



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

Listing by Way of Share Offer



Sponsor



Sole Bookrunner and Sole Lead Manager



IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.



Dadi Education Holdings Limited

大地教育控股有限公司

(incorporated in the Cayman Islands with limited liability)

LISTING BY WAY OF SHARE OFFER ON THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Number of Offer Shares	: 437,600,000 Shares, comprising 197,600,000 New Shares and 240,000,000 Sale Shares
Number of Placing Shares	: 393,840,000 Shares, comprising 153,840,000 New Shares and 240,000,000 Sale Shares (subject to reallocation)
Number of Public Offer Shares	: 43,760,000 New Shares (subject to reallocation)
Offer Price	: Not more than HK\$0.34 per Offer Share and expected to be not less than HK\$0.30 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value	: HK\$0.01 each
Stock code	: 8417

Sponsor



Sole Bookrunner and Sole Lead Manager



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

A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies in Hong Kong" in Appendix V to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Sole Lead Manager and our Company (for ourselves and on behalf of the Selling Shareholder) on the Price Determination Date, which is expected to be on or around Monday, 6 February 2017. The Offer Price will not be more than HK\$0.34 per Offer Share and is currently expected to be not less than HK\$0.30 per Offer Share. If, for any reason, the Offer Price is not agreed by Monday, 6 February 2017 between the Sole Lead Manager and our Company (for ourselves and on behalf of the Selling Shareholder), the Share Offer will not proceed and will lapse. In the case of such event, a notice will be published on the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.dadi.com.hk.

The Sole Lead Manager may, with the consent of our Company and the Selling Shareholder, reduce the number of Offer Shares in the Share Offer and/or the indicative Offer Price range stated in this prospectus (which is HK\$0.30 to HK\$0.34 per Offer Share) at any time on or prior to the morning of the last day for lodging applications under the Public Offer. In such a case, notices of the reduction in the number of Offer Shares in the Share Offer and/or the indicative Offer Price range will be published on the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.dadi.com.hk not later than the morning of the day which is the last day for lodging applications under the Public Offer. If applications for Public Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Public Offer, such applications cannot be subsequently withdrawn even if the number of Offer Shares in the Share Offer and/or the indicative Offer Price range is so reduced.

Prior to making an investment decision, prospective investors should carefully consider all the information set out in this prospectus, including but not limited to the section headed "Risk factors" of this prospectus.

The obligations of the Public Offer Underwriter under the Public Offer Underwriting Agreement to subscribe for, and to procure applicants for the subscription for, the Public Offer Shares, are subject to termination by the Sole Lead Manager if certain grounds arise prior to 8:00 a.m. on the day that trading in the Offer Shares commences on the Stock Exchange. Such grounds are set out in the section headed "Underwriting — Underwriting arrangement and expenses — Grounds for termination" of this prospectus. It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the US Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable US state securities laws. The Offer Shares are being offered and sold outside the United States in reliance on Regulation S under the US Securities Act and the applicable laws of each jurisdiction where those offers and sales occur.

26 January 2017

CHARACTERISTICS OF GEM

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.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspaper. Accordingly, prospective investors should note that they need to have access to the Stock Exchange's website at www.hkexnews.hk in order to obtain up-to-date information on GEM-listed issuers.

EXPECTED TIMETABLE^(Note 1)

If there is any change in the following expected timetable, we will issue an announcement on the website of our Company at www.dadi.com.hk and the website of the Stock Exchange at www.hkexnews.hk.

2017

Public Offer commences and **WHITE** and **YELLOW**

Application Forms available from 9:00 a.m. on
Thursday, 26 January

Application lists for Public Offer open ^(Note 2) 11:45 a.m. on
Friday, 3 February

Latest time for lodging **WHITE** and **YELLOW** Application Forms..... 12:00 noon on
Friday, 3 February

Latest time to give **electronic application instructions** to HKSCC ^(Note 3) 12:00 noon on
Friday, 3 February

Application lists for Public Offer close ^(Note 2) 12:00 noon on
Friday, 3 February

Expected Price Determination Date on or before Monday, 6 February

Announcement of the final Offer Price, indication of the levels of interest
in the Placing, the levels of applications of the Public Offer, the basis of
allotment and the results of applications in the Public Offer to be published
in our Company's website at www.dadi.com.hk and the website of the
Stock Exchange at www.hkexnews.hk on or before Wednesday, 15 February

Announcement of results of allocations in the Public Offer (with successful
applicants' identification document numbers, where appropriate) to be
available through a variety of channels including our Company's website
at www.dadi.com.hk and the website of the Stock Exchange at
www.hkexnews.hk (for further details, please see the section headed
"How to apply for Public Offer Shares — 10. Publication of results"
of this prospectus) on or before Wednesday, 15 February

Results of allocations in the Public Offer will be available at
www.ewhiteform.com.hk/results with a "search by ID" function on Wednesday, 15 February

Despatch/collection of refund cheques in respect of wholly or partially
unsuccessful applications and wholly or partially successful applications in
case the final Offer Price is less than the maximum Offer Price paid for the
applications pursuant to the Public Offer on or before ^(Notes 5 to 9) Wednesday, 15 February

Despatch/collection of Share certificates in respect of wholly
or partially successful applications pursuant to the Public Offer
on or before ^(Notes 5 to 7 and 8) Wednesday, 15 February

Dealings in Shares on GEM expected to commence at 9:00 a.m. on Thursday, 16 February

EXPECTED TIMETABLE^(Note 1)

Notes:

1. All times and dates refer to Hong Kong local time, except as otherwise stated. Details of the structure of the Share Offer, including its conditions, are set out in the section headed “Structure and conditions of the Share Offer” of this prospectus.
2. If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 3 February 2017, the application lists will not open on that day. For further details, please see the section headed “How to apply for Public Offer Shares — 9. Effect of bad weather on the opening of the application lists” of this prospectus.
3. Applicants who apply for Public Offer Shares by giving **electronic application instructions** to HKSCC should refer to the paragraph headed “How to apply for Public Offer Shares — 5. Applying by giving electronic application instructions to HKSCC via CCASS” of this prospectus.
4. The Price Determination Date is expected to be on or before Monday, 6 February 2017. If, for any reason, the Offer Price is not agreed on or before Monday, 6 February 2017 between our Company (for ourselves and on behalf of the Selling Shareholder) and the Sole Lead Manager, the Share Offer will not proceed and will lapse accordingly.
5. Share certificates for the Public Offer Shares are expected to be issued on or before Wednesday, 15 February 2017 but will only become valid certificates of title at 8:00 a.m. on Thursday, 16 February 2017 provided that (a) the Share Offer has become unconditional in all respects; and (b) none of the Underwriting Agreements has been terminated in accordance with its terms.
6. Applicants for 1,000,000 Public Offer Shares or more on **WHITE** Application Form(s) may collect their refund cheques (where relevant) and/or Share certificates (where relevant) personally from our Hong Kong Branch Share Registrar, Boardroom Share Registrars (HK) Limited from 9:00 a.m. to 1:00 p.m. on Wednesday, 15 February 2017 or any other day as announced by us as the date of despatch of Share certificates/refund cheques.

Individuals who are eligible for personal collection must not authorise any other person(s) to make collection on their behalf. Corporate applicants which opt for personal collection must attend by their authorised representative(s) bearing a letter of authorisation from such corporation(s) stamped with the corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Branch Share Registrar.

7. Applicants for 1,000,000 Public Offer Shares or more on **YELLOW** Application Forms may collect their refund cheques, if any, in person but may not collect their Share certificates personally which will be deposited into CCASS for the credit of their designated CCASS Participants' stock accounts or CCASS Investor Participants' stock accounts, as appropriated. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.
8. Uncollected Share certificates and refund cheques (if any) will be despatched by ordinary post at the applicant's own risk to the address specified in the relevant Application Form. For further information, applicants should refer to the section headed “How to apply for Public Offer Shares — 13. Despatch/collection of share certificates and refund monies” of this prospectus.
9. Refund cheques will be despatched in respect of wholly or partially unsuccessful applications and in respect of successful applications if the final Offer Price is less than the maximum Offer Price of HK\$0.34 per Offer Share.
10. Share certificates will only become valid certificates of title provided that the Share Offer has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of their Share certificates or prior to the Share certificates becoming valid certificates of title do so entirely at their own risk.

For further details of the structure and conditions of the Share Offer, you should refer to the section headed “Structure and conditions of the Share Offer” of this prospectus.

CONTENTS

This prospectus is issued by our Company solely in connection with the Share Offer and does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the Offer Shares offered by this prospectus pursuant to the Share Offer. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer in any other jurisdiction or in any circumstances.

You should rely only on the information contained in this prospectus to make your investment decision. Our Company has not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by our Company, the Selling Shareholder, the Sponsor, the Sole Bookrunner, Sole Lead Manager, any of the Underwriter, any of our or their respective affiliates, directors, officers, employees, agents or representatives, or any other person or party involved in the Share Offer.

	<i>Page</i>
Characteristics of GEM	i
Expected timetable	ii
Contents	iv
Summary	1
Definitions	11
Glossary of technical terms	20
Forward-looking statements	21
Risk factors	23
Information about this prospectus and the Share Offer	34
Directors and parties involved in the Share Offer	39
Corporate information	42
Industry overview	44
Regulatory overview	56
History, reorganisation and corporate structure	61
Business	76
Financial information	120

CONTENTS

	<i>Page</i>
Relationship with our Controlling Shareholders	159
Share capital	164
Substantial Shareholders	167
Directors, senior management and staff	169
Future plans and use of proceeds	184
Underwriting	194
Structure and conditions of the Share Offer	202
How to apply for Public Offer Shares	208
Appendix I — Accountants’ report	I-1
Appendix II — Unaudited pro forma financial information	II-1
Appendix III — Summary of the constitution of our Company and Cayman Islands Company Law	III-1
Appendix IV — Statutory and general information	IV-1
Appendix V — Documents delivered to the Registrar of Companies and available for inspection in Hong Kong	V-1

SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in our Shares. There are risks associated with any investment. Some of the particular risks in investing in our Shares are set out in the section headed “Risk factors” of this prospectus. You should read that section carefully before you decide to invest in our Shares.

BUSINESS OVERVIEW

We are one of the leading overseas studies consultancy services providers in Hong Kong. Our network consists of education providers from all over the world. Nevertheless, we mainly serve local students who are seeking secondary education and higher education studies in the UK, Australia and Canada during the Track Record Period. Student placements to the UK, Australia and Canada serve as the primary contributors of revenue to the overseas studies consultancy service industry in Hong Kong and accounted for approximately 73.1% of the estimated total revenue of approximately HK\$332.7 million of the overall industry according to the Industry Report. According to the Industry Report, we are the sixth largest overseas studies consultancy services provider in Hong Kong (with approximately 7.6% of the market share) in terms of revenue generated from the provision of overseas studies consultancy services provided to students in Hong Kong for secondary education and higher education studies in the UK, Australia and Canada in 2015.

Our business model

Our Group is principally engaged in the overseas studies consultancy business in Hong Kong which involves the consultancy of local students and their placement with study programmes provided by overseas education providers. We strive to match students in Hong Kong who are seeking overseas studies with appropriate overseas education providers based on each individual student's preferences and personal circumstances as well as such student's suitability for the relevant academic programme. We deliver our consultancy services to the students through our counsellors on, among others, (i) study locations; (ii) academic requirements of study programmes; (iii) applications for the study programmes; and (iv) accommodation and travelling arrangements (for details of our consultancy services to students, please refer to section headed “Business — Student consultancy and assistance process” of this prospectus).

Students pay the tuition fees for the relevant study programme to the overseas education providers directly. We do not generally charge the students we assist. Instead, in return for our successful student placements with overseas education providers in our network, we receive commission income from such overseas education providers according to their agency agreements with us. The major terms of our agency agreements with overseas education providers are generally determined by such overseas education providers according to their standard form offered to their agents, subject to further negotiation between us. Accordingly, the form of the commission income is generally determined by them and they may offer different terms for each of their study programmes they offer and/or the schools they operate.

During the Track Record Period, the amount of our commission income generated from our successful placement of students to higher education programmes through direct enrollment instead of foundation and pathway programme is generally equal to a percentage of the tuition fee payable by the students for the first year of such programmes. Such commission income is payable to us by the relevant overseas education providers at the commencement of the programme in general. For either (i) other higher education programmes that require completion of a foundation and pathway programme or (ii) secondary education programmes, the amount of our commission income is generally equal to a percentage of the tuition fees payable by the students in specific years during their period of study in such programme. Such commission income is payable to us by the relevant overseas education providers at the commencement of each semester of the programmes and we usually fully recognised our commission income within three years from the commencement of such study programmes in accordance

SUMMARY

to the terms of agency agreements. Only a smaller portion of our commission income is in the form of a fixed fee per successful student placement during the Track Record Period. Our Group is also entitled to performance related bonuses when our Group is able to meet a certain number of student placements specified by such overseas education provider during a particular year with such bonuses generally calculated at fixed amount per successful student placement up to the certain number. Nevertheless, the targets set by the overseas education providers are not binding in nature and there is no legal or financial liability to our Group if the targets are not met.

Due to the time of our revenue recognition, our performance is subject to seasonality. During the Track Record Period, we recorded the highest revenues in September and October when most of the study programmes of the overseas education providers in the UK and Australia generally commence followed by our second peak season from January to March for the spring intake for higher education, foundation and pathway programmes in the UK and Australia.

For each of the years ended 31 March 2014, 2015 and 2016 and for the four months ended 31 July 2015 and 2016, we successfully placed 801, 892, 887, 109 and 145 students to the overseas education providers in our network respectively. Our total revenue for each of the years ended 31 March 2014, 2015 and 2016 and for the four months ended 31 July 2015 and 2016 amounted to approximately HK\$22.8 million, HK\$25.0 million, HK\$25.4 million, HK\$4.4 million and HK\$5.2 million respectively and we recorded net profits of approximately HK\$11.3 million, HK\$12.1 million, HK\$9.2 million, HK\$1.3 million and HK\$0.5 million over the corresponding period respectively.

Our network

Our network principally consists of overseas education providers from all over the world including the UK, Australia, Canada, US and New Zealand and across different education levels. The overseas education providers in our network include, or cooperate in their students programme with, a number of prestigious universities (nine of which are ranked among the top 100 of the universities in the QS World University Rankings 2015/16), and a number of reputable UK secondary schools (four of which are ranked among the top 50 schools in relation to the top independent secondary schools in the UK, according to The Sunday Times Schools Guide 2015). As at the Latest Practicable Date, we had entered into agency agreements with over 600 overseas education providers relating to over 700 schools within our network.

The overseas education providers within our network offer a wide range of study programmes across different education levels but particularly in (i) secondary education for students normally of age 12 and older (e.g. UK boarding school programme), (ii) higher education for students normally of age 16 and older (e.g. college's foundation studies, diploma, undergraduate and post-graduate programmes) and, (iii) short term courses (e.g. English language and summer courses). During the Track Record Period, most of our commission income was generated from our student placements in secondary education and higher education providers in the UK, Australia and Canada.

SUMMARY

The following table sets out the breakdown of our revenue according to the study programmes and the geographic location of the overseas education providers for each of the years/periods indicated:

	2014		For the year ended 31 March 2015		2016		For the four months ended 31 July 2015		2016	
	HK\$'000	% of total	HK\$'000	% of total	HK\$'000	% of total	HK\$'000	% of total	HK\$'000	% of total
UK										
Secondary education programmes	5,385	23.6	5,901	23.6	5,402	21.3	1,548	35.5	1,676	32.1
Higher education programmes	7,825	34.3	7,410	29.6	7,134	28.1	505	11.6	566	10.9
Short term courses	24	0.1	116	0.5	40	0.2	—	—	39	0.8
Bonus	229	1.0	1,067	4.2	569	2.2	—	—	133	2.6
<i>Subtotal — UK</i>	<i>13,463</i>	<i>59.0</i>	<i>14,494</i>	<i>57.9</i>	<i>13,145</i>	<i>51.8</i>	<i>2,053</i>	<i>47.1</i>	<i>2,414</i>	<i>46.3</i>
Australia										
Secondary education programmes	982	4.3	1,026	4.1	1,118	4.4	330	7.6	467	9.0
Higher education programmes	5,164	22.6	5,677	22.7	7,268	28.7	1,293	29.7	1,807	34.7
Short term courses	18	0.1	33	0.1	62	0.2	26	0.6	23	0.4
Bonus	298	1.3	475	1.9	283	1.1	13	0.3	—	—
<i>Subtotal — Australia</i>	<i>6,462</i>	<i>28.3</i>	<i>7,211</i>	<i>28.8</i>	<i>8,731</i>	<i>34.4</i>	<i>1,663</i>	<i>38.2</i>	<i>2,297</i>	<i>44.1</i>
Canada										
Secondary education programmes	641	2.8	938	3.7	617	2.4	59	1.3	77	1.5
Higher education programmes	494	2.2	719	2.9	687	2.7	202	4.6	155	3.0
Short term courses	35	0.2	56	0.2	—	—	—	—	—	—
Bonus	—	—	—	—	—	—	—	—	—	—
<i>Subtotal — Canada</i>	<i>1,170</i>	<i>5.2</i>	<i>1,713</i>	<i>6.8</i>	<i>1,304</i>	<i>5.1</i>	<i>260</i>	<i>6.0</i>	<i>232</i>	<i>4.4</i>
US										
Secondary education programmes	397	1.7	218	0.9	314	1.2	15	0.3	4	0.1
Higher education programmes	258	1.1	543	2.2	825	3.3	34	0.8	93	1.8
Short term courses	31	0.1	52	0.2	73	0.3	14	0.3	7	0.1
Bonus	254	1.1	3	—	23	0.1	—	—	—	—
<i>Subtotal — US</i>	<i>940</i>	<i>4.0</i>	<i>816</i>	<i>3.3</i>	<i>1,235</i>	<i>4.9</i>	<i>63</i>	<i>1.4</i>	<i>104</i>	<i>2.0</i>
New Zealand										
Secondary education programmes	407	1.8	425	1.7	203	0.8	20	0.5	29	0.6
Higher education programmes	209	0.9	208	0.8	331	1.3	97	2.2	73	1.4
Short term courses	27	0.1	14	0.1	5	—	—	—	—	—
Bonus	—	—	—	—	—	—	—	—	—	—
<i>Subtotal — New Zealand</i>	<i>643</i>	<i>2.8</i>	<i>647</i>	<i>2.6</i>	<i>539</i>	<i>2.1</i>	<i>117</i>	<i>2.7</i>	<i>102</i>	<i>2.0</i>
Others										
Secondary education programmes	—	—	—	—	7	—	—	—	—	—
Higher education programmes	45	0.2	67	0.2	240	1.0	82	1.9	11	0.2
Short term courses	79	0.4	74	0.3	166	0.7	119	2.7	53	1.0
Bonus	33	0.1	22	0.1	—	—	—	—	—	—
<i>Subtotal — Others</i>	<i>157</i>	<i>0.7</i>	<i>163</i>	<i>0.6</i>	<i>413</i>	<i>1.7</i>	<i>201</i>	<i>4.6</i>	<i>64</i>	<i>1.2</i>
Total	22,835	100.0	25,044	100.0	25,367	100.0	4,357	100.0	5,213	100.0

Note: Others primarily consist of Singapore and countries in Europe other than UK.

We will continue to expand our network from time to time in response to the rising popularity of certain overseas education providers or study programmes for overseas studies particularly if our assistance to students leads us to certain potential overseas education providers outside our network.

Our branches

We operated three branches located in Mong Kok, Tsuen Wan and Wan Chai, Hong Kong as at the Latest Practicable Date under our brand “Dadi Overseas Studies Service Centre” (大地海外升學服務中心). We primarily rely on our counsellors in our branches to provide consultancy services to students and their parents and keep them up to date with relevant information in relation to their applications in our branches. As at the Latest Practicable Date, we had 13 counsellors.

Our history can be traced back to 1990 when our founder, Mr. Chung engaged in the educational consultancy business in Hong Kong through our predecessor entities using our brand (for details of our history, please refer to the section headed “History, reorganisation and corporate structure” of this prospectus). We registered “dadi overseas studies service centre” as a trademark in Hong Kong on 14 April 2008. We believe our brand has established goodwill and the quality of our services has gained recognition among overseas education providers in our network as demonstrated by the awards and recognitions granted to us by some of our major customers during the Track Record Period (for further details, please refer to the section headed “Business — Awards and recognitions” of this prospectus).

SUMMARY

Our customers and suppliers

Due to our business model, our customers are primarily overseas education providers that pay commission income to us for our student placement services.

Our customers primarily consist of (i) individual schools e.g. private and public colleges or universities and (ii) private and public companies operating a group of schools. For each of the years ended 31 March 2014, 2015 and 2016 and for the four months ended 31 July 2015 and 2016, our top five customers accounted for approximately 49.4%, 45.9%, 40.2%, 33.4% and 35.4% of our total revenue respectively while our single largest customer accounted for approximately 18.2%, 16.7%, 14.8%, 17.4% and 13.3% of the our total revenue respectively.

Due to the nature of our business activities, we had no major suppliers and did not maintain any inventories during the Track Record Period.

Competitive landscape and competitive strengths

We operated in a mature industry which is dominated by the top six players in Hong Kong which together contributed to approximately 80.9% of the revenue generated from the provision of overseas studies consultancy services to local students seeking secondary education and higher education studies in the UK, Australia and Canada in 2015 according to the Industry Report.

Our competitive strengths mainly lie in our: (i) long history and experienced senior management team; (ii) large network of overseas education providers and strong relationship with our major five customers; (iii) stability and competence of our counsellors; and (iv) strong brand name recognition in the overseas studies consultancy industry. For further details of competitive strengths, please refer to the section headed “Business — Competitive strengths” of this prospectus.

BUSINESS OBJECTIVE, BUSINESS STRATEGIES AND FUTURE PLANS AND USE OF PROCEEDS

Our business objective is to leverage on our competitive advantages to expand our operation scale and increase our profit so as to strengthen our market position in overseas studies consultancy industry in Hong Kong. We intend to achieve this by the following strategies: (i) expand and renovate our existing branches; (ii) employ additional counsellors and supporting staff; (iii) strengthen our brand awareness; (iv) expand our network of overseas education providers; (v) enhance our IT system; and (vi) hold large scale exhibitions. For further details of business strategies, please refer to the section headed “Business — Our business objective and strategies” of this prospectus.

Based on the Offer Price of HK\$0.32 per Offer Share (being the mid-point of the Offer Price range), we estimate that the net proceeds from the issue of New Shares under the Share Offer (after deducting the underwriting fees and estimated expenses payable by us in connection with the Share Offer) will be approximately HK\$51.5 million. We intend to allocate the proceeds from the issue of New Shares under the Share Offer for the purposes and in the amounts set out below:

	Upon Listing to 31 March 2017 HK\$'000	For the six months ending 30 September 2017 HK\$'000	For the six months ending 31 March 2018 HK\$'000	For the six months ending 30 September 2018 HK\$'000	For the six months ending 31 March 2019 HK\$'000	For the six months ending 30 September 2019 HK\$'000	For the six months ending 31 March 2020 HK\$'000	For the six months ending 30 September 2020 HK\$'000	Total use for purpose HK\$'000	Percentage of use of net proceeds %
Expand and renovate our existing branches	—	897	1,697	906	906	315	315	162	5,198	10.1
Employ additional counsellors and supporting staff	—	2,285	2,285	2,354	2,354	2,424	2,424	1,248	15,374	29.8
Strengthen our brand awareness	—	3,375	3,375	3,476	3,476	3,581	3,581	1,039	21,903	42.5
Expand our network of overseas education providers	—	100	100	100	100	100	100	100	700	1.4
Enhance our IT system	—	825	825	150	800	150	150	75	2,975	5.8
Hold large scale exhibitions	—	—	1,320	—	1,320	—	1,320	—	3,960	7.7
General working capital	—	119	238	238	238	238	238	119	1,428	2.8
Total	—	7,601	9,840	7,224	9,194	6,808	8,128	2,744	51,538	100.0

SUMMARY

The above total use amount represents our total capital expenditure for each of our strategies upon Listing and up to 30 September 2020. Any additional capital expenditure for each of our strategies after 30 September 2020 will be financed by our internal funding. For further details including effect of different Offer Price points, please refer to the section headed “Future plans and use of proceeds” of this prospectus.

Assuming an Offer Price of HK\$0.32 per Offer Share (being the mid-point of the Offer Price range), we estimate that the net proceeds to the Selling Shareholder from the sale of the Sale Shares (after deducting proportional underwriting commissions and listing expenses payable by the Selling Shareholder in relation to the Share Offer of approximately HK\$14.2 million) will be approximately HK\$62.6 million. Our Company will not receive any of the proceeds from the sale of the Sale Shares.

RISK FACTORS

Potential investors are advised to read carefully the section headed “Risk factors” of this prospectus before making any investment decision in the Offer Shares. Some of the more particular risk factors include:

- We cannot guarantee whether we can maintain the number of students we successfully placed and any reduction of such may affect our financial condition and impact our relationship with overseas education providers;
- The sustainability of our business depends on the market awareness of our brand and therefore if we are not able to maintain our brand or if our brand is otherwise tarnished, our business, financial condition and results of operations may be materially and adversely affected;
- A majority of our revenue was derived from overseas education providers in the UK and Australia and any material change in the landscape for studying in the UK and Australia may materially and adversely affect our business and financial performance;
- 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;
- If we fail to maintain and expand our network of overseas education providers, our business, financial condition and prospects may be materially and adversely affected;
- If our existing agency agreements entered with the overseas education providers are terminated or not extended or we otherwise cannot maintain a positive relationship with existing overseas education providers in our network, our business, financial position, results of operations and prospects will be materially and adversely affected; and
- We rely on our counsellors in providing consultancy services to prospective students and if we fail to recruit and retain suitable counsellors on commercially acceptable terms, our operations, reputation and financial condition may be materially and adversely affected.

CONTROLLING SHAREHOLDERS

Immediately following completion of the Share Offer and the Capitalisation Issue and not taking into account any Shares that may be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme, Grand Courage, which is directly owned as to 100% by Mr. Chung, will hold 75% of the issued share capital of our Company. Grand Courage and Mr. Chung are our Controlling Shareholders, Mr. Chung is the chairman of the Board and one of our executive Directors. He is also the uncle of both Ms. So, one of our executive Directors, and Ms. Chung Ka Ming, a member of our senior management. For further details of our Controlling Shareholders, please refer to the section headed “Relationship with our Controlling Shareholders” of this prospectus.

SUMMARY

NON-COMPLIANCES

We had certain historical non-compliance incidents including those involving the Predecessor Companies Ordinance, the Companies Ordinance, the Inland Revenue Ordinance (Chapter 112 of the laws of Hong Kong) and the Employees' Compensation Ordinance (Chapter 282 of the laws of Hong Kong). Our Directors consider that such non-compliance incidents will not have any material impact on our Group's operations and financial position. For details of the incidences of non-compliance and internal control measures adopted to prevent reoccurrence, please refer to the section headed "Business — Non-compliances" of this prospectus.

HISTORICAL TAX INCIDENTS INVOLVING MR. CHUNG

Mr. Chung, being one of our Controlling Shareholders and executive Directors and the chairman of our Board, had entered into settlements with the Inland Revenue Department of Hong Kong in 2007 in relation to certain historical tax incidents involving our predecessor entities, being a sole proprietorship operated by Mr. Chung and later a partnership in which Mr. Chung was a partner which was previously used to operate the overseas educational consultancy business from 1990 to around 2003. The details of the historical tax matters are referred to in the section headed "Directors, senior management and staff" of this prospectus.

We have considered the available records and background of the historical tax matters and have sought an advice from the Legal Counsel and an opinion of a second legal adviser on the historical tax matters and considered that the historical tax matters do not affect Mr. Chung's suitability and competence as a director of a listed issuer. The Directors confirmed that our Group complied with all material tax laws in Hong Kong and has settled all tax payables within the prescribed timeframes during the Track Record Period.

REASONS FOR THE LISTING

Our Directors believe that the commercial rationale of our Listing is justified given (i) the current industry landscape provides the justification for expansion by our Group; (ii) our successful Listing allows us to deploy our business strategies efficiently and prudently in a short time frame without negatively affecting the current operation and liquidity position and also paved the way for financing our future expansion whenever in need; and (iii) other commercial benefits arise from our status as a listed company. For further details, please refer to section headed "Future plans and use of proceeds — Reasons for the Listing" of this prospectus.

OFFER STATISTICS

	Based on the Offer Price of HK\$0.30 per Offer Share	Based on the Offer Price of HK\$0.34 per Offer Share
Market capitalisation ^{Note 1}	HK\$525.1 million	HK\$595.1 million
Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to equity holders of our Company per Share ^{Note 2}	HK\$0.04	HK\$0.04

Notes:

- (1) The calculation of the market capitalisation of our Shares is based on 1,750,400,000 Shares in issue immediately after completion of the Capitalisation Issue and the Share Offer but does not take into account of any Shares which may be allotted and issued upon the exercise of, any options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by our Company pursuant to the issuing mandate and the repurchase mandate.
- (2) The unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to equity holders of our Company per Share has been prepared with reference to certain estimation and adjustment. Please refer to Appendix II to this prospectus for further details.

SUMMARY

SUMMARY OF FINANCIAL INFORMATION

The following tables present a summary of our financial information for each of the years/periods or as at the date indicated and should be read in conjunction with our financial information included in the accountants' report set forth in Appendix I to this prospectus, including the notes thereto.

Highlight of our consolidated statements of profit or loss and other comprehensive income

	For the year ended 31 March			For the four months ended 31 July	
	2014 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000 (unaudited)	2016 HK\$'000
Revenue	22,835	25,044	25,367	4,357	5,213
Profit before income tax	13,415	14,538	11,637	1,600	702
Profit for the year/period	11,320	12,117	9,171	1,323	544

During the Track Record Period, our revenue were primarily denominated in foreign currencies based on the locality of our customers including, among others, GBP, AUD, USD and CAD with relatively larger exposure to GBP and AUD given that most of our revenue were generated from UK and Australia. Our net profit is affected by fluctuations in the currency exchange rates between the HKD and such foreign currencies. The following illustrates the impact of hypothetical fluctuations in Australian dollars and British pounds on our net profit for the three years ended 31 March 2016 resulted from the change in Australian dollars and British pounds against Hong Kong dollars, our Group's functional currency, holding other factors constant. Fluctuations in Australian dollar are assumed to be 1% and 18% which represented the range of fluctuation of Australian dollars against Hong Kong dollars year by year during the Track Record Period. In light of the current negative sentiment in the prospects of the British pounds, fluctuations in the British pounds are assumed to be 3% and 28% which represented (i) the range of fluctuation of British pounds against Hong Kong dollars year by year during the Track Record Period as well as the largest magnitude of fluctuation of British pounds against Hong Kong dollars since 31 March 2016 to the Latest Practicable Date of 3% to 18%, which cover the fluctuation of British pounds in reaction to the Brexit Referendum and (ii) an additional margin of 10% to reflect any further unexpected fluctuation of British pound in the future. The sensitivity analysis include only outstanding foreign currency denominated monetary items and adjust their translation at the end of each reporting period for the above mentioned hypothetical change in the exchange rates of Australian dollars and British pounds against Hong Kong dollars.

Australian dollars

Change in AUD/HK\$	Change in net profit						For the four months ended 31 July	
	2014 HK\$'000	%	2015 HK\$'000	%	2016 HK\$'000	%	2016 HK\$'000	%
+18%	492	4	509	4	888	10	410	25
+1%	15	0	16	0	27	0	13	1
-1%	(15)	0	(16)	0	(27)	0	(13)	(1)
-18%	(492)	(4)	(509)	(4)	(888)	(10)	(410)	(25)

British pounds

Change in GBP/HK\$	Change in net profit						For the four months ended 31 July	
	2014 HK\$'000	%	2015 HK\$'000	%	2016 HK\$'000	%	2016 HK\$'000	%
+28%	653	6	647	5	564	6	191	12
+3%	67	1	66	1	58	1	20	1
-3%	(67)	(1)	(66)	(1)	(58)	(1)	(20)	(1)
-28%	(653)	(6)	(647)	(5)	(564)	(6)	(191)	(12)

SUMMARY

Operationally, the number of students in Hong Kong seeking our overseas study consultancy services is inversely related to the currency exchange rates between the HK\$ and such foreign currencies. For instance, the depreciation of GBP and AUD against HK\$ would drive the demand of students seeking overseas studies as well as our assistance given that it lowered the cost of tuition and cost of living in the UK and Australia in terms of HK\$.

