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DADI EDUCATION HOLDINGS LIMITED
大地教育控股有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock code: 8417)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2020**

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

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

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

This announcement, 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 of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

FINANCIAL HIGHLIGHTS

- The Group's revenue from continuing operations for the year ended 31 March 2020 was approximately HK\$20.2 million, representing a decrease of approximately 11.7% from approximately HK\$22.9 million for the year ended 31 March 2019. The decrease was mainly contributed by the decrease in number of successful placements of students in the higher education sector under the unstable business environment during the year ended 31 March 2020;
- Loss before income tax from continuing operations for the year ended 31 March 2020 decreased from a profit of approximately HK\$1.2 million for the year ended 31 March 2019 to a loss of approximately HK\$5.1 million for the year ended 31 March 2020;
- Loss attributable to the equity holders of the Company from continuing operations for the year ended 31 March 2020 decreased from a profit of approximately HK\$0.6 million for the year ended 31 March 2019 to a loss of approximately HK\$5.7 million for the year ended 31 March 2020;
- Basic loss per share from continuing operations for the year ended 31 March 2020 was HK0.33 cents (2019: Basic earnings per share HK0.03 cents); and
- The Directors do not recommend the payment of a final dividend for the year ended 31 March 2020 (2019: Nil).

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020

The board of directors (the “Board”) is pleased to announce the consolidated results of the Group for the year ended 31 March 2020 together with the consolidated statement of financial position of the Group as at 31 March 2020, and the notes with comparative audited figures for the year ended 31 March 2019 as follows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> (restated)
Continuing operations			
Revenue	4	20,215	22,899
Other income	5	2,875	2,696
Marketing costs		(3,397)	(5,360)
Fair value loss of financial assets at fair value through profit and loss (“FVTPL”)		(1,618)	–
Employee benefits expenses	6	(9,040)	(9,071)
Lease charges		(794)	(2,565)
Other expenses		(12,961)	(6,710)
Finance costs	7	(155)	–
(Loss)/Profit before income tax	8	(4,875)	1,889
Income tax expense	9	(250)	(736)
(Loss)/Profit for the year from continuing operations		(5,125)	1,153
Discontinued operations			
Profit/(Loss) for the year from discontinued operations	10	1,075	(2,166)
Loss for the year		(4,050)	(1,013)
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences		–	(43)
Reclassification of translation differences upon disposal of subsidiaries		40	–
Total comprehensive loss for the year		(4,010)	(1,056)

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> (restated)
Loss for the year attributable to equity holders of the Company:			
— From continuing operations		(5,698)	582
— From discontinued operations		1,190	(1,104)
		<u>(4,508)</u>	<u>(522)</u>
Profit/(Loss) for the year attributable to non-controlling interest:			
— From continuing operations		573	571
— From discontinued operations		(115)	(1,062)
		<u>458</u>	<u>(491)</u>
Loss for the year		<u>(4,050)</u>	<u>(1,013)</u>
Total comprehensive loss for the year attributable to:			
— Equity holders of the Company		(4,486)	(544)
— Non-controlling interest		476	(512)
		<u>(4,010)</u>	<u>(1,056)</u>
(Loss)/Profit per share for loss attributable to equity holders of the Company:			
From continuing and discontinued operations			
— Basic and diluted	<i>11(a)</i>	<u>(HK0.26 cents)</u>	<u>(HK0.03 cents)</u>
From continuing operations			
— Basic and diluted	<i>11(b)</i>	<u>(HK0.33 cents)</u>	<u>HK0.03 cents</u>
From discontinued operations			
— Basic and diluted	<i>11(c)</i>	<u>HK0.07 cents</u>	<u>(HK0.06 cents)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		6,011	1,029
Financial assets at FVTPL	<i>13</i>	5,557	–
		11,568	1,029
Current assets			
Trade and other receivables	<i>14</i>	7,878	9,839
Cash and bank balances		60,450	71,113
		68,328	80,952
Current liabilities			
Accrued charges and other payables	<i>15</i>	2,792	4,536
Amount due to a non-controlling shareholder of a subsidiary		–	1,816
Lease liabilities		1,853	–
Tax payable		287	218
		4,932	6,570
Net current assets		63,396	74,382
Total assets less current liabilities		74,964	75,411
Non-current liabilities			
Lease liabilities		3,229	–
Net assets		71,735	75,411
CAPITAL AND RESERVES			
Share capital		17,504	17,504
Reserves		53,986	58,472
Equity attributable to equity holders of the Company		71,490	75,976
Non-controlling interest		245	(565)
Total equity		71,735	75,411

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

(Amounts expressed in thousands of Hong Kong dollars, unless otherwise stated)

1. GENERAL INFORMATION

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. With effect from 21 October 2019, the address of principal place of business of the Company has been changed to Unit 702–703, 7/F, 700 Nathan Road, Mongkok, Kowloon, Hong Kong from Unit 1911, 19/F, Office Tower One, Grand Plaza, 639 Nathan Road, Kowloon, Hong Kong.

The Company's shares are listed on GEM of The Stock Exchange 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 and education information technology services. The education information technology services segment is presented in discontinued operations to the consolidated financial statements.

As at 31 March 2020, 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").

2. BASIS OF PREPARATION

2.1 Basis of preparation

These consolidated financial statements 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 GEM Listing Rules.

2.2 Restatements due to discontinued operations

The presentation of comparative information in respect of the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2019 has been restated in order to disclose the discontinued operations separately from continuing operations.

