</i>		4,546	5,392
<b>Cash flows from investing activities</b>			
Interest received		3	2
Purchase of property, plant and equipment		(62)	(10)
<i>Net cash used in investing activities</i>		(59)	(8)
<b>Cash flows from financing activities</b>			
Proceeds from issuance of share capital, net of share issuance expenses	22(iv)	62,909	–
Dividends paid		(4,777)	(4,382)
Dividends paid to non-controlling interest of a subsidiary		(802)	(938)
Proceeds from bank borrowings		2,500	–
Repayments of bank borrowings		(3,103)	(1,659)
<i>Net cash generated from/(used in) financing activities</i>		56,727	(6,979)
<b>Net increase/(decrease) in cash and cash equivalents</b>		61,214	(1,595)
Cash and cash equivalents at beginning of year		6,768	8,363
<b>Cash and cash equivalents at the end of the year, represented by cash and bank balances</b>		67,982	6,768

The notes on pages 45 to 81 are an integral part of these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

## 1. GENERAL INFORMATION AND BASIS OF PRESENTATION

### 1.1 General information

Dadi Education Holdings Limited (the "Company") was incorporated in the Cayman Islands as an exempted company on 19 October 2015 with limited liability. The address of its registered office is PO box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business of the Company is Unit 1911, 19/F., Office Tower One, Grand Plaza, 639 Nathan Road, Kowloon, Hong Kong.

The Company's shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "SEHK") on 16 February 2017 (the "Listing").

The Company is an investment holding company and its subsidiaries are principally engaged in provision of overseas studies consultancy services in Hong Kong which involves the consultancy of local students and their placement with study programmes provided by overseas education providers.

As at 31 March 2017, the directors consider the immediate parent of the Company to be Grand Courage Investments Limited ("Grand Courage"), which is incorporated in the British Virgin Islands (the "BVI"). Grand Courage is controlled by Mr. Chung Wang Lung (the "Controlling Shareholder").

These consolidated financial statements for the year ended 31 March 2017 were approved for issue by the board of directors on 26 June 2017.

### 1.2 Reorganisation and basis of presentation

Pursuant to a corporate reorganisation (the "Reorganisation") in connection with the listing of the Company's shares on the SEHK, the Company became the holding company of the companies now comprising the Company and its subsidiaries (collectively, the "Group") on 18 April 2016.

Details of the Reorganisation are set out in the paragraph headed "Reorganisation" in the section headed "History, Reorganisation and Corporate Structure" in the Company's prospectus dated 26 January 2017. The Group was under the common control of the Controlling Shareholder prior to and after the Reorganisation. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity.

The consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group have been prepared using the principles of merger accounting under Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations" as if the current group structure had been in existence throughout the years ended 31 March 2017 and 2016, or since their respective dates of incorporation, where it is a shorter period. The consolidated statement of financial position at the end of the reporting period have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at those dates.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2017

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

These annual consolidated financial statements on pages 41 to 81 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the accounting principles generally accepted in Hong Kong.

The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the SEHK ("GEM Listing Rules").

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRSs and the impacts on the Group's financial statements, if any, are disclosed in note 3 to the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost. The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the functional currency of the Company and its subsidiaries, and all values are rounded to the nearest thousands ("HK\$'000"), except when otherwise indicated.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on 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 are disclosed in note 4 to the consolidated financial statements.

### 2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power over the entity, only substantive rights relating to the entity (held by the Group and others) are considered.

The Group includes the income and expenses of a subsidiary in the consolidated financial information from the date it gains control until the date when the Group ceases to control the subsidiary.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on intragroup 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2017

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 2.2 Basis of consolidation *(continued)*

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to the equity holders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity holders of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

In the Company's statement of financial position, investment in a subsidiary is carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

### 2.3 Merger accounting for common control combinations

The consolidated financial statements incorporates the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling parties.

The net assets of the combining entities are consolidated using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period unless the combining entities or business first came under common control at a later date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2017

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 2.4 Foreign currency translation

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into HK\$. Assets and liabilities have been translated into HK\$ at the closing rates at the reporting date. Income and expenses have been converted into the HK\$ at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the translation reserve in equity.

### 2.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Depreciation is provided to write off the cost less their residual values using the straight-line method over the following estimated useful lives:

Furniture and fixtures	5 years
Office equipment	5 years
Computer equipment	3.3 years
Leasehold improvement	Over the lease terms

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs, such as repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 2.6 Financial assets

Financial assets are classified into loans and receivables.

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

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

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

At each reporting date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

#### **Loan and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

#### **Impairment of financial assets**

At each reporting date, financial assets are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

- Significant financial difficulty of the debtor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- It becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- Significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- The disappearance of an active market for that financial asset because of financial difficulties.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2017

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 2.6 Financial assets *(continued)*

#### **Impairment of financial assets** *(continued)*

If any such evidence exists, the impairment loss is measured and recognised as follows:

##### *Financial assets carried at amortised cost*

If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

Impairment losses on financial assets other than trade and other receivables that are stated at amortised cost, are written off against the corresponding assets directly. Where the recovery of trade and other receivables is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When the Group is satisfied that recovery of trade and other receivables is remote, the amount considered irrecoverable is written off against trade and other receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

### 2.7 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and short-term bank deposits.

### 2.8 Financial liabilities

The Group's financial liabilities include bank borrowings, amount due to a related party, and accrued charges 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 (see note 2.15).

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

#### **Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 2.8 Financial liabilities *(continued)*

#### **Accrued charges and other payables and amount due to a related party**

Accrued charges and other payables and amount due to a related party are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

### 2.9 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 of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each 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 uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

### 2.10 Share capital

Ordinary shares are classified as equity. Share capital is recognised at the amount of consideration of shares issued, after deducting any transaction costs associated with the issuing of shares (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

### 2.11 Leases

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

#### **Classification of assets leased to the Group**

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group 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 charged to profit or loss on a straight line basis over the lease terms.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2017

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 2.12 Revenue recognition

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

Service income is recognised in the accounting period when the services are rendered and the conditions specified in the relevant contracts have been fulfilled.