Highlight of our consolidated statements of financial position

	2014	As at 31 March 2015	2016	As at 31 July 2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets	2,753	1,855	22	19
Current assets	18,187	18,625	19,741	15,763
Current liabilities	11,217	8,708	4,140	4,736
Net current assets	6,970	9,917	15,601	11,027
Net assets/total assets less current liabilities	9,723	11,772	15,623	11,046

Summary of financial ratios

	2014	As at 31 March 2015	2016	As at 31 July 2016
Current ratio	1.6	2.1	4.8	3.3
Gearing ratio	61.3%	30.1%	12.0%	24.7%
Debt-to-equity ratio	Net cash	Net cash	Net cash	Net cash

	2014	For the year ended 31 March 2015	2016	For the four months ended 31 July 2016
Return on total assets	54.1%	59.2%	46.4%	N/A
Return on equity	111.5%	97.2%	54.9%	N/A

LISTING EXPENSES

Assuming an Offer Price of HK\$0.32 (being the mid-point of the indicated Offer Price range), the total amount of listing expenses in connection with the Share Offer is estimated to be approximately HK\$25.9 million which will be borne as to approximately HK\$11.7 million by us and as to approximately HK\$14.2 million by the Selling Shareholder. Out of the amount of approximately HK\$11.7 million, approximately HK\$3.8 million has been charged to profit or loss for the year ended 31 March 2016. Our Group estimates that listing expenses of approximately HK\$3.9 million will be charged to our profit or loss for the year ending 31 March 2017. The balance of approximately HK\$4.0 million which is directly attributable to the issue of the Offer Shares is expected to be accounted for as a deduction from equity upon Listing. **Expenses in relation to the Listing are non-recurring in nature but based on the above, we expect that it will materially affect our Group's financial performance and results of operations for the year ending 31 March 2017.**

DIVIDEND

During each of the years ended 31 March 2014, 2015 and 2016 and for the four months ended 31 July 2016, our Group declared a dividend in the sum of approximately HK\$5.8 million, HK\$8.9 million, HK\$4.4 million and HK\$4.8 million respectively to the then shareholders and approximately HK\$0.6 million, HK\$1.3 million, HK\$0.9 million and HK\$0.3 million respectively to the non-controlling shareholders of our Group. Such dividends declared by our Group were fully settled as at the Latest Practicable Date. Save for the above, we did not declare nor pay any dividends to our Shareholders or any of our subsidiaries during the Track Record Period and up to the Latest Practicable Date. Our Company currently does not have a fixed dividend policy and may declare dividends by way of cash or

SUMMARY

by other means that our Directors consider appropriate. A decision to declare any interim dividend or recommend declaration of any final dividend would require the approval of our Board and depend upon a number of factors (for some of these factors, please refer to the section headed “Financial information — Our dividend policy” of this prospectus).

MARKET TRENDS AND RECENT DEVELOPMENTS

General market trends

Despite the steady growth of our Group during the Track Record Period, according to the Industry Report, the total number of successful student placements from Hong Kong to secondary education institutions and higher education institutions in the UK, Australia or Canada by the overseas studies consultancies fell slightly in each year from 2011 to 2014 according to the Industry Report. Furthermore, the total number of eligible school-aged children in Hong Kong is estimated to decrease from approximately 1,322,800 in 2015 to approximately 1,208,000 in 2019 which might indirectly reduce the demand for the overseas studies consultancy in future (for further details on such trends and the factors affecting the industry, please refer to the section headed “Industry overview — Overview of the overseas studies consultancy industry in Hong Kong — Market development of overseas studies consultancy industry in Hong Kong” of this prospectus).

Nevertheless, our Directors believe that such downwards trends are not reflective of the potential for growth in the industry and for our Group overall. According to the Industry Report, the total number of successful student placements from Hong Kong to secondary education institutions and higher education institutions in the UK, Australia or Canada by the overseas studies consultancies in this industry increased sharply to 9,699 students in 2015 from 7,263 students in 2014. Furthermore, the total number of Hong Kong students who studied in the UK, Australia and Canada have been increasing from approximately 41,065 students in 2011 to approximately 51,247 students in 2015. Also, it is expected that the total revenue of overseas studies consultancy in relation to their provision of successful student placement services from Hong Kong to secondary education institutions and higher education institutions in the UK, Australia or Canada will continue to grow marginally at a CAGR of approximately 0.1% from 2015 to 2020. Moreover, since 2008 to 2015, application through overseas studies consultancy in Hong Kong was the most common application methods pursued by the prospective students but such application method only represented approximately 46.7% of the total applications of overseas higher education and secondary education studies during the period. Our Directors believe that the percentage of students applying through overseas studies consultancy can still increase in the future if more students become aware of the benefits of the overseas educational consultancy services particularly given such consultancy services are generally free for students.

Brexit Referendum

On 23 June 2016, the UK electorate voted in a referendum to leave the EU. As at the Latest Practicable Date, the UK Parliament has not commenced the formal process for leaving required by Article 50 of the Lisbon Treaty. The political, economic and legal consequences of the Brexit Referendum are not yet known and the mechanics of the UK leaving the EU are unclear.

In relation to individual education providers which rely on academic staff from other EU countries and/or research funding from EU bodies but may not qualify for such funding in the future, the quality of education and attractiveness of such individual education providers may be negatively affected due to insufficient teaching staff or funding issues. Also, individual students who are strongly motivated by post-graduation opportunities to work in the EU but are now uncertain whether a degree from a UK university would provide assistance as compared to a degree from elsewhere may also affect their choice of study location. On the other hand, there has been a depreciation of GBP against HK\$ after the Brexit Referendum and from our Directors’ past experience, this would make studying in the UK more attractive as it would be seen to lower the cost of tuition and cost of living in the UK.

After the Brexit Referendum, there have been material fluctuations in the exchange rate of the GBP to HKD. In our experience, the number of Hong Kong students seeking our overseas studies consultancy services is inversely related to the currency exchange rates between the HK\$ and such foreign currencies. On one hand, the depreciation of GBP against HK\$ would drive the demand of students seeking overseas studies as well as our assistance given that it lowered the cost of tuition and cost of living in the UK in terms of HK\$. On the other hand, the depreciation of GBP shall reduce our

SUMMARY

net profit (for a sensitivity analysis on the impact of hypothetical fluctuations in GBP against HKD on our net profit during the Track Record Period, please refer to the section headed “Financial information — Factors affecting our financial conditions and results of operations” of this prospectus.)

According to our internal records up to the Latest Practicable Date, there was a decrease in our number of successful new placements in UK secondary education programmes and higher education programmes from 289 for July to December 2015 to 229 for the same period in 2016. Nevertheless, our Directors believe that the Brexit Referendum will not have a material impact on our Group’s operations and financial performance given (i) the status of students in Hong Kong remain the same when they are applying to study in the UK and is not materially affected by the relationship between the UK and the EU; (ii) the UK remains an attractive location for overseas studies by Hong Kong students not due to the UK’s membership in the EU but mainly due to the quality of its schools and the historic relationship and similar education systems between the UK and Hong Kong; and (iii) even if there is any negative impact on the demand for studies in UK by the students in Hong Kong, we have a wide network of alternative overseas education providers in other countries in our network in response to the demand from students for overseas studies thereby mitigating the extent of such impact.

Recent business development

Subsequent to the Track Record Period and up to the date of this prospectus, we continued to focus on our principal business and our business model and cost structure remained unchanged. Besides revenue from new successful student placements after the Track Record Period, we expect to recognise certain recurring commission after the Track Record Period in respect of successful new placements which occurred during the Track Record Period. The following table sets out the estimated amount of such recurring commission after the Track Record Period based on the successful new placements which occurred during the Track Record Period:

	From 1 August 2016 to 31 March 2017 HK\$’000	For the year ending 31 March 2018 2019 2020 and after HK\$’000		
Estimated amount of Recurring Commission ^(Note)	1,941	708	173	25

Note: The major assumptions adopted in estimating the amount of Recurring Commission after the Track Record Period are (i) the students we placed will remain in the same education institution subsequent to the Track Record Period; (ii) the foreign exchange rate against HKD is based on the spot rate as at 31 July 2016, and (iii) there will be no material change in the terms of the agency agreement with the overseas education providers in our network.

As far as our Directors are aware of and except for the market trends identified above as well as the listing expenses incurred, there have been no material changes in the general economic or market conditions in the overseas studies consultancy industry in Hong Kong as a whole, which would have a material and adverse impact on our business operations and financial condition since 31 July 2016 and up to the date of this prospectus.

MATERIAL ADVERSE CHANGE

Our Directors confirm that save for the expenses in connection to the Listing, up to the date of this prospectus, there has been no material adverse change in the financial or trading position or prospects of us since 31 July 2016, being the date on which the latest financial information of our Group was reported in the accountants’ report set out in Appendix I to this prospectus, and there has been no event since 31 July 2016 which would materially affect the information shown in the accountants’ report set out in Appendix I to this prospectus.

DEFINITIONS

In this prospectus, the following expressions shall have the meanings set out below unless the context requires otherwise. Certain other terms are explained in the section headed “Glossary of technical terms” of this prospectus.

“Application Form(s)”	WHITE Application Form(s) and YELLOW Application Form(s), or where the context so requires, any of them
“Articles” or “Articles of Association”	the amended and restated articles of association of our Company, adopted on 17 January 2017, and as supplemented, amended or otherwise modified from time to time, a summary of which is contained in Appendix III to this prospectus
“associate(s)” or “close associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“AUD”	Australian dollars, the lawful currency of the Commonwealth of Australia
“Board” or “Board of Directors”	the board of Directors
“Brexit Referendum”	referendum held in the UK on 23 June 2016 pursuant to which the UK electorate voted in favour of the UK withdrawing from the EU
“Business Day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business to the public
“BVI”	the British Virgin Islands
“CAD”	Canadian dollars, the lawful currency of Canada
“Capitalisation Issue”	the issue of Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company as referred to in the section headed “Share Capital — Capitalisation Issue” of this prospectus and section headed “Statutory and general information — A. Further information about our Company — 3. Written resolutions of our sole Shareholder passed on 17 January 2017” in Appendix IV to this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant

DEFINITIONS

“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant(s)”	a person admitted to participate in CCASS as an investor participant
“CCASS Participant(s)”	CCASS Clearing Participant(s), CCASS Custodian Participant(s) or CCASS Investor Participant(s)
“Chung’s Capital Resources”	Chung’s Capital Resources Limited (鍾氏資本有限公司), a company incorporated in Hong Kong with limited liability on 22 October 2007 and wholly-owned by Mr. Chung
“Companies Law”	the Companies Law (as revised) of the Cayman Islands as amended, supplemented or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) which came into effect on 3 March 2014 as amended, supplemented or otherwise modified from time to time
“Companies Ordinance (Miscellaneous Provisions)”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) which came into effect on 3 March 2014 as amended, supplemented or otherwise modified from time to time
“Company”, “the Company” or “our Company”	Dadi Education Holdings Limited (大地教育控股有限公司), a limited liability company incorporated in the Cayman Islands on 19 October 2015
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“connected transactions”	has the meaning ascribed to it under the GEM Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules, and in the context of this prospectus unless the context otherwise requires, means Mr. Chung and Grand Courage
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules
“CT Partners”	CT Partners Consultants Limited, an independent internal control adviser
“Dadi Education”	Dadi Education Group Limited (大地教育集團有限公司) (formerly known as IAE HK Limited and IAE HK Dadi Limited), a company incorporated in Hong Kong with limited liability on 13 February 2008 and an indirect wholly-owned subsidiary of our Company

DEFINITIONS

“Deed of Indemnity”	the deed of indemnity dated 17 January 2017 entered into by our Controlling Shareholders as indemnifiers in favour of our Group as further detailed in the section headed “Statutory and general information — E. Other information — 1. Tax and other indemnities” in Appendix IV to this prospectus
“Deed of Non-Competition”	the deed of non-competition dated 17 January 2017 entered into by our Controlling Shareholders in favour of our Company (for ourselves and as trustee for and on behalf of our subsidiaries) as further detailed in the section headed “Relationship with our Controlling Shareholders — Non-competition Undertakings” of this prospectus
“Director(s)”	the director(s) of our Company
“DIY110”	DIY110 Limited, a company incorporated in Hong Kong with limited liability on 18 February 2013 and an indirect wholly-owned subsidiary of our Company
“EU”	the European Union
“GBP”	pound sterling, the lawful currency of UK
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
“Golden Crown”	Golden Crown Overseas Limited (金冠海外有限公司), a company incorporated in Hong Kong with limited liability on 22 October 2007 and an indirect non-wholly owned subsidiary of our Company
“Grand Courage”	Grand Courage Investments Limited (宏勇投資有限公司), one of our Controlling Shareholders, the Selling Shareholder and a company incorporated in the BVI with limited liability on 11 August 2015 and wholly-owned by Mr. Chung
“Group” or “our Group” or “we” or “us”	our Company and our subsidiaries or any of them, or where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
“HK\$”, “HKD”, “Hong Kong dollars” or “HK dollars” and “cents”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong

DEFINITIONS

“HKFRSs”	Hong Kong Financial Reporting Standards
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Branch Share Registrar”	Boardroom Share Registrars (HK) Limited
“Independent Third Party(ies)”	person(s) or company(ies) who or which is/are independent of and not connected with (within the meaning of GEM Listing Rules) any of the directors, chief executive, or Substantial Shareholders of our Company and our subsidiaries or any of their respective associates
“Industry Report”	the industry report prepared by Ipsos on the overseas studies consultancy industry in Hong Kong, the content of which is quoted in this prospectus
“Ipsos”	Ipsos Limited, an Independent Third Party, being a professional market research company
“IT”	information technology
“Latest Practicable Date”	17 January 2017, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained herein
“Legal Counsel”	Mr. Chan Chung, barrister-at-law of Hong Kong
“Legend Focus”	Legend Focus Investments Limited, a company incorporated in the BVI with limited liability on 18 August 2015 and an indirect wholly-owned subsidiary of our Company
“Listing”	the listing and the commencement of dealings of our Shares on GEM
“Listing Date”	the date on which our Shares are listed and dealings in our Shares first commence on GEM, which is expected to be on or about 16 February 2017
“Listing Division”	the Listing Division of the Stock Exchange

DEFINITIONS

“Memorandum” or “Memorandum of Association”	the amended and restated memorandum of association of our Company adopted on 17 January 2017, as amended, supplemented or otherwise modified from time to time, a summary of which is contained in Appendix III to this prospectus
“Mr. Chung”	Mr. Chung Wang Lung (鍾宏龍), our founder, one of our Controlling Shareholders, one of our executive Directors and the chairman of the Board as well as the uncle of Ms. So and Ms. Chung Ka Ming, a member of our senior management
“Mr. Mok”	Mr. Mok Patrick (莫柏祺), one of our executive Directors
“Ms. So”	Ms. So Pik Sau (蘇碧秀), one of our executive Directors and the niece of Mr. Chung
“New Shares”	197,600,000 Shares, comprising 153,840,000 Shares and 43,760,000 Shares being offered by us for subscription or purchase under the Placing and the Public Offer respectively
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of not more than HK\$0.34 per Share and expected to be not less than HK\$0.30 per Share at which the Offer Shares are to be offered under the Share Offer, to be determined in the manner as set out in the section headed “Structure and conditions of the Share Offer” of this prospectus
“Offer Share(s)”	collectively, the Placing Shares and the Public Offer Shares
“per cent.” or “%”	per cent.
“Placing”	the conditional placing of the Placing Shares at the Offer Price for and on behalf of our Company and the Selling Shareholder to professional, institutional and other investors, as described under the section headed “Structure and conditions of the Share Offer” of this prospectus
“Placing Shares”	the 393,840,000 Shares initially offered, comprising 153,840,000 New Shares being offered by us and 240,000,000 Sale Shares being offered by the Selling Shareholder, for subscription under the Placing, subject to reallocation, as described under the section headed “Structure and conditions of the Share Offer” of this prospectus
“Placing Underwriter”	the underwriter that is expected to enter into the Placing Underwriting Agreement to underwrite the Placing Shares

DEFINITIONS

“Placing Underwriting Agreement”	the underwriting agreement expected to be entered into on or around 6 February 2017 by, among others, our Company, the Selling Shareholder, our Controlling Shareholders, our executive Directors, the Sponsor and the Placing Underwriter relating to the Placing
“PRC” or “China”	the People’s Republic of China, and for the purpose of this prospectus (including geographical reference mentioned herein), and except where the context otherwise requires, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Predecessor Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) prior to its repeal and replacement on the 3 March 2014 by the Companies Ordinance and the Companies Ordinance (Miscellaneous Provisions)
“Price Determination Agreement”	the agreement expected to be entered into between our Company (for ourselves and on behalf of the Selling Shareholder) and the Sole Lead Manager on or before the Price Determination Date to record and determine the Offer Price
“Price Determination Date”	the date, expected to be on or before 6 February 2017 or such later date as may be agreed between our Company (for ourselves and on behalf of the Selling Shareholder) and the Sole Lead Manager, on which the Offer Price is fixed for the purpose of the Share Offer
“Public Offer”	the issue and offer of the Public Offer Shares for subscription in Hong Kong at the Offer Price on and subject to the terms and conditions described in this prospectus and the Application Forms
“Public Offer Shares”	the 43,760,000 New Shares (subject to reallocation) initially offered by our Company for subscription in the Public Offer, as described under the section headed “Structure and conditions of the Share Offer” of this prospectus
“Public Offer Underwriter”	the underwriter of the Public Offer, whose name is set out under the section headed “Underwriting — Public Offer Underwriter” of this prospectus
“Public Offer Underwriting Agreement”	the underwriting agreement dated 25 January 2017 entered into by, among others, our Company, the Selling Shareholder, our Controlling Shareholders, our executive Directors, the Sponsor and the Public Offer Underwriter relating to the Public Offer

DEFINITIONS

“QS World University Rankings 2015/2016”	QS World University Rankings 2015/16, a ranking of universities by a higher education ranking agency
“Quest Point”	Quest Point International Limited, a company incorporated in the BVI with limited liability on 1 July 2015 and an indirect wholly-owned subsidiary of our Company
“Red City”	Red City Holdings Limited (紅都控股有限公司), a company incorporated in the BVI with limited liability on 17 July 2015 and a direct wholly-owned subsidiary of our Company
“Regulation S”	Regulation S under the US Securities Act
“Reorganisation”	the reorganisation of our Group in preparation for the Listing, details of which are described under the sections headed “History, reorganisation and corporate structure” of this prospectus and “Statutory and general information — A. Further information about our Company — 4. Corporate reorganisation” in Appendix IV to this prospectus
“Repurchase Mandate”	the general mandate to repurchase shares given to our Directors by our sole Shareholder, a summary of which is contained in the section headed “Statutory and general information — A. Further information about our Company — 6. Repurchase of Shares by our Company” in Appendix IV to this prospectus
“Sale Shares”	240,000,000 Shares being offered for sale by the Selling Shareholder at the Offer Price under the Placing
“Selling Shareholder”	Grand Courage, which is our Controlling Shareholder and will be selling the Sale Shares in the Share Offer as further described in the section headed “Information about this prospectus and the Share Offer — Selling Shareholder” of this prospectus
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Shareholder(s)”	holder(s) of our Shares
“Share(s)”	ordinary share(s) with par value of HK\$0.01 each in the share capital of the Company
“Share Offer”	the Public Offer and the Placing

DEFINITIONS

“Share Option Scheme”	the share option scheme conditionally adopted by our Company on 17 January 2017, further details of which are described in the section headed “Statutory and general information — D. Share Option Scheme” in Appendix IV to this prospectus
“Sole Bookrunner” or “Sole Lead Manager”	Head & Shoulders Securities Limited, a corporation licensed under the SFO to engage in type 1 (dealing in securities) and type 4 (advising on securities) of the regulated activities (as defined under the SFO), being the sole bookrunner and sole lead manager to the Share Offer
“Sponsor” or “TC Capital”	TC Capital International Limited, the sole sponsor for the Listing and a corporation licensed under the SFO to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) of the regulated activities (as defined under the SFO)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the same meaning ascribed thereto under the GEM Listing Rules
“Substantial Shareholder(s)”	has the same meaning ascribed thereto under the GEM Listing Rules
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC as amended, supplemented or otherwise modified from time to time
“Time Pace”	Time Pace Development Limited (時進實業有限公司), a company incorporated in Hong Kong with limited liability on 28 March 2003 and an indirect wholly-owned subsidiary of our Company
“Track Record Period”	the financial years ended 31 March 2014, 2015 and 2016 and four months ended 31 July 2016
“Underwriter”	Public Offer Underwriter and the Placing Underwriter
“Underwriting Agreements”	the Public Offer Underwriting Agreement and the Placing Underwriting Agreement
“UK”	the United Kingdom
“United States” or “US”	the United States of America
“US\$” or “USD”	United States dollars, the lawful currency of the United States
“US Securities Act”	the United States Securities Act of 1933, as amended

DEFINITIONS

- “**WHITE** Application Form(s)” the application form(s) for use by the public who require(s) such Public Offer Shares to be issued in the applicant’s/applicants’ own name(s)
- “**YELLOW** Application Form(s)” the application form(s) for use by the public who require(s) such Public Offer Shares to be deposited directly into CCASS

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains terms used in this prospectus in connection with our business or our Group. As such, these terms and their meanings may not correspond to standard industry meanings or usages of these terms.

“CAGR”	compound annual growth rate, being the annual growth rate computed on a compound basis
“DSE”	Hong Kong Diploma of Secondary Education administered by the Hong Kong Examinations and Assessment Authority
“counsellor”	person(s) who advise(s) students on issues in relation to overseas study and refer(s) students to their suitable education providers
“foundation and pathway programme”	The higher education programme which provide opportunities for students whose secondary school qualifications are not accepted for direct entry to an undergraduate degree, or whose first language is not English to access degree programmes in a university requiring English. Successful completion of such programme with satisfactory results would guarantee progression to undergraduate degree of partnered university
“higher education”	education beyond the secondary level, including foundation and pathway programmes, diplomas, degree and doctorates provided by colleges and universities
“HKDSEE”	Hong Kong Diploma of Secondary Education Examination administered by the Hong Kong Examination and Assessment Authority
“IB”	International Baccalaureate diploma programme, a programme that provides an internationally accepted qualification for entry into higher education in certain countries
“IELTS”	International English Language Testing System, a standardised test of English language proficiency for non-native English language speakers wishing to enroll in the colleges and universities in certain countries
“secondary education”	education which normally takes place in secondary schools after primary education and may be followed by higher education
“sq. ft.”	square feet

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements, including, but without limitation to, the words and expressions such as “aim”, “anticipate”, “believe”, “could”, “estimate”, “expect”, “going forward”, “intend”, “may”, “plan”, “potential”, “predict”, “propose”, “seek”, “should”, “will”, “would” and the negative of these words or other similar expressions or statements, in particular, in the sections headed “Business”, “Financial information” and “Future plans and use of proceeds” of this prospectus in relation to future events, business or other performance and development, the future development of our Group’s industry and the future development of the general economy of our Group’s key markets and globally.

These statements are based on numerous assumptions regarding our Group’s present and future business strategy and the environment in which our Group will operate in the future. These forward-looking statements reflecting our Group’s current views with respect to future events are not a guarantee of future performance and are subject to certain risks, uncertainties and assumptions, including but not limited to the risk factors described in this prospectus and the following:

- our Group’s business and operating strategies and our Group’s ability to implement such strategies;
- our Group’s capital expenditure and expansion plans;
- our Group’s ability to further develop and manage our Group’s expansion projects as planned;
- our Group’s operations and business prospects;
- various business opportunities that our Group may pursue;
- our Group’s financial position;
- the availability and costs of bank loans and other forms of financing;
- our Group’s dividend policy;
- the regulatory environment of our Group’s industry in general;
- the performance and future developments of our Group’s industry;
- changes in competitive conditions and our Group’s ability to compete under these conditions; and
- other factors beyond our Group’s control.

One or more of these risks may materialise and various underlying assumptions may prove incorrect.

FORWARD-LOOKING STATEMENTS

Subject to the requirements of the applicable laws, rules and regulations, our Company does not have any obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way our Company expects, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section.

In this prospectus, statements of or references to the intentions of our Company or any of our Directors are made as at the date of this prospectus. Any such intentions may potentially change in light of future developments.

RISK FACTORS

You should carefully consider all of the information set out in this prospectus including the risks and uncertainties described below as holding our Shares involve various risks. The business, financial condition or results of operations of our Group could be materially and adversely affected by any of these risks. The trading price of our Shares could decline due to any of these risks, and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

We cannot guarantee whether we can maintain the number of students we successfully placed and any reduction of such may affect our financial condition and impact our relationship with overseas education providers.

For each of the years ended 31 March 2014, 2015 and 2016 and for each of the four months ended 31 July 2015 and 2016, we successfully placed 801, 892, 887, 109 and 145 students to the overseas education providers in our network respectively. We strive to match students in Hong Kong who are seeking overseas studies with the appropriate overseas education providers based on each individual student's preferences and personal circumstances as well as such student's suitability for the relevant academic programme. We have established a wide network of overseas education providers which offer a wide range of study programmes so as to increase the likelihood of our successful match of the overseas education providers with the prospective students who have different needs, preferences and academic backgrounds. However we cannot guarantee that we can maintain the number of students we can place in the future given that the decision of the overseas education providers to pick their students and the decision of enrollment by the students are out of our control. Also, the demand for overseas studies by the student is affected by a number of industry specific factors as detailed in section headed "Industry overview — Factors affecting the overseas consultancy industry in Hong Kong" of this prospectus which is also beyond our control. Reduction in the number of successful placement of students may therefore affect our financial condition and can cause pressures on our cash flow. Also, if we fail to place students with overseas education providers in our network for a substantial period of time, the relationship between us and such overseas education providers may be materially and adversely affected which may accordingly affect the bonuses offered by them or their decisions of whether to maintain the agency agreements with us.

The sustainability of our business depends on the market awareness of our brand and therefore if we are not able to maintain our brand or if our brand is otherwise tarnished, our business, financial condition and results of operations may be materially and adversely affected.

According to the Industry Report, recommendation from friends and family is one of the most important aspects for prospective students or their parents to select overseas studies consultancy. Having a good reputation increases the possibility of recommendation by students or parents who previously benefited from our consultancy services. Overseas studies consultancies that have long establishment history, good track record and good reputation are more likely to attract new prospective students based on word of mouth referrals of previous students or parents who used the services and therefore are able to enjoy a stable revenue stream. We believe that market awareness of our "Dadi Overseas Studies Service Centre" (大地海外升學服務中心) brand contributed significantly to the success and growth of our business particularly in our students consultancy and placement services and the expansion of our network of overseas education providers. During the Track Record Period, we have strengthened and

RISK FACTORS

maintained our brand through marketing efforts such as advertising in subway stations, on television, radio and on the internet. However, we cannot assure you that our future marketing efforts will continue to be successful or sufficient in further promoting our brand or in helping us to remain competitive.

In addition, our ability to maintain our brand may be affected by the actions of third parties beyond our control including but not limited to (i) students' and their parents' satisfaction on the teaching or administration of the overseas education providers they enrolled in, accidents or mishaps encountered during their overseas studies, (ii) dissatisfaction of our overseas education providers on the quality of students placed by us and (iii) negative press in relation to us, the students and their parents or overseas education providers in our network. If our brand is tarnished, interest in our consultancy by potential students and their parents may decrease and the overseas education providers may terminate their agreements or relationships with us and therefore our business, financial condition and results of operations may be materially and adversely affected.

A majority of our revenue was derived from overseas education providers in the UK and Australia and any material change in the landscape for studying in the UK and Australia may materially and adversely affect our business and financial performance.

Our revenue from overseas education providers in the UK and Australia represented approximately 87.3%, 86.7%, 86.2% 85.3% and 90.4% of our total revenue for each of the years ended 31 March 2014, 2015 and 2016 and for the four months ended 31 July 2015 and 2016 respectively. Accordingly, the demand from students in Hong Kong for studying in the UK and Australia and therefore our operating results may be affected by any material change in the landscape for studying in the UK and Australia including but not limited to the change in (i) the education system of both countries, (ii) ranking and popularity of the education providers in both countries, (iii) complexity in admission and immigration procedures for overseas studies in both countries, and (iv) cost of overseas studies and living in both countries, all of which are beyond our control. Any failure on our part to adequately and promptly respond to changes in overseas studies landscape in the UK and Australia may materially and adversely affect our business and financial performance.

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.

During the Track Record Period, our revenues were primarily denominated in foreign currencies based on the locality of our customers including among others GBP, AUD, USD and CAD, with relatively larger exposure to GBP and AUD given that most of our revenues were generated from UK and Australia. All of our costs, including rental expenses, staff costs and marketing expenses are incurred in HKD. We prepare our consolidated financial statements in HKD for reporting purposes. Foreign currency-denominated amounts are translated into HKD. Other currency-denominated cash and cash equivalents and trade receivables are exposed to fluctuations in the value of the HKD against the currencies in which these cash and cash equivalents are denominated. As at the Latest Practicable Date, we had not engaged in any hedging transactions to reduce our exposure to foreign currency exchange risks. As a result, fluctuations in currency exchange rates between the HKD and these foreign currencies may result in volatility in our results of operations and may make it difficult to compare our results of operations from period to period. For a sensitivity analysis on the impact of hypothetical fluctuations in

RISK FACTORS

GBP and AUD against HKD on our net profit during the Track Record Period, please refer to the section headed “Financial information — Factors affecting our financial conditions and results of operations” of this prospectus.

On 23 June 2016, the UK voted in a referendum to leave the EU. As at the Latest Practicable Date, the UK Parliament has not commenced the formal process for leaving required by Article 50 of the Lisbon Treaty. The political, economic and legal consequences of the Brexit Referendum are not yet known and the mechanics of the UK leaving the EU are unclear. After the Brexit Referendum, there have been material fluctuations in the exchange rate of the GBP to HKD. If the GBP depreciates significantly against HKD and the impact of such depreciation is not offset by increased demand and successful placements from students to education providers in the UK, it may materially and adversely affect our financial performance.

If we fail to maintain and expand our network of overseas education providers, our business, financial condition and prospects may be materially and adversely affected.

Our network principally consists of overseas education providers from all over the world including the UK, Australia, Canada, US and New Zealand and which offer study programmes across different education levels. As at the Latest Practicable Date, we had entered into agency agreements with over 600 overseas education providers relating to over 700 schools within our network.

As we strive to match students in Hong Kong with overseas education providers based on each individual student’s preferences and personal circumstances as well as such student’s suitability for the relevant academic programme, an extensive network of overseas education providers will enhance the possibility of our successful matching of prospective students with their preferred overseas education providers. Failure to maintain and expand our network of overseas education providers from time to time may therefore affect the number of successful placements from such matching. Additionally, according to the Industry Report, competition in the overseas studies consultancy industry in Hong Kong is characterised by, among others factors, the network of education providers. Failure to compete effectively in the market may adversely affect our business and prospects and affect our ability to maintain our current level of profitability and in turn, our business, financial condition and prospects may be materially and adversely affected.

If our existing agency agreements entered with the overseas education providers are terminated or not extended or we otherwise cannot maintain a positive relationship with existing overseas education providers in our network, our business, financial position, results of operations and prospects will be materially and adversely affected.

During the Track Record Period, our revenue was principally derived from the commission income for our successful student placement with overseas education providers in our network. The agency agreements with overseas education providers are based on each overseas education provider’s standard form and may include termination rights for among others, dishonest practices connected with the student consultancy and placement services of the agent and failure to comply with other relevant terms or applicable laws as set out in the agency agreements or with agreed prior notice of termination (for further details, please refer to the section headed “Business — Customers — General terms of agency agreement with our customers” of this prospectus). In February 2016, an education provider, being our fifth, fifth, fourth and sixth largest customer for the years ended 31 March 2014, 2015 and 2016 and for the four months ended 31 July 2016 respectively, provided us with notice of termination of our agency

RISK FACTORS

agreement with them according to the clause relating to termination by agreed prior notice under the relevant agreement, which provides that either party may terminate the agreement at any time by giving the other party sixty (60) days prior written notice. Based on the notice, the termination took effect in April 2016. We have tried to contact Customer E after receiving the notice of termination, however, we have not been informed of the specific reason for the termination. This education provider contributed approximately 1.5%, 2.7%, 3.9% and 2.7% of our total revenue for each of the years ended 31 March 2014, 2015, 2016 and for the four months ended 31 July 2016 respectively and is one of the 17 public universities in Australia in our network. If other existing agency agreements entered with our customers were terminated early or if we are not able to extend such agency agreements after their expiration, if any, due to any reasons including dissatisfaction with our services or our worsening relationship with the overseas education providers, our business and financial condition may be materially and adversely affected.

We rely on our counsellors in providing consultancy services to prospective students and if we fail to recruit and retain suitable counsellors on commercially acceptable terms, our operations, reputation and financial condition may be materially and adversely affected.

As our daily operations of overseas studies consultancy services involves frequent communications between our counsellors and students and their parents on one side and the overseas education providers on the other side, our quality of services and therefore the students' and their parents' satisfaction of our consultancy services depends on the experiences and expertise of our counsellors. Our counsellors' experiences and expertise in matching suitable overseas education providers with students pursuing overseas study are crucial to our operations, reputation and financial performance. As at 31 March 2014, 31 March 2015, 31 March 2016 and 31 July 2016, we had 13, 14, 13 and 13 counsellors respectively. Our average counsellor turnover rate was approximately 31%, 7%, 23% and nil for each of the years ended 31 March 2014, 2015, 2016 and for the four months ended 31 July 2016 respectively. On top of basic salaries, we incentivise our counsellors through commissions, allowances, discretionary bonuses in order to retain the services of our existing counsellors and recruit potential new counsellors for our expansion. If we fail to recruit and retain suitable counsellors, there may be a reduction in the availability and quality of consultancy services we provide to students and their parents and thereby impacting our brand and reputation. Furthermore, if our counsellors act dishonestly or unethically while assisting the prospective students and their parents, we may receive complaints and claims from students and/or their parents. In serious cases involving misconduct and practices of our counsellors contrary to the standards set out in the agency agreements we entered with the overseas education providers, such overseas education providers may terminate their relationship with us.

There is no assurance that we will be able to recruit and retain sufficient suitable counsellors as and when needed. If there is any material shortage of our counsellors or we have any unsuitable counsellors engaging in misconduct during their tenure with us, our operation or reputation may be adversely affected. Also, if we are unable to continue the service contracts with our counsellors on commercially acceptable terms or find a suitable replacement in a timely manner, our business could be disrupted and our financial condition and results of operations could be materially and adversely affected.

RISK FACTORS

Loss of key management for our operations may materially affect our operations.

