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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)

CHANGE IN USE OF PROCEEDS

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 Share Offer, which sets out the intended use of the net proceeds from the issue of new shares of the Company (the “**Net Proceeds**”) (the “**Share Offer**”); (ii) the supplemental announcement to the Annual Reports for the year ended 31 March 2019 and for the year ended 31 March 2020 dated 18 August 2020 and the supplemental announcement on use of proceeds dated 17 March 2023 (collectively the “**Supplemental Announcements**”); (iii) the interim report of the Company for the six months ended 30 September 2023 (the “**2023 Interim Report**”), in which the utilisation of the Net Proceeds up to 30 September 2023 was disclosed. Unless otherwise defined, capitalized terms used herein shall have the same meaning as those defined in the Prospectus and the 2023 Interim Report (in the event of conflict or inconsistency, the definitions in the 2023 Interim Report shall prevail).

As disclosed in the 2023 Interim Report, among the Net Proceeds of approximately HK\$55.1 million raised from the Share Offer after deducting the underwriting fees and the listing expenses, the Group has utilised approximately HK\$44.6 million as at 30 September 2023, representing approximately 81% of the Net Proceeds, leaving approximately HK\$10.6 million remain unutilised. The unutilised Net Proceeds amounted to approximately HK\$9.7 million as at the date of this announcement (the “**Unutilised Net Proceeds**”).

The Board re-evaluated the intended use of the Unutilised Net Proceeds and resolved to reallocate and change the use of the Unutilised Net Proceeds (the “**Proposed Change**”) for the reasons set out in the paragraph headed “Reasons for and benefits of the Proposed Change” set out in this announcement. An analysis of the utilisation of the Proposed Change of the use of the Unutilised Net Proceeds and the expected timeline for the usage of the Unutilised Net Proceeds are summarised as follows:

	Original allocation of Net Proceeds (HK\$ thousand)	Total Amount of Net Proceeds utilised as at 30 September 2023 (HK\$ thousand)	Total Amount of Unutilised Net Proceeds as at 30 September 2023 (HK\$ thousand)	Total Amount of Unutilised Net Proceeds as at the date of this announcement (HK\$ thousand) (approximately)	Item and amount of Reallocation (HK\$ thousand)	Amount of Unutilised Net Proceeds after reallocation as at the date of this announcement (HK\$ thousand) (approximately)	Expected timeline for full utilisation of the Unutilised Net Proceeds (Note) (HK\$ thousand)
Expand and renovate existing branches	5,198	5,198	—	—	—	—	Not applicable
Employ additional counsellors and supporting staff	15,373	8,904	6,469	5,908	—	5,908	End of March 2025
Strengthen our brand awareness	25,505	23,438	2,067	1,752	—	1,752	End of December 2024
Expand our network of overseas education providers	700	700	—	—	—	—	Not applicable
Enhance our IT system	2,975	2,734	241	231	1,502	1,733	End of December 2024
Hold large scale exhibitions	3,960	2,158	1,802	1,802	(1,502)	300	End of December 2024
General working capital	1,428	1,428	—	—	—	—	Not applicable
Total	55,139	44,560	10,579	9,693		9,693	

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

REASONS FOR AND BENEFITS OF THE PROPOSED CHANGE

The Group is an overseas studies consultancy services provider in Hong Kong. The Group mainly serves local students who are seeking secondary education and higher education studies in the United Kingdom, Australia, Canada and United States of America. During the financial years ended 31 March 2014, 2015 and 2016 and four months ended 31 July 2016 before the Group was listed on 16 February 2017, the Group hosted a number of fairs, including main overseas studies fairs in the Group’s Mong Kok branch which allowed students and their parents to meet and question representatives of overseas education providers in the Group’s network. Hence, it was originally intended to hold large scale exhibitions outside the Group’s Mong Kok branch and convene such exhibitions in hotels and exhibition centres in Hong Kong thereby able to accommodate more participants with an increased numbers of overseas education providers.

However, as disclosed in the Supplemental Announcements, as a result of the social event occurred in Hong Kong in about July 2019 and the COVID-19 since January 2020, the holding of large scale exhibitions have been suspended because of the unsuccessfulness in arranging the representatives from various universities and high schools to attend exhibitions to be held in Hong Kong due to the travel restrictions and the quarantine requirements.

During the social events and the COVID-19, the Group and the overseas education providers in the Group's network adopted and have been used to apply electronic means, rather than physical face to face exchanges/meetings, as its sales and marketing strategy and for providing students and their parents with information about study programmes as well as for arranging students and their parents to meet and question representatives of the overseas education providers. As disclosed in the 2023 Interim Report, the Group continues to focus on improving its online presence, including its website, social media platforms and online marketing strategies. The Group is developing its online service system which assists students and parents to efficiently and promptly process their enquiries and school applications. With the successful change in the Group's strategy in sales and marketing, the increasing need of the business operations from face to face to online after the COVID-19 and with the Group's intention to expand its services to countries not only in Hong Kong, the Group considers it necessary to allocate more funds to enhance its IT system in order to cope with the Group's needs.

On the above basis, the Directors are of the view that to change the use of net proceeds originally allocated for holding large scale exhibition to enhancing the Group's IT system would enable the Group to deploy its financial resources more efficiently and the Proposed Change will be more favourable to the Group's long term business development as well as a better utilisation of the Unutilised Net Proceeds.

The Board confirms that the Proposed Change does not have material changes on the nature of the Group's business objectives as set out in the Prospectus. Save as disclosed in this announcement, there are no other changes in the use of the Net Proceeds. The Board further considered that the Proposed Change in the use of the Unutilised Net Proceeds will not have any material adverse impact on the operation of the Group and is in the best interests of the Company and its shareholders as a whole.

The Board will continuously assess the use of the Unutilised Net Proceeds and may revise or amend the use where necessary to cope with the changing market conditions and strive for better business performance of the Group.

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

Hong Kong, 15 December 2023

As at the date of this announcement, the Company's executive directors are Mr. Chung Wang Lung, Mr. Mok Patrick, Mr. Chung Royce and Ms. So Ho Sau 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 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 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.