Interest income from bank deposits is recognised on an accrual basis using the effective interest method.

Interest income from investment in a life insurance policy and sponsorship income are recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Marketing income and commission income are recognised when the services are rendered.

### 2.13 Impairment of non-financial assets

The Group's property, plant and equipment and the Company's investment in a subsidiary are subject to impairment testing. They are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. 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.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from other 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.

Impairment losses is charged pro rata to the assets in the cash generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, or value in use, if determinable.

An impairment loss is reversed if there has been a favorable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2017

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 2.14 Employee benefits

#### Retirement benefits

Retirement benefits to employees are provided through defined contribution plans.

The Group operates a defined contribution retirement benefit plan under the Mandatory Provident Fund Schemes Ordinance ("MPF"), for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries.

Contributions are recognised as an expense in profit or loss as employees render services during the year. The Group's obligations under these plans are limited to the fixed percentage contributions payable.

#### Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

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

### 2.15 Borrowing costs

Borrowing costs incurred, net of any investment income earned on the temporary investment of the specific borrowings, for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

### 2.16 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the consolidated financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from initial recognition of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2017

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 2.16 Accounting for income taxes *(continued)*

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

- (a) the Group has the legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

- (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - (i) the same taxable entity; or
  - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

### 2.17 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the most senior executive management 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 most senior executive management are determined following the Group's major services lines.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2017

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 2.18 Related parties

For the purposes of the consolidated financial statements, a party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and if that person:
  - (i) has control or joint control over of 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 Group.
- (b) the party is an entity and if any of the following conditions applies:
  - (i) the entity and the Group are members of the same group.
  - (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) the entity and the Group are joint ventures of the same third party.
  - (iv) one entity is a joint venture of a third entity 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 (if the Group is itself such a plan) and the sponsoring employers are also 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 parent of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2017

## 3. ADOPTION OF NEW AND AMENDED HKFRSs

### New and amended HKFRSs that are effective for annual periods beginning or after 1 April 2016

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 April 2016:

Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle

The adoption of the new and amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

### Issued but not yet effective HKFRSs

At the date of authorisation of these consolidated financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

Amendments to HKAS 7	Disclosure Initiative <sup>1</sup>
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses <sup>1</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>
HKFRS 9	Financial Instruments <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>2</sup>
HKFRS 16	Leases <sup>3</sup>
HK(IFRIC)-Interpretation 22	Foreign Currency Transactions and Advance Consideration <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>4</sup> Effective date to be determined

The Directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Other new and amended HKFRSs are not expected to have a material impact on the Group's financial statements.

#### Amendments to HKAS 7: Disclosure Initiative

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments will result in additional disclosure to be made in the financial statements. The amendments apply prospectively for annual periods beginning on or after 1 January 2017 with earlier application permitted. The Directors consider that the application of Amendments to HKAS 7 in the future will not have a significant impact on the Group's consolidated financial statements.

## 3. ADOPTION OF NEW AND AMENDED HKFRSs *(continued)*

### Issued but not yet effective HKFRSs *(continued)*

#### **HKFRS 9 “Financial Instruments”**

HKFRS 9 is effective for annual periods beginning on or after 1 January 2018 and will replace HKAS 39 in its entirety. The new standard introduces changes to HKAS 39’s guidance on the classification and measurement of financial assets. Under HKFRS 9, each financial asset is classified into one of three main classification categories: amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL). The classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held.

Most of the HKAS 39’s requirements for financial liabilities were carried forward unchanged to HKFRS 9. The requirements related to the fair value option for financial liabilities have however been changed to address own credit risk. Where an entity chooses to measure its own debt at fair value, HKFRS 9 requires the amount of the change in fair value due to changes in the entity’s own credit risk to be presented in other comprehensive income, unless effect of changes in the liability’s credit risk would create or enlarge an accounting mismatch in profit or loss, in which case, all gains or losses on that liability are to be presented in profit or loss.

HKFRS 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, entities are required to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

HKFRS 9 also provides new guidance on the application of hedge accounting. The new hedge accounting models retain the three types of hedge accounting and the requirements of formal designation and documentation of hedge accounting relationships. The new hedge accounting requirements look to align hedge accounting more closely with entities’ risk management activities by increasing the eligibility of both hedged items and hedging instruments and introducing a more principles-based approach to assessing hedge effectiveness.

The Directors are currently assessing the possible impact of HKFRS 9 on the Group’s results and financial position in the first year of application.

#### **HKFRS 15 “Revenue from Contracts with Customers”**

HKFRS 15 presents new requirements for the recognition of revenue, replacing HKAS 18 “Revenue”, HKAS 11 “Construction Contracts”, and several revenue-related Interpretations. HKFRS 15 contains a single model that applies to contracts with customers and two approaches to recognising revenue; at a point in time or overtime. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

1. Identify the contract(s) with customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue when (or as) the entity satisfies a performance obligation

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2017

## 3. ADOPTION OF NEW AND AMENDED HKFRSs *(continued)*

### Issued but not yet effective HKFRSs *(continued)*

#### HKFRS 15 "Revenue from Contracts with Customers" *(continued)*

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. More prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

HKFRS 15 is effective for annual periods beginning on or after 1 January 2018. The Directors have started to assess the impact of this HKFRS that not yet in a position to provide qualitative information.