Our success is, to a significant extent, attributable to the leadership and contributions of our Directors and senior management team as described in the section headed “Directors, senior management and staff” of this prospectus, particularly to, Mr. Chung, our executive Director who founded our Group and has extensive experience in the overseas studies consultancy industry in Hong Kong.

Our continued success is therefore dependent to a large extent on our ability to retain the services of our Directors and senior management team. Any unanticipated departure of members of our Directors and senior management team without appropriate replacement found may impact, among others, our business strategy and day-to-day management. Such loss may therefore have a material adverse effect on our business operations and profitability.

Our operating results are affected by seasonality particularly with reference to the academic term in the UK and Australia.

Operating performance of the overseas studies consultancy players are subject to seasonality. Subject to the terms of agency agreement entered into between us and the overseas education providers, we generally record our commission income on the commencement date of the study programmes enrolled by the students and therefore our revenue tends to fluctuate during the year with reference to the commencement of the academic term particularly of secondary education and higher education providers in the UK and Australia. During the Track Record Period, we recorded the highest revenues in September and October when the study programmes of the education providers in the UK and Australia generally commence, followed by our second peak season from January to March for the spring intake for higher education, foundation and pathway programmes in the UK and Australia. For further details, please refer to the section headed “Business — Seasonality” of this prospectus. As a result, we might record a net loss in a particular month during the low season of the year given that most of our cost of operation are fixed in nature. Also, the comparison of our revenue and operating results between different periods in any given financial year may not be relied upon as indicators of our performance. Any unpredictable and material changes in the overseas studies market in Hong Kong during our peak seasons may materially and adversely affect our financial condition and operating performance.

Significant delays or failures in payment by our customers may affect our working capital and cash flows.

During the Track Record Period, there was no specific credit term offered to our customers but our customers usually take 35 to 90 days to settle our receivables. As at 31 March 2014, 2015, 2016 and 31 July 2016, all trade receivables were past due. Trade receivables that were past due but not impaired relate to customers that have a good track record of credit with our Group. Based on past experience, management believe that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered recoverable.

Nevertheless, there is no assurance that our trade receivables will always be paid to us in timely manner or in full. If we cannot maintain effective credit control and/or our customers significantly delay or fail to pay us on a timely basis, our financial condition and results of operations may be adversely affected.

RISK FACTORS

We have historical incidents of non-compliance with certain Hong Kong regulatory requirements.

We have previously been involved in a certain historical non-compliance incidents including non-compliance with certain statutory requirements in the Predecessor Companies Ordinance, Companies Ordinance, the Inland Revenue Ordinance (Chapter 112 of the laws of Hong Kong) and the Employees' Compensation Ordinance (Chapter 282 of the laws of Hong Kong) (for details, please refer to the section headed "Business — Non-compliances" of this prospectus). If there is any conviction, we may also be subject to penalties, including: (i) for each of the non-compliances with the Predecessor Companies Ordinance, a potential maximum principal fine ranging from HK\$10,000 to HK\$50,000 and a potential maximum daily default fine ranging from HK\$300 to HK\$1,000 (and, in some cases, potential prosecution and liabilities on the part of our Directors); (ii) for each of the non-compliances with the Companies Ordinance, a potential maximum principal fine ranging from HK\$25,000 to HK\$50,000 and a potential maximum daily default fine ranging from HK\$700 to HK\$1,000 (and, in some cases, potential prosecution and liabilities on the part of our Directors); (iii) for the non-compliance with the Inland Revenue Ordinance, a potential maximum penalty of HK\$10,000 for each offence; and (iv) for the Employees' Compensation Ordinance, a potential maximum fine of HK\$100,000. If any such enforcement action taken and our Controlling Shareholders fail to indemnify us fully under the Deed of Indemnity, we may be required to pay certain penalties. Additionally, there is no assurance that our business and financial position and prospect including but not limited to our reputation in the industry and our relationship with the students and overseas education providers will not be adversely affected by such historical non-compliance incidents.

Disruptions or unauthorised access to our computer systems may materially and adversely affect our operations and reputation.

The performance and reliability of our Group's computer system is important to our business operation, in particular in relation to the storage of records of students' personal information and information on overseas education providers and study programmes as we generally use such information to keep track of the current application status of students and our counsellors will rely on information on our systems when providing consultancy services to prospective students. However, we may experience interruptions in our computer systems due to events beyond our control such as interruptions caused by computer viruses, hardware and software failures, power outages, telecommunications failures, fires and other similar events in the future. Any interruption or damage to any of our computer system may have a material and adverse effect on our business operations.

In addition, our Group's computer systems may also be vulnerable to unauthorised access by our staff or third parties such as computer hackers through computer viruses and other methods to breach our security. Such unauthorised access may lead to the misappropriation of proprietary information or personal data of the students, including but not limited to, names, addresses, telephone numbers and identity card numbers. Any leakage or misappropriation of such information from our Group's system could have a material and adverse effect on our reputation and business operations.

Our Group's business and reputation may be affected by litigation claims and our insurance may be insufficient to cover all such claims.

We may be exposed to litigation claims such as employees' compensation claims, intellectual property claims and labour disputes during the course of our operations.

RISK FACTORS

Any such claims against us and any legal proceedings, arbitration or administrative sanctions or penalties arising therefrom, irrespective of the outcome or the merits of such claims, may materially and adversely affect our business, reputation, financial condition and results of operations. Although our Group has taken out insurance policies against all of the material risks associated with our operations in line with industry norm as detailed in the section headed “Business — Insurance” of this prospectus, the scope or amount of coverage may be insufficient to cover the costs from such claims.

Even if we are able to defend any such claim successfully, we cannot assure you that our customers and students will not lose confidence in our business, which may in turn materially and adversely affect our future business.

Our financial performance and results of operations will be affected by our non-recurring listing expenses.

Assuming an Offer Price of HK\$0.32 (being the mid-point of the indicated Offer Price range), the total amount of listing expenses in connection with the Share Offer is estimated to be approximately HK\$25.9 million which will be borne as to approximately HK\$11.7 million by us and as to approximately HK\$14.2 million by the Selling Shareholder. Out of the amount of approximately HK\$11.7 million, approximately HK\$3.8 million has been charged to our profit or loss for the year ended 31 March 2016. Our Group estimates that listing expenses of approximately HK\$3.9 million will be charged to our profit or loss for the year ending 31 March 2017. The balance of approximately HK\$4.0 million which is directly attributable to the issue of the Offer Shares is expected to be accounted for as a deduction from equity upon Listing. Expenses in relation to the Listing are non-recurring in nature but based on the above, we expect that it will affect our Group’s financial performance and results of operations for the year ending 31 March 2017.

We may be unable to maintain our current level of growth and implement our future plans.

Our revenue for the year ended 31 March 2016 was approximately HK\$25.4 million, representing an increase of approximately 11.1% compared with that of approximately HK\$22.8 million for the year ended 31 March 2014. Our future business growth beyond our current level of growth primarily depends on the successful implementation of our business objectives, business strategies and future plans (for further details, please refer to the sections headed “Future plans and use of proceeds” and “Business — Our business objective and strategies” of this prospectus). Our business objectives, business strategies and future plans are based on current assumptions and intentions of our Directors and subject to uncertainties and risks. We may be unable to achieve the anticipated growth and expansion of our business due to factors beyond our control. As such, there is no assurance that we will successfully implement our strategies or that our strategies, even if implemented, will result in expected achievement of our objectives. Our business, operating results and financial position may be materially and adversely affected if our business objectives are not achieved.

Our non-wholly owned subsidiary, Golden Crown is also engaged in the provision of overseas studies agency services and may therefore compete against us.

Golden Crown is our non-wholly owned subsidiary which provides overseas studies consultancy services through our Tsuen Wan branch and assists students seeking our services in this locale. As at the Latest Practicable Date, Golden Crown is owned as to 51% by Dadi Education and 49% by Ms. Or Pui Yee, who manages our Tsuen Wan branch. Mr. Chung and Ms. Or Pui Yee are the directors of Golden

RISK FACTORS

Crown. Under our arrangements, contact and payment arrangement with our customers, being the overseas education providers, is centralised and primarily handled by our staff in other centres (for further details of our profit sharing and cost allocation arrangements with Golden Crown, please refer to the section headed “History reorganisation and corporate structure — Corporate history — Our Subsidiaries — Golden Crown (Hong Kong)” of this prospectus. As Golden Crown in our Tsuen Wan branch uses our brand name and network in engaging its business, it may compete against us for prospective students in Hong Kong. Given Golden Crown is a non-wholly owned subsidiary and we do not fully recognise its profit, the success of Golden Crown and our Tsuen Wan branch in attracting students away from our wholly-owned subsidiaries and branches may materially and adversely affect our Group’s financial performance.

RISKS RELATING TO OUR INDUSTRY

Our business depends on the social, political and economic situation of Hong Kong.

Overseas education is generally more expensive compared to local education given that the students and their parents will not only need to pay tuition fees but also the accommodation and living expenses. Therefore, any major changes to Hong Kong’s social, political and economic landscapes which affect the financial ability of the parents of students and their willingness to send their children overseas may materially and adversely affect our operations, financial results and profitability.

Demand for overseas studies by students in Hong Kong is affected by a number of factors which are out of our control and therefore our past performance is not indicative of future performance.

During the Track Record Period, most of our commission income was generated from our student placements in secondary education and higher education providers in the UK, Australia and Canada. Our financial performance is therefore principally affected by the demand of the students in Hong Kong for overseas studies in these countries of which are influenced by a number of factors which are out of our control, including but not limited to (i) the education system in Hong Kong; (ii) the ranking of local schools versus overseas schools; (iii) the number of available university places in Hong Kong; (iv) the popularity of other countries for overseas studies; (v) the complexity in admission and immigration procedures for overseas studies; and (vi) the costs of overseas studies and living. For detailed discussion of these factors, please refer to the section headed “Industry overview — Overview of the overseas studies consultancy industry in Hong Kong — Factors affecting the overseas consultancy industry in Hong Kong” of this prospectus. Any material changes in the above factors may affect the demand for overseas studies by students in Hong Kong and therefore may materially and adversely affect our financial position and operating results in future.

Natural disasters, acts or threats of terrorism, wars, outbreak of contagious diseases or other catastrophic events which affect the general safety conditions of study destinations or a general apprehension of such events may significantly and adversely impact on our business and operating results.

The demand for overseas studies from the students in Hong Kong may be materially and adversely affected by natural disasters, acts or threats of terrorism, wars, outbreak of contagious diseases or other catastrophic events. Such events, or a general apprehension of such events, may significantly and adversely affect students’ interest in studying abroad or their parents’ willingness to send their children abroad. For example, if the outbreak of the Ebola virus disease, which is an ongoing threat, cannot be

RISK FACTORS

controlled, or if SARS, swine flu, avian influenza, or any other contagious disease or epidemic breaks out in major overseas studies destinations, or if there is a general apprehension of such outbreaks, students' demand for studying in affected destinations by the local students in Hong Kong may be undermined.

Campus shooting incidents, terrorist attacks and other catastrophic events in overseas studies locations may also have an indirect effect on our industry and a material adverse effects on our business operation and financial condition. For example, the campus shooting incident which occurred in Oregon, US in October 2015, the 9-11 terrorist attacks in 2001 and other similar accidents or events may continue to affect students' interest for studying in the US. Such incidents may also impact the overseas studies application progress if harsher immigration policies and visa requirements are imposed in the relevant countries. The occurrence and timing of such events cannot be predicted or controlled by our Group and may materially and adversely affect our business operations and operating results, particularly if we are unable to adapt in a effective and timely manner to such occurrences.

RISKS RELATING TO SHARE OFFER AND OUR SHARES

Termination of the Public Offer Underwriting Agreement.

Prospective investors should note that the Sole Lead Manager is entitled to terminate the obligations of the Public Offer Underwriter under the Public Offer Underwriting Agreement by giving notice in writing to us upon the occurrence of any of the events set out in the section headed "Underwriting — Underwriting arrangement and expenses — Grounds for termination" of this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Such event may include, without limitation, any acts of God, wars, riots, public disorder, civil commotion, economic sanction, epidemic, fire, flood, explosions, acts of terrorism, earthquakes, strikes or lock-outs.

We cannot guarantee as to the accuracy of facts and other statistics contained in this prospectus with respect to the economies and the industry in which we operate or forward-looking statements.

Certain facts and other statistics in this prospectus are derived from various sources including the Industry Report and various government and official sources that we believe to be reliable and appropriate for such information. However, we cannot guarantee the quality or reliability of such source materials.

We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Whilst our Directors have taken all reasonable care in the reproduction of the information, they have not been prepared or independently verified by us, the Sponsor, the Selling Shareholder, the Sole Bookrunner, the Sole Lead Manager, the Underwriter or any of their respective directors, affiliates or advisers. Therefore, we make no representation as to the accuracy of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information, market practice and other problems, the statistics referred to or contained in this prospectus may be inaccurate or may not be comparable to statistics produced for other publications or purposes and should not be unduly relied upon. Furthermore, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. In all cases, investors should give consideration as to

RISK FACTORS

how much weight or importance they should attach to, or place on, such information or statistics. Furthermore, you should not put undue reliance on any forward looking statements contained in this prospectus, which may not occur in the way we expect.

Shareholders' interests in our Company may be diluted in the future.

If we issue additional Shares in the future, our Shareholders may experience dilution in their ownership percentage. We may issue such shares in a number of circumstances including pursuant to issue of new Shares to finance acquisitions or issue of new Shares for purposes of obtaining equity funding. In addition, we may consider offering and issuing additional Shares in the future for expansion of our business which may result in the aforesaid dilution.

There has been no existing public market for our Shares and there may be a lack of liquidity and volatility in its price and trading volume.

Prior to the Share Offer, there was no public market for, and no established price for, our Shares. There is no guarantee that there will be an active and liquid public trading market for our Shares or that such market will be sustainable.

Furthermore, we cannot assure you that there will not be any volatility in the price and trading volume of our Shares. In particular, the Offer Price was determined between our Company (for ourselves and on behalf of the Selling Shareholder) and the Sole Lead Manager and the Offer Price may differ significantly from the market price of our Shares following the Share Offer. The Stock Exchange will be the only market on which our Shares are listed. We are not able to assure investors that an active public market will develop or be sustained after the Share Offer. There is also no assurance that the market price of our Shares will not decline below the Offer Price. If an active trading market for our Shares does not develop or is not sustained after the Share Offer, the market price and liquidity of our Shares may be materially and adversely affected. You should also note that our Shares may experience significant price and volume fluctuations due to matters unrelated to our operating performance and outside our Group's control such as general fluctuations in the securities market.

Prior dividends distributions are not an indication of our future dividend policy and we may not be able to pay any dividends on our Shares.

During each of the years ended 31 March 2014, 2015 and 2016 and for the four months ended 31 July 2016, our Group declared a dividend in the sum of approximately HK\$5.8 million, HK\$8.9 million, HK\$4.4 million and HK\$4.8 million respectively to the then shareholders and approximately HK\$0.6 million, HK\$1.3 million, HK\$0.9 million and HK\$0.3 million respectively to the non-controlling shareholders of our Group. Such dividends declared by our Group had been fully settled as at the Latest Practicable Date. Our Directors may declare dividends after taking into account, among other things, our results of operations, financial condition and position, the amount of distributable profits, our Memorandum and Articles of Association, the Companies Law, applicable laws and regulations and other factors that our Directors deem relevant. For further details of our dividend policy, please see the section headed "Financial information — Our dividend policy" of this prospectus. We cannot assure you when or whether we will pay dividends in the future.

RISK FACTORS

The interests of our Controlling Shareholders may conflict with the interests of our Group's public shareholders.

Immediately upon the completion of Share Offer and the Capitalisation Issue, our Controlling Shareholders, Mr. Chung and Grand Courage will own approximately 75% of our enlarged issued share capital. Therefore, our Controlling Shareholders will be able to exercise substantial control or influence over our business by directly or indirectly voting at shareholders' meetings in matters that are significant to us and our public Shareholders. For example, they may perform significant corporate actions, affect composition of the Board and affect the issue of dividends. Our Controlling Shareholders may take actions, and exercise influence that favours their interests over the interests of us or our public Shareholders. We cannot assure you that our Controlling Shareholders will not cause us to enter into transactions or take, or fail to take, other actions or make decisions that conflict with the best interests of our other Shareholders.

You should read this prospectus carefully (including the risks disclosed) and we strongly caution you not to place any reliance on any information in press articles, other media and/or research analyst reports.

You should read this prospectus carefully including the other risk factors set out in this section. After the publication of this prospectus, there may be press articles, other media and/or research analyst reports regarding us, our business, our industry and the Share Offer. Such sources may include certain operational information, financial information, financial projections, valuations and other information about us that are not contained in this prospectus. We do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information.

Furthermore, we make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information appearing in publications other than this prospectus is inconsistent or conflicts with the information contained in this prospectus, we disclaim it, and accordingly you should not rely on any such information.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies Ordinance (Miscellaneous Provisions), the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the GEM Listing Rules for the purpose of giving information about our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus 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 prospectus misleading.

INFORMATION ON THE SHARE OFFER

This prospectus is published solely in connection with the Share Offer and the listing of the Shares on GEM, which is solely sponsored by the Sponsor and managed by the Sole Lead Manager.

The Offer Shares are offered for subscription solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorised in connection with the Share Offer to give any information, or to make any representation, not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorised by our Company, the Selling Shareholder, the Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriter, any of their respective directors, officers, agents, employees or any other persons or parties involved in the Share Offer.

Details of the structure of the Share Offer, including its conditions, are set out in the section headed “Structure and conditions of the Share Offer” of this prospectus, and the procedures for applying for the Public Offer Shares are set out in the section headed “How to apply for Public Offer Shares” of this prospectus and in the relevant Application Forms.

SELLING SHAREHOLDER

The Share Offer consists of 437,600,000 Shares, of which 240,000,000 Shares are being sold by Grand Courage, the Selling Shareholder. Assuming an Offer Price of approximately HK\$0.32 per Offer Share, which represents the mid-point of the indicative Offer Price range, we estimate that the net proceeds to the Selling Shareholder from the sale of the Sale Shares (after deduction of the proportional underwriting commission and listing expenses payable by our Selling Shareholder in relation to the Share Offer of approximately HK\$14.2 million) will be approximately HK\$62.6 million. Our Company will not receive any of the proceeds from the sale of the Sale Shares.

APPLICATION FOR LISTING OF OUR SHARES ON GEM

Our Company has applied to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Share Offer and the Capitalisation Issue (including any Shares which may be issued pursuant to the exercise of any option which may be granted under the Share Option Scheme).

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

No part of the Shares or loan capital of our Company is listed, traded or dealt in on any other stock exchange. At present, our Company is not seeking or proposing to seek a listing of, or permission to deal in, any part of the Shares or loan capital on any other stock exchange.

Under section 44B(1) of the Companies Ordinance (Miscellaneous Provisions), any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Offer Shares on GEM is refused before the expiration of three weeks from the date of the closing of the Share Offer, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to us by the Stock Exchange.

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of Listing and at all times thereafter, our Company must maintain the “minimum prescribed percentage” of 25% of the issued share capital of our Company in the hands of the public (as defined in the GEM Listing Rules). A total of 437,600,000 Offer Shares representing 25% of the enlarged issued share capital of our Company will be in the hands of the public immediately following completion of the Share Offer and the Capitalisation Issue and upon Listing.

ABOUT THE SHARE OFFER

We have not authorised anyone to provide any information or to make any representation not contained in this prospectus. You should not rely on any information or representation not contained in this prospectus as having been authorised by us, the Selling Shareholder, the Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriter or any of our or their respective directors, officers or representatives or any other persons involved in the Share Offer.

The delivery of this prospectus should not, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply the information contained in this prospectus is correct as at the date subsequent to the date of this prospectus.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Details of the structure of the Share Offer, including its conditions, are set out in the section headed “Structure and conditions of the Share Offer” of this prospectus.

PROCEDURE FOR APPLICATION FOR PUBLIC OFFER SHARES

The procedure for application for Public Offer Shares is set out in the section headed “How to apply for Public Offer Shares” of this prospectus and on the relevant Application Forms.

FULLY UNDERWRITTEN

This prospectus is published in connection with the Share Offer. The Listing is sponsored by the Sponsor. The Public Offer is fully underwritten by the Public Offer Underwriter under the terms and conditions of the Public Offer Underwriting Agreement. The Placing Underwriting Agreement relating to the Placing is expected to be entered on or around the Price Determination Date, subject to agreement on pricing of the Offer Shares between our Company (for ourselves and on behalf of the Selling

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

Shareholder) and the Sole Lead Manager. The Share Offer is managed by the Sole Lead Manager. Further information relating to the Underwriter and the Share Offer and the underwriting arrangements is set out in the section headed “Underwriting” of this prospectus.

If, for any reason, the Offer Price is not agreed, the Share Offer will not proceed and will lapse. For further information about the Underwriter and the underwriting arrangements, please refer to the section headed “Underwriting” of this prospectus.

RESTRICTIONS ON OFFER AND SALE OF OFFER SHARES

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The Public Offer Shares are offered to the public for subscription solely on the basis of the information contained and the representations made in this prospectus and the related Application Forms. No person is authorised in connection with the Share Offer to give any information, or to make any representation, not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorised by our Company, the Selling Shareholder, the Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriter, any of their respective directors or any other person involved in the Share Offer.

Each person acquiring the Offer Shares will be required, and is deemed by his acquisition of the Offer Shares, to confirm that he is aware of the restrictions on offers of the Offer Shares described in this prospectus and that he is not acquiring, and has not been offered any Offer Shares in circumstances that contravene any such restrictions.

The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions and pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exception therefrom. In particular, the Offer Shares have not been publicly offered or sold, directly or indirectly, in the United States.

Prospective investors for the Offer Shares should consult their financial advisors and take legal advice, as appropriate, to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective investors for the Offer Shares should inform themselves as to the relevant legal requirements of applying for the Offer Shares and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

HONG KONG REGISTER AND STAMP DUTY

Our principal register of members will be maintained by the principal share registrar in the Cayman Islands. Dealings in the Shares on GEM will be registered on our Hong Kong branch register of members maintained in Hong Kong by Boardroom Share Registrars (HK) Limited.

Only Shares registered on our Hong Kong branch register of members maintained in Hong Kong may be traded on GEM. Dealings in our Shares registered on our branch register of members in Hong Kong will be subject to Hong Kong stamp duty.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

PROFESSIONAL TAX ADVICE RECOMMENDED

If you are unsure about the taxation implications of subscribing for or purchasing, holding or disposing of or dealing in our Shares, you should consult your professional advisers. None of our Company, the Selling Shareholder, the Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriter, their respective directors and any other person involved in the Share Offer accepts responsibility for any tax effects on, or liability of, any person or holders of Shares resulting from subscribing for, purchasing, holding or disposing of or dealing in our Shares.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, our Shares on GEM and our Company complies with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares on GEM or such other date HKSCC chooses. Investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements as such arrangements will affect their rights, interest and liabilities.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All necessary arrangements have been made for our Shares to be admitted to CCASS.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

COMMENCEMENT OF DEALINGS IN OUR SHARES

Dealings in our Shares on GEM are expected to commence at 9:00 a.m. on Thursday, 16 February 2017.

Our Shares will be traded in board lots of 10,000 Shares each. The stock code for our Shares is 8417. We will not issue temporary documents of title.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total of individual items. Where information is presented in thousands or millions of units, amounts may have been rounded up or down. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

LANGUAGE

If there is any inconsistency between the Chinese names and their English translations, the Chinese names shall prevail and vice versa. The English translation of the names in Chinese or another language which are marked with “*” and the Chinese translation of names in English which are marked with “*” are translations provided for identification purpose only.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

EXCHANGE RATE CONVERSION

Unless the context requires otherwise, translation of HK\$ and AUD, CAD, GBP and USD is made in this prospectus, for illustration purpose only, at the rates of AUD1.00 = HK\$5.5, CAD1.00 = HK\$5.9, GBP1.00 = HK\$11.9 and USD1.00 = HK\$7.8. No representation is made that any amount in AUD, CAD, GBP, USD and HK\$ could have been or could be converted at the above rates or at any other rates or at all.

For the section headed “Financial information” and Appendix I in this prospectus, unless otherwise specified, income and expense items of foreign operations are translated into the presentation currency of our Group (i.e. Hong Kong dollars) at the average exchange rates for the relevant period, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of each reporting period.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

DIRECTORS

Name	Residential address	Nationality
<i>Executive Directors:</i>		
CHUNG Wang Lung (鍾宏龍)	Room A, 15/F Block 3, Mount Haven 3 Liu To Road Tsing Yi, New Territories Hong Kong	Chinese
MOK Patrick (莫柏祺)	Flat 213 Chak Tsui House Wan Tsui Estate Chai Wan Hong Kong	Chinese
SO Pik Sau (蘇碧秀)	Flat 2912, Hin Kwai House Hin Keng Estate Shatin, New Territories Hong Kong	Chinese
<i>Independent non-executive Directors:</i>		
WONG Tak Chun (黃德俊)	Flat A, 26/F Reading Place 5 St. Stephen's Lane Hong Kong	Chinese
CHUNG Wai Nar (鍾維娜)	Flat E, 20/F, Block 8 Sun Tuen Mun Centre Tuen Mun, New Territories Hong Kong	Chinese
TSANG Chi Fung (曾志豐)	Room 2/F, No.9 Ma Wu Tsuen Po Lam Road Sai Kung, Kowloon Hong Kong	Chinese

For further information on the profile and background of our Directors, please refer to the section headed “Directors, senior management and staff” of this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER
--

PARTIES INVOLVED IN THE SHARE OFFER

Sponsor

TC Capital International Limited

A licensed corporation under the SFO to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) of the regulated activities under the SFO

Suite 1903–1904, 19/F
Tower 6, The Gateway
Harbour City
9 Canton Road
Tsim Sha Tsui
Kowloon
Hong Kong

**Sole Bookrunner, Sole Lead Manager
and Underwriter**

Head & Shoulders Securities Limited

A licensed corporation under the SFO to engage in type 1 (dealing in securities) and type 4 (advising on securities) of the regulated activities under the SFO

Room 2511, 25/F
Cosco Tower
183 Queen's Road Central
Hong Kong

Legal advisers to our Company

As to Hong Kong law

Adrian Yeung & Cheng

Solicitors, Hong Kong
Suite 1201–2A, 12th Floor
Golden Centre
188 Des Voeux Road C.
Central
Hong Kong

As to Cayman Islands law

Appleby

Cayman Islands attorneys-at-law
2206–19 Jardine House
1 Connaught Place
Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

**Legal advisers to the Sponsor
and the Underwriter**

As to Hong Kong law

Guantao & Chow
Solicitors, Hong Kong
Suites 1604–06, 16/F
ICBC Tower
3 Garden Road
Central
Hong Kong

Reporting accountants

Grant Thornton Hong Kong Limited
Certified Public Accountants
Level 12, 28 Hennessy Road
Wanchai
Hong Kong

Internal control adviser

CT Partners Consultants Limited
Unit 1601A, 16th Floor, Tower 6
China Hong Kong City
33 Canton Road
Tsimshatsui, Kowloon
Hong Kong

Compliance adviser

TC Capital International Limited
A licensed corporation under the SFO to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) of the regulated activities under the SFO
Suite 1903–1904, 19/F
Tower 6, The Gateway
Harbour City
9 Canton Road
Tsim Sha Tsui
Kowloon
Hong Kong

Receiving banker

Industrial and Commercial Bank of China (Asia) Limited
33/F., ICBC Tower
3 Garden Road
Central
Hong Kong

Selling Shareholder

Grand Courage Investments Limited
NovaSage Chambers
Wickham's Cay II, Road Town
Tortola
British Virgin Islands

CORPORATE INFORMATION

Registered office	PO Box 1350 Clifton House 75 Fort Street Grand Cayman KY1-1108 Cayman Islands
Headquarters and principal place of business in Hong Kong	Room 1911, 19/F., Office Tower One Grand Plaza, 639 Nathan Road Mong Kok Kowloon Hong Kong
Company's website address	<u>http://www.dadi.com.hk</u> <i>(information contained in this website does not form part of this prospectus)</i>
Company secretary	TAM Hei Lap, Hedley (譚希立) (HKICPA) Flat C, 8/F, Block 3 La Cite Noble 1 Ngan O Road, Hang Hau Hong Kong
Authorised representatives	CHUNG Wang Lung (鍾宏龍) Room A, 15/F Block 3, Mount Haven 3 Liu To Road Tsing Yi, New Territories Hong Kong MOK Patrick (莫柏祺) Flat 213, Chak Tsui House Wan Tsui Estate Chai Wan Hong Kong
Compliance officer	MOK Patrick (莫柏祺)
Audit committee	WONG Tak Chun (黃德俊) (Chairman) TSANG Chi Fung (曾志豐) CHUNG Wai Nar (鍾維娜)
Remuneration committee	CHUNG Wai Nar (鍾維娜) (Chairman) WONG Tak Chun (黃德俊) TSANG Chi Fung (曾志豐)

CORPORATE INFORMATION

Nomination committee

CHUNG Wang Lung (鍾宏龍) (*Chairman*)
TSANG Chi Fung (曾志豐)
CHUNG Wai Nar (鍾維娜)

**Principal share registrar
and transfer office**

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

Principal banker

Hang Seng Bank Limited
83 Des Voeux Road Central
Hong Kong

INDUSTRY OVERVIEW

Certain facts, statistics and data presented in this section and elsewhere in this prospectus have been derived, in part, from various government official publications as well as the commissioned report from Ipsos, an Independent Third Party. Whilst our Directors have taken all reasonable care to ensure that the relevant facts and statistics are accurately reproduced from these official government sources, such facts and statistics have not been independently verified by our Group or any of its respective affiliates or advisers, nor by the Selling Shareholder, the Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriter or any of its affiliates or advisers or any other party involved in the Share Offer. Our Directors have no reason to believe that such facts, statistics and data presented in this section is false or misleading or that any fact has been omitted that would render such facts, statistics and data false or misleading. In this section, other than the Industry Report, information regarding the relevant industries has been recited or extracted from certain articles, reports or publications, and their preparations were not commissioned or funded by our Group. Our Directors confirmed that after taking reasonable care, there is no adverse change in the market information since the date of the Industry Report which may qualify, contradict or have an impact on the information in this section.

SOURCES OF INFORMATION

Industry Report from Ipsos

In connection with the Share Offer, we commissioned an independent professional market research company, Ipsos, to assess the industry development trends, market demand and competitive landscape of the overseas studies consultancy industry in Hong Kong for the period from 2011 to 2020. We have incurred total fee and expenses of approximately HK\$560,800 for the preparation of the Industry Report. Ipsos conducts research on market profiles, market sizes and market share and performs segmentation analysis, distribution and value analysis, competitor tracking and corporate intelligence. The information and statistics set forth in this section have been extracted from the Industry Report. The payment of such amount was not conditional on our Group's successful listing or on the results of the Industry Report.

Methodology and main assumption

The information contained in the Industry Report is derived by means of data and intelligence gathering which include: (i) client consultation in understanding background of our Company; (ii) primary research involving interviews with key knowledge leaders; and (iii) secondary desk research for supporting facts and identifying trends. Then such information is analysed, assessed and validated using Ipsos' in-house analysis models and techniques.

The main assumption made in the analysis in the Industry Report was that there are no external shocks such as financial crises or natural disasters that will affect the demand and supply of the overseas studies consultancy services industry during the forecast period.

DEFINITIONS

- “Overseas studies consultancy” refers to a company which primary source of revenue is derived from placement of Hong Kong students into overseas education providers. Given our major source of revenue were generated from our student placements in secondary education providers and higher education providers in UK, Australia and Canada during the Track Record Period, unless otherwise specified, the discussion and the corresponding figures presented in the Industry Report shall refer to the secondary education and higher education studies in the UK, Australia and Canada only.

INDUSTRY OVERVIEW

- “Higher education institution” is referred to as and considered interchangeable with college, university, or tertiary education institution for purposes of the Industry Report. It is the post-secondary education level and include the sub-degree category.
- “Secondary education institution” is referred to as and considered interchangeable with high school and secondary school for the purposes of the Industry Report. It refers to the form of education that exist post primary school.
- “Overseas education providers” refer to institutions based outside Hong Kong including primary, secondary, undergraduate or postgraduate institutions and could be private or public.

OVERVIEW OF MACRO-ECONOMIC ENVIRONMENT IN HONG KONG

Economic growth in Hong Kong

GDP per capita in Hong Kong experienced modest growth from approximately HK\$288.4 thousand in 2011 to approximately HK\$307.5 thousand in 2015 or at a CAGR of approximately 1.6% due to the weak external demand and the impact of European debt crisis as well as sluggish recovery of major advanced economies. Nevertheless GDP per capita in Hong Kong is expected to maintain a stable growth from approximately HK\$311.6 thousand in 2016 to approximately HK\$340.9 thousand in 2020 or a CAGR of approximately 2.3% through the recovery of consumers’ confidence, the advance banking and financial system, as well as the influx of new investment from mainland China. The stable economic outlook of Hong Kong will improve people’s living standards and their consciousness to provide better education to their children, which will indirectly benefit the overseas studies consultancy industry in Hong Kong.

Annual household disposable income in Hong Kong

Alongside with the growth in GDP per capita in Hong Kong, annual household disposable income in Hong Kong increased from approximately HK\$555,580 in 2011 to approximately HK\$675,000 in 2015, at a CAGR of approximately 5.0%. This increasing trend was due to the reduction in the unemployment rate during this period, and the effect of the Minimum Wage Ordinance enacted in 2011. The stable economic outlook from 2016 to 2020 is expected to further support the growth of household disposable income, which in turn enables local parents to have sufficient capital to send their children to study abroad and thus supporting the overseas studies consultancy industry.

