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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)

SUPPLEMENTAL ANNOUNCEMENT TO THE ANNUAL REPORTS FOR THE YEAR ENDED 31 MARCH 2019 AND FOR THE YEAR ENDED 31 MARCH 2020

References are made to (i) the prospectus of Dadi Education Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 26 January 2017 (the “**Prospectus**”) in relation to the listing of the Company on GEM (the “**Listing**”); (ii) the annual report for the year ended 31 March 2019 published by the Company on 28 June 2019 (the “**FY2019 Annual Report**”); and (iii) the annual report for the year ended 31 March 2020 published by the Company on 29 June 2020 (the “**FY2020 Annual Report**”). Unless otherwise stated, capitalized terms used herein shall have the same meaning as those defined in the Prospectus, the FY2019 Annual Report and the FY2020 Annual Report.

As disclosed in the FY2020 Annual Report, among the net proceeds of approximately HK\$55.1 million raised from the Listing, approximately HK\$24.2 million has been utilized for the year up to 31 March 2020 with approximately HK\$30.9 million remains unutilized as at 31 March 2020 (the “**Unutilized Net Proceeds**”). In addition to the information disclosed in the section headed “Management Discussion and Analysis” in the FY2020 Annual Report, the Board would like to provide additional information pursuant to Rule 18.32(8)(b) of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) in relation to the expected timeline for the usage of the Unutilized Net Proceeds as follows:

Use of the Net Proceeds from the Listing	Amount of net proceeds allocated for usage at the Listing HK\$'000	Actual use of net proceeds for the year ended 31 March 2020 as disclosed in the FY2020 Annual Report HK\$'000	Unutilized Net Proceeds up to 31 March 2020 HK\$'000	Expected timeline for full utilization of the Unutilized Net Proceeds (Note)
(i) Expand and renovate existing branches	5,198	4,520	678	End of December 2021
(ii) Employ additional counsellors and supporting staff	15,373	1,075	14,298	End of December 2021
(iii) Strengthen the Group's brand awareness	25,505	14,903	10,602	End of December 2021
(iv) Expand the Group's network of overseas education providers	700	21	679	End of December 2021
(v) Enhance the Group's IT system	2,975	469	2,506	End of December 2021
(vi) Hold large scale exhibitions	3,960	1,783	2,177	End of December 2021
(vii) General working capital	<u>1,428</u>	<u>1,428</u>	<u>—</u>	Not applicable
Total	<u>55,139</u>	<u>24,199</u>	<u>30,940</u>	

Note : The expected timeline for utilising the Unutilized Net Proceeds is based on the best estimation of the present and future business market conditions in Hong Kong made by the Group. It is subject to change based on the future development of the market conditions.

The Unutilized Net Proceeds were used behind the schedule than that as disclosed in the section headed “Future plan and use of proceeds” of the Prospectus for reasons mainly due to:

- (a) the social events occurred in many districts in Hong Kong since about July 2019 (the “**Social Events**”). Although the Group expanded its headquarter by moving to the present new headquarter and principal place of business in Mong Kok in October 2019, the scale of procurement of new equipment and facilities was reduced and some were suspended since the Group was uncertain with the extent of influence of the social events on the macro-economic condition of Hong Kong and the business operation on the Group;
- (b) the difficulties of the Group to employ suitable additional counsellors. With the difficulties in employing additional counsellors, the intended employment for more administrative staffs who would mainly for assisting and sharing the heavy workload of counsellors was decelerated. The Group had employed a few additional counsellors since the Listing of the Company on 16 February 2017, but the counsellors’ flow rate was high. Being a counsellor of the Group, the counsellor should possess of (i) exposure in studies and living in the overseas so that the counsellor knows the local customs and practice; and (ii) qualifications or exposure in handling overseas education studies so that the counsellor is familiar with the procedures of admission and the ancillary services in order to assist the parents and/or students expeditiously. The Group has been keeping on placing recruitment advertisements seeking for suitable applicants;
- (c) the suspension in the Group’s placement of physical advertisements on MTR stations, newspapers and magazines as a result of the Social Events. Coupled with the outbreak of the novel coronavirus (the “**COVID-19**”) since January 2020, the Group concerned about the effectiveness of placing physical advertisements when people in Hong Kong were recommended to stay/work at home with mandatory requirements imposed by the Hong Kong government on reduce gathering. The Group had re-allocated more resources on online advertising for the time being and will arrange for placing physical advertisements when the control of COVID-19 in Hong Kong becomes noticeable;
- (d) the site visits to potential overseas education providers were less frequent due to our lack of manpower from counsellors. Coupled with the outbreak of the COVID-19, the borders of the overseas countries were closed and/or quarantine measures are implemented to control the infection and widespread of the COVID-19, site visits became almost impossible. Nevertheless, the Group expects more frequent personal exchanges will take place after the opening of borders and the control of COVID-19 by the overseas governments;

- (e) as the expansion of Group's Mong Kok headquarters and the set up thereof was only completed in October 2019, coupled with the occurrence of the Social Events and the subsistence of the COVID-19, the Group is still considering the types of software systems that best accommodate the accessibility by the universities, the parents/students and our staff and which can technically align with the configurations of hardware equipment of all the Group's branch offices as well as the enterprise resources planning system developed by the Group since about January 2019;
- (f) the frequency of holding large exhibitions and the event days of such exhibitions were decreased due to (i) the unsuccessfulness in arranging the representatives from various universities and high schools as well as suitable venues for holding the exhibitions for the year ended 31 March 2019; and (ii) the hesitation and/or inability of the representatives of overseas education providers to attend exhibitions to be held in Hong Kong after the Social Events and the outbreak of COVID-19.

Based on the reasons above, the Group expected that the prolongment in the expected timeline for usage of the Unutilized Net Proceeds will enable the Group to have further time to make careful decisions on the implementation of the plans with reference to the latest internal and external factors.

Save as disclosed above, no material delay or change in the use of proceeds as disclosed in the Prospectus was noted and expected.

The Board confirms that there will not be any change to the original intended use of the proceeds or the allocated amount as disclosed in the Prospectus. As at the date of this supplemental announcement, the Company intends to use the Unutilized Net Proceeds in the same manner and proportions as described in the Prospectus. In the event there be any further material delay or change in the use of proceeds as disclosed in the Prospectus, a further announcement will be made by the Company as and when appropriate.

The above supplemental information does not affect other information contained in the FY2019 Annual Report and the FY2020 Annual Report and save as disclosed above, all other information therein remains unchanged.

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

Hong Kong, 18 August 2020

As at the date of this supplemental announcement, the Company's executive directors are Mr. Chung Wang Lung, Mr. Mok Patrick and Ms. So Pik Sau and the independent non-executive directors are Mr. Wong Tak Chun, Ms. Chung Wai Nar and Mr. Tsang Chi Fung.

This supplemental announcement, for which the directors of the Company 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 of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this supplemental 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 supplemental announcement misleading.

This supplemental 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.