#### HKFRS 16 "Leases"

HKFRS 16 "Leases" will replace HKAS 17 and three related Interpretations. Leases will be recorded on the statement of financial position in the form of a right-of-use asset and a lease liability. HKFRS 16 is effective from periods beginning on or after 1 January 2019. The Directors are yet to fully assess the impact of HKFRS 16 and therefore is unable to provide quantified information. However, in order to determine the impact, the Group are in the process of:

- performing a full review of all agreements to assess whether any additional contracts will now become a lease under HKFRS 16's new definition
- deciding which transitional provision to adopt; either full retrospective application or partial retrospective application (which means comparatives do not need to be restated). The partial application method also provides optional relief from reassessing whether contracts in place are, or contain, a lease, as well as other reliefs. Deciding which of these practical expedients to adopt is important as they are one-off choices
- assessing their current disclosures for operating leases (note 26) as these are likely to form the basis of the amounts to be capitalised and become right-of-use assets
- determining which optional accounting simplifications apply to their lease portfolio and if they are going to use these exemptions
- assessing the additional disclosures that will be required.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2017

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

### Provision for impairment of trade and other receivables

The Group's management determines the provision for impairment of trade and other receivables (note 17) based on an assessment of the recoverability of the receivables. This assessment is based on the ageing analysis of the trade receivables and management's consideration on the credit history of individual customer and other debtors, including any default or delay settlement records, current market and financial condition or any events and changes in circumstances indicate that the balances may not be collectible, and requires the use of judgements and estimates. It could change as a result of change in the financial position of customers and other debtors. Management reassesses the provision at each reporting date. As at 31 March 2017, the carrying amount of trade and other receivables was approximately HK\$11,702,000 (2016: HK\$12,972,000) (net of accumulated impairment losses of approximately HK\$1,953,000 (2016: HK\$1,953,000)). During the year ended 31 March 2017, no impairment loss is recognised on trade and other receivables (2016: HK\$129,000).

## 5. REVENUE

The Group's principal activities are disclosed in note 1.1 to the consolidated financial statements. Revenue of the Group is the revenue from these activities and represents the value of services rendered.

## 6. SEGMENT INFORMATION

The Group has determined the operating segments based on the information reported to the Group's most senior executive management, the chief operating decision-maker. The most senior executive management regards the Group's business of provision of overseas studies consultancy services as a single operating segment and assesses the operating performance and allocates the resources of the Group as a whole. Accordingly, no segment analysis information is presented.

### Geographical information

The following table sets out information about the geographical location of the Group's revenue from external customers, which is based on the location of customers.

	2017 HK\$'000	2016 HK\$'000
Australia	8,962	8,731
Canada	1,569	1,304
New Zealand	383	539
United Kingdom	10,966	13,145
United States	1,345	1,235
Others	256	413
	<b>23,481</b>	25,367

All non-current assets of the Group are physically located in Hong Kong.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2017

### 6. SEGMENT INFORMATION *(continued)*

#### Information about major customers

Revenue from each of the major customers, which amounted to 10% or more of the total revenue, is set out as below:

	2017 HK\$'000	2016 HK\$'000
Customer A	3,571	3,761
Customer B	3,397	3,545

### 7. OTHER INCOME

	2017 HK\$'000	2016 HK\$'000
Bank interest income	3	2
Commission income from guardianship	106	96
Gain on disposal of available-for-sale financial asset	–	10
Interest income from investment in a life insurance policy	–	30
Marketing income	1,606	2,015
Net foreign exchange gain	–	112
Sponsorship income	61	76
Others	–	285
	1,776	2,626

### 8. EMPLOYEE BENEFITS EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2017 HK\$'000	2016 HK\$'000
Salaries, commission and other benefits	7,629	6,625
Contributions to defined contribution retirement plans	305	287
	7,934	6,912

### 9. FINANCE COSTS

	2017 HK\$'000	2016 HK\$'000
Interests on bank borrowings wholly repayable within five years	168	150

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

### 10. PROFIT BEFORE INCOME TAX

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

	2017 HK\$'000	2016 HK\$'000
Auditor's remuneration	380	70
Depreciation	12	7
Operating lease charges in respect of:		
— land and buildings	1,462	1,434
— office equipment	18	15
	<b>1,480</b>	1,449
Gain on disposal of available-for-sale financial asset	—	(10)
Impairment loss on other receivable	—	129
Listing expenses	3,990	3,779
Net foreign exchange loss/(gain)	482	(112)

### 11. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

Pursuant to the rules and regulations of the Cayman Islands and BVI, the Group is not subject to any income tax in the Cayman Islands and BVI.

Hong Kong Profits Tax has been provided at the rate of 16.5% for the year ended 31 March 2017 (2016: 16.5%) on the estimated assessable profit for the year. For the year ended 31 March 2016, a reduction was granted by the Government of Hong Kong Special Administrative Region of 75% of the tax payable for the year of assessment 2015/2016, subject to a maximum reduction of \$20,000 for each business.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2017

### 11. INCOME TAX EXPENSE *(continued)*

Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2017 HK\$'000	2016 HK\$'000
<b>Current tax — Hong Kong Profits Tax</b>		
Current year	1,818	2,466
Under provision in respect of prior years	65	–
	<b>1,883</b>	2,466

Reconciliation between income tax expense and accounting profit at applicable tax rates is as follows:

	2017 HK\$'000	2016 HK\$'000
Profit before income tax	5,362	11,637
Tax on profit before income tax, calculated at the rates of Hong Kong Profits Tax rate of 16.5% (2016: 16.5%)	885	1,920
Tax effects of:		
— non-deductible expenses	943	630
— non-taxable income	(1)	(22)
— unrecognised temporary differences	(9)	(2)
Tax concession	–	(60)
Under provision in respect of prior years	65	–
Income tax expense for the year	<b>1,883</b>	2,466

As at 31 March 2017, the Group did not have any significant unrecognised deferred tax assets or liabilities (2016: HK\$Nil).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

### 12. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUAL

#### (a) Directors' and Chief Executives' emoluments

Directors' and chief executive's emoluments, disclosed pursuant to the GEM Listing Rules, section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended 31 March 2017				
	Fee HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Retirement scheme contributions HK\$'000	Total HK\$'000
<b>Executive directors:</b>					
Mr. Chung Wang Lung (Chairman) (note a)	–	723	–	18	741
Mr. Mok Patrick (Chief Executive Officer and Compliance Officer) (note b)	–	416	250	18	684
Ms. So Pik Sau (note b)	–	335	–	15	350
<b>Independent non-executive directors:</b>					
Mr. Wong Tak Chun (note c)	25	–	–	–	25
Ms. Chung Wai Nar (note c)	25	–	–	–	25
Mr. Tsang Chi Fung (note c)	25	–	–	–	25
	75	1,474	250	51	1,850