Number of eligible school-aged children in Hong Kong

According to the Industry Report, the eligible age for secondary education studies and higher education studies ranges 15 to 19 and 20 to 29 respectively. The total number of population aged 15 to 29 in Hong Kong slightly decreased from approximately 1,409.3 thousand in 2011 to approximately 1,322.8 thousand in 2015, or at a CAGR of approximately -1.6% due to the low birth rate in Hong Kong. Such trend is estimated to be persistent in the foreseeable future and the total number of eligible school-aged children in Hong Kong is estimated to decrease from approximately 1,322.8 thousand in 2015 to approximately 1,208.0 thousand in 2019, or at a CAGR of approximately -2.2%. The decrease in the number of eligible school-aged children in Hong Kong might indirectly reduce the demand for the overseas studies consultancy.

OVERVIEW OF THE OVERSEAS STUDIES CONSULTANCY INDUSTRY IN HONG KONG

History

According to the Industry Report, overseas studies consultancies have been operating in Hong Kong since the 1970s. In the early days, the operation of overseas studies consultancies relied on family connections, referrals and word of mouth. UK was the popular choice of the local student during early days as the local education system was based on UK model and as Hong Kong civil servants were willing to send their children to the UK given they were subsidised by the Hong Kong government. In the 1980s, in response to the growing demand for overseas studies consultancy services, an increasing number of international players also joined the market. During that time, the main study locations preferred by the local students were the UK, US, Canada and Australia. In the 1990s, the services offered by the overseas studies consultancies became more niche and focused on certain overseas locations and education levels. There were also a number of small scaled entrants which was formed by the ex-employees of the larger sized players. By the 2000s, reputation of the overseas studies consultancies and referrals from previous students who used the services become the important factors in contributing to the recurring revenue of the market players. The market became more fragmented with more small entrants entering into the market to share the profit of the industry.

Typical business model of overseas studies consultancy in Hong Kong

In general, overseas studies consultancies in Hong Kong provide one-stop advisory and assistance services to the prospective local students who intend to study abroad. Such services include but not limited to the advisory on selection of location of study and study programmes based on the personal preference and ability of the student. The overseas studies consultancies usually will not charge any fee to the prospective students apart from minimal handling fee and other disbursements. The overseas studies consultancies will be generally remunerated in the form of referral commission (usually a certain percentage of the tuition fee paid by the prospective students to the overseas education providers) from the overseas education providers which had entered into agency agreement with such overseas studies consultancies for each successful student placement.

Applicable regulations to overseas studies consultancy in Hong Kong

In Hong Kong, there is no specific regulation applicable to the overseas studies consultancy industry other than general requirement e.g. business registration certificates according to the Industry Report.

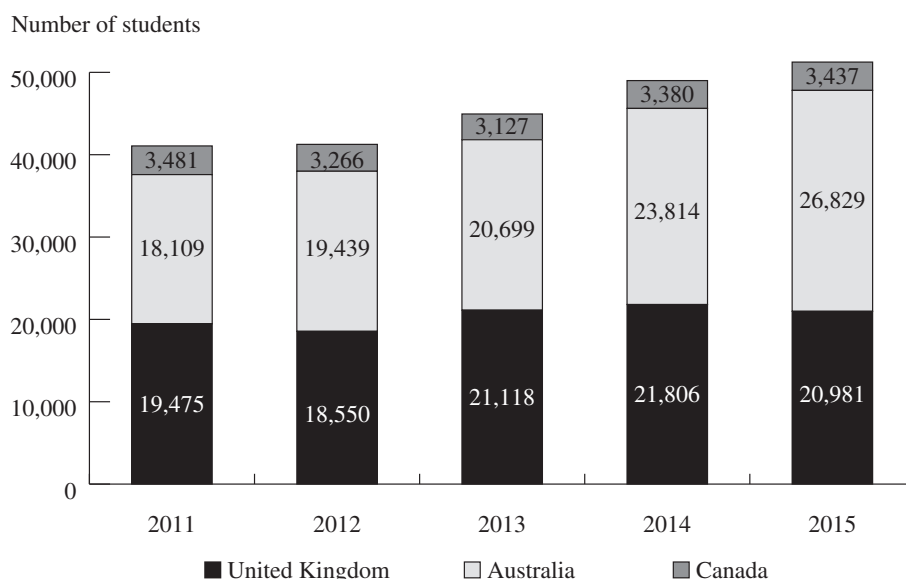
Target students profile and preference in relation to overseas studies

According to the Industry Report, the key target students for overseas studies in Hong Kong are the local secondary school students who are about to start/have completed the HKDSEE or IB. Given the relatively high tuition fee and overseas living expense incurred for overseas studies, the parents of prospective students for overseas studies usually have a consolidated household income of more than HK\$60,000 per month.

According to the Industry Report, among other things, the common reasons of students in Hong Kong for studying abroad include but not limited to (i) insufficient university places in Hong Kong, (ii) family influence, (iii) friends recommendations, (iv) securing overseas citizenship, (v) higher reputation and ranking for overseas education providers than local education institutions, (vi) better job opportunities after graduation. Most students in Hong Kong pursuing overseas studies for their secondary education and higher education.

INDUSTRY OVERVIEW

In terms of preferred location of overseas studies by Hong Kong students, according to the Industry Report and based on the survey completed by the local students graduating from DSE programmes in 2015, Taiwan and UK were the most popular choices by the students for their overseas studies and accounted for approximately 31.3% and 18.8% respectively of the total number of respondents to the survey. Taiwan has been identified by Hong Kong students as close proximity, lower cost of living, less requirement on English level etc. On the other hand, Australia and Canada were preferred by approximately 15% and 4.0% of the total respondents respectively. Nevertheless, the total number of students who studied in UK, Australia and Canada have been increasing from approximately 41,065 students in 2011 to approximately 51,247 students in 2015. Set out below is the total number of Hong Kong students studied in UK, Australia and Canada during each indicated period from 2011 to 2015.



Source: the Education Bureau of Hong Kong; British Council; the Australian Government Department of Education and Training; Canadian Bureau for International Education; Industry Report

In terms of application methods for overseas studies by the local students, according to the Industry Report, since 2008 to 2015, application through overseas studies consultancy in Hong Kong was the most common application methods pursued by the prospective students and represented approximately 46.7% of the total applications of overseas higher education and secondary education studies during the period. This is followed by the direct application by the students which accounted for approximately 33.7%. The remaining approximately 19.5% of the total application was related to the applications made by the local schools of the students.

Although Taiwan and Mainland China are among the top three choices for a large proportion of prospective students seeking overseas studies currently, overseas studies to these destinations remain irrelevant to the revenue generated by the overseas studies consultancy service industry in Hong Kong. This is because applications by prospective students in Hong Kong for overseas studies in Taiwan and Mainland China are rarely processed through private overseas studies consultancies in Hong Kong but instead are either applied directly by such students or through non-profitable organisations which offer enrolment service to prospective students free of charge according to the Industry Report.

INDUSTRY OVERVIEW

Student placements to the UK, Australia and Canada serve as the primary contributors of revenue to the overseas studies consultancy service industry in Hong Kong and accounted for approximately 73.1% of the estimated total revenue of approximately HK\$332.7 million of the overall industry in 2015 according to the Industry Report.

Factors affecting the overseas consultancy industry in Hong Kong

- *Education system in Hong Kong*

Change in education system in Hong Kong shall affect the demand of overseas studies from the local students and hence affect the overseas consultancy industry in Hong Kong.

For example, the new Senior Secondary Academic Structure implemented in Hong Kong in 2009 had led to the increased demand for overseas studies by the local students due to their lack of faith in the recognition of the new system. According to the Higher Education Funding Council for England, there was a rise of approximately 4% in the number of Hong Kong students undertaking secondary education studies in UK from FY2011/12 to FY2012/13.

Also, since FY2010/2011, secondary schools in Hong Kong began to train local students to be bilingual or trilingual, with the medium of instruction completed in both English and Chinese or English, Putonghua and Cantonese. Such change had opened up opportunities for Hong Kong students to take up study in Mainland China and Taiwan, which indirectly creating adverse effect for the certain overseas studies consultancy which focus on western countries.

- *Ranking of local schools versus overseas schools*

The relative ranking of local schools in Hong Kong compared with the overseas education providers would affect the demand for overseas studies by the local students and hence affect the overseas studies consultancy industry in Hong Kong. In general, the lower ranking of local schools in Hong Kong will drive the demand for overseas studies by the local students who are more willing to pursue better personal and career development after their graduation.

- *Number of available university places in Hong Kong*

The increase in number of available university places in Hong Kong would reduce the demand for overseas studies from the local students.

- *Popularity of other countries for overseas studies*

The rising popularity of countries other than the UK, Australia or Canada as the location for overseas studies such as Mainland China and Taiwan by the students would adversely affect the demand for studying in the UK, Australia or Canada.

- *Complexity in admission and immigration procedures for overseas studies*

Increasing complexity in application of overseas studies and visa application would drive the need by the students for pursuing assistance and advisory services from the overseas studies consultancy.

INDUSTRY OVERVIEW

- *Affordability of students in Hong Kong*

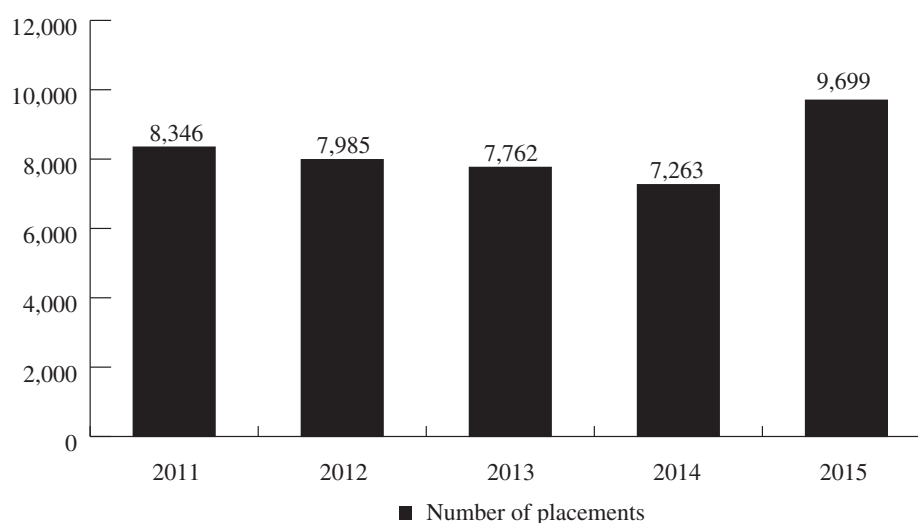
As discussed above, the level of wealth of the local students' families and the willingness of the students' parents to send their children to study abroad is positively related due to the relatively higher cost of overseas studies and living than the local studies.

- *Cost of overseas studies and living*

The higher cost of overseas studies and living shall decrease the demand for overseas studies from the local students. Such cost would be affected by the exchange rate of the foreign currencies against HKD.

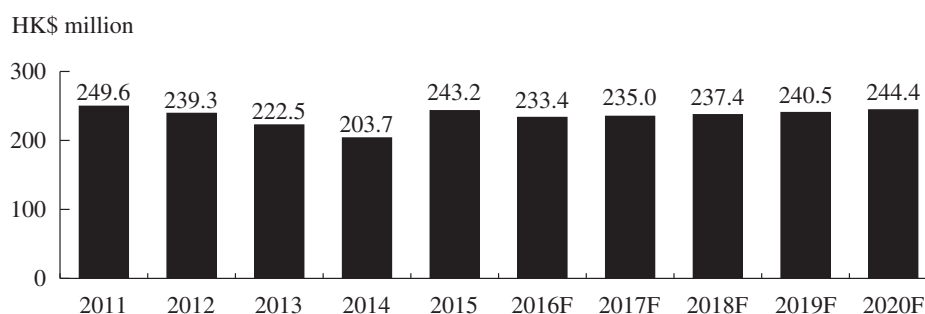
Market development of overseas studies consultancy industry in Hong Kong

Number of successful student placements from Hong Kong to secondary education institutions and higher education institutions in UK, Australia or Canada by overseas studies consultancies from 2011 to 2015



Source: Industry Report

Total revenue generated by the overseas studies consultancies in Hong Kong in relation to their provision of successful student placement services from Hong Kong to secondary education institutions and higher education institutions in UK, Australia or Canada from 2011 to 2020



Source: Industry Report

INDUSTRY OVERVIEW

As illustrated in the above tables, the total number of successful student placements from Hong Kong to secondary education institutions and higher education institutions in the UK, Australia or Canada by the overseas studies consultancies and the corresponding revenue generated slightly fall in each year from 2011 to 2014 and then increased sharply from 2014 and 2015. Such trend can be summarised into below reasons:

- The gradual decrease in the total number of successful student placements from Hong Kong to secondary education institutions and higher education institutions in the UK, Australia or Canada by the overseas studies consultancies and the corresponding revenue generated from 2011 to 2014 was due to (i) the normalisation from the sharp increase of such placements since 2011, (ii) the increasing trend of Hong Kong students who studied abroad at a young age e.g. primary education in earlier period driven by the government subsidies and higher annual household income of whom could apply to overseas secondary education institutions and higher education institutions by direct applications, (iii) the increase in number of former overseas students who possess experience in overseas studies and could offer free advice to their families and friends in Hong Kong in relation to their overseas studies applications and (iv) increase participations by overseas education providers in Hong Kong education exhibitions of which allowed direct engagements between schools and students of which our Directors are of the view that such factors identified as (ii) to (iv) above will have no material adverse impact on long term placement numbers given (a) the Hong Kong students who are able to studied abroad at a young age driven by the government subsidies and higher annual household income shall represented a small portion of the total prospective students, (b) the total number of students who studied in the UK, Australia and Canada have been increasing from approximately 41,065 students in 2011 to approximately 51,247 students in 2015, through the competition among the industry players in particular in the means of regular marketing activities conducted in each year, it would be expected that more and more students shall become aware of the benefits of the overseas educational consultancy services in particular to the fact that such services is free in nature for students and therefore the students indeed did not worse off to seek help from the overseas educational consultancy services providers instead of solely rely on their families and friends who possess experience in overseas studies; (c) the major market drivers from the year 2016 to 2020 identified by Ipsos as detailed in the section headed “Industry overview” in the this prospectus;
- The percentage drop in the total number of successful student placements from Hong Kong to secondary education institutions and higher education institutions in the UK, Australia or Canada by the overseas studies consultancies from 2011 to 2014 of approximately 13.0% was lower than the decrease in its corresponding revenue generated of approximately 17.9% was due to the depreciation of AUD, GBP and CAD against HKD in the same period; and
- The sharp increase in the total number of successful student placements from Hong Kong to secondary education institutions and higher education institutions in the UK, Australia or Canada by the overseas studies consultancies and the corresponding revenue generated from 2014 to 2015 was mainly due to the further depreciation for GBP, AUD and CAD in 2015.

INDUSTRY OVERVIEW

From 2015 to 2020, the total revenue of overseas studies consultancy in relation to their provision of successful student placement services from Hong Kong to secondary education institutions and higher education institutions in UK, Australia or Canada is expected grow marginally at a CAGR of approximately 0.1% due to the balancing effect of the fluctuation in exchange rates along with future market drivers and threats that expected to be encountered by the industry:

Major market drivers

- Opportunities in new study programmes

The new study programmes offered by the overseas education providers could become the new revenue stream for the overseas studies consultancies in Hong Kong. For example, UK has been seeing an increase in the number of Hong Kong students applying for newer study programmes such as environmental sciences and media/communication as opposed to the traditional study programmes such as business management, accounting, law and engineering. Overseas studies consultancies which are able to be constantly on the pulse relating to the prospective student demand and taste for overseas studies shall benefit from such upcoming development.

- Insufficient available university places in Hong Kong still persist

In 2014, there are eight degree-awarding institutions in Hong Kong funded by the University Grants Committee, which provided approximately 15,000 first-year, first-degree university places. However, the outgoing number of DSE candidates in the same year recorded at approximately 79,615 which is exceeding the available university places according to the Hong Kong Examinations and Assessment Authority. Although the University Grants Committee increased the number of funded positions at a CAGR of approximately 4.5% from 2010 to 2014, the outgoing number of DSE candidates still exceeds the number of available funded position dramatically, thus driving the demand of the local students for studying abroad and hence is expected to benefit the overseas studies consultancy industry.

- Expected increase in affordability of students and their parents in Hong Kong

As discussed above, the stable economic outlook from 2016 to 2020 is expected to further support the growth of household disposable income, which in turn enables local parents to have sufficient capital to send their children to study abroad and thus supporting the overseas studies consultancy industry in Hong Kong.

- Decrease in ranking of local schools against overseas schools

According to the 2015/2016 Times Higher Education World University Rankings, the rankings of the Hong Kong University, Hong Kong University of Science and Technology, Chinese University of Hong Kong, City University of Hong Kong and Hong Kong Baptist University fell compared with last year. Meanwhile, there was an increasing numbers of oversea higher education institutions included into this rankings. With the increasing reputation of overseas education providers, it is expected that more Hong Kong parents to send their children to study abroad and thus supporting the overseas studies consultancy industry in Hong Kong.

INDUSTRY OVERVIEW

- Gradual synchronisation of syllabuses between Hong Kong and overseas education system

The number of schools in Hong Kong which offer IB have increased from five schools in 2009 to 29 schools in 2014, with some having both the DSE and IB available according to the Industry Report. Starting in 2009, the English Schools Foundations programmes also switched from English A-levels to IB. As IB results is more recognised by overseas universities as compared to DSE results, the increase in adoption of IB in Hong Kong schools could stimulate the number of Hong Kong students going abroad for tertiary level of studies and thus supporting the overseas studies consultancy industry in Hong Kong.

Major threats

- Expected increase in cost of overseas studies and living

In general, tuition fees of both overseas university and secondary schools for international students had increased by between approximately 3% to 6% per annum, depending on the countries, level of study and study programmes. For example, the tuition fee for Canadian universities have risen by approximately 5.3% from 2014 to 2015, and is expected to increase by a further approximately 6.5% from 2015 to 2016. If the percentage increase in annual household income in Hong Kong could not offset the annual increase in tuition fees of overseas education, this could possess a threat to the overseas studies consultancy industry in the long run.

- Rising popularity of other countries for overseas studies

As discussed above, according to the Industry Report and based on the survey completed by the local students graduating from DSE programmes in 2015, Mainland China and Taiwan were among the top three popular choices by the students for their overseas studies over Australia and Canada given their close proximity, lower cost of living, less requirement on English level. A further increase in the popularity for overseas studies in Mainland China and Taiwan shall impose a threat to overseas studies consultancy which only focus on traditional countries such as UK, Australia and Canada.

- Decreasing number of eligible school-aged children in Hong Kong

As discussed above, the number of eligible school-age children for secondary education studies and higher education studies is estimated to decrease from approximately 1,322.8 thousand in 2015 to approximately 1,208.0 thousand in 2019, or at a CAGR of approximately -2.2%. The decrease in the number of eligible school-aged children in Hong Kong shall indirectly reduce the demand for the overseas studies consultancy.

Major cost of operation of overseas studies consultancy in Hong Kong

Salary for experienced counsellors

From 2011 to 2015, the monthly average salary for counsellors with two to six years of experience in this industry in Hong Kong rose from approximately HK\$31,454.5 to HK\$34,454.5 respectively, or at a CAGR of approximately 2.3% according to the Industry Report. Salaries for counsellors in this industry typically consists of a combination of base salary plus commission charges based on the number of student placements.

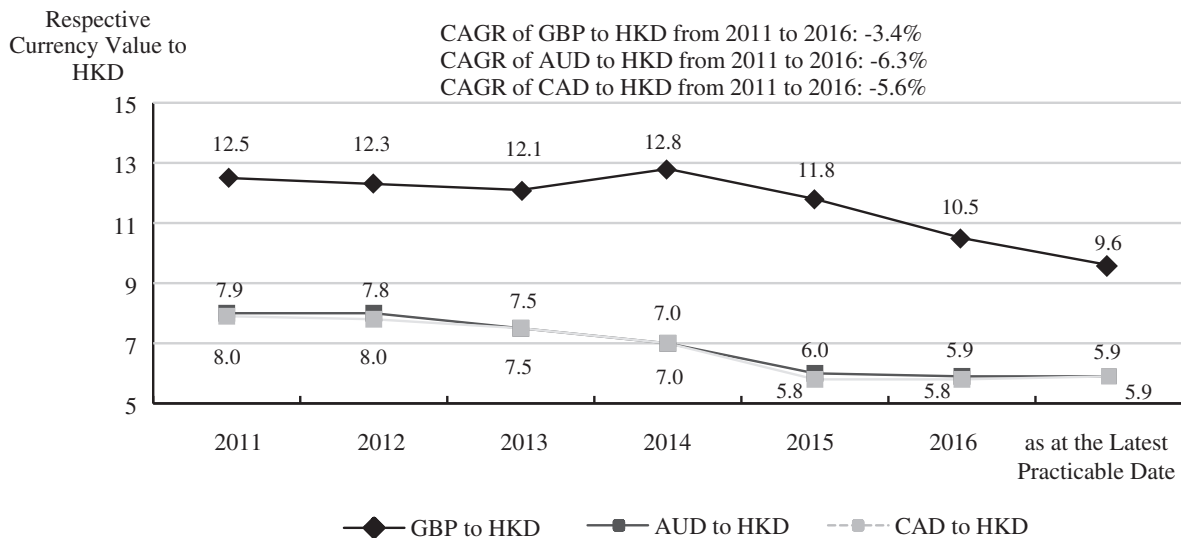
INDUSTRY OVERVIEW

Office rental

In Kowloon, the average monthly rental price for private offices in Mongkok/Yau Ma Tei grew from approximately HK\$385 per square meter in 2011 to approximately HK\$521 per square meter in 2015, at a CAGR of around 7.8%. In the Hong Kong Island, the rental growth rate for Wanchai/Causeway Bay was similar and showing a CAGR of approximately 6.6% in the same period, reaching to approximately HK\$571 per square meter in 2015 from approximately HK\$443 in 2011. As the majority of overseas studies consultancies are located in Kowloon and Hong Kong Island, the rise in the rental price of private office in these regions had increased the cost of operation for overseas studies consultancies historically.

Historical fluctuations in major foreign currencies

During the Track Record Period, our revenue were primarily denominated in foreign currencies based on the locality of our customers including among others GBP, AUD and CAD. Set out below is the average annual exchange rate of GBP, AUD and CAD against the HKD from 2011 to 2016 and the exchange rate of GBP, AUD and CAD against the HKD as at the Latest Practicable Date:



Sources: OFX Foreign Exchanges Services; Industry Report

- The average annual exchange rate of GBP fell against the HKD from 12.5 in 2011 to 10.5 in 2016 at a CAGR of approximately -3.4% and further from 10.5 in 2016 to 9.6 as at the Latest Practicable Date. The most significant decline began in 2014 to 2016 and a key influencing factor was the complicated political atmosphere related with the general election of the United Kingdom and the Brexit Referendum.
- The average annual exchange rate of CAD started relatively strong against the HKD in 2011 at 7.9. However, as the HKD is pegged to the USD, the strengthening of the USD against global currencies from 2011 onwards had caused the exchange rate of CAD to fall against the HKD from 7.9 to 5.9 from 2011 to 2016 a CAGR of approximately -5.6%. The exchange rate of CAD remained stable at 5.9 against the HKD as at the Latest Practicable Date.
- the AUD started with an exchange rate of 8.0 against the HKD in 2011. However the exchange rate of AUD experienced a sharp decline against the HKD from 8.0 in 2011 to 5.8 in 2016 at a CAGR of approximately -6.3%. The exchange rate of AUD remained stable at 5.9 against the HKD as at the Latest Practicable Date.

INDUSTRY OVERVIEW

Major barriers to entry

Set out below are some major barriers to entry into the overseas studies consultancy industry in Hong Kong identified in the Industry Report.

- *Established history, track record and reputation*

Overseas studies consultancies that have long establishment history, good track record and good reputation are more likely to attract new prospective students and their parents based on word of mouth of students and their parents who previously experienced the services.

- *Established relationship with overseas education providers*

As the overseas studies consultancy industry in Hong Kong is at the mature stage of the industry life cycle and most the overseas education providers are having a long history in developing the Hong Kong market and have established a stable relationship with a number of existing overseas studies consultancies in Hong Kong and therefore very selective in engaging new overseas studies consultancies in Hong Kong, it is difficult for the new entrants to develop a wide network of overseas education providers to secure their revenue stream.

COMPETITION

Competitive landscape

As of December 2015, there were 31 active overseas studies consultancies operating in Hong Kong including both local consultancies and international consultancies with a regional office in Hong Kong according to the Industry Report. Among which, there are 18 overseas studies consultancies in Hong Kong that offer consultancy services covering all three countries of the UK, Australia and Canada. The overseas studies consultancy industry in Hong Kong is estimated to be at the mature stage of the industry life cycle.

Set out below are the top six overseas studies consultancy services providers in Hong Kong in 2015 in terms of revenue generated from overseas studies consultancy services provided to local student in Hong Kong for their secondary education and higher education studies in the UK, Australia and Canada:

	Headquarters	Revenue generated in Hong Kong HK\$ million	Share of total industry revenue %	Major Service Scope
Competitor A	Australia	75.5	22.7	Global player with strong links to the IELTS test, also offers full range of overseas consultancy services in most countries
Competitor B	Hong Kong	51.5	15.5	Offers variety of overseas consultancy services with a focus on education providers in UK
Competitor C	Hong Kong	44.8	13.5	Offers variety of overseas consultancy services, primarily focused on UK Boarding Schools
Competitor D	Hong Kong	39.9	12.0	Offers variety of overseas consultancy services with a focus on education providers in UK

INDUSTRY OVERVIEW

	Headquarters	Revenue generated in Hong Kong <i>HK\$ million</i>	Share of total industry revenue %	Major Service Scope
Competitor E	Hong Kong	32.3	9.7	Offers variety of overseas consultancy services with a focus on education providers in UK, New Zealand, Australia, US and Canada (Note)
Our Group	Hong Kong	25.4	7.6	
Sub-total		269.3	80.9	
<i>Others</i>		<i>63.4</i>	<i>19.1</i>	
Total		332.7	100.0	

Note: For further details of our Group and our services, please refer to the section headed “Business” of this Prospectus.

Source: Industry Report

Major areas of competition

- *Service range:* Besides enrolment assistance, overseas studies consultancies maybe also required to provide additional services to students such as arrangement for body checks, flight booking services, examination arrangements and guardian arrangements. Provision of one-stop services is the key characteristics of a successful overseas studies consultancy in Hong Kong.
- *Reputation:* Recommendation from friends and family is one of the most important aspects for prospective students or their parents in their selection of overseas studies consultancy. Having a good reputation increases the possibility of recommendation by the students and their parents who previously used the services. Successful marketing activities are also the key in gaining reputation among potential prospective students and their parents. Common form of marketing activities conducted by the overseas studies consultancies in Hong Kong include print advertising e.g. newspapers, magazines, brochures; outdoor advertising e.g. MTR stations, billboards, exhibitions; television advertising as well as online advertising.
- *Stability of counsellors:* As the daily operations of overseas studies consultancy involve frequent communications between counsellors and students and given the time to recruit and train counsellors is relatively long, the low turnover rate of counsellors contributes to one of the main competitive factors of overseas studies consultancies in the industry. Consultancies tend to hire and train personnel that have studied in popular countries for education, such as the UK, Australia and Canada, so as to give prospective students and their parents the impression that the counsellors are well experienced in overseas studies.
- *Network of education providers:* Engagement with a variety of overseas education providers allows overseas studies consultancies to capture students with different profile such as personal preference and academic level and increase the possibility of successful placement. Consultancies that have wide connections with a number of overseas education providers are more competitive in the industry as they could offer more choices for students to suit their needs for overseas education.

Our Directors believe that we are competitive in the industry given our various competitive strengths as detailed in the section headed “Business — Competitive strengths” of this prospectus.

REGULATORY OVERVIEW

This section summarises the principal laws and regulations of Hong Kong which are relevant to our Group's business. As this is a summary, it does not contain the detailed analysis of the Hong Kong laws which are relevant to our Group's business.

(A) TRADE DESCRIPTION

Trade Description Ordinance (Chapter 362 of the Laws of Hong Kong)

After a major amendment in 2012, which came into operation in 2013, some new provisions in the Trade Description Ordinance (“**TDO**”) are relevant to commercial practice including advertising and marketing.

Under section 2 of the TDO, trade description can now be applied to a service. It means in relation to a service, an indication, direct or indirect, and by whatever means given, with respect to the service or any part of the service including an indication of any of the following matters:

- (a) nature, scope, quantity (including the number of occasions on which, and the length of time for which, the service is supplied or to be supplied), standard, quality, value or grade;
- (b) fitness for purpose, strength, performance, effectiveness, benefits or risks;
- (c) method and procedure by which, manner in which, and location at which, the service is supplied or to be supplied;
- (d) availability;
- (e) testing by any person and the results of the testing;
- (f) approval by any person or conformity with a type approved by any person;
- (g) a person by whom it has been acquired, or who has agreed to acquire it;
- (h) the person by whom the service is supplied or to be supplied;
- (i) after-sale service assistance concerning the service;
- (j) price, how price is calculated or the existence of any price advantage or discount.

Under section 7A of the TDO, a trader who applies a false trade description to a service supplied or offered to be supplied to a consumer; or supplies or offers to supply to a consumer a service to which a false trade description is applied commits an offence. Under section 13E of the TDO, if the commercial practice (including advertising and marketing) contains misleading omission as to material information the trader commits a criminal offence.

REGULATORY OVERVIEW

Under section 18 of the TDO, any person who commits an offence under inter alia, section 7A or section 13E shall be liable on conviction on indictment to a maximum fine of HK\$500,000.00 and imprisonment for 5 years; and on summary conviction to a maximum fine of HK\$100,000.00 and imprisonment for 2 years. Further, under section 18A of the TDO, on conviction of an offence under inter alia sections 7A and 13E, the court has the additional power to order the payment of compensation.

According to section 20 of the TDO, if the offence is committed by a limited company and the offence has been committed with the consent or connivance or is attributable to the neglect of a person including a director, officer or manager they also commits the offence.

(B) MISREPRESENTATION

Misrepresentation Ordinance (Chapter 284 of the laws of Hong Kong)

Under the Misrepresentation Ordinance, where a person has entered into a contract after a misrepresentation has been made to him, and (a) the misrepresentation has become a term of the contract; or (b) the contract has been performed, or both, then, if otherwise he would be entitled to rescind the contract without alleging fraud, he shall be so entitled, subject to the provisions of this Ordinance, notwithstanding the matters mentioned in (a) and (b) above.

Under section 3 of the Misrepresentation Ordinance:

- (1) Where a person has entered into a contract after a misrepresentation has been made to him by another party thereto and as a result thereof he has suffered loss, then, if the person making the misrepresentation would be liable to damages in respect thereof had the misrepresentation been made fraudulently, that person shall be so liable notwithstanding that the misrepresentation was not made fraudulently, unless he proves that he had reasonable grounds to believe and did believe up to the time the contract was made that the facts represented were true.
- (2) Where a person has entered into a contract after a misrepresentation has been made to him otherwise than fraudulently, and he would be entitled, by reason of the misrepresentation, to rescind the contract, then, if it is claimed, in any proceedings arising out of the contract, that the contract ought to be or has been rescinded the court or arbitrator may declare the contract subsisting and award damages in lieu of rescission, if of opinion that it would be equitable to do so, having regard to the nature of the misrepresentation and the loss that would be caused by it if the contract were upheld, as well as to the loss that rescission would cause to the other party.
- (3) Damages may be awarded against a person under subsection (2) whether or not he is liable to damages under subsection (1), but where he is so liable any award under subsection (2) shall be taken into account in assessing his liability under subsection (1).

(C) PERSONAL DATA

Personal Data (Privacy) Ordinance (Chapter 486 of the laws of Hong Kong)

The Personal Data (Privacy) Ordinance protects the privacy interests of living individuals in relation to personal data. It covers any automated and non-automated data relating directly or indirectly to a living individual and applies to both public and private bodies as data users that control the collection, holding, processing or use of personal data.

There are six principles in respect of the purpose and manner of collection of data, the accuracy and duration of retention of data, the use of personal data, the security of personal data, the information to be generally available and the access to personal data. In general, the personal data shall be lawfully and fairly collected and steps should be taken to ensure that the data subject is explicitly or implicitly informed on or before collecting the data. Personal data should also be accurate, up-to-date and kept no longer than necessary while unless with the consent from the data subjects, personal data should be used for the purposes for which they were collected or a directly related purpose.

The Office of the Privacy Commissioner for Personal Data is the governing body to promote, administer and oversee the enforcement of the Personal Data (Privacy) Ordinance. It has the power to carry out inspections of any personal data systems, to receive complaints from individuals and to investigate data users in respect of the complaints filed.

(D) EMPLOYMENT

Minimum Wage Ordinance (Chapter 608 of the laws of Hong Kong)

The Minimum Wage Ordinance establishes a statutory minimum wage regime to provide for a minimum wage at an hourly rate for employees employed under a contract of employment under the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), save for stipulated exceptions.

Statutory minimum wage becomes effective on 1 May 2011. In 2015, the minimum wage rate is currently set at HK\$32.5 per hour. Any provision of the employment contract which purports to extinguish or reduce the right, benefit or protection conferred on the employee by this Ordinance is void.