As the restatements do not affect the consolidated statement of financial position, it is not necessary to disclose comparative information as at 1 April 2019.

3. ADOPTION OF NEW AND AMENDED HKFRSs

New and amended HKFRSs that are effective for annual periods beginning or after 1 April 2019

In the current year, the Group has applied for the first time the following new and amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements and effective for the annual period beginning on 1 April 2019:

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

Other than as noted below, 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.

HKFRS 16 “Leases”

HKFRS 16 “Leases” replaces HKAS 17 “Leases” along with three Interpretations (HK(IFRIC)-Int 4 “Determining whether an Arrangement contains a Lease”, HK(SIC)-Int 15 “Operating Leases-Incentives” and HK(SIC)-Int 27 “Evaluating the Substance of Transactions Involving the Legal Form of a Lease”). HKFRS 16 has been applied using the modified retrospective approach, with the cumulative effect of adopting HKFRS 16 being recognised in equity as an adjustment to the opening balance of retained profits for the current period. Prior periods have not been restated.

For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from HKAS 17 and HK(IFRIC)-Int 4 and has not applied HKFRS 16 to arrangements that were previously not identified as lease under HKAS 17 and HK(IFRIC)-Int 4.

As a lessee

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of HKFRS 16, being 1 April 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historical assessment as to whether leases were onerous immediately before the date of initial application of HKFRS 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months, the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

The weighted average incremental borrowing rate applied to lease liabilities recognised under HKFRS 16 was 3.75% per annum.

The following is a reconciliation of total operating lease commitments at 31 March 2019 to the lease liabilities recognised at 1 April 2019:

	<i>HK\$'000</i>
Total operating lease commitments disclosed at 31 March 2019	2,060
Recognition exemptions:	
— Leases with remaining lease term of less than 12 months (from continuing and discontinued operations)	(839)
Operating lease liabilities before discounting	1,221
Non-lease components	123
Discounting using incremental borrowing rate as at 1 April 2019	(37)
Total lease liabilities recognised under HKFRS 16 at 1 April 2019	<u>1,307</u>
Classified as:	
— Current lease liabilities	1,013
— Non-current lease liabilities	294
	<u>1,307</u>

Total impact arising from transition to HKFRS 16

The following table summarises the impact of transition to HKFRS 16 on the Group's consolidated statement of financial position at 1 April 2019:

	<i>HK\$'000</i>
Increase in accrued charges and other payables	(88)
Increase in right-of-use assets presented in property, plant and equipment	1,395
Increase in current lease liabilities	(1,013)
Increase in non-current lease liabilities	(294)
	<u>(88)</u>

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.

HKFRS 17	Insurance Contracts ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 3	Definition of a Business ⁴
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform ¹
Amendments to HKAS 1 and HKAS 8	Definition of Material ¹
Amendments to HKFRS 16	Covid-19-Related Rent concession ⁵

¹ Effective for annual periods beginning on or after 1 January 2020

² Effective for annual periods beginning on or after 1 January 2021

³ Effective date to be determined

⁴ Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

⁵ Effective for annual periods beginning on or after 1 June 2020

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 consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

The Group is 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. The education information technology services segment is presented in discontinued operations to the consolidated financial statements. Revenue of the Group is the revenue from these activities and represents the value of services rendered.

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 (i.e. the Chairman and/or the chief executive officer of the Group). For the year ended 31 March 2019, the Group has acquired subsidiaries, which resulted to have a new segment in 2019, namely the education information technology services.

During the year ended 31 March 2020, the Group has disposed of the aforesaid subsidiaries acquired on 10 April 2018. The segment reporting is changed as the new segment in 2019 as mentioned above was disposed of during the year ended 31 March 2020. The segment information of the disposed discontinued operations was disclosed in note 10.

The Group regards the 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 for the year ended 31 March 2020.

Disaggregation of revenue

The Group provides overseas studies consultancy service at a point in time in the following study programmes:

Continuing operations	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Higher education programmes	12,050	14,868
Secondary education programmes	6,909	7,404
Bonus	337	515
Short term courses	919	112
	20,215	22,899

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.

Continuing operations	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> (restated)
Australia	6,374	7,256
Canada	1,514	1,641
New Zealand	446	590
United Kingdom	10,200	11,938
United States	1,467	1,295
Others	214	179
	20,215	22,899

An analysis of the non-current assets (excluding financial assets at FVTPL) of the Group by geographical segments is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Non-current assets:		
Hong Kong	6,011	963
PRC	–	66
	6,011	1,029

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:

Continuing operations	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> (restated)
Customer A	N/A*	3,301

* The customer did not contribute over 10% of the Group's total revenue for the relevant year.