	Year ended 31 March 2016				
	Fee HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Retirement scheme contributions HK\$'000	Total HK\$'000
<b>Executive directors</b>					
Mr. Chung Wang Lung (note a)	–	745	–	18	763
Mr. Mok Patrick (note b)	–	345	100	17	462
Ms. So Pik Sau (note b)	–	306	–	15	321
	–	1,396	100	50	1,546

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2017

### 12. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUAL *(continued)*

#### (a) Directors' and Chief Executives' emoluments *(continued)*

Notes:

- (a) Appointed as director of the Company on 19 October 2015 and re-designated as executive director of the Company on 11 January 2016.
- (b) Appointed as executive director of the Company on 11 January 2016.
- (c) Appointed as independent non-executive directors of the Company on 17 January 2017.

The emoluments shown above represents emoluments received and receivable from the Group by these directors in their capacity as employees/directors of the Company and subsidiaries during the years ended 31 March 2017 and 2016.

#### (b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 March 2017 included two (2016: three) directors whose emoluments are disclosed in note 12(a). The aggregate of the emoluments in respect of the remaining three (2016: two) individuals are as follows:

	2017 HK\$'000	2016 HK\$'000
Salaries, allowances and benefits in kind	1,200	743
Discretionary bonuses	387	28
Retirement scheme contributions	53	18
	<b>1,640</b>	789

The above individuals' emoluments are within the following bands:

	Number of individuals	
	2017	2016
HK\$Nil–HK\$1,000,000	3	2

No directors or the five highest paid individuals received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the year ended 31 March 2017 (2016: Nil). No director or the five highest paid individual has waived or agreed to waive any emolument during the year ended 31 March 2017 (2016: Nil).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2017

### 13. DIVIDENDS

	2017 HK\$'000	2016 HK\$'000
Dividends declared and paid by the subsidiaries of the Group prior to the Reorganisation (note ii)	–	4,382
Interim dividend of 82 Australian dollars ("AUD") per ordinary share (note iii)	<b>4,777</b>	–
	<b>4,777</b>	4,382

Notes:

- (i) The directors of the Company do not recommend the payment of any final dividend for the years ended 31 March 2017 and 2016.
- (ii) For the year ended 31 March 2016, dividends of HK\$4,382,000 were declared and paid by the companies now comprising the Group to the then shareholders of the subsidiaries.
- (iii) For the year ended 31 March 2017, the interim dividend of HK\$4,777,000 (AUD82 per ordinary share) was paid on 11 July 2016.

### 14. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year attributable to equity holders of the Company of HK\$2,652,000 (2016: HK\$8,399,000) and the weighted average 1,577,161,644 ordinary shares (2016: 1,552,800,000) in issue during the year ended 31 March 2017, as if the Reorganisation and capitalisation issue as set out in notes 1.2, 22(i) and 22(iii) had been effective since 1 April 2015.

The weighted average number of ordinary shares used to calculate the basic earnings per share amount for the year ended 31 March 2017 includes (i) an ordinary share of the Company issued upon incorporation, (ii) additional 9,999 new ordinary shares issued on 18 April 2016; and (iii) the 1,552,790,000 new ordinary shares issued pursuant to the capitalisation issue (note 22(iii)), as if all these shares had been in issue throughout the year ended 31 March 2017, and (iv) 24,361,644 shares, representing the weighted average of 197,600,000 new ordinary shares issued pursuant to the public offering and placing (note 22(iv)).

The number of ordinary shares used to calculate the basic earnings per share amount for the year ended 31 March 2016 was based on 1,552,800,000 ordinary shares, representing the number of ordinary shares of the Company immediately after the capitalisation issue, as if all these shares had been in issue throughout the year ended 31 March 2016.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 March 2017 and 2016 as the Group had no potentially dilutive ordinary shares in issue for the years ended 31 March 2017 and 2016. The basic earnings per share equals to the diluted earnings per share.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

### 15. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Computer equipment HK\$'000	Leasehold improvement HK\$'000	Total HK\$'000
<b>Cost</b>					
As at 1 April 2015	165	175	134	322	796
Additions	–	10	–	–	10
As at 31 March 2016	165	185	134	322	806
As at 1 April 2016	165	185	134	322	806
Additions	–	62	–	–	62
<b>As at 31 March 2017</b>	<b>165</b>	<b>247</b>	<b>134</b>	<b>322</b>	<b>868</b>
<b>Accumulated depreciation</b>					
As at 1 April 2015	158	163	134	322	777
Charge for the year	2	5	–	–	7
As at 31 March 2016	160	168	134	322	784
As at 1 April 2016	160	168	134	322	784
Charge for the year	2	10	–	–	12
<b>As at 31 March 2017</b>	<b>162</b>	<b>178</b>	<b>134</b>	<b>322</b>	<b>796</b>
<b>Net book value</b>					
<b>As At 31 March 2017</b>	<b>3</b>	<b>69</b>	<b>–</b>	<b>–</b>	<b>72</b>
As at 31 March 2016	5	17	–	–	22

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

### 16. INTERESTS IN SUBSIDIARIES

Particulars of the subsidiaries at 31 March 2017 and 2016 are as follows:

Company name	Place of incorporation	Issued ordinary share capital	Equity interest attributable to the Group		Principal activities
			2017	2016	
<b>Directly held</b>					
Red City Holdings Limited ("Red City")	BVI	1 ordinary share of US\$1	100%	100%	Investment holdings
<b>Indirectly held</b>					
Legend Focus Investments Limited	BVI	1 ordinary share of US\$1	100%	100%	Investment holdings
Quest Point International Limited	BVI	1 ordinary share of US\$1	100%	100%	Investment holdings
Dadi Education Group Limited	Hong Kong	10,000 ordinary shares	100%	100%	Provision of overseas studies consultancy services
Time Pace Development Limited ("Time Pace")	Hong Kong	10,000 ordinary shares	100%	100%	Management support for group companies
Golden Crown Overseas Limited ("Golden Crown")	Hong Kong	10,000 ordinary shares	51%	51%	Provision of overseas studies consultancy services
DIY110 Limited	Hong Kong	1 ordinary share	100%	100%	Dormant