The Minimum Wage Commission must report on any recommended changes in statutory minimum wage at least once in every two years to the Chief Executive in Hong Kong, and the Chief Executive may adjust the statutory minimum wage having regard to such recommendation.

Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the laws of Hong Kong)

Under the Mandatory Provident Fund Schemes Ordinance, employers are required to enrol their regular employees (except for certain exempt persons) aged between at least 18 but under 65 years of age and employed for 60 days or more in a Mandatory Provident Fund (“MPF”) scheme within the first 60 days of employment.

REGULATORY OVERVIEW

For both employees and employers, it is mandatory to make regular contributions into an MPF scheme. For an employee, subject to the maximum and minimum levels of income (HK\$25,000 and HK\$7,100 per month, respectively before 1 June 2014 or HK\$30,000 and HK\$7,100 per month, respectively on or after 1 June 2014), an employer will deduct 5% of the relevant income on behalf of an employee as mandatory contributions to a registered MPF scheme with a ceiling of HK\$1,250 before 1 June 2014 or HK\$1,500 on or after 1 June 2014. Employer will also be required to contribute an amount equivalent to 5% of an employee's relevant income to the MPF scheme, subject only to the maximum level of income (HK\$25,000 per month before 1 June 2014 or HK\$30,000 on or after 1 June 2014).

(E) HEALTH AND SAFETY

Occupational Safety And Health Ordinance (Chapter 509 of the laws of Hong Kong)

The Occupational Safety and Health Ordinance provides for the safety and health protection of employees in workplaces, both industrial and non-industrial. Among others, employer must, as far as reasonably practicable, ensure the safety and health at work of all its employees by:

- (a) providing and maintaining plant and work systems that are, so far as reasonably practicable, safe and without risks to health;
- (b) making arrangement for ensuring, so far as reasonably practicable, safety and absence of risks to health in connection with the use, handling, storage or transport of plant or substances;
- (c) providing all necessary information, instruction, training and supervision to employees as may be necessary to ensure, so far as reasonably practicable, safety and health;
- (d) providing and maintaining the workplace, and safe access to and egress from the workplace that are, so far as reasonably practicable, safe and without risks to health; and
- (e) providing and maintaining work environment that is, so far as reasonably practicable, safe and without risks to health.

Failure to comply with the above provisions constitutes an offence and the employer is liable on conviction to a fine of HK\$200,000. An employer who fails to do so intentionally, knowingly or recklessly commits an offence and is liable on conviction to a fine of HK\$200,000 and to imprisonment for six months.

The Commissioner for Labour may also issue improvement notices against non-compliance of the Occupational Safety and Health Ordinance, or suspension notices against activity of workplace which may create imminent hazard to the employees. Failure to comply with such notices constitutes an offence punishable by a fine of HK\$200,000 and HK\$500,000 respectively and imprisonment of up to 12 months.

REGULATORY OVERVIEW

Occupiers Liability Ordinance (Chapter 314 of the laws of Hong Kong)

The Occupiers Liability Ordinance regulates the obligations of a person occupying or having control of premises on injury resulting to persons or damage caused to goods or other property lawfully on the land.

The Occupiers Liability Ordinance also imposes a common duty of care on an occupier of premises to take such care as in all the circumstances of the case is reasonable to see that the visitor will be reasonably safe in using the premises for the purposes for which he is invited or permitted by the occupier to be there.

Employees' Compensation Ordinance (Chapter 282 of the laws of Hong Kong)

The Employees' Compensation Ordinance establishes a no-fault and non-contributory employee compensation system for work injuries and lays down the rights and obligations of employers and employees in respect of injuries or death caused by accidents arising out of and in the course of employment, or by prescribed occupational diseases. The Ordinance in general applies to all full-time and part-time employees who are employed under a contract of service or apprenticeship in any employment.

Under the Employees' Compensation Ordinance, all employers are required to take out insurance policies to cover their liabilities both under the Employees' Compensation Ordinance and at common law for injuries at work in respect of all their employees. An employer who fails to comply with the Employees' Compensation Ordinance to secure an insurance cover is liable on conviction to a fine of HK\$100,000 and imprisonment for two years.

The Employees' Compensation Ordinance provides for payment of compensation to employees who are injured in the course of employment. An employer is liable to pay compensation in respect of personal injuries sustained by his employees by accident arising out of and in the course of employment; or in respect of total or partial incapacity or death of employee results from occupational diseases and is due to the nature of any employment in which the employee was employed at any time within the prescribed period immediately preceding such incapacity or death.

(F) GENERAL

Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong)

The Business Registration Ordinance requires every person who carries on a business in Hong Kong to apply for business registration within one month from the date of commencement of the business, and to display a valid business registration certificate at the place of business.

Any person who fails to apply for business registration or display a valid business registration certificate at the place of business shall be guilty of an offence, and shall be liable to a fine of HK\$5,000 and imprisonment for one year.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

HISTORY AND DEVELOPMENT

Corporate development

We are principally engaged in the overseas studies consultancy business in Hong Kong which involves the consultancy of local students and their placement with study programmes provided by overseas education providers. We strive to match students in Hong Kong seeking overseas studies with appropriate overseas education providers based on each individual student's preferences and personal circumstances as well as such student's suitability for the relevant academic programme. As at the Latest Practicable Date, we have three branch offices in Mongkok, Wanchai and Tsuen Wan in Hong Kong.

Our history can be traced back to 1990 when our founder, Mr. Chung, engaged in the educational consultancy business through a sole proprietorship by the placement of students to overseas education providers while operating under the name "Dadi Overseas Studies Service Centre" (大地海外升學服務中心) and funded the business by his own resources. Later on, he engaged in the business through a partnership with Mr. Chung's brother, Mr. Chung Wang Tim from 1999 to 2001 under the same name. As Mr. Chung immigrated to Australia in around 2003, it was agreed that the business was operated by Hendra Tjhie, an uncle of Mr. Chung, and Lukito, a cousin of Mr. Chung, in 2004 through Time Pace, a shelf company purchased by them. Upon Mr. Chung's immigration back to Hong Kong in around the end of 2006, Hendra Tjhie and Lukito, transferred their respective interests in Time Pace to Mr. Chung and Mr. Chung Wang Tim as set out in the paragraph headed "Corporate history" of this section. Our principal operating subsidiaries, namely Time Pace, Golden Crown and Dadi Education were incorporated in Hong Kong as limited liability companies in 2003, 2007 and 2008, respectively.

Our Company was incorporated in the Cayman Islands on 19 October 2015 and, as part of the Reorganisation, became the holding company of our Group with its business being conducted through the aforesaid Hong Kong incorporated principal operating subsidiaries. For further details of our corporate structure, please refer to the paragraph headed "Our corporate structure" below in this section.

Major developments and milestones

The following table sets out the major developments and milestones of our Group since establishment:

1990	Mr. Chung founded our business, under the name "Dadi Overseas Studies Service Centre" (大地海外升學服務中心) and engaged in the educational consultancy business in Tsuen Wan by the placement of students to overseas education providers.
2003–2008	Reorganisation of our Group with the incorporation of Time Pace, Golden Crown and Dadi Education on 28 March 2003, 22 October 2007 and 13 February 2008 respectively.
2010	Dadi Education received the "Excellence Award" from one of the education institutions in Customer A's network.
2011	Dadi Education received the "Outstanding Partner Worldwide" Award from Customer A, one of our major customers during the Track Record Period for the first time (<i>Notes 1 & 2</i>).

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

2014 Dadi Education was appointed as one of the few accredited UKiset (UK Independent Schools' Entry Test) Test Centres in Hong Kong by UKiset.

Dadi Education was awarded the “Best Performing Agent 2014” by Customer C, one of our major customers during the Track Record Period (*Note 2*).

October 2015 Our Company was incorporated in the Cayman Islands on 19 October 2015 as part of the Reorganisation for the purpose of the Listing.

Notes:

- (1) Dadi Education subsequently received the “Outstanding Partner Worldwide” Award from Customer A again in 2012 and the “Best Agent 2014 Award” for the UK pathway programmes of Customer A in 2014.
- (2) Customer A and Customer C were two of our major customers during the Track Record Period. For the background of these two customers, please refer to the section headed “Business — Customers” of this prospectus.

CORPORATE HISTORY

Our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law on 19 October 2015 with an authorised share capital of HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each. Our Company is an investment holding company.

Our Company has a number of direct and indirect subsidiaries incorporated in the BVI and Hong Kong. Details of the members of our Group and their respective corporate history are set out below.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Our Subsidiaries

Time Pace (Hong Kong)

Time Pace was incorporated in Hong Kong with limited liability on 28 March 2003 with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each, out of which one share was subscribed for by each of Fore Country Company Limited and Mr. Chung Kam Wing at par on the same day. Save as being former shareholders of Time Pace, Fore Country Company Limited and Mr. Chung Kam Wing are Independent Third Parties. Time Pace was engaged in provision of overseas studies agency services from about April 2004 to February 2008. Since then, it has been facilitating the administrative operations of the Group. Upon incorporation, the shareholding structure of Time Pace was as follows:

Name of shareholder(s)	Number of shares held/shareholding %
Fore Country Company Limited	1/50%
Mr. Chung Kam Wing	<u>1/50%</u>
Total	<u><u>2/100%</u></u>

On 28 March 2004, 4,998 shares and 5,000 shares of Time Pace were allotted and issued to Hendra Tjhie and Lukito at par, respectively. The aforesaid allotments and issues were completed and the consideration was settled by Hendra Tjhie and Lukito, respectively, by way of cash on the same day. Hendra Tjhie is the uncle of Mr. Chung and Lukito is the cousin of Mr. Chung.

The shareholding structure of Time Pace after the aforesaid allotments and issues was as follows:

Name of shareholder(s)	Number of shares held/shareholding %
Hendra Tjhie	4,998/49.98%
Lukito	5,000/50%
Fore Country Company Limited	1/0.01%
Mr. Chung Kam Wing	<u>1/0.01%</u>
Total	<u><u>10,000/100%</u></u>

On 10 May 2004, Fore Country Company Limited transferred its one share of Time Pace and Mr. Chung Kam Wing transferred his one share of Time Pace to Hendra Tjhie at HK\$1 and HK\$1, respectively. The consideration of each of the aforesaid share transfers was arrived at after arm's length negotiations between the respective parties and is equivalent to the then nominal amount of the shares of Time Pace under the respective share transfers. The aforesaid share transfers were completed and the consideration was settled by Hendra Tjhie to both Fore Country Company Limited and Mr. Chung Kam Wing by way of cash on 10 May 2004.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

The shareholding structure of Time Pace after completion of the aforesaid share transfers was as follows:

Name of shareholder(s)	Number of shares held/shareholding %
Hendra Tjhie	5,000/50%
Lukito	<u>5,000/50%</u>
Total	<u><u>10,000/100%</u></u>

On 28 March 2007, (i) Hendra Tjhie transferred his 5,000 shares of Time Pace and Lukito transferred his 4,000 shares of Time Pace to Mr. Chung at a consideration of HK\$5,000 and HK\$4,000, respectively; and (ii) Lukito transferred his 1,000 shares of Time Pace to Mr. Chung Wang Tim, the elder brother of Mr. Chung, at a consideration of HK\$1,000. The consideration in respect of each of the aforesaid share transfers was arrived at after arm's length negotiations between the respective parties and is equivalent to the then nominal amount of the shares of Time Pace under the respective share transfers. The aforesaid share transfers were completed and the consideration was settled by Mr. Chung by way of cash in or around March 2007 and settled by Mr. Chung Wang Tim by way of cash in or around March 2007.

The shareholding structure of Time Pace after completion of the aforesaid share transfers was as follows:

Name of shareholder(s)	Number of shares held/shareholding %
Mr. Chung	9,000/90%
Mr. Chung Wang Tim	<u>1,000/10%</u>
Total	<u><u>10,000/100%</u></u>

On 13 November 2008, Mr. Chung transferred his 9,000 shares of Time Pace to Dadi Education at a consideration of HK\$9,000. The consideration was arrived at after arm's length negotiations between the parties and is equivalent to the then nominal amount of the shares of Time Pace under the share transfer. The aforesaid share transfer was completed and the consideration was settled by Dadi Education by way of cash in or around November 2008.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

The shareholding structure of Time Pace after completion of the aforesaid share transfer was as follows:

Name of shareholder(s)	Number of shares held/shareholding %
Dadi Education	9,000/90%
Mr. Chung Wang Tim	<u>1,000/10%</u>
Total	<u><u>10,000/100%</u></u>

On 25 November 2011, Mr. Chung Wang Tim transferred his 1,000 shares of Time Pace to Mr. Chung at a consideration of HK\$1,000. The consideration was arrived at after arm's length negotiations between the parties and is equivalent to the then nominal amount of the shares of Time Pace under the share transfer. The aforesaid share transfer was completed and the consideration was settled by Mr. Chung by way of cash in or around November 2011.

The shareholding structure of Time Pace after completion of the aforesaid share transfer was as follows:

Name of shareholder(s)	Number of shares held/shareholding %
Dadi Education	9,000/90%
Mr. Chung	<u>1,000/10%</u>
Total	<u><u>10,000/100%</u></u>

As part of the Reorganisation, on 11 January 2016, Legend Focus (then indirectly owned by Mr. Chung as to 100%, through Grand Courage and Red City) acquired from Dadi Education and Mr. Chung 9,000 shares and 1,000 shares of Time Pace at nominal consideration of HK\$9,000 and HK\$1,000, respectively. The aforesaid share transfers were completed and the consideration was settled by Legend Focus by way of cash in or around January 2016. Following completion of the aforesaid share transfers, Time Pace became a direct wholly-owned subsidiary of Legend Focus.

There was no revenue contribution to the Group by Time Pace during the Track Record Period given Time Pace is served as the cost center of the Group. The loss contribution of Time Pace to our Group for each of the years ended 31 March 2014, 2015 and 2016 and for the four months ended 31 July 2016 were approximately HK\$7.3 million, HK\$7.4 million, HK\$7.1 million and HK\$2.4 million respectively.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Dadi Education (Hong Kong)

Dadi Education was incorporated in Hong Kong with limited liability in the name of “IAE HK Limited 大地教育集團有限公司” on 13 February 2008 with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each, out of which one share was subscribed for by Chung’s Consultants Limited at par in or around February 2008. Dadi Education was principally engaged in provision of overseas studies agency services after its incorporation. Upon incorporation, the shareholding structure of Dadi Education was as follows:

Name of shareholder(s)	Number of share held/shareholding %
Chung’s Consultants Limited	<u>1/100%</u>
Total	<u><u>1/100%</u></u>

On 18 February 2008, 9,000 shares and 999 shares of Dadi Education were allotted and issued to Mr. Chung and Mr. Chung Wang Tim at par, respectively. The aforesaid allotments and issues were completed and the consideration was settled by Mr. Chung and Mr. Chung Wang Tim, respectively, by way of cash in or around February 2008.

The shareholding structure of Dadi Education after the aforesaid allotments and issues was as follows:

Name of shareholder(s)	Number of shares held/shareholding %
Mr. Chung	9,000/90%
Mr. Chung Wang Tim	999/9.99%
Chung’s Consultants Limited	<u>1/0.01%</u>
Total	<u><u>10,000/100%</u></u>

On 22 February 2008, Chung’s Consultants Limited transferred its one share of Dadi Education to Mr. Chung Wang Tim at a consideration of HK\$1. The consideration was arrived at after arm’s length negotiations between the parties and is equivalent to the then nominal amount of the share of Dadi Education under the share transfer. The aforesaid share transfer was completed and the consideration was settled by Mr. Chung Wang Tim by way of cash in or around February 2008.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

The shareholding structure of Dadi Education after completion of the aforesaid share transfer was as follows:

Name of shareholder(s)	Number of shares held/shareholding %
Mr. Chung	9,000/90%
Mr. Chung Wang Tim	<u>1,000/10%</u>
Total	<u><u>10,000/100%</u></u>

On 19 May 2008, Dadi Education changed its English name from “IAE HK Limited” to “IAE HK Dadi Limited”. Its Chinese name has remained unchanged.

On 7 July 2008, Mr. Chung transferred his 9,000 shares of Dadi Education to Chung’s Capital Resources at a consideration of HK\$9,000. Chung’s Capital Resources was then 100% owned by Mr. Chung. The consideration was arrived at after arm’s length negotiations between the parties and is equivalent to the then nominal amount of the shares of Dadi Education under the share transfer. The aforesaid share transfer was completed and the consideration was settled by Chung’s Capital Resources by way of cash in or around July 2008.

The shareholding structure of Dadi Education after completion of the aforesaid share transfer was as follows:

Name of shareholder(s)	Number of shares held/shareholding %
Chung’s Capital Resources	9,000/90%
Mr. Chung Wang Tim	<u>1,000/10%</u>
Total	<u><u>10,000/100%</u></u>

On 16 January 2009, Dadi Education changed its English name from “IAE HK Dadi Limited” to “Dadi Education Group Limited”. Its Chinese name has remained unchanged.

On 6 March 2013, Mr. Chung Wang Tim transferred his 1,000 shares of Dadi Education to Mr. Chung at a consideration of HK\$1,000. The consideration was arrived at after arm’s length negotiations between the parties and is equivalent to the then nominal amount of the shares of Dadi Education under the share transfer. The aforesaid share transfer was completed and the consideration was settled by Mr. Chung by way of cash in or around April 2013.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

The shareholding structure of Dadi Education after completion of the aforesaid share transfer was as follows:

Name of shareholder(s)	Number of shares held/shareholding %
Chung's Capital Resources	9,000/90%
Mr. Chung	<u>1,000/10%</u>
Total	<u><u>10,000/100%</u></u>

As part of the Reorganisation, on 11 January 2016, Quest Point (then indirectly owned by Mr. Chung as to 100%, through Grand Courage and Red City) acquired from Chung's Capital Resources and Mr. Chung 9,000 shares and 1,000 shares of Dadi Education at a nominal consideration of HK\$9,000 and HK\$1,000, respectively. The aforesaid share transfers were completed and the consideration was settled by Quest Point by way of cash in or around January 2016. Following completion of the aforesaid share transfers, Dadi Education became a direct wholly-owned subsidiary of Quest Point.

The revenue contribution of Dadi Education to our Group for each of the years ended 31 March 2014, 2015 and 2016 and for the four months ended 31 July 2016 was approximately HK\$17.0 million, HK\$19.0 million, HK\$20.6 million and HK\$3.6 million respectively. The profit contribution of Dadi Education to our Group for each of the years ended 31 March 2014, 2015 and 2016 and for the four months ended 31 July 2016 was approximately HK\$17.4 million, HK\$18.3 million, HK\$15.5 million and HK\$2.2 million respectively.

Time Pace mainly bears the marketing costs of our Group and staff cost, rental and utility expenses of our branches in Wanchai and Mong Kok. Golden Crown bears the staff cost, rental and utility expenses of our branch in Tsuen Wan. There is no cost allocation between Time Pace and Golden Crown (or vice versa).

Golden Crown (Hong Kong)

Golden Crown was incorporated in Hong Kong with limited liability on 22 October 2007 with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each, out of which of 4,900 shares were subscribed for by Ms. Or Pui Yee at par on in or around October 2007. Ms. Or Pui Yee was first employed by Mr. Chung as a counsellor through the predecessor entities in 1997 for operating the overseas studies consultancy business. When Golden Crown was established for principally operating overseas studies consultancy services in October 2007, Mr. Chung invited Ms. Or Pui Yee (whom by then had been working with Mr. Chung for over 10 years, experienced in the industry and considered by him to be a trustworthy employee) to join Golden Crown as a minority shareholder and to oversee the business of Golden Crown and Ms. Or Pui Yee confirms that she agreed to such opportunity to share in Golden Crown's success. Golden Crown was principally engaged in provision of overseas studies agency services after its incorporation. Due to the arrangement above, Ms. Or Pui Yee historically focused on the management of Golden Crown instead of the overall business of the Group and her dedication ensures the success of Golden Crown. Additionally, our Company believes that by keeping her current position in managing Golden Crown, Ms. Or Pui Yee will avoid potential conflict of interest situations

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

between Golden Crown (which she has a minority interest) and our Group. Accordingly, Ms. Or will not be appointed as an executive Director or senior management of our Group upon Listing. Upon incorporation, the shareholding structure of Golden Crown was as follows:

Name of shareholder(s)	Number of shares held/shareholding %
Ms. Or Pui Yee	<u>4,900/100%</u>
Total	<u><u>4,900/100%</u></u>

On 25 October 2007, 5,100 shares of Golden Crown were allotted and issued to Chung's Capital Resources at par. The aforesaid allotment and issue was completed and the consideration was settled by Chung's Capital Resources by way of cash in or around October 2007.

The shareholding structure of Golden Crown after the aforesaid allotment and issue was as follows:

Name of shareholder(s)	Number of shares held/shareholding %
Chung's Capital Resources	5,100/51%
Ms. Or Pui Yee	<u>4,900/49%</u>
Total	<u><u>10,000/100%</u></u>

On 30 June 2008, Chung's Capital Resources transferred its 5,100 shares of Golden Crown to Dadi Education at a consideration of HK\$5,100. The consideration was arrived at after arm's length negotiations between the parties and is equivalent to the then nominal amount of the shares of Golden Crown under the share transfer. The aforesaid share transfer was completed and the consideration was settled by Dadi Education by way of cash in or around June 2008.

The shareholding structure of Golden Crown after completion of the aforesaid share transfer was as follows:

Name of shareholder(s)	Number of shares held/shareholding %
Dadi Education	5,100/51%
Ms. Or Pui Yee	<u>4,900/49%</u>
Total	<u><u>10,000/100%</u></u>

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Mr. Chung and Ms. Or Pui Yee are the directors of Golden Crown as at the Latest Practicable Date. According to the articles of association of Golden Crown, the directors of Golden Crown could be appointed by the current directors or by an ordinary resolution of shareholders of Golden Crown.

Golden Crown provides overseas studies agency services through our Tsuen Wan branch and assists students seeking our services in this locale. However, contact and payment arrangement with our customers, being education providers is centralised and primarily handled by our staff in other centres. In order to avoid potential competition, we have agreed that our other centres will not engage in overseas studies agency services in Tsuen Wan and Golden Crown will not engage in overseas studies agency services in other regions operated by our other centres without our consent. Additionally, we have internal procedures to minimise potential competition between the Tsuen Wan branch handled by Golden Crown and our other branches particularly in relation to the handling of individual students. As discussed in section headed “Business — Student consultancy and assistance process” of this prospectus, we will generally request the walk-in students and/or their parents to fill in a simple walk-in form which provides us with their basic personal information so that we can make an initial assessment on the students and deliver appropriate recommendation to the students. Under our policy, we do not allow more than one counsellor to follow the case of the same student. The student also has been well informed by us that his/her case has to be followed by one counsellor and has to be the first counsellor he/she met. To ensure each student application is handled by one designated counsellor in one branch, each counsellor shall submit their handling case into our Customer Relationship Management System (“CRM”) to “lock on” their respective responsible cases. Before handling any new cases, each counsellor is required to log into the CRM system to see if matching records were found in the system. If previous visit record of that student is found and the original handling counsellor is identified, the current counsellor is required to return the subsequent consultancy services to the original counsellor and corresponding branch. In addition, any transfer of designating counsellor will be subject to the approval of our branch manager if the transfer involves counsellors of the same branch and the approval of the chief executive officer is required if it is a cross-branch transfer.

Based on our current revenue allocation arrangement, we will first collect all the revenue generated from students served at our Tsuen Wan centre and allocate 75% of such revenue to Golden Crown. Golden Crown is responsible for all costs in relation to operation of the Tsuen Wan centre and counsellors serving at the Tsuen Wan centre are generally engaged by Golden Crown directly. Golden Crown will use the revenue allocated to it to meet the aforesaid costs in relation to the Tsuen Wan centre. The remaining 25% of such revenue which was kept by us is used to settle our Group’s other costs and expenses and accordingly, there are no further cost allocation arrangement in relation to Golden Crown except as discussed above. Given that Golden Crown remains a subsidiary of our Group and the above internal control measures mentioned, we do not believe that other measures governing conflict of interest is necessary.

The revenue contribution of Golden Crown to our Group for each of the years ended 31 March 2014, 2015 and 2016 and for the four months ended 31 July 2016 was approximately HK\$5.8 million, HK\$6.0 million, HK\$4.7 million and HK\$1.7 million respectively. The profit contribution of Golden Crown to our Group for each of the years ended 31 March 2014, 2015 and 2016 and for the four months ended 31 July 2016 was approximately HK\$1.2 million, HK\$1.2 million, HK\$0.8 million and HK\$29,000 respectively.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

DIY110 (Hong Kong)

DIY110 was incorporated in Hong Kong with limited liability on 18 February 2013 with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each, out of which one share was subscribed for by Dadi Education at par in or around February 2013. DIY110 has not carried on any business activities since its incorporation date and up to the Latest Practicable Date. Upon incorporation and up to the Latest Practicable Date, the shareholding structure of DIY110 was as follows:

Name of shareholder(s)	Number of shares held/shareholding %
Dadi Education	<u>1/100%</u>
Total	<u><u>1/100%</u></u>

There was no revenue and profit contribution to the Group by DIY110 during the Track Record Period given DIY110 did not carry out operation in the same period.

Red City (BVI)

Red City was incorporated in the BVI with limited liability on 17 July 2015 with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1 each. On 15 October 2015, one fully paid ordinary share of Red City, representing the entire issued share capital thereof, was allotted and issued to Grand Courage at par. After the aforesaid allotment and issue, Red City was 100% held by Grand Courage.

As part of the Reorganisation, on 18 April 2016, our Company acquired from Grand Courage one share of Red City and as consideration, (i) the one nil-paid Share held by Grand Courage was credited as fully paid; and (ii) 9,999 Shares, all credited as fully paid at par were allotted and issued to Grand Courage. Following completion of the aforesaid share transfer, Red City became a direct wholly-owned subsidiary of our Company.

Red City is an investment holding company and it has not carried on any business activities since its incorporation date and up to the Latest Practicable Date.

Quest Point (BVI)

Quest Point was incorporated in the BVI with limited liability on 1 July 2015 with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1 each. On 15 October 2015, one fully paid ordinary share of Quest Point, representing the entire issued share capital thereof, was allotted and issued to Red City at par. After the aforesaid allotment and issue, Quest Point was 100% held by Red City.

Quest Point is an investment holding company and it has not carried on any business activities since its incorporation date and up to the Latest Practicable Date.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Legend Focus (BVI)

Legend Focus was incorporated in the BVI with limited liability on 18 August 2015 with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1 each. On 15 October 2015, one fully paid ordinary share of Legend Focus, representing the entire issued share capital thereof, was allotted and issued to Red City at par. After the aforesaid allotment and issue, Legend Focus was 100% held by Red City.

Legend Focus is an investment holding company and it has not carried on any business activities since its incorporation date and up to the Latest Practicable Date.

REORGANISATION

In preparation for the Listing, the companies comprising our Group underwent the Reorganisation whereby our Company became the ultimate holding company of our Group. The Reorganisation involves the following major steps:

Incorporation of Red City, Quest Point and Legend Focus

Each of Red City, Quest Point and Legend Focus was incorporated in the BVI with limited liability on 17 July 2015, 1 July 2015 and 18 August 2015 respectively. At the time of incorporation, each of the three companies had an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1 each. For further details of Red City, Quest Point and Legend Focus, please refer to the paragraph headed “Our Corporate History — Our Subsidiaries” in this section.

Acquisition of Dadi Education by Quest Point and Time Pace by Legend Focus

On 11 January 2016, Quest Point acquired 9,000 shares (representing 90% of the entire issued share capital of Dadi Education) and 1,000 shares of Dadi Education (representing 10% of the entire issued share capital of Dadi Education) from Chung’s Capital Resources and Mr. Chung, respectively, each at nominal consideration. After completion of the aforesaid share transfers, Quest Point held 10,000 shares of Dadi Education (representing the entire issued share capital of Dadi Education) and Dadi Education became a direct wholly-owned subsidiary of Quest Point.

On 11 January 2016, Legend Focus acquired 9,000 shares (representing 90% of the entire issued share capital of Time Pace) and 1,000 shares of Time Pace (representing 10% of the entire issued share capital of Time Pace) from Dadi Education and Mr. Chung, respectively, each at nominal consideration. After completion of the aforesaid share transfers, Legend Focus held 10,000 shares of Time Pace (representing the entire issued share capital of Time Pace) and Time Pace became a direct wholly-owned subsidiary of Legend Focus.

Incorporation of our Company

On 19 October 2015, our Company was incorporated in the Cayman Islands with limited liability. At the time of its incorporation, our Company had an authorised share capital of HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each, of which one nil-paid Share was allotted and issued to the initial subscriber, Reid Services Limited, which was then transferred to Grand Courage on the same day.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

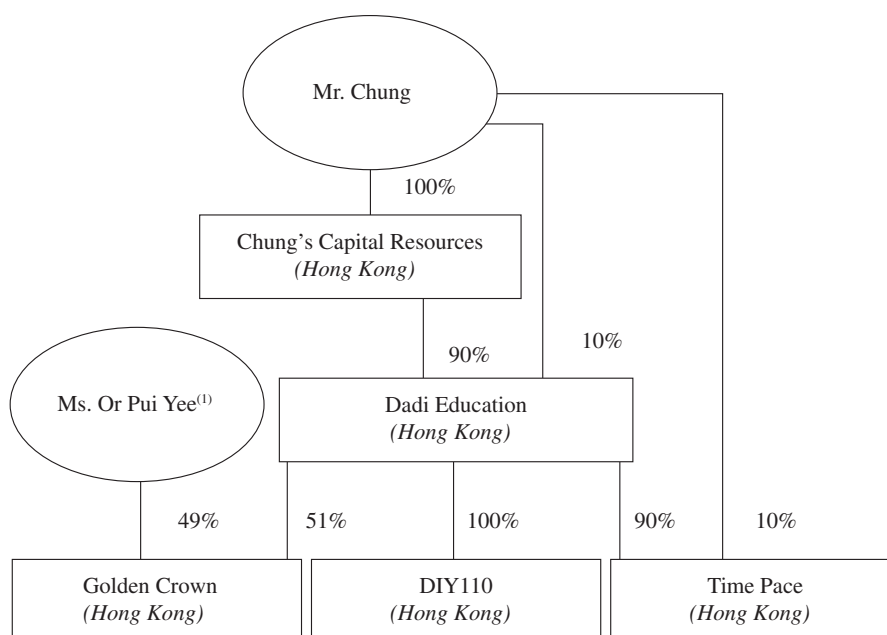
Acquisition of Red City by our Company

On 18 April 2016, Grand Courage, as vendor and our Company, as purchaser, entered into a sale and purchase agreement, pursuant to which our Company acquired one share of Red City (representing the then entire issued share capital of Red City) from Grand Courage, and as consideration, (i) the one nil-paid Share held by Grand Courage was credited as fully-paid; and (ii) 9,999 Shares, all credited as fully paid at par were allotted and issued to Grand Courage.

After completion of the aforesaid share transfer, our Company held one share of Red City (representing the then entire issued share capital of Red City), and our Company then became the holding company of other members of our Group.