5. OTHER INCOME

Continuing operations	2020 HK\$'000	2019 HK\$'000 (restated)
Bank interest income	968	872
Commission income from guardianship	82	198
Marketing income	1,431	1,511
Dividend income from financial assets at FVTPL	116	–
Sponsorship income	86	75
Administration fee income	156	–
Others	36	40
	<u>2,875</u>	<u>2,696</u>

6. EMPLOYEE BENEFITS EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

Continuing operations	2020 HK\$'000	2019 HK\$'000 (restated)
Salaries, commission and other benefits	8,718	8,719
Contributions to defined contribution retirement plans	322	352
	<u>9,040</u>	<u>9,071</u>

7. FINANCE COSTS

Continuing operations	2020 HK\$'000	2019 HK\$'000
Finance charges on lease liabilities	155	–

8. (LOSS)/PROFIT BEFORE INCOME TAX

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

Continuing operations	2020 HK\$'000	2019 <i>HK\$'000</i> (restated)
Auditor's remuneration	480	580
Depreciation of:		
— owned assets	648	526
— right-of-use assets	2,142	—
	<u>2,790</u>	526
Lease charges in respect of:		
— land and buildings under operating lease	—	2,543
— office equipment under operating lease	—	22
— short-term leases and leases with lease term shorter than 12 months as at initial application of HKFRS 16	794	—
	<u>794</u>	2,565
Bad debts written off	—	40
Expected credit losses (“ECL”) allowance recognised for trade receivables	112	72
Impairment loss on goodwill	—	804
Net foreign exchange loss	3,193	1,054
	<u><u>3,193</u></u>	<u><u>1,054</u></u>

9. 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.

The income tax provision of the Group in respect of its operation in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the year based on the existing legislation, interpretations and practises in respect thereof. The PRC enterprise income tax rate is 25%.

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

Continuing operations	2020 HK\$'000	2019 <i>HK\$'000</i>
Current tax — Hong Kong Profits Tax		
Current year	378	826
Over provision in respect of prior years	(128)	(90)
	<u>250</u>	<u>736</u>

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying entities will be taxed at 8.25%, and the profits above HK\$2 million will be taxed at 16.5%. The profits of entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at 16.5%. For the year ended 31 March 2020, Hong Kong profits tax of Time Pace Development Limited, a subsidiary of the Group (2019: Dadi Education Group Limited, a subsidiary of the Group), is calculated in accordance with the two-tiered profits tax rates regime.

Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

Continuing operations

Reconciliation between income tax expense and accounting (loss)/profit at applicable tax rates is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> (restated)
(Loss)/Profit before income tax (from continuing operations)	<u>(4,875)</u>	<u>1,889</u>
Tax on (loss)/profit before income tax, calculated at the rates of Hong Kong Profits Tax rate of 16.5% (2019: 16.5%)	(804)	312
Tax effects of:		
— non-deductible expenses	1,452	845
— non-taxable income	(250)	(144)
— unrecognised temporary differences	15	(22)
— tax loss not recognised	106	—
— two-tiered profits tax rate regime	(141)	(165)
Over provision in respect of prior years	<u>(128)</u>	<u>(90)</u>
Income tax expense for the year	<u>250</u>	<u>736</u>

As at 31 March 2020, the Group had unused tax losses of approximately HK\$643,000 (2019: Nil) available for offset against future profits. No deferred tax asset has been recognised in respect of such tax loss due to unpredictability of future profit streams. These tax losses do not expire under current legislation.

As at 31 March 2020 and 2019, the Group did not have any significant unrecognised deferred tax assets or liabilities.

10. DISCONTINUED OPERATIONS

On 19 September 2019, Xinjiang Dadi Education Consultancy Limited (“Xinjiang Dadi Education”), an indirect wholly-owned subsidiary of the Company entered into a sales and purchase agreement with a non-controlling shareholder of its subsidiaries (“Acquirer”). Pursuant to which, Xinjiang Dadi Education agreed to sell, and the Acquirer agreed to acquire, 51% equity interests of Khorgos Do-Mega Education Tech Co., Ltd (“Khorgos Do-Mega”) and its subsidiary, Beijing Do-Mega Education Tech Co., Ltd (“Beijing Do-Mega”) (collectively referred to as the “Disposal Group”) for a consideration of RMB800,000 (approximately equivalent to HK\$883,000) (the “Disposal”).

The Disposal was completed on 19 September 2019 (the “Completion Date”), on which the date of the Disposal Group ceased to be subsidiaries of the Group.

As of the date before the Completion Date, the 51% equity interests of Disposal Group held by Xinjiang Dadi Education and the appointment of management personnel as designated by Xinjiang Dadi Education in the Disposal Group could not be processed and formally registered due to a change in the requirement(s) for registration of Khorgos City Market Supervision Administration Bureau (霍爾果斯市市場監督管理局) of Xinjiang, the PRC, the PRC authority in Khorgos City relevant for the registration. Further, the financial performance of the Disposal Group was unsatisfactory and the consolidation of the financial statements of the Disposal Group into the Group directly affected the financial results of the Group for the year ended 31 March 2019. The Directors of the Group decided to dispose the equity interests to the Acquirer.

The results of the Disposal Group up till the Completion Date of its disposal are accounted for as discontinued operations in the consolidated statement of profit or loss and other comprehensive income for the years ended 31 March 2020 and 2019. Details of the assets and liabilities disposed of, and calculation of gain on disposal, are disclosed in note 16.

(a) Analysis of results from discontinued operations

The results of the discontinued operations included in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows are set out below. The comparative profit and cash flows from discontinued operations has been re-presented to include those operations classified as discontinued in the current year.