### 17. TRADE AND OTHER RECEIVABLES

	Note	2017 HK\$'000	2016 HK\$'000
Trade receivables	(a)	4,584	4,910
Deposit and other receivable in relation to an investment, gross		2,379	2,379
Less: provision for impairment		(1,953)	(1,953)
Deposit and other receivable in relation to an investment, net	(b)	426	426
Listing expenses receivable from the Controlling Shareholder	(c)	5,633	5,976
Other deposits		698	407
Prepayment		361	1,253
		11,702	12,972

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

### 17. TRADE AND OTHER RECEIVABLES (continued)

#### (a) Trade receivables

Sales are generally made without prescribed credit terms but the customers usually take 35 to 90 days to settle the receivables. The ageing analysis based on the recognition date of trade receivables is as follows:

	2017 HK\$'000	2016 HK\$'000
0–30 days	827	606
31–60 days	3,120	2,910
61–90 days	289	753
91–365 days	236	641
Over 365 days	112	–
	<b>4,584</b>	4,910

As at 31 March 2017, all trade receivables were past due and no trade receivable was individually determined to be impaired (2016: HK\$Nil).

Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no impairment loss is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

#### (b) Deposit and other receivable in relation to an investment

In June 2011, the Group's subsidiary, Time Pace, entered into a cooperation agreement with an independent third party to acquire 37.5% equity interest in CIIC Dadi Overseas Studies Service Center (中智大地留學服務中心) ("CIIC Dadi") (the "Cooperation"). CIIC Dadi is a company established in the People's Republic of China and is principally engaged in provision of overseas studies consultancy services. The total consideration of RMB1,500,000 (equivalent to HK\$1,824,000) and an advance of RMB450,000 (equivalent to HK\$555,000) was paid. The investment deposit of HK\$1,824,000 was fully impaired during the year ended 31 March 2013.

On 15 March 2016, Time Pace and the independent party entered into a termination agreement to terminate the Cooperation. According to the termination agreement, an amount of approximately RMB350,000 (equivalent to approximately HK\$426,000) is expected to be recovered. An impairment loss of HK\$129,000 was recognised during the year ended 31 March 2016.

Movement in the provision for impairment of deposit and other receivable in relation to an investment is as follows:

	2017 HK\$'000	2016 HK\$'000
At the beginning of the year	1,953	1,824
Impairment loss recognised	–	129
At the end of the year	<b>1,953</b>	1,953

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2017

### 17. TRADE AND OTHER RECEIVABLES *(continued)*

#### (c) Listing expenses receivable from the Controlling Shareholder

The amount was subsequently settled to the Group in May 2017.

The directors consider that the fair values of trade and other receivables are not materially different from their carrying amounts because these balances have short maturity periods in their inception.

### 18. AMOUNTS DUE FROM/(TO) RELATED PARTIES

	2017 HK\$'000	2016 HK\$'000
Amount due from Chung's Capital Resources Limited ("CCRL")	–	1
Amount due to the Controlling Shareholder	–	(2)

CCRL is a related company which is controlled by the Controlling Shareholder.

The maximum amount outstanding of the amount due from CCRL during the year ended 31 March 2016 was HK\$1,876,000.

The amounts were denominated in HK\$ and are non-trade in nature. They are unsecured, interest-free and repayable on demand. The fair values approximate their carrying amounts at 31 March 2016.

### 19. CASH AND BANK BALANCES

	2017 HK\$'000	2016 HK\$'000
Cash at bank and in hand	17,982	6,768
Short-term bank deposits	50,000	–
	<b>67,982</b>	6,768

The short-term bank deposits earn 1.02% interest per annum (2016: Nil) and have a maturity of 3 months.

The directors consider that the fair value of the short-term bank deposits is not materially different from its carrying amount because of the short maturity period on its inception.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2017

### 20. ACCRUED CHARGES AND OTHER PAYABLES

	2017 HK\$'000	2016 HK\$'000
Accrued staff costs	1,065	908
Accrued marketing costs	657	360
Other accrued expenses	939	244
Receipts in advance	158	377
	<b>2,819</b>	1,889

All accrued charges and other payables are denominated in HK\$. All amounts are short-term and hence the carrying values of accrued charges and other payables are considered to be a reasonable approximation of their fair values.

### 21. BANK BORROWINGS

As at each reporting date, the Group's bank borrowings were repayable as follows:

	2017 HK\$'000	2016 HK\$'000
Bank loans, secured:		
— Within one year	1,276	1,548
— Not repayable within one year from the end of the year end but contain a repayment on demand clause	—	331
Amounts shown under current liabilities	<b>1,276</b>	1,879

As at 31 March 2017 and 2016, all the bank loans were denominated in HK\$. Further details of the Group's management of interest rate risk were set out in note 30.3.