OUR CORPORATE STRUCTURE

Set out below is the corporate structure of our Group immediately before the Reorganisation:

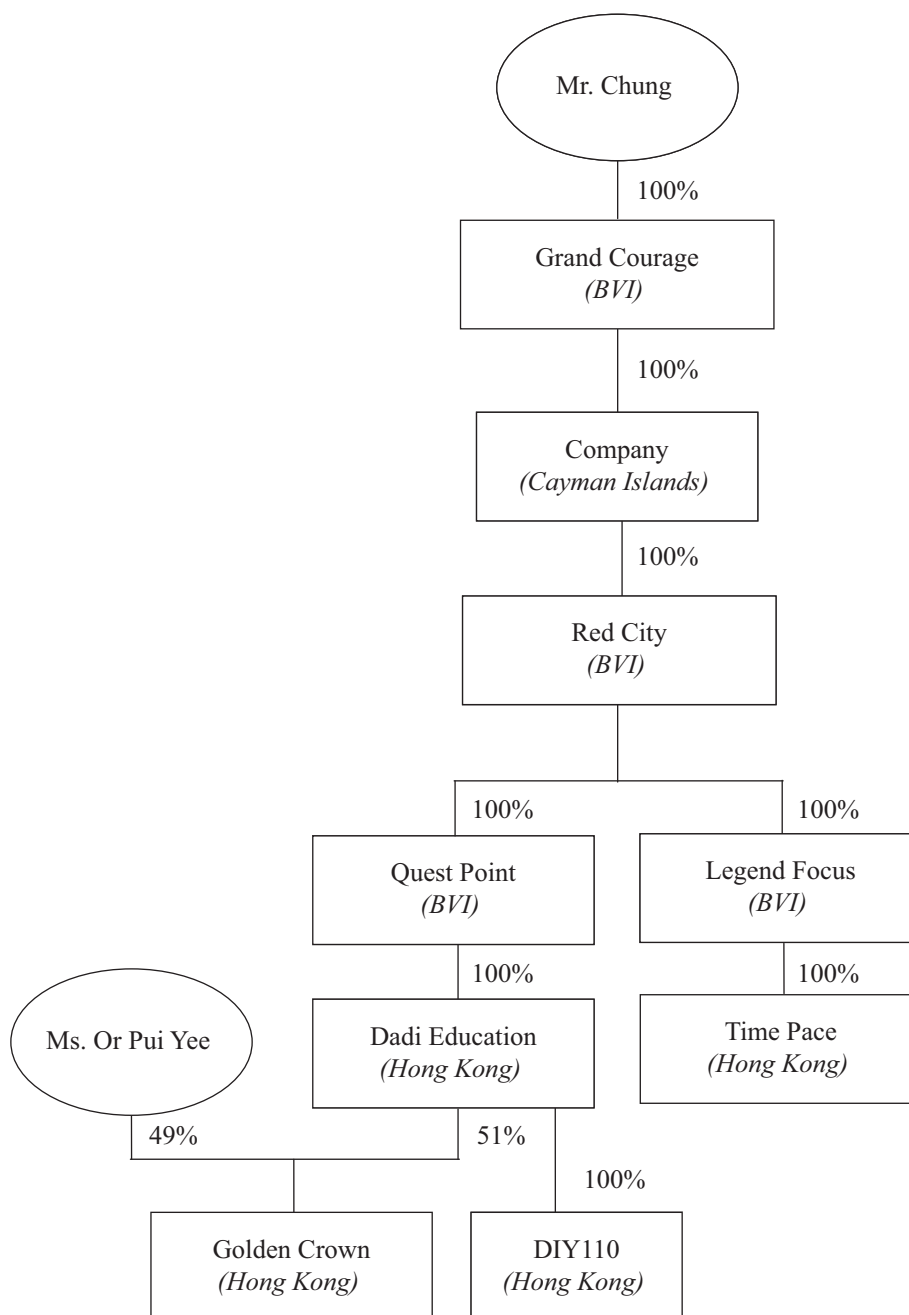


Note:

1. Ms. Or Pui Yee is a minority shareholder and one of the directors of Golden Crown.

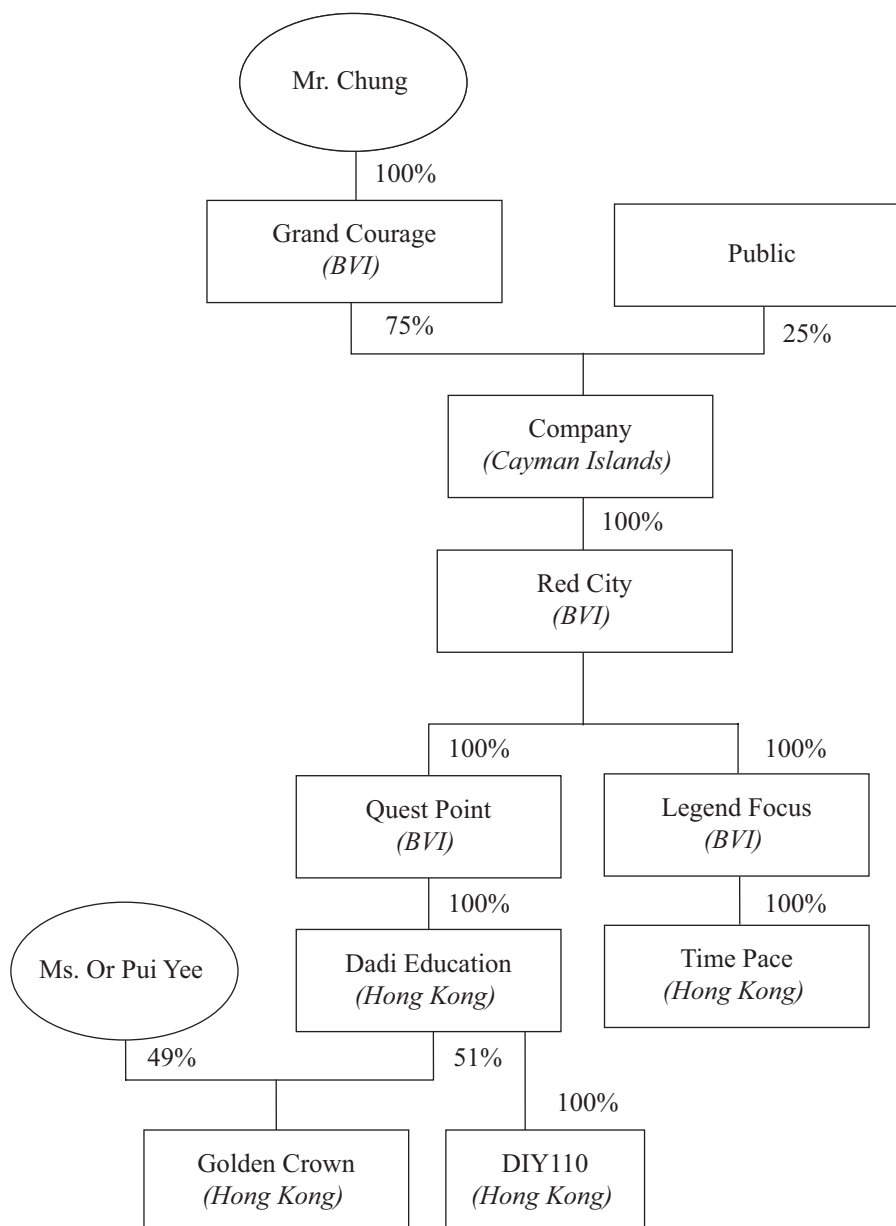
HISTORY, REORGANISATION AND CORPORATE STRUCTURE

The following diagram sets out the corporate structure of our Group immediately after completion of the Reorganisation but before completion of the Capitalisation Issue and the Share Offer:



HISTORY, REORGANISATION AND CORPORATE STRUCTURE

The following diagram sets out the corporate structure of our Group immediately after completion of the Capitalisation Issue and the Share Offer without taking into account any Shares which may be issued upon exercise of any options that may be granted under the Share Option Scheme:



OVERVIEW

We are one of the leading overseas studies consultancy services providers in Hong Kong. Our network consists of education providers from all over the world. Nevertheless, we mainly serve local students who are seeking secondary education and higher education studies in the UK, Australia and Canada during the Track Record Period. According to the Industry Report, we are the sixth largest overseas studies consultancy services provider in Hong Kong (with approximately 7.6% of the market share) in terms of revenue generated from the provision of overseas studies consultancy services to local students in Hong Kong for secondary education and higher education studies in the UK, Australia and Canada in 2015.

We principally provide free overseas studies consultancy services to students in Hong Kong who are seeking overseas studies. In return for our successful student placements with overseas education providers in our network, we receive commission income from such overseas education providers according to the terms of their agency agreements with us. During the Track Record Period, most of our commission income was generated from our successful student placements in secondary education and higher education providers in the UK, Australia and Canada.

Due to our business model, our customers are primarily overseas education providers that pay commission income to us for our student placement service. Our Directors consider that such arrangement will not lead to conflicts between us and the students because (i) our focus is to provide appropriate guidance and relevant information to the students according to their own preferences, personal circumstances as well as their academic suitability for the study programme and the final decision for overseas studies location, education providers and study programmes is made by students and further subject to the offer provided by the overseas education provider; (ii) we aim to act in an honest, ethical and responsible manner during the student assistance process and this is also generally required of us by the overseas education providers according to the agency agreements; and (iii) our Group is dedicated in providing a wide range of choices in quality study programmes to the students through performing our own due diligence such as site visit and desktop research on the overseas education providers in our network and when we decide to add new partners to our network. For further details of our measures in managing conflicts of interest between us and students, please refer to the paragraph headed “Our business model — Managing potential conflicts of interest” in this section.

Our network currently consists of overseas education providers from all over the world including the UK, Australia, Canada, US and New Zealand and across different education levels. The overseas education providers in our network include, or cooperate in their studies programme with, a number of prestigious universities (nine of which are ranked among the top 100 of the universities in the QS World University Rankings 2015/16) and a number of reputable UK secondary schools (four of which are ranked among the top 50 schools in relation to the top independent secondary schools in the UK, according to The Sunday Times Schools Guide 2015). As at the Latest Practicable Date, we had entered into agency agreements with over 600 overseas education providers relating to over 700 schools within our network.

BUSINESS

We operated three branches in Mong Kok, Tsuen Wan and Wan Chai in Hong Kong as at the Latest Practicable Date under our brand “Dadi Overseas Studies Service Centre” (大地海外升學服務中心). We primarily rely on our counsellors in our branches to provide consultancy services to students and their parents and keep them up to date with relevant information in relation to their applications in our branches. As at the Latest Practicable Date, we had 13 counsellors.

We believe our brand has established goodwill and the quality of our services has gained recognition among overseas education providers in our network as demonstrated by the awards and recognitions granted to us by some of our top customers such as “Best Agent 2014 Award” for UK pathway programmes presented by Customer A in 2014 and “Best Performing Agent 2014” presented by Customer C in 2014 (for the background of these two major customers, please refer to the paragraph headed “Customers” in this section). Our Directors believe that the awards and recognitions presented to us by our business partners proved their recognition of our high quality of service.

During the Track Record Period, our revenue mainly comprised the commission income for our successful student placements with the overseas education providers in our network. For each of the years ended 31 March 2014, 2015 and 2016 and for the four months ended 31 July 2015 and 2016, our Group’s total revenue amounted to approximately HK\$22.8 million, HK\$25.0 million, HK\$25.4 million, HK\$4.4 million and HK\$5.2 million respectively. We recorded net profits of approximately HK\$11.3 million, HK\$12.1 million, HK\$9.2 million, HK\$1.3 million and HK\$0.5 million respectively in the same period.

COMPETITIVE STRENGTHS

Our Directors believe that the following key competitive strengths are crucial to our continued success and essential for our future growth:

Long history and experienced senior management team

According to the Industry Report, recommendation from friends and family is one of the most important aspects of consideration for prospective students or their parents in their selection of overseas studies consultancy. Having a good reputation increases the possibility of recommendation by students who previously benefited from our consultancy services. Overseas studies consultancies that have long establishment history, good track record and good reputation are more likely to attract new students or their parents based on word of mouth of students or their parents who used the services and therefore ensure a stable revenue stream. Our history can be traced back to 1990 when our founder Mr. Chung engaged in the educational consultancy business in Hong Kong through our predecessor entities using our brand (for further details, please refer to the section headed “History, Reorganisation and corporate structure” of this prospectus). Through our quality of service and continued marketing effort, our Directors believe that we have established our reputation as a reliable overseas studies consultancy services provider in Hong Kong.

Our senior management team is experienced and dedicated and it is familiar with various aspects of the overseas studies consultancy business, such as relationship management with students and overseas education providers, study programmes application, marketing as well as local and overseas education policy trend. In particular, Mr. Chung, our chairman and the founder of our Group, has worked in the overseas studies consultancy industry for over 25 years. For details of the experience of our directors and senior management team, please refer to the section headed “Directors, senior management and staff” of this prospectus.

Under the leadership of our Directors and senior management, we have successfully grown our business by expanding network of overseas education providers thereby giving us more opportunities to assist students and enhancing our market presence throughout the years and have become one of the leading overseas studies consultancy services providers in Hong Kong.

Large network of overseas education providers and strong relationship with our major five customers

Our customers primarily comprise of overseas education providers from all over the world including the UK, Australia, Canada, US, New Zealand and which offer a wide range of study programmes across different education levels. As at the Latest Practicable Date, our Group had entered into agency agreements with over 600 overseas education providers relating to over 700 schools within our network. Engagement with a variety of overseas education providers allows us to be in a competitive position in the industry by (i) allowing us to offer a variety of choices to satisfy the needs of students and their parents with different profile and preferences; (ii) timely obtaining updates with regard to the development of overseas education policies of the countries in which the overseas education providers in our network reside; and (iii) broaden the base of the potential students whom we can serve and ensure stable revenue stream by reducing our reliance on particular customers or particular overseas studies locations. Despite the size of our network, we have built a strong relationship with our major customers over the years. Our Group has been in a business relationship with most of our top five customers during the Track Record Period for over five years (except with an overseas education provider, being our fifth, fifth, fourth and sixth largest customer for the years ended 31 March 2014, 2015 and 2016 and for the four months ended 31 July 2016 respectively, which provided a termination notice to us that took effect in April 2016 and another overseas education provider, being our seventh, tenth, seventh and fifth largest customer for the same period respectively, which we built business relationship since 2013).

Stability and competence of our counsellors

Since our counsellors provide consultancy services to students and their parents and liaise and manage our relationship with the overseas education providers in our network from day to day, our success relies to a significant extent on the stability and competence of our counsellors. Our Directors believe that the trainings and development opportunities provided by our Group to the counsellors are essential for the counsellors to provide quality services to both the overseas education providers and the students and their parents.

BUSINESS

Our counsellors are well-educated with a majority of them having previously studied outside of Hong Kong and holding either a bachelor's degree or a master's degree as at the Latest Practicable Date. The following table shows the details of education levels of our counsellors as at the Latest Practicable Date:

	Counsellors	Percentage of total
Number of counsellors with bachelor's degree	4	30.8%
Number of counsellors with master's degree	6	46.2%
Others ^{Note}	3	23.0%
Total	13	100.0%

Note: Two of the three counsellors have completed secondary education and one held higher diploma from a school in Switzerland. Each of the three counsellors has been working in our Group for over four years.

Our Directors believe that the success of our consultancy services depends on the ability and competence of our counsellors (a) to understand the needs of students and their parents; (b) to be familiar with every detail including ranking, study programmes offered, study and living environment, and facilities of all the overseas education providers in our network; (c) to select and recommend suitable overseas education providers and programmes to match the parents' and students' expectations; (d) to assist students with their applications to the overseas education providers; and (e) to provide follow-up services to the students and their parents as required.

Our Group provides a series of training to enable our counsellors to serve the students and their parents in an efficient way such as basic training, on-the-job training and familiarisation visit to overseas education providers (for further details, please refer to paragraph headed "Quality assurance" in this section).

During the Track Record Period, we had a strong relationship with our staff including our counsellors. Our average counsellor turnover rates were approximately 31%, 7%, 23% and nil for the years ended 31 March 2014, 2015 and 2016 and for the four months ended 31 July 2016 respectively and the number of counsellors at the end of the year/period during the Track Record Period was relatively stable. Being the major contact point of the students, their parents and the overseas education providers in our network, having a relatively stable number of counsellors means we are able to maintain our service levels with minimal disruption to students, their parents and overseas education providers thereby raising their confidence in us.

Strong brand name recognition in the overseas studies consultancy industry

Our Directors believe that we have built a strong brand name among both Hong Kong students seeking overseas education on the one hand and overseas education providers wishing to attract such group of students on the other hand. Our Directors' belief of the awareness of our brand by students is supported from their own experiences of word of mouth referrals from students and their parents who previously benefited from our consultancy services through the years. Our Directors' belief of the awareness of our brand by overseas education providers is supported by our long history in overseas education industry, continuing relationship with them and the awards received from them including "Best Agent 2014 Award" and "Best Performing Agent 2014" (for further details of these two awards,

please refer to the paragraph headed “Awards and recognitions” below in this section). With such recognition, our Directors believe we are able to establish our strong market position as one of the leading overseas studies consultancy services providers in Hong Kong.

Our Directors are of the view that our strong brand name recognition can facilitate continued success of our Group. Our Group has operated in the overseas studies consultancy industry under our brand “Dadi Overseas Studies Service Centre” (大地海外升學服務中心) in Hong Kong for a number of years. Our branches are located in different major districts in Hong Kong such as Wan Chai in Hong Kong Island, Mong Kok in Kowloon and Tsuen Wan in New Territories and they allow prospective students and their parents easy access to our services. Our brand name is recognised in Hong Kong as we proactively enhance the public awareness of our brand through advertisements in subway stations, bus shelters, on television, radio and internet. Our Group also organises fairs on our premises during the year which allow students and parents to meet and question representatives of overseas education providers in our network directly in relation to their preferred study programmes and other information.

OUR BUSINESS OBJECTIVE AND STRATEGIES

Our business objective is to leverage on our competitive advantages to expand our operation scale and increase our profit so as to strengthen our market position in the overseas studies consultancy industry in Hong Kong. For further details on the commercial rationale of the Listing and the justification of our business strategies, please refer to the section headed “Future plans and use of proceeds — Reasons for the Listing” of this Prospectus. We intend to achieve our business objective by the following strategies:

Expand and renovate our existing branches

We intend to expand our Mong Kok headquarter by approximately 1,000 sq. ft through leasing of additional office area in the vicinity. This will allow us to accommodate additional counsellors and supporting staff in our headquarter for our business expansion after Listing.

We also intend to renovate all of our three branches so as to accommodate additional counsellors and improve their functionality. Such renovation will involve redesign of our branches and procurement of ancillary equipment and facilities such as video conference systems.

We believe such expansion and renovation would increase our service capacity, enhance our operational efficiency and service quality, elevate our brand image and expand our revenue stream by accommodating additional counsellors as discussed below.

Employ additional counsellors and supporting staff

In support of our expansion of our headquarter and operational scale, we intend to hire four additional counsellors, five administrative staff, two IT staff, three marketing staff and one accounting staff by 30 September 2017.

We believe the hiring of additional counsellors will directly enhance our potential commission revenue generated. Based on (i) the historical yearly average new placement in secondary education programmes and higher education programmes per each of our counsellor for the three years ended 31 March 2016 (being the three years average of (a) the total number of new placement in secondary

education programmes and higher education programmes for a year divided by (b) the average number of our counsellors in the same year (i.e. the average of number of our counsellors at the beginning and ending date of each year)) of approximately 63 placements and (ii) our commission received per successful student placement for secondary education programmes and higher education programmes of approximately HK\$17,000 for the year ended 31 March 2016, the additional full year revenue generated from each and four additional counsellors for the new placement in secondary education programmes and higher education programmes are expected to be approximately HK\$1.07 million and HK\$4.3 million respectively. Besides potential additional revenue generated, such additional counsellors to be employed will also ensure better quality of our services provided to students in particular during peak seasons of service such as around September to October and/or around January to March. Additional counsellors will allow us to allocate less cases to each counsellor, thereby giving counsellors more time to understand better the preferences of the students, to monitor changes in the students' circumstances during the enrolment process and to more closely follow-up on individual cases. We believe such improvement in the quality of our service will increase the chances of successful matchings.

Expansion in manpower of other supporting staff will also share certain workload of our existing counsellors who currently need to be responsible for other administrative areas of operation so as to allow our counsellors to mainly focus on providing consultancy services to the prospective students. We also believe that the hiring of supporting administrative staff will enhance our internal control given that the implementation of internal control procedures requires significant administrative works such as ensuring proper day to day record keeping and monitoring of systems. Furthermore, the additional administrative staff will also assist us in relation to our compliance with necessary regulatory filing requirements such as forms to be filed under the Companies Ordinance and notices to be given under the Inland Revenue Ordinance and minimise the risks of any non-compliance in the future.

Strengthen our brand awareness

According to the Industry Report, since 2008 to 2015, application through overseas studies consultancy in Hong Kong was the most common application methods pursued by the prospective students but such application method only represented approximately 46.7% of the total applications of overseas higher education and secondary education studies during the period. Given the total number of Hong Kong students who studied in UK, Australia and Canada have been increasing from approximately 41,065 students in 2011 to approximately 51,247 students in 2015, our Directors believe that the percentage of students applying through overseas studies consultancy can further increase in the future if more students become aware of the benefits of the overseas educational consultancy services particularly given such consultancy services are generally free for students. Leveraging on our considerable experience in the industry and the extensive network of overseas education providers, our Directors believe that additional marketing efforts would greatly enhance our Group's ability to grasp the potential opportunities that still exist in this market.

According to the Industry Report, competitors in the overseas studies consultancy service industry in Hong Kong mainly compete, among others, through reputation. We therefore intend to strengthen our brand awareness among prospective students and their parents and enhance our market position among the industry competitors in the overseas studies consultancy industry in Hong Kong by carrying out more extensive marketing activities which involve placing advertisements through a range of advertising platforms including MTR stations, bus shelters, body of minibus and bus, newspapers, magazines, television as well as on the internet. We also plan to engage a spokesperson for our Group in order to

further elevate our brand image in different aspects. We believe our extensive marketing campaign can elevate the brand awareness among our prospective students and their parents and boost their confidence in our services. The success of our marketing activities also allows us to expand our operation scale effectively by attracting more potential students and their parents seeking our services and directly enhance our revenue and corresponding market position.

Expand our network of overseas education providers

We intend to proactively arrange site visit to potential overseas education providers for our counsellors to explore new business partners and expand our existing network of overseas education providers in order to continue providing a range of quality choices of overseas education providers for prospective students and their parents to consider, thereby increasing our chances in successful placements. By the successful Listing of the Company, our Directors also believe that the overseas education providers shall be more likely to do business with our Group given our greater transparency, stricter relevant regulatory supervision and higher level of stability financially in light of additional avenues to raise necessary funds for operation and expansion. Leveraging on such listing status, our Directors also believe that we will be able to partner with the overseas education providers of higher quality and also enjoy more favourable terms in formulating the agency agreements with the existing and new overseas education providers. By partnering with the prestigious overseas education providers, our market position can be further enhanced as well in the eyes of the potential students and their parents. Moreover, by offering more choices of overseas education providers, our Directors also believe that our business will further expand as more potential students and their parents will be attracted and the chance of successful matching of a student and an appropriate overseas education provider is increased. This continued strategy also allows us to adapt to changing market preferences in response to the rising popularity of certain overseas education providers or study programmes for overseas studies from time to time.

Enhance our IT system

We intend to upgrade our existing IT systems, in particular in relation to student relationship management and commission calculation and tracing. With the new system in place, we believe we will be able to make it easier for our senior management to closely monitor and manage each student's case and calculate the corresponding commission revenue in particular the Recurring Commission generated from them from time to time.

We expect this upgrade and continuing maintenance can enhance the quality of our service and our operational efficiency for our expansion after Listing. We will also re-design our webpage for marketing purposes and complying with additional disclosure requirements under the GEM Listing Rules.

Hold large scale exhibitions

During the Track Record Period, we hosted a number of fairs on our premises including the three main overseas studies fairs during the year in our Mong Kok branch which allow students and their parents to meet and question representatives of overseas education providers in our network directly in relation to their preferred study programmes and to gather other information (for further details on such fairs, please refer to the section headed "Business — Sales and marketing" of this prospectus).

BUSINESS

After Listing, we intend to hold such large scale exhibitions outside our venues with sufficient size including in hotels and exhibitions centres in Hong Kong thereby able to accommodate more participants and which we believe will also increase the prestige of such events. These exhibitions are expected to accommodate displays of approximately 35 overseas education providers as compared to approximately 15 overseas education providers in our own premises and we will also hire additional part-time staff to assist our regular staff in organising such exhibitions. As part of our hosting duties, we will assist representatives of overseas education providers to find suitable accommodation in Hong Kong during the period of the fair.

We believe such large scale exhibitions will increase our prestige in the industry and goodwill and strengthen our relationship with overseas education providers which attend such exhibitions by demonstrating our commitment to promote them through such promotional activities. We further believe that by allowing for additional participants, we are able to increase the chances of successful matching thereby improving our business prospects.

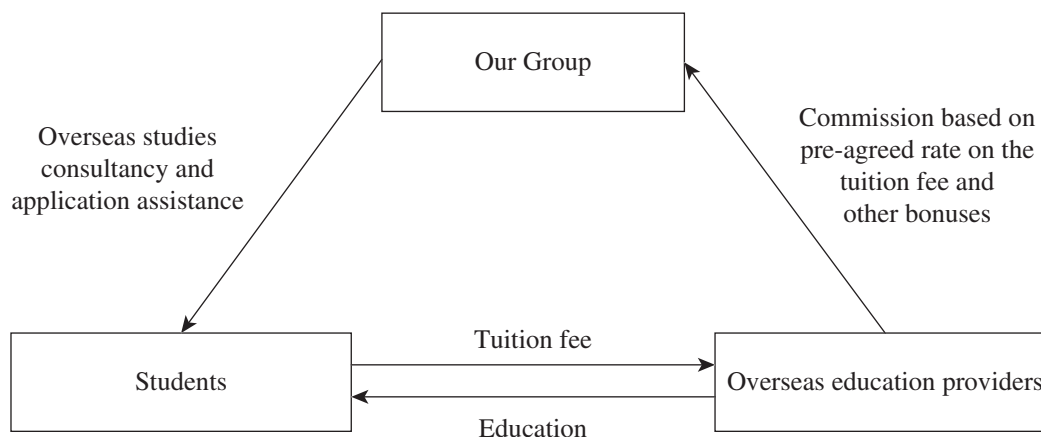
Implementation of business strategies

We plan to implement the above business strategies by stages on or before 30 September 2020. We plan to finance such expenditure by the proceeds from the Share Offer. If there is deficiency in funding, such expenditure would be financed by our internal resources. For further details on the implementation of the above-mentioned business strategies, please refer to the section “Future plans and use of proceeds” of this prospectus.

Based on (i) the potential for growth as our current market share of approximately 7.6% for 2015; (ii) the percentage of students applying through overseas studies consultancy can still increase if more students become aware of the benefits of the overseas educational consultancy services; (iii) the continued expansion of our network of overseas education providers to increase chances of successful placements; and (iv) the expected marginal growth of the total revenue from successful student placement services from Hong Kong to secondary education institutions and higher education institutions in UK, Australia or Canada in the industry from 2015 to 2020 according to the Industry Report, we believe that our business strategies will allow us to grasp the opportunities and strengthen our market position in the industry.

OUR BUSINESS MODEL

The simplified diagram below illustrates our existing business model:



Under our business model, we first establish business relationships with the overseas education providers by entering into agency agreements with them which stipulate including but not limited to (i) incentive schedules for different study programmes; (ii) payment terms; and (iii) responsibilities of each party (for details of the major terms of our typical agency agreement we entered into with the overseas education providers, please refer to the paragraph headed “Customers — General terms of agency agreement with our customers” in this section). Then, we provide consultancy services to prospective students and their parents. We strive to match students in Hong Kong who are seeking overseas studies with the appropriate overseas education providers based on each individual student’s preferences and personal circumstances as well as such student’s suitability for the relevant academic programme.

We deliver our consultancy services to the students through our counsellors on, among others, (i) study locations; (ii) academic requirements of study programmes; (iii) applications for the study programmes; and (iv) accommodation and travelling arrangements (for details of our consultancy services to students, please refer to paragraph headed “Student consultancy and assistance process” in this section).

Students pay tuition fees for the relevant study programme to the overseas education providers directly. We do not generally charge the students we assisted. Instead, in return for our successful student placements with overseas education providers in our network, we receive commission income from such overseas education providers according to the terms of their agency agreements with us. The major terms of our agency agreements with overseas education providers are generally determined by such overseas education providers according to their standard form offered to their agents, subject to further negotiation between us. Accordingly, the form of the commission income is generally determined by them and they may offer different terms for each of their study programmes they offer and/or the schools they operate. During the Track Record Period, the amount of our commission income generated from our successful placement of students to higher education programmes through direct enrollment instead of foundation and pathway programme is generally equal to a percentage of the tuition fees payable by the students for the first year of such programmes. Such commission income is payable to us by the relevant overseas education providers at the commencement of the programmes in general. For either (i) other higher education programmes that require completion of a foundation and pathway programme or (ii) secondary education programmes, the amount of our commission income is generally

equal to a percentage of the tuition fees payable by the students in specific years during their period of study in such programme. Such commission income is payable to us by the relevant overseas education providers at the commencement of each semester of the programmes and we usually fully recognised our commission income within three years from the commencement of such study programmes in accordance to the terms of agency agreements. Only a smaller portion of our commission income is in the form of a fixed fee per successful student placement during the Track Record Period. Our Group is also entitled to performance related bonuses when our Group is able to meet a certain number of student placements specified by such overseas education provider during a particular year with such bonuses generally calculated at fixed amount per successful student placement up to the certain number. Nevertheless, the targets set by the overseas education providers are not binding in nature and there is no legal or financial liability to our Group if the targets are not met.

Due to our business model, our customers are primarily overseas education providers that pay commission income to us for students placed by us. Our Directors consider that such arrangement will not lead to conflicts between us and the students because (i) our focus is to provide appropriate guidance and relevant information to the students we assisted according to their own preferences, personal circumstances as well as their academic suitability for the study programme and the final decision for overseas studies location education provider and study programmes is made by students and further subject to the offer provided by the overseas education provider; (ii) we aim to act in an honest, ethical and responsible manner during the student assistance process and this is also generally required of us by our overseas education providers according to the agency agreements; and (iii) our Group is dedicated in providing a wide range of choices in quality study programmes to the students through performing our own due diligence such as site visit to the schools and desktop research on the overseas education providers in our network and when we decide to add new partners to our network.

Managing potential conflicts of interest

Our Directors believe that we and our counsellors can provide appropriate advice to students and not to be unduly influenced by the amount of commission even when the students has obtained offers from various overseas education providers which offer to us different commission income given (i) it is our practice not to disclose the schedule of commission rates offered to us by different overseas education providers in our network to our counsellors; (ii) our reputation among students and overseas education providers will be damaged if we provide inappropriate advice thereby affecting our Group's future prospects in the long run; (iii) our commission income is also based on continued enrolment in the study programme by the students and therefore mismatch may cause our Group not to receive recurring commission if the students are not able to progress their studies continually; (iv) in our experience, students and their parents have their own preferences for their courses of studies which are identified by us in the simple walk-in form filled prior to our consultation (for details of our consultancy process, please refer to the paragraph headed "Student consultancy and assistance process" in this section) and they may conduct additional research themselves so significant discrepancies between our counsellors' recommendations and their preferences may reduce their likelihood of continue seeking our counselling thereby reduce the likelihood of receiving a commission by us for successful matching. Our Directors are of the view that the final application decision and whether an offer is granted are outside our and our counsellors' control given that students and parents have final decision on which courses to enroll and subject to satisfaction of the overseas education provider of the credentials of the students, and the overseas education providers have the final decision on whether to provide an offer to the students. Our Directors further believe that due to the revenue being primarily denominated in foreign

currencies, fluctuations in foreign exchanges rates from time to time may affect the commission amount received by us converted in HKD and the amount we thereafter pay to counsellors in HKD and therefore may partially offset the differences in commission between overseas education providers. Accordingly, due to the many uncertainties outside of our and our counsellors' control including those mentioned above, in our Directors experience, we and our counsellors rather focus on providing appropriate advice which can generate goodwill and further recommendations from students and parents in the long run than any short term benefits.

Nevertheless, we have our own internal review process to identify, address and mitigate such potential conflicts. For example, our branch managers conduct bi-weekly checks of student files to review, among others, the preferences of the students or parents stated in the initial walk-in form with the final recommendations by our counsellors and if they note any major discrepancies in between, they will follow-up with the relevant counsellor. To further enhance this procedure and after taking into account the recommendations made by CT Partners, in December 2016, we established a counselling control committee initially comprising of three members namely Mr. Chung and Mr. Mok, being two of our executive Directors, as well as Ms. Chung Ka Ming, our chief sales manager and education counsellor and member of our senior management who has over five years of experience in the counselling process (for their experience and qualifications, please refer to the section headed "Directors, senior management and staff" of this prospectus). Mr. Mok will serve as the chairman of the committee. This committee will further perform annual sample checks of student files across all our branches to ensure applications made for the students are performed in an honest, ethical and responsible manner. To allow the committee to evaluate our counsellors' advice efficiently, we will also require our counsellors to record their rationale underlying their advice to students. Based on their findings, it may take appropriate disciplinary actions against the relevant counsellors (such as written warnings and claw-back of commission) according to the seriousness of unethical manner during the student assistance process.

Under our previous practice, we will inform students that we may receive commission from overseas education providers for successful referral if asked by the students. In order to improve transparency on our arrangements with our customers, in December 2016, we added relevant disclosure in our revised walk-in forms to inform students that we receive commission from overseas education providers upon successful placement and the commission payable to us by different overseas education providers and different programmes may vary.

OUR NETWORK OF OVERSEAS EDUCATION PROVIDERS AND STUDY PROGRAMMES

Over our long history in the overseas studies consultancy industry, we have established a wide network of overseas education providers which offer a wide range of study programmes so as to increase the likelihood of our successful match of the overseas education providers with the prospective students who are differed in their needs, preferences and academic background. As at the Latest Practicable Date, we had entered into agency agreements with over 600 overseas education providers relating to over 700 schools within our network.