(i) Profit/(Loss) for the period from discontinued operations:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue	189	1,635
Other income	12	84
Marketing costs	(6)	(11)
Employee benefits expenses	(147)	(2,507)
Lease charges	(45)	(226)
Other expenses	(238)	(1,141)
	<u> </u>	<u> </u>
Loss for the period before income tax	(235)	(2,166)
Gain on disposal of Disposal Group (<i>note 16</i>)	1,913	–
Transaction costs	(125)	–
	<u> </u>	<u> </u>
Income tax expense arise from disposal	1,553 (478)	(2,166) –
	<u> </u>	<u> </u>
Profit/(Loss) for the period from discontinued operations	<u><u>1,075</u></u>	<u><u>(2,166)</u></u>

(ii) Cash flows for the period from discontinued operations:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Net cash (outflow)/inflow from operating activities	(3)	21
Net cash outflow from investing activities	–	(14)
	<u> </u>	<u> </u>
Net cash (outflow)/inflow	<u><u>(3)</u></u>	<u><u>7</u></u>

(b) Loss before income tax from discontinued operations

Loss before income tax from discontinued operations are arrived at after charging:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Depreciation of:		
— owned assets	17	34
Lease charges in respect of:		
— land and buildings under operating lease	—	226
— short-term leases and leases with lease term shorter than 12 months as at initial application of HKFRS 16	<u>45</u>	<u>—</u>
	45	226
ECL allowance recognised for trade receivables	<u>—</u>	<u>12</u>

11. LOSS PER SHARE

(a) Continuing and discontinued operations

The calculation of the basic and diluted loss per share attributable to owners of the Company from continuing and discontinued operations are based on the following data:

	2020	2019
Loss for the year attributable to owners of the Company (HK\$'000)	(4,508)	(522)
Weighted average number of ordinary shares ('000 shares)	1,750,400	1,750,400
Basic and diluted loss per share (HK cents)	<u>(0.26)</u>	<u>(0.03)</u>

Diluted loss per share equals to basic loss per share, as there were no potential dilutive ordinary shares issued during the years ended 31 March 2020 and 2019.

(b) Continuing operations

The calculation of the basic and diluted (loss)/profit per share attributable to owners of the Company from continuing operations are based on the following data:

	2020	2019 (restated)
Loss for the year attributable to owners of the Company (HK\$'000)	(4,508)	(522)
Less: Profit/(loss) for the year from discontinued operations (HK\$'000)	<u>1,190</u>	<u>(1,104)</u>
(Loss)/Profit for the year from continuing operations (HK\$'000)	(5,698)	582
Basic and diluted (loss)/profit per share from continuing operations (HK cents)	<u>(0.33)</u>	<u>0.03</u>

(c) **Discontinued operations**

The calculation of the basic and diluted profit/(loss) per share attributable to owners of the Company from discontinued operations are based on the following data:

	2020	2019 (restated)
Profit/(Loss) for the year attributable to owners of the Company (HK\$'000)	1,190	(1,104)
Basic and diluted profit/(loss) per share from discontinued operations (HK cents)	0.07	(0.06)

12. DIVIDENDS

The Directors of the Company do not recommend the payment of a final dividend for the years ended 31 March 2020 and 2019.

13. FINANCIAL ASSETS AT FVTPL

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Mutual Fund	5,557	–

14. TRADE AND OTHER RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables	6,237	8,326
Less: ECL allowance	(215)	(103)
	6,022	8,223
Other deposits	702	744
Other receivables	141	167
Prepayment	1,013	705
	7,878	9,839

Sales are generally made without prescribed credit terms but the customers usually take 61 to 90 days (2019: 35 to 90 days) to settle the receivables. The ageing analysis based on the recognition date of trade receivables is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0–30 days	418	961
31–60 days	2,415	2,959
61–90 days	1,822	2,095
91–365 days	1,132	2,208
Over 365 days	235	–
	6,022	8,223

The movement in the ECL allowance of trade receivables is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Balance at 1 April	103	19
ECL allowance recognised during the year	112	84
	<hr/>	<hr/>
Balance at 31 March	215	103
	<hr/> <hr/>	<hr/> <hr/>

The Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

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 on their inception.

15. ACCRUED CHARGES AND OTHER PAYABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Accrued staff costs	1,047	1,039
Accrued marketing costs	25	536
Accrued expenses and other payable	1,578	1,491
Payables for acquisition of subsidiaries	–	922
Deposits received	–	346
Contract liabilities	142	202
	<hr/>	<hr/>
	2,792	4,536
	<hr/> <hr/>	<hr/> <hr/>

As at 31 March 2020 and 2019, the accrued charges and other payables of approximately HK\$2,792,000 (2019: HK\$2,905,000) and HK\$Nil (2019: HK\$1,631,000) were denominated in HK\$ and Renminbi (“RMB”) respectively.

As at 1 April 2019, contract liabilities amounted to HK\$202,000 (1 April 2018: HK\$765,000), of which HK\$64,000 (2019: HK\$765,000) has been recognised as revenue during the year ended 31 March 2020.

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.

16. DISPOSAL OF SUBSIDIARIES

As detailed in note 10, during the year ended 31 March 2020, the Group completed the disposal of its 51% equity interests of Khorgos Do-Mega for a consideration of RMB800,000 (approximately equivalent to HK\$883,000).

Following the Completion Date, the Disposal Group ceased to be subsidiaries of the Company. The Disposal Group is engaged in providing education information technology services in the PRC.

Details of the Disposal are set out in the Company’s announcements dated 19 September 2019 and 30 September 2019.