The bank loans were secured by:

- personal guarantee as provided by the Controlling Shareholder as at 31 March 2016;
- corporate guarantees as provided by a related company, CCRL which is controlled by the Controlling Shareholder, and subsidiaries of the Group as at 31 March 2016;
- guarantee as provided by the Hong Kong Mortgage Corporation Limited under the Small and Medium Enterprise Financing Guarantee Scheme as at 31 March 2016; and
- corporate guarantee as provided by the Company as at 31 March 2017.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2017

## 22. SHARE CAPITAL

	Number of shares	HK\$'000
<b>Authorised:</b>		
Ordinary shares of HK\$0.01 each as at 19 October 2015 (date of incorporation) (note i) and as at 31 March 2016	38,000,000	380
Increase in authorised share capital (note ii)	2,962,000,000	29,620
<b>As at 31 March 2017</b>	<b>3,000,000,000</b>	<b>30,000</b>
<b>Issued and fully paid:</b>		
Upon incorporation as at 19 October 2015 (note i) and as at 31 March 2016	1	–
Issuance of share capital (note i)	9,999	–
Capitalisation issue of shares (note iii)	1,552,790,000	15,528
Issue of share upon public offering and placing (note iv)	197,600,000	1,976
<b>As at 31 March 2017</b>	<b>1,750,400,000</b>	<b>17,504</b>

Notes:

- (i) The Company was a limited liability company incorporated in the Cayman Islands on 19 October 2015 with an authorised share capital of HK\$380,000 divided into 38,000,000 ordinary shares of a par value of HK\$0.01 each. Upon incorporation, 1 ordinary share of HK\$0.01 was allotted at par and such share was transferred to Grand Courage on the same day. On 18 April 2016, the Company issued 9,999 ordinary shares of HK\$0.01 each to Grand Courage, together with 1 share of the Company held by Grand Courage, all the 10,000 shares was credited as fully paid as the consideration for the acquisition of Red City by the Company.
- (ii) On 17 January 2017, the shareholders' resolutions of the Company was passed that the authorised share capital of the Company was increased to HK\$30,000,000 divided into 3,000,000,000 shares of par value HK\$0.01 each.
- (iii) Pursuant to the written resolutions of the shareholders passed on 17 January 2017, 1,552,790,000 ordinary shares of HK\$0.01 each were allotted and issued, credited as fully paid at par, by way of capitalisation from the share premium account to the Company.
- (iv) On 15 February 2017, the Company issued a total of 197,600,000 ordinary shares of HK\$0.01 each at a price of HK\$0.34 per share in relation to the public offering and placing of the Company's shares. Of the gross total proceeds of HK\$67,184,000, HK\$1,976,000 representing the par value was credited to the Company's share capital, and HK\$65,208,000 before reduction of the share issuance expenses of HK\$4,275,000, was credited to the share premium account.

## 23. RESERVES

The amounts of the Group's reserves and the movements therein for the years ended 31 March 2017 and 2016 are presented in the consolidated statement of changes in equity of the consolidated financial statements.

### Share premium

The share premium represents the difference between the par value of the shares of the Company and net proceeds received from the issuance of the shares of the Company.

Under the Companies Law of the Cayman Islands, the share premium account of the Company may be applied for payment of distributions or dividends to the shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2017

## 23. RESERVES *(continued)*

### Capital reserve

The capital reserve of the Group as at 31 March 2016 represents the share capital of the subsidiaries now comprising the Group held by the Controlling Shareholder before the Reorganisation.

The capital reserve of the Group as at 31 March 2017 represents the difference between the share capital of subsidiaries acquired by the Company and the nominal value of the Company's share issued for the acquisition under the Reorganisation.

### Retained profits

Retained profits represent accumulated net profit or losses less dividends paid.

## 24. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2017 HK\$'000	2016 HK\$'000
<b>ASSETS AND LIABILITIES</b>		
<b>Non-current asset</b>		
Investment in a subsidiary	–	–
<b>Current assets</b>		
Prepayment and other receivables	5,764	–*
Cash and bank balances	56,904	–
	<b>62,668</b>	<b>–*</b>
<b>Current liabilities</b>		
Other payables and accruals	842	–
Amounts due to subsidiaries	4,286	–
	<b>5,128</b>	<b>–</b>
<b>Net current assets</b>	<b>57,540</b>	<b>–*</b>
<b>Net assets/Total assets less current liabilities</b>	<b>57,540</b>	<b>–*</b>
<b>Capital and reserves</b>		
Share capital	17,504	–*
Reserves (note)	40,036	–
<b>Total equity</b>	<b>57,540</b>	<b>–*</b>

Chung Wang Lung  
Director

Patrick Mok  
Director

\* Represent amount of less than HK\$1,000.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2017

### 24. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note: The movement of the Company's reserves are as follows:

	Share premium HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
Upon incorporation as at 19 October 2015 and as at 31 March 2016	–	–	–
Loss and total comprehensive loss for the year	–	(592)	(592)
Transactions with owners:			
Capitalisation issue of shares (note 22)	(15,528)	–	(15,528)
Issue of shares upon public offering and placing (note 22)	65,208	–	65,208
Expenses incurred in connection with the issue of shares during the year (note 22)	(4,275)	–	(4,275)
Dividends declared and paid (note 13)	–	(4,777)	(4,777)
Transactions with owners	45,405	(4,777)	40,628
<b>As at 31 March 2017</b>	<b>45,405</b>	<b>(5,369)</b>	<b>40,036</b>

As at 31 March 2017, the aggregate amount of reserves available for distribution to the equity holders of the Company was HK\$40,036,000 (2016: HK\$Nil).

### 25. A SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTEREST

The Group includes a subsidiary, Golden Crown, with material non-controlling interest ("NCI"), the details and the summarised financial information before intra-group eliminations are as follows:

	2017	2016
Equity interest attributable to NCI	49%	49%
	HK\$'000	HK\$'000
Non-current assets	11	2
Current assets	848	787
Current liabilities	(170)	(150)
Net assets	689	639
Carrying amount of NCI	338	313

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2017

### 25. A SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTEREST *(continued)*

	2017 HK\$'000	2016 HK\$'000
Revenue	3,768	3,559
Expenses	(2,081)	(1,983)
Profit and total comprehensive income for the year	1,687	1,576
Profit and total comprehensive income attributable to NCI	827	772
Dividend paid to NCI	(802)	(938)
Net cash flows generated from operating activities	1,586	1,548
Net cash flows used in investing activities	(12)	–
Net cash flows used in financing activities	(1,637)	(1,916)
Net decrease in cash and cash equivalents	(63)	(368)

### 26. OPERATING LEASE COMMITMENTS

As the reporting date, the total future minimum lease payments payable by the Group under non-cancellable operating leases are as follows:

	As at 31 March 2017		
	Buildings HK\$'000	Office equipment HK\$'000	Total HK\$'000
Within one year	2,270	23	2,293
In the second to fifth years	3,776	80	3,856
	6,046	103	6,149
	As at 31 March 2016		
	Buildings HK\$'000	Office equipment HK\$'000	Total HK\$'000
Within one year	1,051	15	1,066
In the second to fifth years	–	34	34
	1,051	49	1,100

The Group leases a number of properties and office equipment under operating leases. The lease run for an initial period of two to five years (2016: two to three years). The renewal of the leases are negotiable between the Group and respective landlords at the expiry date. None of the leases include contingent rentals.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2017

### 27. RELATED PARTY TRANSACTIONS

(a) The following parties are identified as related parties of the Group:

Name of related party	Relationship with the Group
Mr. Chung	Controlling Shareholder and an executive director of the Company
CCRL	A related company with interests owned by Mr. Chung, the Controlling Shareholder and the executive director of the Company

(b) **Balances with related parties**

Details of the balances with related parties are disclosed in notes 17(c) and 18 to the consolidated financial statements.

(c) **Transactions with related parties**

Save as disclosed elsewhere in the consolidated financial statements, the Group entered into the following transactions with its related parties:

	2017 HK\$'000	2016 HK\$'000
Transfer of an investment in a life insurance policy to CCRL	–	1,876
Rental expenses paid to CCRL	–	55

(d) **Compensation of key management personnel**

The remuneration of the directors (as disclosed in note 12) and other members of key management during the year are as follows:

	2017 HK\$'000	2016 HK\$'000
Salaries, allowances and benefits in kind	1,799	1,496
Retirement benefit scheme contributions	51	50
	1,850	1,546

### 28. MAJOR NON-CASH TRANSACTIONS

On 24 August 2015, the Group transferred its investment in a life insurance policy to CCRL, a related company controlled by the Controlling Shareholder, at a consideration of HK\$1,876,000. The consideration was settled through current account with the related company.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2017

## 29. FINANCIAL GUARANTEE CONTRACT

As at 31 March 2017, the Company had executed corporate guarantee to secure general banking facilities granted to a subsidiary which amounted to HK\$3,000,000 (2016: HK\$Nil). Under the guarantee, the Company would be liable to pay the bank if the bank is unable to recover the loan. As at 31 March 2017, the outstanding balance of the bank loans was HK\$1,276,000 (2016: HK\$Nil) and this represents the Company's maximum exposure under the guarantee contract. No provision for the Company's obligation under the financial guarantee contract has been made as the directors consider that the fair value of this corporate guarantee is not significant and it is not probable that the repayment of loan would be in default.

## 30. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

### 30.1 Categories of financial assets and liabilities

The carrying amounts presented in the statements of financial position relate to the following categories of financial assets and liabilities:

	2017 HK\$'000	2016 HK\$'000
<b>Financial assets</b>		
Loans and receivables:		
— Trade and other receivables	11,341	11,719
— Amount due from a related party	—	1
— Cash and bank balances	67,982	6,768
	<b>79,323</b>	18,488
<b>Financial liabilities</b>		
Measured at amortised costs:		
— Accrued charges and other payables	2,661	1,512
— Amount due to a related party	—	2
— Bank borrowings	1,276	1,879
	<b>3,937</b>	3,393

### 30.2 Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposures to currency risk arise from its business transactions which are primarily denominated in AUD, Canadian dollars ("CAD"), Great British Pounds ("GBP") and United States dollars ("US\$"). These are not the functional currencies of the Group entities to which these transactions relate.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2017

### 30. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(continued)*

#### 30.2 Foreign currency risk *(continued)*

Foreign currency denominated financial assets and liabilities, translated into HK\$ at the closing rates, are as follows:

	AUD HK\$'000	CAD HK\$'000	GBP HK\$'000	US\$ HK\$'000
<b>As at 31 March 2017</b>				
Trade and other receivables	3,615	200	556	38
Cash and bank balances	1,930	642	3,001	299
	<b>5,545</b>	<b>842</b>	<b>3,557</b>	<b>337</b>

	AUD HK\$'000	CAD HK\$'000	GBP HK\$'000	US\$ HK\$'000
<b>As at 31 March 2016</b>				
Trade and other receivables	3,914	42	682	79
Cash and bank balances	2,141	213	1,732	175
	<b>6,055</b>	<b>255</b>	<b>2,414</b>	<b>254</b>

The Group is mainly exposed to the effects of fluctuation in AUD, CAD and GBP as the rate of exchange between HK\$ and US\$ is controlled within a tight range. The following table illustrates the sensitivity of the Group's profit after income tax for the year and equity in regard to an appreciation in the Group entities' functional currencies against these currencies. These sensitivity rates represent the management's best assessment of the possible change in foreign exchange rates.

	AUD HK\$'000	CAD HK\$'000	GBP HK\$'000
<b>As at 31 March 2017</b>			
Sensitivity rate	1%	2%	3%
Decrease in profit for the year and equity	46	14	89
<b>As at 31 March 2016</b>			
Sensitivity rate	1%	2%	3%
Decrease in profit for the year and equity	27	4	58

The same percentage depreciation in the Group entities' functional currencies against the respective foreign currencies would have the same magnitude on the Group's profit for the year and equity but of opposite effect.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2017

### 30. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(continued)*

#### 30.3 Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. Borrowings bearing variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group's interest rate risk arises primarily from bank borrowings which carry interests at fixed rates and variable rates. The exposure to interest rates for the Group's bank deposits is considered immaterial.

The effective interest rates of the Group's bank borrowings were as follows:

	Effective interest rate	2017 HK\$'000	Effective interest rate	2016 HK\$'000
Bank borrowings:				
— fixed rates	N/A	–	5.6%	589
— variable rates	5.5%	1,276	5.5%	1,290
		1,276		1,879

The following table illustrates the sensitivity of the Group's profit after income tax for the year and equity to a possible change in interest rates on variable rates borrowings.