Our network currently consists of overseas education providers from all over the world including UK, Australia, Canada, US and New Zealand. Among which, overseas education providers in the UK and Australia are the most popular destinations enquired by students and their parents in Hong Kong traditionally and therefore overseas education providers from these two countries contributed to a

BUSINESS

majority of our revenue during the Track Record Period. The overseas education providers within our network offer a wide range of study programmes across different education levels but particularly in (i) secondary education for students normally of age 12 and older (e.g. UK boarding school programmes), (ii) higher education for students normally of age 16 and older (e.g. college's foundation studies, diploma, undergraduate and post-graduate programmes) and, (iii) short term courses (e.g. English language and summer courses). The following table sets out the breakdown of our revenue according to the study programmes and the geographic location of the overseas education providers for each of the years/periods indicated:

	For the year ended 31 March						For the four months ended 31 July			
	2014	2015		2016			2015	2016		
	HK\$'000	% of total	HK\$'000	% of total	HK\$'000	% of total	HK\$'000	% of total	HK\$'000	% of total
UK										
Secondary education programmes	5,385	23.6	5,901	23.6	5,402	21.3	1,548	35.5	1,676	32.1
Higher education programmes	7,825	34.3	7,410	29.6	7,134	28.1	505	11.6	566	10.9
Short term courses	24	0.1	116	0.5	40	0.2	—	—	39	0.8
Bonus	229	1.0	1,067	4.2	569	2.2	—	—	133	2.6
Subtotal — UK	13,463	59.0	14,494	57.9	13,145	51.8	2,053	47.1	2,414	46.3
Australia										
Secondary education programmes	982	4.3	1,026	4.1	1,118	4.4	330	7.6	467	9.0
Higher education programmes	5,164	22.6	5,677	22.7	7,268	28.7	1,293	29.7	1,807	34.7
Short term courses	18	0.1	33	0.1	62	0.2	26	0.6	23	0.4
Bonus	298	1.3	475	1.9	283	1.1	13	0.3	—	—
Subtotal — Australia	6,462	28.3	7,211	28.8	8,731	34.4	1,663	38.2	2,297	44.1
Canada										
Secondary education programmes	641	2.8	938	3.7	617	2.4	59	1.3	77	1.5
Higher education programmes	494	2.2	719	2.9	687	2.7	202	4.6	155	3.0
Short term courses	35	0.2	56	0.2	—	—	—	—	—	—
Bonus	—	—	—	—	—	—	—	—	—	—
Subtotal — Canada	1,170	5.2	1,713	6.8	1,304	5.1	260	6.0	231	4.4
US										
Secondary education programmes	397	1.7	218	0.9	314	1.2	15	0.3	4	0.1
Higher education programmes	258	1.1	543	2.2	825	3.3	34	0.8	93	1.8
Short term courses	31	0.1	52	0.2	73	0.3	14	0.3	7	0.1
Bonus	254	1.1	3	—	23	0.1	—	—	—	—
Subtotal — US	940	4.0	816	3.3	1,235	4.9	63	1.4	104	2.0
New Zealand										
Secondary education programmes	407	1.8	425	1.7	203	0.8	20	0.5	29	0.6
Higher education programmes	209	0.9	208	0.8	331	1.3	97	2.2	73	1.4
Short term courses	27	0.1	14	0.1	5	—	—	—	—	—
Bonus	—	—	—	—	—	—	—	—	—	—
Subtotal — New Zealand	643	2.8	647	2.6	539	2.1	117	2.7	102	2.0
Others										
Secondary education programmes	—	—	—	—	7	—	—	—	—	—
Higher education programmes	45	0.2	67	0.2	240	1.0	82	1.9	11	0.2
Short term courses	79	0.4	74	0.3	166	0.7	119	2.7	53	1.0
Bonus	33	0.1	22	0.1	—	—	—	—	—	—
Subtotal — Others	157	0.7	163	0.6	413	1.7	201	4.6	64	1.2
Total	22,835	100.0	25,044	100.0	25,367	100.0	4,357	100.0	5,213	100.0

Note: Others primarily consist of Singapore and countries in Europe other than UK.

BUSINESS

The overseas education providers in our network include a number of prestigious universities (nine of which are ranked among the top 100 of the universities in the QS World University Rankings 2015/16, or otherwise cooperate with such education providers in the foundation programmes provided by them) and a number of reputable UK secondary schools (four of which are ranked among the top 50 schools in relation to the top independent secondary schools in the UK, according to The Sunday Times Schools Guide 2015). For details of our relationship with the major overseas education providers, please refer to the paragraph headed “Customers” in this section.

We will continue to expand our network from time to time in response to the rising popularity of certain overseas education providers or study programmes for overseas studies particularly if our assistance to students leads us to certain potential education providers outside our current network. Our marketing department will perform our own due diligence on the potential new overseas education providers and on their respective study programmes. For details on our internal procedure before entering into agency agreement with new overseas education providers, please refer to the paragraph headed “Sales and marketing” in this section.

Set out below is the breakdown of number of our successful new placements by secondary education programmes and higher education programmes and by different countries for each of the years/periods indicated:

	For the year ended 31 March			For the four months ended 31 July	
	2014	2015	2016	2015	2016
UK					
Secondary education programmes	170	149	137	7	7
Higher education programmes	235	241	197	7	16
<i>Subtotal — UK</i>	<i>405</i>	<i>390</i>	<i>334</i>	<i>14</i>	<i>23</i>
Australia					
Secondary education programmes	47	43	49	15	15
Higher education programmes	202	255	338	60	86
<i>Subtotal — Australia</i>	<i>249</i>	<i>298</i>	<i>387</i>	<i>75</i>	<i>101</i>
Canada					
Secondary education programmes	39	67	45	2	3
Higher education programmes	30	61	37	6	5
<i>Subtotal — Canada</i>	<i>69</i>	<i>128</i>	<i>82</i>	<i>8</i>	<i>8</i>
US					
Secondary education programmes	19	7	18	3	0
Higher education programmes	25	37	35	0	6
<i>Subtotal — US</i>	<i>44</i>	<i>44</i>	<i>53</i>	<i>3</i>	<i>6</i>
New Zealand					
Secondary education programmes	17	20	5	0	3
Higher education programmes	14	9	14	5	4
<i>Subtotal — New Zealand</i>	<i>31</i>	<i>29</i>	<i>19</i>	<i>5</i>	<i>7</i>
Others					
Secondary education programmes	0	0	1	0	0
Higher education programmes	3	3	11	4	0
<i>Subtotal — Others</i>	<i>3</i>	<i>3</i>	<i>12</i>	<i>4</i>	<i>0</i>
Total	801	892	887	109	145

Note: Others primarily consist of Singapore and countries in Europe other than UK.

BUSINESS

The following tables set out the top five schools within our network by student placements during the Track Record Period:

Schools	Secondary education/ higher education	For the year ended 31 March 2014		
		No. of placements	% of total placements	Rank by placement
School A <i>Note 1</i>	higher education	15	1.87	1st
School B	secondary education	14	1.75	2nd
School C <i>Note 2</i>	higher education	13	1.62	3rd
School D	higher education	12	1.50	4th
School E <i>Note 3</i>	higher education	12	1.50	4th
School F	higher education	12	1.50	4th

Schools	Secondary education/ higher education	For the year ended 31 March 2015		
		No. of placements	% of total placements	Rank by placement
School C <i>Note 2</i>	higher education	28	3.14	1st
School G <i>Note 4</i>	higher education	25	2.80	2nd
School H <i>Note 5</i>	higher education	18	2.02	3rd
School F	higher education	17	1.91	4th
School D	higher education	16	1.79	5th

Schools	Secondary education/ higher education	For the year ended 31 March 2016		
		No. of placements	% of total placements	Rank by placement
School I <i>Note 6</i>	higher education	30	3.38	1st
School J <i>Note 7</i>	higher education	29	3.27	2nd
School C <i>Note 2</i>	higher education	22	2.48	3rd
School G <i>Note 4</i>	higher education	19	2.14	4th
School K <i>Note 8</i>	higher education	17	1.92	5th

Schools	Secondary education/higher education	For the four months ended 31 July 2016		
		No. of placements	% of total placements	Rank by placement
School K <i>Note 8</i>	higher education	7	4.83	1st
School I <i>Note 6</i>	higher education	6	4.14	2nd
School L	higher education	6	4.14	3rd
School M	higher education	5	3.45	4th
School J	higher education	5	3.45	4th

BUSINESS

Notes:

- (1) This is a school operated by Customer C, being one of our top five customers during the Track Record Period.
- (2) This is a school operated by Customer A, being one of our top five customers during the Track Record Period.
- (3) This is another school operated by Customer A, being one of our top five customers during the Track Record Period.
- (4) This is a school operated by Customer E, being one of our top five customers for each of the year ended 31 March 2014, 2015 and 2016 only.
- (5) This is a school operated by Customer B, being one of our top five customers during the Track Record Period.
- (6) This is Customer E, being one of our top five customers for each of the years ended 31 March 2014, 2015 and 2016 only.
- (7) This is Customer F, being one of our top five customers during the year ended 31 March 2016.
- (8) This is Customer H, being one of our top five customers during the four months ended 31 July 2016.

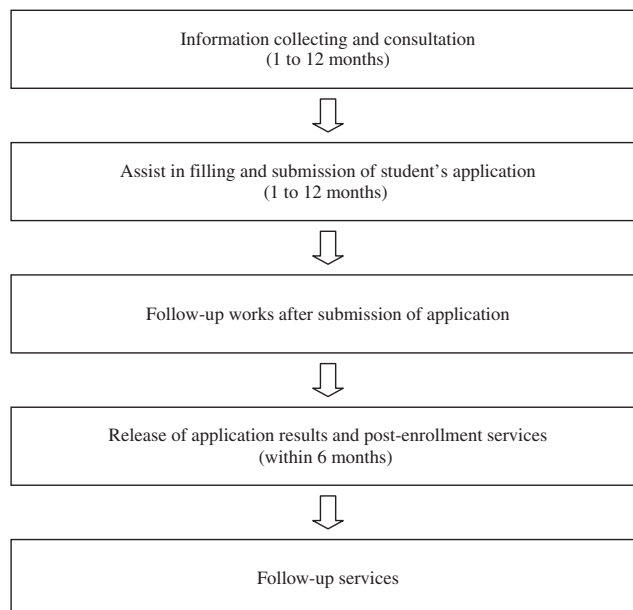
Given (i) the changes in the popularity of study locations, overseas education providers and study programmes for overseas studies from year to year due to various factors including among others, complexity in admission and immigration procedures, cost of overseas studies and living and local and global rankings of the schools, (ii) the low level reliance of our Group on individual school with our Group's top five schools for each of the years ended 31 March 2014, 2015 and 2016 and for the four months ended 31 July 2016, which only accounted for approximately 9.7%, 11.7%, 13.2% and 20.0% of our total number of placements respectively while the single largest school only accounted for approximately 1.9%, 3.1%, 3.4% and 4.8% of our total number of placements respectively; and (iii) the final choice resides with the student and the education provider and is therefore out of our control, the composition of the top five schools within our Group's network during the Track Record Period had been changed from period to period.

For further details of our top five customers during the Track Record Period, please refer to the paragraph headed "Customers — Top customers" in this section.

STUDENT CONSULTANCY AND ASSISTANCE PROCESS

Student consultancy and assistance process

Our student consultancy and assistance process generally follows the below pattern:



Information collecting and consultation

Based on our best understanding, students and their parents typically learn about us through word of mouth referrals from students and their parents who previously benefited from our consultancy services as well as through our promotional efforts including advertisements in subway stations, on television and on the internet and through our three major fairs hosted on our premises each year (for further details of our marketing efforts to students and their parents, please refer to the paragraph headed “Sales and marketing” in this section). They will typically come to our branches or contact us by phone for their preliminary enquiries and seek assistance from our counsellors in their researches for overseas education providers.

We will generally request the walk-in students and/or their parents to fill in a simple walk-in form which provides us with their (i) personal information such as contact methods, academic background; (ii) interest of studies including their preferred location of studies, types of study programmes and major of studies; and (iii) source of learning about our services so that we can make an initial assessment on the students and deliver appropriate recommendation to the students and allow us to provide any follow-up assistance throughout the student assistance process.

After the preliminary consultation, the students or their parents generally contact us again around the admission deadline dates for applications for overseas studies. Otherwise, we will proactively conduct follow-up calls to them based on our record of such deadline dates and based on whether they showed a high level of interest and determination during our consultation with them.

Our Directors believe that our historical success in matching students with overseas education providers was due to our (i) proactive follow-up with students and their parents and our provision of updated information to them in a timely manner, (ii) establishment of extensive network of overseas education providers and programmes offered to provide a wide range of choices to students with different needs, preferences and academic background; (iii) experienced counsellors who had in-depth understanding of relevant information such as the study programmes offered by the overseas education providers in our network. Please refer to paragraph headed “Competitive strengths” of this section for further details of our competitive strengths.

Subject to the readiness of the students and/or their parents and time needed for their decision making, such consultation period might last from one month to 12 months.

Assist in filling and submission of student’s application

Once the students have chosen which study programs they wish to apply for, we will guide students and their parents through various admission and documentary requirements and request that they provide such supporting documents for our checking and submission together with the application form. As part of our procedures to verify the personal information submitted by their students, we generally require the students to provide the originals of the following documents to check against their student information: (i) passport; (ii) public exam result slip (for applying to higher education programmes) or school certificates (for applying to secondary education programmes); and (iii) student visa (if applicable). These documents will then be scanned and copies saved in our system or kept in our records. We will help to submit the application to the overseas education providers on the students’ behalf. The students are primarily responsible for the accuracy and genuineness of the information of such submission. However, we are generally responsible for assisting overseas education providers in checking for any false statement or misrepresentations in the documentation for the application pursuant to our agency agreements with such overseas education providers. During the Track Record Period, we did not receive any claims from overseas education providers due to the inaccuracies of the information of such submission.

The application forms usually require us to input our identity so as to allow the overseas education providers to identify us for arrangement of payment of commission income for each successful placement. Alternatively, education providers may also identify us as the responsible consultancy for a student application as we regularly liaise with the staff of the overseas education providers to ensure the smooth processing of the specific student application and education providers normally require notification by the student of any changes in the consultancy assisting them. We generally only assist students who seek to apply to the study programmes offered by the overseas education providers in our current network. In cases where an overseas education provider is outside our network, we may refer such application to other overseas studies consultancy services providers who have entered into an agency agreement with such overseas education provider and we will share the relevant incentive payments. On the other hand, there are also cases where other local overseas studies consultancy services providers refer their consulted students to us. During the Track Record Period, revenue generated from these two circumstances was insignificant. In certain cases where we are assisting students apply to multiple overseas education providers with some of them in our network and some of them outside our network, we may still assist students on an ad-hoc basis in application of overseas education providers outside our network as our Directors believe that this practice enhances our brands

and provides us with meaningful insight into current preferences of students and their parents for studying overseas and the popularity of certain countries and specific overseas education providers when we decide to expand our network.

Our admission assistance generally takes one to 12 months and our assistance to each individual student may involve application(s) for one or a number of overseas studies programmes.

Follow-up works after submission of application

In cases where overseas education providers require an entrance test as the condition of admission, they may either organise it themselves or we will assist in arranging. In the latter cases, we will liaise with the relevant students for arranging the test or the overseas education provider may provide us with test papers and such tests will take place on our premises. Since September 2014 and up to the Latest Practicable Date, we had been an authorised test centre for UKiset which is a school entrance test generally required by many UK independent schools.

Release of application results and post-enrollment services

After our submission of the applications on behalf of the students, the admission office of the relevant overseas education providers will review the application and provide the application results within a period which could be as short as two to three days or as long as six months depending on each overseas education provider's internal review process.

Once the student accepts the offer, our counsellors will provide post-enrollment services including, among others: (1) remind the student to pay the necessary tuition fees and to follow the visa requirements necessary for overseas studies; (2) assist students to arrange school accommodation, homestay family and/or guardianship; (3) arrange for departure and pick-up service in the airport; and (4) organise "pre-departure" talk for the students to explain tips for travelling and studying abroad such as packing tips. We generated insignificant income from such post-enrollment services. Such income may arise when the relevant local provider such as certain guardianship service provider offers us with a fixed referral fee which we understand it is also offered by them to other parties. The students will generally pay the tuition fees for the study programme to the overseas education providers directly but we will request students provide us with payment evidence for our record.

Follow-up services

After the students commence their chosen study programmes, our counsellors will keep in touch with the students and provide further assistance as necessary and to the best of their ability such as in relation to administrative arrangements for the students' chosen study programmes. We may also try to offer assistance for those students who want to pursue further overseas studies after finishing their current programme when requested. We will record feedback from students to improve our consultancy services in the future.

BUSINESS

SEASONALITY

Our performance is subject to seasonality. Based on the terms of the agency agreements entered into between us and the overseas education providers, we generally record our commission income on or after the commencement date of the study programmes enrolled by the students and therefore our revenue tends to fluctuate during the year with reference to the commencement of the academic term particularly of the secondary education and higher education providers in the UK and Australia. During the Track Record Period, we recorded the highest revenues in September and October when most of the study programmes of the overseas education providers in UK and Australia generally commence followed by our second peak season from January to March for the spring intake for higher education, foundation and pathway programmes in the UK and Australia.

The table below sets out the breakdown of the Group's turnover by month for each of the years indicated:

	For the year ended 31 March 2014		For the year ended 31 March 2015		For the year ended 31 March 2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Apr	1,552	7	877	4	1,907	7
May	433	2	1,957	8	597	2
Jun	314	1	375	2	572	2
Jul	1,285	6	1,607	6	1,282	5
Aug	705	3	772	3	904	4
Sep	6,538	29	6,869	27	8,141	32
Oct	3,693	16	3,492	14	2,234	9
Nov	843	4	559	2	927	4
Dec	597	3	459	2	136	1
Jan	3,002	13	3,590	14	4,300	17
Feb	2,164	9	1,713	7	3,487	14
Mar	1,709	7	2,774	11	880	3
Total	22,835	100	25,044	100	25,367	100

SALES AND MARKETING

To our customers

Our sales and marketing department mainly comprises our counsellors which carry out sales and marketing duties and is overseen by our chief sales manager. We strive to expand our network of overseas education providers and the study programmes 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.

BUSINESS

Through our own regular research on the latest market news and trend, as well as the feedback from our counsellors during their consultations with students, we are able to recognise the rising popularity of certain overseas education providers or study programmes for overseas studies in a timely manner.

In general, in deciding whether to establish business relationship with any potential overseas education providers, our Group will assess each potential overseas education provider based on the following criteria:

- Reputation and ranking
- Popularity
- History
- Teaching quality

Before entering into any new agency agreement with the potential overseas education providers, our sales and marketing department will perform a series of due diligence on them so as to ensure that the new overseas education providers not only enhance the business of our Group, but also protect the professional image of our Group from providing any misleading information or inappropriate recommendation to the prospective students and their parents. Such due diligence includes our own desk research on the background of the overseas education providers including their history, location and environment, programmes offered and their teachers. In certain circumstances, we will be invited by such overseas education providers for a site visit and meet with their staff. During the Track Record Period, we have participated in over 40 trips covering overseas education providers both within and outside our network. We will present the research findings to our chief executive officer and get his approval before signing new agency agreement with the potential overseas education providers.

In February 2016, our Company adopted additional measures to strengthen our verification process with regard to the accreditations of the overseas education providers. Our chief sales manager shall be responsible for checking the accreditation database under the national department of education in which the overseas education providers reside before signing the relevant agency agreements such as the institutional accreditation of the database of accredited postsecondary institutions and programs provided by the US department of education, the register of sponsors provided by the UK government, and the education institutions/courses on commonwealth register of institutions and courses for overseas students provided by the department of education and training of Australian government. Our chief sales manager would then suggest to the general manager and directors whether to approve the collaboration with the potential overseas education providers based on the result of the checks against the available databases. For continuous monitoring, our chief sales manager would check the accreditations of the existing providers quarterly to ensure their validity.

Besides exploring the opportunities for expanding our network, our sales and marketing department will manage and maintain a good relationship with our existing customers from time to time. Our existing overseas education providers will provide us with their newsletters on a regular basis which allow us to grasp the up-to-date information in relation to their development and their study programmes

offered. We will also hold regular meetings with our customers to discuss our performance, share up-to-date information of the overseas education providers and the studies programmes they offer, the latest trend in the overseas studies market in Hong Kong as well as our marketing activities.

To students

As at the Latest Practicable Date, we deliver our overseas studies consultancy services primarily at our branches located in Mong Kok, Tsuen Wan and Wan Chai, Hong Kong. We primarily rely on our counsellors to provide consultancy services to students and their parents and keep them up to date with relevant information related to studying overseas.

Our counsellors will arrange regular meetings internally to discuss and share their experience during their consultation as well as the findings they obtained from the site visit to the existing or potential overseas education providers so as to keep themselves up to date on the latest market development and information from the overseas education providers and allow them to deliver the same to the students and their parents.

For details of our quality assurance of our consultancy service, please refer to the paragraph headed “Quality Assurance” in this section.

Our promotion activities

We have attracted students primarily from referrals from students and their parents who experienced our services previously and our promotional activities during the Track Record Period with our various promotional activities designed to raise awareness among students and their parents of our brand and our services. Our advertisements were placed mainly in subway stations and bus shelters, newspapers, television and online through search engine marketing during the Track Record Period. We also distribute an overseas studies handbook every year which contains relevant updated admission requirements, study programmes and contact information of the overseas education providers in our network. We distributed such handbook to students through our branches and the secondary schools in Hong Kong. We also host three main overseas studies fairs during the year in our Mong Kok branch which allow students and their parents to meet and question representatives of overseas education providers in our network directly in relation to their preferred study programmes and to gather other information. Such fairs are held in March for secondary education studies programme aiming at secondary school students, in July for higher education studies programme aiming at DSE graduate students and in October for studies programme involving boarding schools in the UK aiming at students who would like to study in such schools.

The information contained in our marketing materials relating to specific overseas education provider is generally provided by such overseas education providers directly. The final form of our marketing materials are generally designed by third party companies such as production houses with approval from our senior management. For each of the years ended 31 March 2014, 2015 and 2016 and for the four months ended 31 July 2015 and 2016, our marketing expenses were approximately HK\$1.8 million, HK\$2.3 million, HK\$2.3 million, HK\$1.3 million and HK\$1.4 million respectively and represented 8%, 9%, 9%, 29% and 27% of our total revenue respectively. A significant portion of our marketing expenses is subsidised by our customers since our marketing materials also assist in promoting our customers and their schools. We present our proposed yearly marketing activities to our customers each year and the customers will decide the amount of subsidies to be granted to us based on

BUSINESS

our past marketing performance and their own budgets. Nevertheless, our Group has no obligation to the customers on how to spend such marketing subsidies. For each of the years ended 31 March 2014, 2015 and 2016 and for the four months ended 31 July 2015 and 2016, such subsidies amounted to approximately HK\$1.8 million, HK\$1.8 million, HK\$2.0 million, HK\$1.2 million and HK\$1.1 million respectively.

With the Listing, our Directors consider that it is another breakthrough in promoting our Group to the general public. Our Directors also believe that the Listing will be definitely conducive to the further enhancement of our Group's image and our onward development in the Hong Kong overseas studies consultancy market in the future.

QUALITY ASSURANCE

We are committed to having high service quality particularly through competent counsellors and we believe it is one of our key competitive strengths for the students and our partners in seeking our services and assistance. We maintained a number of internal measures in ensuring our service quality.

Measures	Details
Hiring process	We generally require our counsellors to have undergone higher education and preferably have experiences in studying and living abroad. In relation to our counsellors as at the Latest Practicable Date, a majority of them have previously studied outside Hong Kong and held either a bachelor's degree or a master's degree. We believe such educational background and experience of our counsellors gives them a unique perspective when they provide their consultancy services on matters such as admission process, local culture and experiences when studying abroad.
Staff training	<p>All counsellors will receive the following trainings during their employment period:</p> <ul style="list-style-type: none">— Basic training, which occurs upon commencement of their employment, covers information concerning our core consultancy services such as the various study programmes provided by each overseas education provider and other necessary information such as basic education systems in various countries;— On-the-job training, which is organised internally by us from time to time and sometimes may be conducted by representatives of overseas education providers in our network during their visit in Hong Kong, generally covers any changes in the study programmes and admission requirements of our overseas education providers or any general updates such as changes in visa requirements for a particular country; and

Measures

Details

- Overseas familiarisation visits, which provides our counsellors with an opportunity to visit the campuses of overseas education providers currently in our network or new prospective partners. Besides interviewing students who were placed by us to assess their satisfaction and gain an updated perspective on their experience, lifestyle and challenges during their course of study, we will also meet with representatives of the overseas education providers to familiarise ourselves with any updates of our partner and the study programmes provided.

The Group also formulated a series of consultancy guidelines for the day-to-day work of the counsellors to improve their communication skills with the parents and students and ensure their satisfaction with us as well as to reduce the likelihood of miscommunication and misrepresentation by our counsellors on our partners and their study programmes, various admission and other specific requirements.

Handling customer and student feedback and complaints

Complaints by customers and students and/or their parents are typically received and handled by our supervisors or branch managers and in case of serious complaint it will be reported to and handled by our chief sales manager.

We have set up a complaint handling policy with logbook in January 2016. Our chief sales manager is responsible for maintaining and updating the logbook. Our chief executive officer is responsible for reviewing it from time to time and perform follow-up action if necessary.

During the Track Record Period, we had not received any major complaints from our customers and students and/or their parents.

In general, our customers do not actively monitor our day-to-day consultancy services we provided to the students. Nevertheless, our customers will review our performance on a regular basis through different communication channels.

CUSTOMERS

Characteristics of our customers

Our customers primarily consist of (i) individual schools e.g. private and public colleges or universities and (ii) private and public companies operating a group of schools. In cases where colleges are involved, such private or public companies generally partner with certain universities so as to offer foundation and pathway programmes to students where the companies provide pre-university foundation and pathway programmes and/or part of the diploma programmes. During the Track Record Period, most of our customers were individual schools yet most of our revenue were generated from the companies operating a group of schools.

BUSINESS

Top customers

Four of our top five customers during the Track Record Period were private or public companies operating a group of schools and three were public universities. Their business relationship with us and certain background information are summarised as follows:

Top customers	Years of relationship <i>Note 1</i>	For the year ended 31 March						For the four months ended 31 July 2016	
		2014		2015		2016		2016	
		Revenue <i>HK\$'000</i>	Percentage %	Revenue <i>HK\$'000</i>	Percentage %	Revenue <i>HK\$'000</i>	Percentage %	Revenue <i>HK\$'000</i>	Percentage %
Customer A <i>Note 2</i>	10	4,155	18.2	4,187	16.7	3,545	14.0	677	13.0
Customer B <i>Note 3</i>	7	2,758	12.1	3,344	13.4	3,761	14.8	692	13.3
Customer C <i>Note 4</i>	7	2,497	10.9	2,188	8.7	1,241	4.9	166	3.2
Customer D <i>Note 5</i>	7	1,525	6.7	1,108	4.4	530	2.1	80	1.5
Customer E <i>Note 6</i>	7	346	1.5	667	2.7	991	3.9	142	2.7
Customer F <i>Note 7</i>	5	145	0.6	140	0.6	668	2.6	112	2.1
Customer G <i>Note 8</i>	7	45	0.2	114	0.5	277	1.1	160	3.1
Customer H <i>Note 9</i>	3	273	1.2	246	1.0	467	1.8	150	2.9

Notes:

- (1) The years of relationship are the approximate number of years we have provided services to each customer and does not include the business relationship between our respective predecessor companies. Customer E provided us in February 2016 with notice of termination of our agency agreement with them according to the clause relating to termination by agreed prior notice period specified under the relevant agreement, which provides that either party may terminate the agreement at any time by giving the other party sixty (60) days prior written notice. Based on the notice, the termination took effect in April 2016. We have tried to contact Customer E after receiving the notice of termination, however, we have not been informed of the specific reason for the termination. Except for Customer E, all the other top four customers have previously confirmed that they will keep good business relationship with our Group and will keep renewing the agency agreements with us. Taking into account (i) the revenue generated from this customer during the Track Record Period; (ii) the placements to this education provider only represented approximately 1.9%, 3.8%, 5.5% and 4.8% of the Group's total number of new placements for each of the years ended 31 March 2014, 2015 and 2016 and the four months ended 31 July 2016 respectively; and (iii) it was only one of the 17 public universities in Australia among other similar universities in our network, our Directors believe that such termination would not significantly affect our overall business.
- (2) An Australian incorporated and listed company which is engaged in offering an extensive range of educational services via colleges and campuses across its global network. The duration of our agency agreement with Customer A is approximately 2 years with the expiry date on 1 September 2017.
- (3) Members of a group of companies with a head office in the UK. This group is engaged in providing, among others, foundation courses for higher education degrees, career education courses and English programmes in the UK, Europe, Australia, New Zealand and North America. The duration of our agency agreement with Customer B is 12 months, which may be extended for another 12 months or such other time as agreed by the parties in writing and therefore the agreement does not have an expiry date. The current agency agreement with Customer B, entered in April 2016, is effective until March 2017.
- (4) One of the subsidiaries of a group which is owned by a company currently incorporated in Delaware and listed on the New York Stock Exchange. The listed company is a diversified education and media company and is engaged in among others, educational services. The duration of our agency agreement with Customer C is one year which will be automatically renewed once a year unless terminated by either party in written notice and therefore the agreement does not have an expiry date.

BUSINESS

- (5) One of the subsidiaries of a group with a head office in the UK. This group is engaged in offering students a wide range of options across its global centres including among others, high school programmes, pathway programmes, English language programmes. Our agency agreement with Customer D shall be effective from the date of the agreement until terminated by either party by no less than six months' written notice and therefore the agreement does not have an expiry date. This was one of our top five customers for the years ended 31 March 2014 and 2015 only.
- (6) A public university in Australia. Our agency agreement with Customer E shall be effective from the date of the agreement until earlier terminated and therefore the agreement does not have an expiry date. This was one of our top five customers for the years ended 31 March 2014, 2015 and 2016 only.
- (7) A public university in Australia. Our agency agreement with Customer F will be effective until 28 November 2018. This was one of our top five customers for the year ended 31 March 2016 only.
- (8) A private school affiliated with a church in Australia and offering among others, primary education and secondary education. The duration of our agency agreement with Customer G is 3 years commencing from 13 September 2016. This was one of our top five customers for the four months ended 31 July 2016 only.
- (9) A public university in Australia. The duration of our agency agreement with Customer H is approximately 3 years with the expiry date on 31 December 2017. This was one of our top five customers for the four months ended 31 July 2016 only.

For each of the years ended 31 March 2014, 2015 and 2016 and for the four months ended 31 July 2016, our top five customers accounted for approximately 49.4%, 45.9%, 40.2% and 35.4% of our total revenue respectively while our single largest customer accounted for approximately 18.2%, 16.7%, 14.8% and 13.3% of the our total revenue respectively.

All of our five largest customers during the Track Record Period are Independent Third Parties. None of our Directors, their respective associates or Shareholders who own more than 5% of the issued share capital of our Company as at the Latest Practicable Date has any interest in any of the five largest customers of our Group during the Track Record Period.

General terms of agency agreement with our customers

Our agency agreements with overseas education providers are based on each overseas education provider's standard form offered by it to its education agents but the main terms of each overseas education providers are generally similar and normally contain contract terms like the respective rights and obligations of the agent and the overseas education provider, incentive rate, payment method, invoice policy and termination conditions. A summary of the key general terms of the agency agreements are summarised below:

Incentive payments for successful placement

The agency agreements generally contain circumstances which determine whether a student placement is considered to be successful and therefore whether incentive payments are payable. In general, successful enrollment is determined by the attendance of the student in the study programme on the commencement date. For longer study programmes with multiple semesters or across a number of years, the agreement may specify whether transferring out of the study programme or withdrawal from the study programme may cause no incentive payments to be paid.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material disagreements with overseas education providers over incentive payments payable in specific cases.

BUSINESS

During the Track Record Period, the amount of our commission income generated from our successful placement of students to higher education programmes through direct enrollment instead of foundation and pathway programme was generally equal to a percentage of the tuition fees payable by the students for the first year of such programmes. Such commission income is payable to us by the relevant overseas education providers at the commencement of the programmes in general. For either (i) other higher education programmes that require completion of a foundation and pathway programme or (ii) secondary education programmes, the amount of our commission income was generally equal to a percentage of the tuition fees payable by the students in specific years during their period of study in such programme. Such commission is payable to us by the relevant overseas education providers at the commencement of each semester of the programmes and we usually fully recognised our commission income within three years from the commencement of such study programmes in accordance to the terms of agency agreements. Only a smaller portion of our commission income is in the form of a fixed fee per successful student placement during the Track Record Period. Our Group is also entitled to performance related bonuses when our Group is able to meet a certain number of student placements specified by such overseas education provider during a particular year with such bonuses generally calculated at fixed amount per successful student placement up to the certain number. Nevertheless, the targets set by the overseas education providers are not binding in nature and there is no legal or financial liability to our Group if the targets are not met. Set out below is the breakdown of our revenue by forms of commissions:

	For the year ended 31 March						For the four months ended 31 July			
	2014	2015		2016			2015	2016		
	HK\$'000	% of total	HK\$'000	% of total	HK\$'000	% of total	HK\$'000	% of total	HK\$'000	% of total
Commission by percentage of tuition fees	21,756	95.3	23,050	92.0	24,119	95.1	4,294	98.5	4,771	91.5
Commission by fixed fees	264	1.1	427	1.7	374	1.5	50	1.1	309	5.9
Bonus	814	3.6	1,567	6.3	875	3.4	13	0.3	133	2.6
Total	22,835	100.0	25,044	100.0	25,367	100.0	4,357	100.0	5,213	100.0

During the Track Record Period, the percentage of tuition fee as our commission ranged from approximately 15% to 20% for secondary education programmes, approximately 10% to 15% for higher education programmes and approximately 20% to 25% for short courses.

For each of the years ended 31 March 2014, 2015 and 2016 and for each of the four months ended 31 July 2015 and 2016, our average commission received per successful student placement for secondary education programmes and higher education programmes was approximately HK\$18,700, HK\$18,400, HK\$17,000, HK\$10,100 and HK\$11,000 respectively. The relatively lower average commission of each successful student placement for the four months ended 31 July 2015 and 2016 than that for the three years ended 31 March 2016 was primarily due to the seasonality factor resulted from the relatively lower tuition fee for the English language and summer courses and foundation and pathway programme of higher education programmes which commence their term during the four months ended 31 July 2015 and 2016. The decrease in our average commission received per successful student placement from the year ended 31 March 2014 to the year ended 31 March 2015 and from the year ended 31 March 2015 to the year ended 31 March 2016 was principally due to the depreciation of AUD and GBP against HKD, which was partially offset by the increase in tuition fee.

Payments terms and credit period

Generally, the payment method is by telegraphic transfer. During the Track Record Period, there was no specific credit term offered to our customers but our customers usually take 35 to 90 days to settle our receivables. Based on the terms of the agency agreement, payments may be either payable in (i) one lump sum after the commencement date for the higher education programmes through direct enrollment instead of foundation and pathway programme; or (ii) by installments (e.g. payable after each semester for either (i) other higher education programmes that require completion of a foundation and pathway programme or (ii) secondary education programmes).