The following summarises the net liabilities of the Disposal Group at the date of the Disposal and gain on disposal of subsidiaries:

HK\$'000

Analysis of assets and liabilities of the Disposal Group at the date of disposal were as follows:

Property, plant and equipment	47
Trade and other receivables	223
Cash and bank balances	38
Accrued charges and other payables	(680)
Amount due to a shareholder of the Disposal Group	(1,611)
	(1,983)
Net liabilities disposed of	(1,983)

HK\$'000

Gain on disposal of the Disposal Group:

Cash consideration (Note)	883
Net liabilities disposed of	1,983
Non-controlling interests	(993)
Cumulative exchange reserve reclassified from equity to profit or loss upon Disposal	40
	1,913
	1,913

Note: The cash consideration for the Disposal of RMB800,000 (approximately equivalent to HK\$883,000) is paid by the Acquirer to Khorgos Do-Mega and its minority shareholders in cash, for the settlement of Xinjiang Dadi Education's liabilities pursuant to the Acquisition Agreement as defined in the Company's announcement dated 19 September 2019.

The gain on disposal of the Disposal Group is included in the profit for the year from discontinued operations in the consolidated statement of profit or loss and other comprehensive income as set out in note 10.

An analysis of the cash flows in respect of the Disposal is as follows:

HK\$'000

Cash outflow arising on disposal of subsidiaries:	
Cash and bank balances disposed of	(38)
	(38)

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

The 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, the Group mainly serves local students who are generally seeking secondary education and higher education studies in the United Kingdom (“UK”), Australia, Canada and the United States of America (the “USA”). During the year ended 31 March 2020, the Group’s principal business remained as 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 the Group’s revenue.

During the year ended 31 March 2020, it is disappointed that the Group’s loss after tax (from continuing and discontinued operations) increased by approximately HK\$3.0 million as compared to that of for the last year profit notwithstanding the Group recorded a gain on the disposal of the segment of education information technology services in the People’s Republic of China (the “PRC”) as disclosed in the announcement and supplemental announcement of the Company dated 19 September 2019 and 30 September 2019, respectively (the “Disposal”). The increase of loss after tax was mainly attributable to a decrease in revenue of the continuing operations under the unstable business environment as well as an increase in net exchange losses arising from bank deposits and mutual fund denominated in Australian dollars (“AUD”) and Great British Pounds (“GBP”) for the year ended 31 March 2020 as illustrated below.

Prospects and Strategies

The operating environment in Hong Kong has generally turned worse because of the unstable business environment in Hong Kong since about July 2019. Coupled with the outbreak of the novel coronavirus disease (the “COVID-19 outbreak”) which has been rapidly evolving globally from about late January 2020, the business environment became even more difficult.

As the Group’s continuing operation mainly depends on the number of successful placement of students to overseas universities, the Directors will continue to explore new streams for intakes of students from not only Hong Kong but also the PRC, with an aim to improve the Group’s financial performance for the continuing operations. The Group will continue to locate suitable working partners and will continue to allocate sufficient resources in marketing campaigns in Hong Kong to strengthen its brand and increase its recognition. Besides, despite the Disposal, the Group keeps confident in the overseas education services in the large city(ies) of the PRC. Therefore, the Group established a new indirect wholly-foreign owned subsidiary in Guangzhou, the PRC after the year ended 31 March 2020 with an aim to develop the Group’s business on provision of education consultancy services in the PRC. The Directors will keep on trying their best endeavours to maintain the Group’s competitiveness and will strive to improve the Group’s services for enhancing the Group’s growth in the present difficult business environment. On the above basis, the Directors believe the performance of the Group can be rebounded in the foreseeable future.

Principal Risks and Uncertainties

The economic and financial markets have been significantly impacted as a result of the COVID-19 outbreak from about late January 2020. The COVID-19 outbreak had no material impacts on the financial performance of the Group for the year ended 31 March 2020 notwithstanding the Group's operating subsidiaries have suspended or withheld marketing campaigns and services were provided to customers mainly with remote access home office, instead of face to face consultations. However, the management expects that the consultation and intake of students will inevitably be slowed down and growth of the demand in overseas education becomes hard which may directly affect the revenue generated from the overseas studies consultancy services of the Group in the coming year. The extent of impact of the COVID-19 outbreak on the Group will depend on the new development concerning the global severity of and actions taken to contain the COVID-19 outbreak that are highly uncertain as at the date of this announcement. The Group will continue to pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the consolidated financial statements and operation results.

FINANCIAL REVIEW

Revenue

Revenue of the Group from continuing operations for the year ended 31 March 2020 was approximately HK\$20.2 million, representing an decrease of approximately 11.7% from approximately HK\$22.9 million for the year ended 31 March 2019. All revenue was derived from the overseas study consultancy services. The decrease in revenue was mainly attributable to the decrease in number of successful placements in the higher education sector under the unstable business environment during the year ended 31 March 2020.

UK

Commission income generated from the placements of students in the UK maintained to be the main source of the Group's revenue which accounted for approximately 50.5% for the year ended 31 March 2020 (2019: approximately 52.1% from continuing operations). Commission income generated from the placements of students in the UK amounted to approximately HK\$10.2 million (2019: approximately HK\$11.9 million) or decreased by approximately 14.6% due to the decrease in commission from the placements of students in the UK.

Australia

Commission income generated from the placements of students in Australia decreased by approximately HK\$0.9 million or approximately 12.2% from approximately HK\$7.3 million for the year ended 31 March 2019 to approximately HK\$6.4 million for the year ended 31 March 2020, which represented approximately 31.5% of the Group's total revenue for the year ended 31 March 2020 (2019: approximately 31.7% from continuing operations). The decrease in the commission income generated from the placements of students in Australia was mainly contributed by the decline in successful placements of students in the higher education sector of Australia during the year ended 31 March 2020.