	Decrease in profit for the year and equity	
	2017 HK\$'000	2016 HK\$'000
Increase by 50 basis points	5	5

The same degree of decrease in basis point would have the same magnitude on the Group's profit for the year and equity as at each reporting dates but of opposite effect.

The assumed changes in interest rates are considered to be reasonably possible based on observation of current market conditions and represents management's assessment of a reasonably possible change in interest rate.

## 30. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(continued)*

### 30.4 Credit risk

Credit risk refers 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. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and from its investing activities.

The Group's maximum exposure to credit risk on recognised financial assets is limited to the carrying amount as at each reporting date as summarised in note 30.1.

Cash and bank balances are placed at financial institution that have sound credit rating and the Group considers the credit risk to be insignificant.

For trade and other receivables, the exposures to credit risk are monitored such that any outstanding debtors are reviewed and followed up on an ongoing basis. As at 31 March 2017, 5% (2016: 10%) was due from the largest customer and 36% (2016: 50%) was due from the five largest customers of the Group, respectively. The Group does not hold any collateral from its debtors.

### 30.5 Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of accrued charges and other payables and its financing obligations, 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.

Analysed below is the Group's remaining contractual maturities for its financial liabilities at the reporting date. When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date on when the Group can be required to pay. Where the settlement of the liability is in instalments, each instalment is allocated to the earliest period in which the Group is committed to pay.

The contractual maturity analysis below is based on the undiscounted cash flows of the financial liabilities.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2017

### 30. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(continued)*

#### 30.5 Liquidity risk *(continued)*

	Within 1 year or on demand HK\$'000	Over 1 year but within 5 years HK\$'000	Over 5 year HK\$'000	Total undiscounted amount HK\$'000	Carrying amount HK\$'000
<b>As at 31 March 2017</b>					
Accrued and other payables	2,661	-	-	2,661	2,661
Bank borrowings (note)	1,276	-	-	1,276	1,276
	<b>3,937</b>	<b>-</b>	<b>-</b>	<b>3,937</b>	<b>3,937</b>

	Within 1 year or on demand HK\$'000	Over 1 year but within 5 years HK\$'000	Over 5 year HK\$'000	Total undiscounted amount HK\$'000	Carrying amount HK\$'000
<b>As at 31 March 2016</b>					
Accrued and other payables	1,512	-	-	1,512	1,512
Amount due to a related party	2	-	-	2	2
Bank borrowings (note)	1,879	-	-	1,879	1,879
	<b>3,393</b>	<b>-</b>	<b>-</b>	<b>3,393</b>	<b>3,393</b>

Note:

Bank loans with a repayment on demand clause are included in the "Within 1 year or on demand" time band in the above maturity analysis. Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that the bank loans with a repayment on demand clause will be repaid in accordance with the scheduled repayment dates set out in the loan agreement as follows:

	Aggregate principal and interest cash outflows		Total HK\$'000	Carrying amount HK\$'000
	Over 1 year but within 2 years HK\$'000	Over 2 years but within 5 years HK\$'000		
	As at 31 March 2017	-		
As at 31 March 2016	335	-	335	331

#### 30.6 Fair value measurement

The carrying amounts of the financial instruments of the Group carried at cost or amortised cost are not materially different from their fair values at the end of the reporting date due to their short-term maturities.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2017

### 31. CAPITAL MANAGEMENT

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing services commensurately with the level of risk.

The Group actively and regularly reviews its capital structure and makes adjustments in light of changes in economic conditions. The Group monitors its capital structure on the basis of the net debt to equity ratio. For this purpose, net debt is defined as borrowings less cash and cash equivalents. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares and raise new debt financing.

	2017 HK\$'000	2016 HK\$'000
Bank borrowings	1,276	1,879
Cash and bank balances	(67,982)	(6,768)
Net debt	(66,706)	(4,889)
Total equity	76,432	15,623
Net debt to equity ratio	N/A	N/A

### 32. EVENTS AFTER THE REPORTING PERIOD

With an intention to explore business opportunities of expanding the business of provision of overseas studies consultancy services to students in the People's Republic of China and to diversify risk of the Company in the exploration of the intended business opportunities, the Company has subscribed one ordinary share (being the entire issued share capital) of and in Grand Pick Limited ("Grand Pick"), a company incorporated in the BVI on 19 April 2017, which in turn holds one ordinary share (being the entire issued share capital) of and in City Victory Investment Limited ("City Victory"), a company incorporated in Hong Kong on 10 March 2017. Mr. Chung Wang Lung is the sole director of Grand Pick and City Victory.

# FINANCIAL SUMMARY

A summary of results and of the assets, and liabilities and non-controlling interest of the Group for the last four financial years, extracted from the audited financial statements.

	2017 HK\$'000	2016 HK\$'000	2015 HK\$'000	2014 HK\$'000
<b>Revenue</b>	<b>23,481</b>	25,367	25,044	22,835
<b>Profit before income tax</b>	<b>5,362</b>	11,637	14,538	13,415
<b>Profit for the year</b>	<b>3,479</b>	9,171	12,117	11,320
<b>Attributable to:</b>				
<b>Equity holders of the Company</b>	<b>2,652</b>	8,399	10,972	10,160
<b>Non-controlling interest</b>	<b>827</b>	772	1,145	1,160
	<b>3,479</b>	9,171	12,117	11,320
	2017 HK\$'000	2016 HK\$'000	2015 HK\$'000	2014 HK\$'000
<b>Total Assets</b>	<b>80,527</b>	19,763	20,480	20,940
<b>Total Liabilities</b>	<b>(4,095)</b>	(4,140)	(8,708)	(11,217)
	<b>76,432</b>	15,623	11,772	9,723
<b>Equity attributable to equity holders of the Company</b>	<b>76,094</b>	15,310	11,293	9,115
<b>Non-controlling interest</b>	<b>338</b>	313	479	608
	<b>76,432</b>	15,623	11,772	9,723