Canada and the USA

Commission income generated from the placements of students in Canada and the USA in aggregate increased by approximately 1.5% which amounted to approximately HK\$3.0 million (2019: approximately HK\$2.9 million) and represented approximately 14.7% (2019: approximately 12.8% from continuing operations) of total revenue for the year ended 31 March 2020. The increase in amount was mainly attributable to the increment in successful placements of students in the USA during the year ended 31 March 2020.

OTHER INCOME

The Group's other income from continuing operations increased from approximately HK\$2.7 million for the year ended 31 March 2019 to approximately HK\$2.9 million for the year ended 31 March 2020, representing an increase of approximately HK\$0.2 million or approximately 6.6%. The increase was mainly due to an income from administrative fee, an income from dividend from financial assets at fair value through profit and loss and an increase in bank interest income during the year ended 31 March 2020.

MARKETING COSTS

The Group's marketing costs from continuing operations decreased from approximately HK\$5.4 million for the year ended 31 March 2019 to approximately HK\$3.4 million for the year ended 31 March 2020. The decrease was mainly attributable to the reduction in the cost of advertisements during the year ended 31 March 2020.

EMPLOYEE BENEFITS EXPENSES

Staff cost of the Group from continuing operations remained stable at approximately HK\$9.0 million for the years ended 31 March 2020 and 2019.

OTHER EXPENSES

Other expenses of the Group from continuing operations increased from approximately HK\$6.7 million for the year ended 31 March 2019 to approximately HK\$13.0 million for the year ended 31 March 2020. The increase in amount was mainly because of an increase in net exchange losses arising from bank deposits and mutual fund denominated in AUD and GBP.

INCOME TAX EXPENSES

Income tax expenses decreased from at approximately HK\$0.7 million for the year ended 31 March 2019 to approximately HK\$0.3 million for the year ended 31 March 2020.

(LOSS)/PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

Net profit for the Group from continuing operations decreased from approximately a net profit of HK\$1.2 million for the year ended 31 March 2019 to a net loss of approximately HK\$5.1 million for the year ended 31 March 2020. The decline was mainly contributed by a decrease in revenue under the unstable business environment as well as an increase in exchange loss for the year ended 31 March 2020 as mentioned above.

(LOSS)/PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS

The loss of the Group from discontinued operations decreased from approximately HK\$2.2 million for the year ended 31 March 2019 to approximately a profit of HK\$1.1 million for the year ended 31 March 2020. The decrease was attributed to the gain on disposal of discontinued operation as a result of the Disposal.

LOSS FOR THE YEAR

The loss of the Group for the year increased from approximately HK\$1.0 million for the year ended 31 March 2019 to approximately HK\$4.1 million for the year ended 31 March 2020. The increase in loss was mainly attributable to the net loss for the year ended 31 March 2020 from continuing operations as mentioned above.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has funded the liquidity for the year ended 31 March 2020 and capital requirements primarily through capital contributions from shareholders and cash inflows from operating activities.

As at 31 March 2020, the Group has total cash and bank balances of approximately HK\$60.5 million (2019: approximately HK\$71.1 million).

As at 31 March 2020, the share capital and total equity attributable to equity holders of the Company amounted to approximately HK\$17.5 million and approximately HK\$71.5 million, respectively (2019: approximately HK\$17.5 million and approximately HK\$76.0 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 the Group is not presented as the Group has no net debt as at 31 March 2020 and 2019.

CHARGES ON THE GROUP'S ASSETS

The Group did not have any charges of assets as at 31 March 2020 and 2019.

CAPITAL COMMITMENT

The Group had no material capital commitments as at 31 March 2020 and 2019.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 March 2020 (2019: Nil). The Group is currently not involved in any material legal proceedings, nor is the 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. The Group's exposures to currency risk arise from its business transactions which are primarily denominated in AUD, Canadian dollars ("CAD"), GBP, RMB and the United States dollars ("US\$"). The Group is mainly exposed to the effects of fluctuation in AUD, CAD, GBP and RMB as the rate of exchange between HK\$ and US\$ is controlled within a tight range. The 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 2020.

EMPLOYEES AND REMUNERATION POLICIES

Total employee benefit expenses for the year ended 31 March 2020 and the year ended 31 March 2019 remained at approximately HK\$9.0 million. 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 staff members based on the assessment of individual performance.

SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES AND PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

During the year ended 31 March 2020, the Company's indirect wholly-owned subsidiary, Xinjiang Dadi Education Consultancy Limited* (新疆大地教育諮詢有限公司) ("Xinjiang Dadi Education") disposed its 51% equity interests in Khorgos Do-Mega Education Tech Co., Ltd* (霍爾果斯達美嘉教育科技有限公司) which held the entire equity interests of Beijing Do-Mega Education Tech Co., Ltd* (北京達美嘉教育科技有限公司) to a purchaser, Mr. Zhang Fashu* (張發樹), at a cash consideration of RMB800,000, i.e. the Disposal as referred to in this announcement hereinabove. Following the completion of the Disposal, Khorgos Do-Mega Education Tech Co., Ltd* (霍爾果斯達美嘉教育科技有限公司) and Beijing Do-Mega Education Tech Co., Ltd* (北京達美嘉教育科技有限公司) ceased to be the subsidiaries of the Company and their operations of mainly engaged in the provision of education information technology services discontinued from the Group.

Save as disclosed above, there was no significant investment held, material acquisition or disposal of subsidiaries and affiliated companies during the year ended 31 March 2020. Save as disclosed in the paragraph headed "Events after the year ended 31 March 2020" below, there was no plan for material investment or capital assets as at the date of this announcement.

EVENTS AFTER THE YEAR ENDED 31 MARCH 2020

After the Disposal, the Company considered it appropriate to discontinue the operation in Xinjiang, the PRC. Hence, the Company's direct wholly-owned subsidiary, Grand Pick Limited (a company incorporated in the British Virgin Islands with limited liability), sold its one share (representing the entire interest) in City Victory Investment Limited ("City Victory")(a company incorporated in Hong Kong with limited liability) which held the entire equity in Xinjiang Dadi Education at a consideration of HK\$1.00 to the purchaser, Ms. Feng Wanning (the sole executive director, the general manager and the legal representative of Xinjiang Dadi Education). The completion of the sale of share of City Victory was completed on 25 May 2020. On completion, Grand Pick Limited also paid an agreed sum of RMB60,000 to Ms. Fung Wanning for settlement of the outstanding fees incurred by Xinjiang Dadi Education in its incorporation and maintenance as well as for settlement of potential penalties due to the corporate non-compliances of Xinjiang Dadi Education imposed by the Ili Kazakhstan Autonomous Region Khorgos Port Industrial and Commerce Sub-branch* (伊犁哈薩克自治州工商行政管理局霍爾果斯口岸工商分局) in about August 2018 and July 2019.

City Victory was incorporated as an investment holding company and, save for holding the shares in Xinjiang Dadi Education, it has been inactive since its incorporation on 10 March 2017. Xinjiang Dadi Education was incorporated on 12 October 2017 and it solely held the 51% equity interests in Khorgos Do-Mega Education Tech Co., Ltd* (霍爾果斯達美嘉教育科技有限公司) which directly held Beijing Do-Mega Education Tech Co., Ltd* (北京達美嘉教育科技有限公司) before the Disposal.

Following the Disposal, the net liabilities of City Victory and Xinjiang Dadi Education for the year ended 31 March 2020 was approximately HK\$35,000.

As Ms. Fung Wanning was the sole executive director, the general manager and the legal representative of Xinjiang Dadi Education prior to the sale of share of City Victory, Ms. Fung Wanning is therefore a connected person at the subsidiary level. The sale of share of City Victory constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rule. However, pursuant to GEM Listing Rule 20.74, a connected transaction conducted on normal commercial terms or better is fully exempt if all the percentage ratio (other than the profits ratio) are less than 1% and the transaction is a connected transaction only because it involves connected person at the subsidiary level. As all the percentage ratio are less than 1% and the transaction only involved Ms. Fung Wanning who is a connected person at the subsidiary level, the sale of share of City Victory is fully exempted pursuant to GEM Rule 20.74.

After the sale of share of City Victory, City Victory and Xinjiang Dadi Education ceased to form part of the Group. The Company estimated that the financial effect of the sale of share of City Victory was approximately HK\$25,000, which shall be subject to accounting adjustment and subject to audit.

The Directors (including the independent non-executive Directors) considered the reasons for and the benefit for the sale of share of City Victory (which in turn disposed the entire equity of Xinjiang Dadi Education). They are of the view that the sale of share of City Victory is fair and reasonable which were determined after arm's length negotiations and the sale is in the interest of the Company and the Shareholders as a whole.

Despite the sale of share of City Victory and Xinjiang Dadi Education, the Group maintained the view that there is room for the Group to develop the overseas education services in the large city(ies) of the PRC. In order to have another attempt to expand the Group's overseas education services in the PRC market, the Group set up an indirect wholly-foreign owned subsidiary in Guangzhou, the PRC under the name of Time Pace (Guangzhou) Education Consultants Company Limited* (時進(廣州)教育諮詢有限公司) with a registered capital of RMB3 million. The business licence of Time Pace (Guangzhou) Education Consultants Company Limited* (時進(廣州)教育諮詢有限公司) was issued on 4 June 2020 for a term of business commencing from 4 June 2020 to permanent, under which Time Pace (Guangzhou) Education Consultants Company Limited* (時進(廣州)教育諮詢有限公司) is permitted to conduct a series of commercial services including the provision of education consultancy services and the provision of information consultancy services for students studying overseas for opening business and investment projects.

Further, the wide spread of the COVID-19 since the COVID-19 outbreak is a fluid and challenging situation that all industries and the society have to face with. The Group keeps on monitoring the overall impact of the situation on the operation of the Group and has taken all possible effective measures to limit and keep the impact in control. The Group will continue to keep attention on the change of the situation and will make timely response and adjustments (if necessary) in the future.

Save as disclosed in this paragraph, there is no other important event affecting the Group which has occurred after the year ended 31 March 2020 and up to the date of this announcement.

USE OF NET PROCEEDS FROM THE LISTING

The net proceeds from the listing of the Company in February 2017 (the “Listing”) amounted to approximately HK\$55.1 million, after deducting the underwriting fees, the Stock Exchange trading fee, SFC transaction levy for the new shares of the Company (the “Shares”) and the Listing expense in connection with the Share Offer. Up to 31 March 2020, approximately HK\$24.2 million has been utilized (2019: approximately HK\$16.3 million). The Group will strive to achieve the milestone events as stated in the Prospectus dated 26 January 2017 (the “Prospectus”) and it provides an analysis comparing the business objectives set out in the Prospectus with the Group’s actual business progress from the Listing Date to the date of this announcement as set out below:

Use of net proceeds	Amount of net proceeds allocated upon Listing <i>HK\$'000</i>	Amount of net proceeds utilised up to 31 March 2020 <i>HK\$'000</i>	Balance as at 31 March 2020 <i>HK\$'000</i>
Expand and renovate existing branches	5,198	4,520	678
Employ additional counsellors and supporting staff	15,373	1,075	14,298
Strengthen our brand awareness	25,505	14,903	10,602
Expand our network of overseas education providers	700	21	679
Enhance our IT system	2,975	469	2,506
Hold large scale exhibitions	3,960	1,783	2,177
General working capital	1,428	1,428	–
Total	55,139	24,199	30,940

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

The Directors regularly evaluate the Group’s business objectives and may change or modify plans against the changing market condition to ascertain the business growth of the Group. During the year ended 31 March 2020, the Directors considered that no modification of the use of proceeds described in the Prospectus was required.

DIVIDENDS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2020 and up to the date of this announcement.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The 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 year ended 31 March 2020, the Company has complied with all the applicable code provisions of the CG Code contained in Appendix 15 to the GEM Listing Rules.

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 of the Company (the "Code of Conduct"). The Company has made specific enquiry to all the Directors, and all Directors have confirmed that, they have fully complied with the required standard of dealings set out in the Code of Conduct for the year ended 31 March 2020 and up to the date of this announcement.

INTEREST OF COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Group has appointed TC Capital International Limited as our compliance adviser from the Listing Date, which provided advice and guidance to the Group in respect of compliance with the applicable laws and the GEM Listing Rules including various requirements relating to directors' duties and internal control. The appointment of the compliance adviser ended on 30 June 2019. Except for the compliance adviser also acted as the sponsor of the Listing and the compliance adviser agreement entered into between the Company and our compliance adviser dated 19 January 2016, neither our compliance adviser nor its Directors, employees or close associates had any interests in relation to the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

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 the Company complies with the minimum of public float of 25%.

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 the Group which competes or is likely to compete, directly or indirectly, with the Group's business during the year ended 31 March 2020 and up to the date of this announcement.

DEED OF NON-COMPETITION

Mr. Chung Wang Lung and Grand Courage Investments Limited (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”).

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 the 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 the 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 the Group in Hong Kong and such other part of the world where any member of the 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 the 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 the Group, he/it shall procure that his/its close associates to promptly notify our Company in writing and the Group shall have a right of first refusal to take up such opportunity. The Group shall, within six months after receipt of the written notice (or such longer period if the 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 the 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.

The Company confirms that each of the Covenantors has complied with the Deed of Non-Competition for the year ended 31 March 2020 and up to the date of this announcement.

In order to ensure that the Covenantors have complied with the Deed of Non-Competition, each of the Covenantors has provided to the Company written confirmations that (i) he/it has provided information as may be necessary for the annual review by the independent non-executive Directors in respect of the Deed of Non-Competition; and (ii) he/it has complied with the non-competition undertaking under the Deed of Non-Competition for the year ended 31 March 2020 and up to date of this announcement.

The independent non-executive Directors have reviewed the status of the compliance by each of the Covenantors with the undertakings in the Deed of Non-Competition and evaluated the effectiveness of the implementation of the Deed of Non-Competition and were satisfied that, as far as they can ascertain, there is no breach by any of the Covenantors of the undertakings in the Deed of Non-Competition given by them.

As of the date of this announcement, the Company is not aware of any other matters regarding the compliance of the undertakings in the Deed of Non-Competition and there have not been any changes in terms of the Deed of Non-Competition since the Listing of the Company.

ANNUAL GENERAL MEETING

The annual general meeting will be held on Tuesday, 4 August 2020. A notice convening the meeting will be issued and sent to the shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining entitlement to attend and vote at the forthcoming annual general meeting, the register of members of the Company will be closed from Thursday, 30 July 2020 to Tuesday, 4 August 2020, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting, 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, Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, no later than 4:30 p.m. on Wednesday, 29 July 2020.

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

An audit committee has been established with its 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, Ms. Chung Wai Nar and Mr. Tsang Chi Fung, 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 the Group, and as to the adequacy of the external and internal audits.

The audit committee of the Board and the management of the Company have reviewed the accounting principles and practices adopted by the Group and the financial statements for the year ended 31 March 2020. The audit committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 March 2020 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

SCOPE OF WORK OF GRANT THORNTON HONG KONG LIMITED

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 March 2020 as set out in this announcement have been agreed by the Group's auditor, Grant Thornton Hong Kong Limited, to the amounts set out in the Group's draft audited consolidated financial statements for the year. The work performed by Grant Thornton Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standard on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently, no assurance has been expressed by Grant Thornton Hong Kong Limited on this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement will be published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.dadi.com.hk. The Company's annual report for the year ended 31 March 2020 will be dispatched to the Shareholders of the Company and will also be published on the aforesaid websites of the Stock Exchange and the Company in due course.

By order of the Board
Dadi Education Holdings Limited
Chung Wang Lung
Chairman and Executive Director

Hong Kong, 22 June 2020

As at the date of this announcement, the executive Directors are Mr. Chung Wang Lung, Mr. Mok Patrick and Ms. So Pik Sau, the non-executive Director is Mr. Liu Chenyu and the independent non-executive Directors are Mr. Wong Tak Chun, Ms. Chung Wai Nar and Mr. Tsang Chi Fung.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the GEM website on the "Latest Company Announcements" page for at least 7 days from the date of its posting and the Company's website at www.dadi.com.hk.

* *The English translation of Chinese names or words in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*