Refund

The agency agreements may require us to refund incentive payments under certain circumstances such as refunds by the overseas education providers to students under their terms and conditions of enrolment and in certain cases, cancellation of the study programmes by the students. During the Track Record Period, we did not have any records of material refunds of payments to education providers.

Responsibility of parties

Besides payment of any incentive payments, the responsibilities of the overseas education providers generally include providing us with assistance in understanding their institution, study programmes offered and other relevant information as well as marketing materials.

Our main responsibility involves our student consultancy and placement services. This responsibility generally includes promoting the overseas education providers and their study programmes in an honest and ethical manner and offering relevant assistance in the enrolment of students during the admission process such as ensuring relevant documents and payments accompany the student's application and assisting checking the accuracy of the application. Most agency agreements specify that we act as agents or representatives of such overseas education providers and therefore we should not act unethically or dishonestly in our advertising to students, placement practices and abide by certain national best practices guides and anti-bribery, immigration, privacy legislations and other applicable laws. Overseas education providers do not generally appoint us as their exclusive agents.

Contractual period and termination

The agency agreements may or may not contain a specified contractual period. Therefore the longest agreements would continue until terminated and our agency agreements generally follow such term unless earlier terminated. In certain cases, the agency agreements may match the school's academic year or allow for a trial period for our services and therefore be shorter. These agreements generally are one or two years subject to renewal and shortest ones which we understand serve as a trial period may last for a few months. We did not experience any material difficulty in renewing our agency agreements and for the years ended 31 March 2014, 2015 and 2016 and for the four months ended 31 July 2016 we had received nil, one, two and one notice(s) of non-renewal respectively. Early termination will be initiated by the overseas education providers for dishonest practices connected with the student consultancy and placement services of the agent

BUSINESS

and failure to comply with other relevant terms or applicable laws as set out in the agency agreements or under the agreed prior notice period specified under the relevant agreement. The agreed prior notice period is generally between one to three months.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any early termination of an agency agreement due to malpractices connected with our student consultancy and placement services. For the years ended 31 March 2014, 2015 and 2016 and for the four months ended 31 July 2016 we had received nil, nil, two and two notice(s) of termination respectively.

SUPPLIERS AND INVENTORY

Due to the nature of our business activities, we had no major suppliers and did not maintain any inventories during the Track Record Period.

EMPLOYEES

All of our employees are based in Hong Kong. As at 31 March 2014, 31 March 2015, 31 March 2016, 31 July 2016 and as at the Latest Practicable Date, we had a total of 22, 20, 23, 23 and 23 full-time employees respectively.

The following table sets out a breakdown of our full-time employees by function as at 31 March 2014, 31 March 2015, 31 March 2016, 31 July 2016 and as at the Latest Practicable Date:

Function	As at 31 March		2016	As at 31 July 2016	As at the Latest Practicable Date
	2014	2015			Date
Management	4	3	3	3	3
Counsellors	13	14	13	13	13
Administration and other supporting staff	<u>5</u>	<u>3</u>	<u>7</u>	<u>7</u>	<u>7</u>
Total:	<u><u>22</u></u>	<u><u>20</u></u>	<u><u>23</u></u>	<u><u>23</u></u>	<u><u>23</u></u>

BUSINESS

During the Track Record Period, the numbers of our counsellors were relatively stable. Set out below is the movement in the number of our counsellors during the Track Record Period:

	For the years ended 31 March			For the four months ended 31 July
	2014	2015	2016	2016
Number of counsellors at the start of the period	16	13	14	13
Number of new counsellors	1	2	2	—
Number of counsellors who left during the period	4	1	3	—
Number of counsellors at the end of the period	13	14	13	13

Our Directors confirm that none of our counsellors left during the Track Record Period due to major disputes between them and our Group.

Remuneration policy

Our Group offers attractive remuneration package to our employees, which includes basic salary, commissions, allowances, discretionary bonuses, pension scheme contributions and other staff benefits. Our Group determines the salary of our employees mainly based on each employee's qualifications, relevant experience, position and seniority. Our Group conducts annual review on salary raises, bonuses and promotions based on the performance of each employee.

We pay our counsellors a fixed basic salary plus commission and discretionary bonuses which are principally determined based on the total number of students such counsellors successfully placed and the corresponding revenue generated during each year and the seniority of the counsellors. The commission rate we offered to our counsellors during the Track Record Period was within the range of 6% to 8% (depends on relevant experience, position and seniority) of the commission income received by us for each of the successful student placement with which they have assisted. Such commission is paid to counsellors in the month after receipt of payment by the overseas education providers to us for the relevant student cases. Apart from the commission, we also provide some of our counsellors with a discretionary bonus of a fixed amount which equals to half to one month of their salary if the counsellors reach certain placement target. We strive to match students in Hong Kong with appropriate overseas education providers based on each individual student's preferences and personal circumstances as well as such student's suitability for the relevant academic programme, therefore there is no compulsory placement target set by our Group for our counsellors. Besides terms of remuneration, the standard terms of employment with our counsellors also includes terms relating to termination, confidentiality by counsellors, non-competition by counsellors after termination of engagement and that counsellors are responsible for indemnifying our Group from any reasonable amounts arising from complaints or claims due to their misconduct. The standard terms of employment with our counsellors generally have no defined employment period and allow for termination by either party with one month prior notice or payment in lieu of notice. The non-competition clause provides that unless with our prior

BUSINESS

written consent, the counsellor should not directly or indirectly act as director, partner, person-in-charge, representative, a member of the management, manager, counsellor and/or employed by the said persons in any company carrying business with competition of our Group's business or engaging in such business in Hong Kong. The non-competition period under our current contracts with counsellors is between two months to one year after termination of employment.

Relationship with staff

The Directors consider that our Group has maintained good relationship with its employees. During the Track Record Period, we did not have material difficulty in hiring staff and retaining staff (including counsellors). For each of the years ended 31 March 2014, 2015 and 2016 and for the four months ended 31 July 2016, our average staff turnover rates for full-time staff were approximately 23%, 40%, 26% and nil respectively. To the best knowledge and belief of our Directors, the increase in the above staff turnover rates for the year ended 31 March 2015 was due to the departure of nine staff (seven being administration and other supporting staff, one being a member of management and only one being a counsellor) due to their own personal reasons or business developments and not due to termination by us. In relation to our counsellors, during Track Record Period our average counsellor turnover rates were approximately 31%, 7%, 23% and nil for the years ended 31 March 2014, 2015 and 2016 and for the four months ended 31 July 2016 respectively.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date (i) we do not have any major dispute with our employees; and (ii) had not experienced any material labour shortages.

HEALTH AND WORKPLACE SAFETY MEASURES

Pursuant to the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong), employers are required, so far as reasonably practicable, to ensure the safety and health at work of all the employees. Our Directors consider our Group has managed its business operations with due consideration to workplace safety and health concerns and has complied with requirements under the relevant rules and regulations relating to health and safety. Our Group does not have any protocols or policies over social responsibility and environmental protection matters as we believe that the nature of our business does not impose any serious threats to these concerns.

BUSINESS

PROPERTIES

Leased properties

As at the Latest Practicable Date, we did not own any property and we leased the following properties from Independent Third Parties as detailed below:

Address	GFA <i>sq.ft.</i>	Usage	Monthly rental <i>(HK\$)</i>	Term of tenancy
Room 1910 & 1911, 19th Floor of Office Tower One, Grand Plaza, 625 & 639 Nathan Road, Kowloon, Hong Kong	2,653	Office	87,550 (1st year) 90,210 (2nd year) 92,860 (3rd year)	Three years (08/10/2016– 07/10/2019)
Room 2301C–2B, Nan Fung Centre, Castle Peak Road, Tsuen Wan, Hong Kong	670	Office	18,500	Two years (11/03/2015– 10/03/2017)
Room 1307, 13th Floor of Tai Yau Building, No. 181 Johnston Road, Wanchai, Hong Kong	848	Office	28,832	Three years (15/11/2016– 14/11/2019)

During the Track Record Period, the rental of our office located in Room 2301C-2B, Nan Fung Centre, Castle Peak Road, Tsuen Wan, Hong Kong was guaranteed by Ms. Or Pui Yee. Such guarantee was replaced by a guarantee by one of the subsidiaries of our Group in January 2016.


As at 31 July 2016, no single property interest forming part of our Group's non-property activities had a carrying amount of 15% or more of our total assets. Thus, this prospectus is exempted from compliance with the requirements of Rules 8.01A and 8.01B of the GEM Listing Rules and the requirements of section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) to the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, with respect to the inclusion of a property valuation report in this prospectus. Our Directors confirm that none of our property interests is individually material to our Group in terms of rental expenses.

INTELLECTUAL PROPERTIES

Domain name

We are the registrant of the domain name www.dadi.com.hk and www.dadiexpo.com.hk.

Trade marks

As at the Latest Practicable Date, our trademark, “ ” has been registered in Hong Kong. Please refer to the section headed “Statutory and general information — B. Further information about the business — 2. Intellectual property right of our Group” in Appendix IV to this prospectus for further details.

Our Directors have confirmed that, during the Track Record Period and up to the Latest Practicable Date, we were not involved in any proceedings in respect of, nor had we received notice of any claim for, the infringement of any intellectual property rights, and we had not been charged with any breach of the relevant laws or regulations relating to our services, that had any material adverse impact on our business and results of operations.

IT SYSTEM

We keep the following student information in our company server: (1) walk-in forms; (2) student’s application forms; (3) offer letters and acceptance letters from the overseas education providers to the students; and (4) payment evidence from students.

Our current Customer Relationship Management System (“CRM”) was launched in 2014. Most of the old records were migrated to this system in 2014, and the records include the student’s personal information such as name, contact, date of birth and application information (if applicable). Our CRM system can allow the counsellors to input the start and end dates of the study programme to facilitate its alert function. The system will send an email to the counsellors and remind them of the finishing time of their students’ previous enrolled study programme, so that our counsellors can re-contact the students and see if we can be of assistance for any of their further overseas studies needs.

INSURANCE

We maintained public liability insurance, employees’ compensation insurance, medical insurance for our staff and certain other insurances for our business. Except as noted in relation to insurance for certain staff in the paragraph headed “Non-compliances” of this section, our Directors believe that our current insurance coverage is sufficient for our business operation and is consistent with the industry norm in Hong Kong. Our Directors confirm that our Group was not subject to nor received any insurance claims during the Track Record Period and up to the Latest Practicable Date.

AWARDS AND RECOGNITIONS

We believe our services are well recognised by our customers for our quality of service. During the Track Record Period, we had received awards and recognitions from our key customers including the “Best Performing Agent 2014” in 2014 presented by Customer C and the “Best Agent 2014 Award” for UK pathway programmes in 2014 presented by Customer A (for the background of these two major customers, please refer to the paragraph headed “Customers” in this section).

LITIGATION

During the Track Record Period and up to the Latest Practicable Date, there were no litigation or arbitration or administrative proceedings pending or threatened against our Group or any of our Directors which could have a material adverse effect on our Group’s financial condition or results of operations. We may from time to time become a party to various legal, arbitration or administrative proceedings arising in the ordinary course of our business.

LICENCES, CERTIFICATES AND APPROVALS

As confirmed by our Directors, our Group has obtained all material licences, certificates and approvals required for carrying on its business activities in Hong Kong during the Track Record Period and up to the Latest Practicable Date.

NON-COMPLIANCES

Our subsidiaries have inadvertently breached certain sections of the Predecessor Companies Ordinance in the past before the Track Record Period. The table below summarises the past non-compliances with the requirements of the Predecessor Companies Ordinance by our subsidiaries:

Particulars of the non-compliance	Reasons for the non-compliance	Remedial actions	Potential maximum penalty/fine	Analysis of the risk to our Company	Internal control measures
Late filing of various specified forms with the Companies Registry from 2003 to 2011	<p>The underlying reasons for the non-compliance were</p> <p>(i) inadvertent oversight on the part of our then staff responsible for the preparation of filings with the Companies Registry; and</p> <p>(ii) lack of sufficient procedures to keep track of our filing of different forms required under the Predecessor Companies Ordinance.</p>	<p>Our Group has made all necessary filings afterwards.</p>	<p>The relevant Group company and every responsible person shall be liable to a potential maximum principal fine ranging from HK\$10,000 to HK\$50,000 and a potential maximum daily default fine ranging from HK\$300 to HK\$1,000 for each offence.</p>	<p>As advised by our Legal Counsel, due to the time limit of prosecution of three years prescribed under section 351A of the predecessor Companies Ordinance, those non-compliances are time barred from prosecution.</p>	<p>Starting from January 2016, the following measures have been implemented to address the underlying reasons for the non-compliance:</p> <p>(i) regular training sessions will be provided by external legal advisers to our Directors as well as our Group's administration and human resources staff on at least an annual basis on the compliance with the Companies Ordinance;</p> <p>(ii) our administrative manager is responsible for preparing the required forms to be filed to the Companies Registry in a timely manner and our financial controller and company secretary shall review and submit such forms;</p> <p>(iii) our Group has set up a written compliance manual setting out all relevant laws and regulations including the Companies Ordinance; and</p> <p>(iv) our compliance officer shall be responsible for overseeing our Group's compliance with the relevant laws and regulations.</p>

Our Directors confirm that save as disclosed below, our Group had complied with all applicable laws and regulations in Hong Kong in all material respects during the Track Record Period and up to the Latest Practicable Date.

Particulars of the non-compliance	Reasons for the non-compliance	Remedial actions	Potential maximum penalty/fine	Analysis of the risk to our Company	Internal control measures
Late filing					
(i) During the Track Record Period, our Group did not file corporate forms regarding resignation or appointment of directors and company secretaries with the Companies Registry on time on one occasion in May 2014 and four occasions in December 2015, which contravened sections 645(1) and 652(1) of the Companies Ordinance.	The non-compliances were due to: (i) inadvertent oversight on the part of our Group's administration and human resources staff for filing of company records who did not have adequate understanding of the relevant requirements under the Companies Ordinance; and	Our Group has made all necessary filings afterwards.	(i) Under sections 645(6) and 652(3) of the Companies Ordinance, the company and every responsible person each is liable to a maximum principal fine of HK\$25,000 and a maximum daily default fine of HK\$700 for each offence for breach of sections 645(1) and 652(1) of the Companies Ordinance.	As advised by the Legal Counsel, the nature of the offences is quite benign and the chance of prosecution is remote. Even if there is any prosecution, the chance of maximum penalty being imposed by the court on our Group and the relevant directors or officers is also remote.	Starting from January 2016, the following measures have been implemented to address the underlying reasons for the non-compliance: (i) regular training sessions will be provided by external legal advisers to our Directors as well as our Group's administration and human resources staff on at least an annual basis on the compliance with the Companies Ordinance;
(ii) During the Track Record Period, our Group did not file the annual return on time on one occasion in December 2015, which contravened section 662(1) of the Companies Ordinance.	(ii) lack of sufficient internal procedures to ensure strict compliance with the Companies Ordinance.		(ii) Under section 662(3) of the Companies Ordinance, the company and every responsible person each is liable to a maximum fine of HK\$50,000 and a maximum daily default fine of HK\$1,000 for each offence.		(ii) our administrative manager is responsible for preparing the required forms to be filed to the Companies Registry in a timely manner and our financial controller and company secretary shall review and submit such forms;
					(iii) our Group has set up a written compliance manual setting out all relevant laws and regulations including the Companies Ordinance; and
					(iv) our compliance officer shall be responsible for overseeing our Group's compliance with the relevant laws and regulations.

Particulars of the non-compliance	Reasons for the non-compliance	Remedial actions	Potential maximum penalty/ fine	Analysis of the risk to our Company	Internal control measures
Late holding of annual general meeting During the Track Record Period, our Group did not hold the annual general meeting on time on one occasion in August 2014, which contravened section 610(1) of the Companies Ordinance.	The non-compliance was due to: (i) inadvertent oversight on the part of our Group's administration and human resources staff for assisting in the holding of annual general meeting who did not have adequate understanding of the relevant requirements under the Companies Ordinance; and (ii) lack of sufficient internal procedures to ensure strict compliance with the Companies Ordinance.	Our Group has held the annual general meeting afterwards.	Under section 610(9) of the Companies Ordinance, each of the company and every responsible person is liable to a maximum principal fine of HK\$50,000 for each offence.	As advised by the Legal Counsel, the nature of the offence is benign and minor and the chance of prosecution is remote. Even if there is any prosecution, the chance of maximum penalty being imposed by the court on our Group and the relevant directors or officers is also remote.	Starting from January 2016, the following measures have been implemented to address the underlying reasons for the non-compliance: (i) regular training sessions will be provided by external legal advisers to the Directors as well as our Group's administration and human resources staff on at least an annual basis on the compliance with the Companies Ordinance; (ii) our administrative manager, together with our financial controller and company secretary, shall ensure that the annual general meetings of the members of our Group are held in a timely manner in accordance with the Companies Ordinance; (iii) our Group has set up a written compliance manual setting out all relevant laws and regulations including the Companies Ordinance; and (iv) our compliance officer shall be responsible for overseeing our Group's compliance with the relevant laws and regulations.

Particulars of the non-compliance	Reasons for the non-compliance	Remedial actions	Potential maximum penalty/ fine	Analysis of the risk to our Company	Internal control measures
Our Group failed to give the required Notification by an employer of an employee who commences to be employed ("Form 56E") under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the "IRO") to the Commissioner of Inland Revenue not later than three months after the date of commencement of employment of an individual on 43 occasions from November 2007 and continue up to October 2015 for full time staff and 15 occasions during July 2013 to September 2015 for part time staff, and the required Notification by an Employer of an Employee who is about to cease to be Employed ("Form 56F") to the Commissioner of Inland Revenue not later than one month before ceasing to employ an individual on 20 occasions during October 2013 to November 2015 for full time staff and 15 occasions during June 2013 to October 2015 for part time staff, in contravention of sections 52(4) and 52(5) of the IRO.	<p>The non-compliance was due to:</p> <p>(i) inadvertent oversight on part of our Group's administration and human resources staff responsible for employee records who were not familiar with, and were not made aware of, the relevant requirements under the IRO particularly the rules in relation to Form 56E and Form 56F which are minor and technical in nature; and</p> <p>(ii) there was a lack of internal procedures for the filing of Form 56E and Form 56F in accordance with the requirement under the IRO.</p>	<p>Our Group had subsequently filed all Form 56E and Form 56F as required by the IRO for all full time staff afterwards.</p> <p>No Form 56E and Form 56F for part time staff of the Group were filed as the Group can no longer find the information for those part time staff for completing the form afterwards. Furthermore, upon inquiry with the IRD in February 2016 by calling the general enquiry hotline of the IRD, we were informed that the outstanding Forms 56E and Form 56F were not required to be resubmitted where the relevant employer's return of remuneration & pensions (Form 56B) had been submitted reflecting such changes.</p>	<p>Under section 80 of the IRO, any person without reasonable excuse fails to comply with sections 52(4) and 52(5) of the IRO for the filing of the Form 56E and Form 56F shall be guilty of an offence and the maximum penalty for each offence is HK\$10,000.00.</p>	<p>As advised by the Legal Counsel, the chance of prosecution is remote since (i) the offences are quite minor and technical in nature given they are regulatory offences rather than hard crimes; and (ii) the IRD was aware of the employment affairs of our Group from the Employer's Return of Remuneration and Pensions (Form 56B) which had been duly filed. Even if there is any prosecution, the chance of maximum penalty being imposed on our Group is approximately HK\$900,000 and 3 occasions are time barred from prosecution.</p>	<p>Starting from January 2016, the following measures have been implemented to address the underlying reasons for the non-compliance:</p> <p>(i) regular training sessions will be provided by external legal advisers to our Directors as well as our Group's administration and human resources staff on at least an annual basis on the compliance with the IRO;</p> <p>(ii) in order to keep track of our compliance status with respect to the filing of Form 56E and Form 56F, our administration and human resources staff shall be responsible for the preparation and submission of Form 56E and Form 56F to the Commissioner of Inland Revenue within the prescribed period under the IRO, and our financial controller shall be responsible for keeping a filing register up to date on a monthly basis in respect of, among other things, the preparation and filing status of Form 56E and Form 56F; and</p> <p>(iii) our compliance officer shall be responsible for checking the filing register every month.</p>

Particulars of the non-compliance	Reasons for the non-compliance	Remedial actions	Potential maximum penalty/ fine	Analysis of the risk to our Company	Internal control measures
During the Track Record Period, Dadi Education failed to take out a policy of insurance for one employee since April 2010, which was rectified in January 2016, in contravention of section 40(1) Employees' Compensation Ordinance.	The one employee is Mr. Chung who was and still is a shareholder and director of the Group, and mistakenly considered he did not need to be covered by any insurance.	Dadi Education has applied for an insurance policy with effect from January 2016.	Under Section 40(1) Employees' Compensation Ordinance, the maximum penalty for the employer is a fine of HK\$100,000 and to imprisonment for 1 year on summary conviction or a fine of HK\$100,000 and to imprisonment for 2 years on conviction on indictment.	As advised by our Legal Counsel, the maximum penalty for Dadi Education is a fine of HK\$100,000. Sentence to imprisonment does not apply to Dadi Education as Dadi Education is a limited company. The chance of prosecution is not definitely warranted so the chance of prosecution is unlikely since (i) this is not a case of an employer depriving the statutory protection of the Employees' Compensation Ordinance entitled by an employee as Mr. Chung was and is the boss; and (ii) there has been no injury of Mr. Chung during the course of employment and there is no reliance on the protection under insurance coverage.	(i) From January 2016, our Group has set up a written compliance manual setting out all relevant laws and regulations including the Employees' Compensation Ordinance; and (ii) our compliance officer shall be responsible for overseeing our Group's compliance with the relevant laws and regulations.
During the Track Record Period, Time Pace and Golden Crown failed to maintain sufficient insurance coverage for certain time regarding the actual number of employees to be covered, with an extra two employees for Golden Crown and an extra five employees for Time Pace, both during the period between April 2013 and January 2016, in contravention of section 40(1) Employees' Compensation Ordinance.	The terms of the relevant insurance policies are expressed to cover a fixed number of employees while there is fluctuation on the number of employees during the period of insurance coverage. Due to the lack of adequate understanding of the relevant insurance policy by the staff that the Group should notify the insurance company whenever the number of employees exceeds the expressed fixed number covered by the insurance policy.	Time Pace and Golden Crown subsequently reviewed their current employee number and insurance policy and where necessary applied to insurance companies for an increase in the number of employees insured effective from January 2016.	Under Section 40(1) Employees' Compensation Ordinance, the maximum penalty for the employer is a fine of HK\$100,000 and to imprisonment for 1 year on summary conviction or a fine of HK\$100,000 and to imprisonment for 2 years on conviction on indictment.	As advised by our Legal Counsel, the maximum penalty for Golden Crown is HK\$200,000 and for Time Pace is HK\$500,000. Sentence to imprisonment does not apply to Time Pace and Golden Crown as limited companies. The chance of prosecution is not definitely warranted so the chance of prosecution is unlikely since there has been no injury of any member of the staff of those subsidiaries and there is no reliance on the protection under insurance coverage.	(i) From January 2016, our Group has set up a written compliance manual setting out all relevant laws and regulations including the Employees' Compensation Ordinance; and (ii) our compliance officer shall be responsible for overseeing our Group's compliance with the relevant laws and regulations.

Indemnity given by our Controlling Shareholders

Our Controlling Shareholders, collectively as the indemnifiers, have entered into the Deed of Indemnity in favour of our Company, under which the indemnifiers jointly and severally covenant and undertake with our Company to indemnify our Group against losses, liabilities, damages, costs, claims and expenses incurred by our Group in relation to these non-compliance matters on or before the date on which the Share Offer becomes unconditional. More details of the Deed of Indemnity are set out in the section headed “Statutory and general information — E. Other information — 1. Tax and other indemnities” in Appendix IV to this prospectus.

No provision

No provision was made in the financial statements of our Group in respect of the aforementioned non-compliances based on the following: (i) up to the Latest Practicable Date, our Directors were not aware of any prosecution instituted against us or any notices for any fine or penalties in relation to the above non-compliances; (ii) the advice of our Legal Counsel on chance of prosecution and legal liability for each of the non-compliances is remote or unlikely; and (iii) our Controlling Shareholders shall indemnify our Group of the liabilities of such historical non-compliances pursuant to the Deed of Indemnity.

Internal control measures to prevent the recurrence of non-compliance incidents

In order to prevent recurrence of the abovementioned non-compliances in the future, our Group has, after taking into account the recommendations made by CT Partners, adopted the following measures:

- (1) In relation to compliance with the Predecessor Companies Ordinance, Companies Ordinance, the Inland Revenue Ordinance and the Employees’ Compensation Ordinance and taking into account the causes of such non-compliance, regular and relevant training will be provided by the Company’s legal advisers to our Directors and administration and human resources staff on at least an annual basis. All executive Directors are required to read all the incoming correspondence from the regulatory bodies, to ensure all relevant correspondence are notified with proper handling. Since February 2016, the head of our human resources and administration department, Ms. So, has been responsible for keeping the incoming correspondence register updated on weekly basis in respect of, among other things, the status of relevant replies required to address any enquiries from regulatory bodies. Furthermore, our company secretary, Mr. Tam Hei Lap Hedley, has been responsible for keeping the filing register up to date on a monthly basis in respect of, among other things, the status of all relevant documents required to be filed and submitted under the Companies Ordinance (including the preparation status of financial statements that are required to be laid in the following annual general meeting of each company in our Group) and under Inland Revenue Ordinance (including the submission of Form 56E and Form 56F) starting from January 2016 and we will seek legal advice from external legal adviser to ensure ongoing compliance.
- (2) We have established an audit committee which comprises three independent non-executive Directors to oversee the internal control procedures and accounting and financial reporting matters. The audit committee has also adopted its terms of references which set out clearly its duties and obligations for ensuring compliances with the relevant regulatory requirements.

- (3) Our Company has engaged TC Capital International Limited as our compliance adviser, which will advise our Board on compliance matters in relation to the GEM Listing Rules and/or other relevant laws and regulations applicable to our Company during the term of their appointment.
- (4) Our Company has also engaged CT Partners to have an annual review on the adequacy and effectiveness of our internal control system for the financial years ended 31 March 2017 and 2018, including areas of financial, operational, compliance and risk management.

When considered necessary, we will also seek professional assistance and advice from appropriate independent professional advisers (such as legal advisers, internal control advisers and/or other experts) with respect to matters related to our internal controls and regulatory compliance.

Review by CT Partners

In preparation for the Listing, in August 2015, we engaged CT Partners, an Independent Third Party internal control adviser, to perform an evaluation under the Committee of Sponsoring Organisations of the Treadway Commission's 2013 framework of the adequacy and effectiveness of our Group's internal control system including the areas of financial, operation, compliance and risk management. CT Partners is a company rendering internal control review services, which has been previously engaged in internal control review projects for a number of companies listed on the Stock Exchange. Besides, the engagement team of CT Partners includes members of the Hong Kong Institute of Certified Public Accountants, a Certified Internal Auditor, a member of the Society of Chinese Accountants & Auditors, a fellow member of the Associations of Chartered Certified Accountants, an associate member of the Association of International Accountants, a member of Certified General Accountants Association of British Columbia, and an associate of the Taxation Institute of Hong Kong and a Certified Tax Adviser (HK).

CT Partners completed the first internal control evaluation in October 2015. Upon completion of the evaluation by CT Partners, CT Partners identified a number of findings. Based on the likelihood and seriousness of risks in such findings, CT Partners confirm there were no material findings other than in relation to the non-compliances disclosed. We agreed to fully implement the internal control improvement measures recommended by CT Partners. In December 2015, January 2016, February 2016 and December 2016, CT Partners performed follow up reviews on our internal control system and CT Partners did not note any findings of material weakness or insufficiency in our Group's internal control system. Given (i) our aforesaid agreement to implement the recommended measures from CT Partners; (ii) no findings of material weakness or insufficiency by CT Partners during the aforesaid follow-up reviews; and (iii) CT partners obtained sufficient supporting documents and follow-up correspondence with the Company and was satisfied with the internal controls implementation, therefore no further follow-up reviews were conducted by CT Partners for the additional internal control actions adopted on and after January 2017.

Given these non-compliances were (i) not particularly serious considering their possible operational and financial impact; and (ii) generally administrative in nature and therefore being handled by administrative and supporting staff instead of our Directors, our Directors are of the view, and the Sponsor and CT Partners concur, that these non-compliances do not raise a serious concern on our Directors' competence. Furthermore, given the remedial actions for such non-compliances, adoption of

BUSINESS

the internal control measures and findings of CT Partners above, our Directors are of the further view, and the Sponsor and CT Partners concur, that there is a low risk of reoccurrence of the non-compliances and a demonstration period of compliance is therefore considered unnecessary.

Directors' and the Sponsor's views on internal control measures

Having considered the enhanced internal control measures as set out above and the views and findings of the internal control advisers and noting that the nature of the non-compliance was generally administrative in nature (relating to filing of documents, holding of annual general meeting and purchase of certain insurance) and the reasons (inadvertent oversight and insufficient understanding), our Directors are of the view, and the Sponsor concurs, that the various internal control measures adopted by our Group are adequate and effective.

Taking into account (i) the aforesaid non-compliances mainly involved late filings, failing to convene annual general meeting within the required timeframe and purchase of certain insurance due to over-sight or misunderstanding of certain provisions of the Companies Ordinance, Inland Revenue Ordinance and Employees' Compensation Ordinance; (ii) the aforesaid non-compliances did not involve intentional misconduct, fraud, dishonesty or corruption on the part of our Directors; and (iii) our Directors were willing to adopt the rectification and preventative measures when the issues were identified, our Directors are of the view, and the Sponsor concurs, that these non-compliances do not reflect a material defect in the character, integrity or experience of the Directors. Therefore, our Directors are of the view, and the Sponsor concurs, that our Directors are suitable to act as our Directors under Rules 5.01 and 5.02 of the GEM Listing Rules. Finally, given the rectification status of the non-compliances identified as well as the Deed of Indemnity given in favour of us by the Controlling Shareholders, our Directors are of the view, and the Sponsor concurs, that non-compliances identified do not materially affect our suitability for listing under Rule 11.06 of the GEM Listing Rules.

ENVIRONMENTAL COMPLIANCE

Due to the nature of our business, we did not incur any material costs in relation to the compliance with applicable environmental requirements during the Track Record Period. During the Track Record Period and up to the Latest Practicable Date, we did not record any non-compliance with applicable environmental requirements that resulted in prosecution or penalty being brought against us.

COMPETITION

According to the Industry Report, we operated in a mature industry which is dominated by the top six players in Hong Kong which together contributed to approximately 80.9% of the revenue generated from the provision of overseas studies consultancy services to local students seeking secondary education and higher education studies in the UK, Australia and Canada in 2015. Student placements to the UK, Australia and Canada serve as the primary contributors of revenue to the overseas studies consultancy service industry in Hong Kong and accounted for approximately 73.1% of the estimated total revenue of approximately HK\$332.7 million of the overall industry in 2015 according to the Industry Report.

For further details of the competitive landscape of the overseas studies consultancy industry in Hong Kong, please refer to the section headed "Industry overview — Competition" of this prospectus.

SUSTAINABILITY OF OUR BUSINESS

We observed the below historical market trends as identified in the Industry Report as well as the operating and financial performance of our Group as disclosed in this prospectus:

- (a) the total number of successful student placements from Hong Kong to secondary education institutions and higher education institutions in the UK, Australia or Canada by overseas studies agencies decreased from 8,346 in 2011 to 7,263 in 2014;
- (b) the total number of eligible school-aged children in Hong Kong is estimated to decrease from 1,322,800 in 2015 to 1,208,000 in 2019;
- (c) our Company's number of new student placements in UK secondary education programmes decreased from 170 for the year ended 31 March 2014 to 149 for the year ended 31 March 2015;
- (d) our Company's number of new student placements in UK higher education programmes decreased from 241 for the year ended 31 March 2015 to 197 for the year ended 31 March 2016; and
- (e) an overseas education provider, being fifth, fifth, fourth and sixth largest customer during the years ended 31 March 2014, 2015 and 2016 and for the four months ended 31 July 2016 respectively, gave prior notice to our Company for the early termination of the agency agreement in February 2016 and the termination took effect in April 2016.

Based on the following analysis, our Directors are of the view, and the Sponsor concurs that, our Company's business going forward is sustainable:

Historical decreasing trend for successful student placements in the UK, Australia and Canada

The decreasing trend of the total number of successful student placements from Hong Kong to secondary education institutions and higher education institutions in the UK, Australia or Canada by overseas studies agencies from 2011 to 2014 was due to, among other reasons, the normalisation from the sharp increase of such placements since 2011 which was driven by the implementation of the new Senior Secondary Academic Structure implemented in Hong Kong in 2009. Taking into account the figures prior to such event (i.e. the enrolment figures in 2010) and compared with more recent figures for 2014, it can be seen that there is not as significant drop but instead recorded an increase in such figures. Indeed, due to depreciation for GBP, AUD and CAD in 2015, there was a sharp increase in the total number of successful student placements from Hong Kong to secondary education institutions and higher education institutions in the UK, Australia or Canada by the overseas studies consultancies in 2015 to 9,699 placements.

Expected decreasing number of eligible school-aged children

According to the Industry Report, even taking into account the expected decrease in the total number of eligible school-aged children in Hong Kong from 2015 to 2019, the total revenue of overseas studies consultancy in relation to their provision of successful student placement services from Hong Kong to secondary education institutions and higher education institutions in UK, Australia or Canada is still expected to grow marginally at a CAGR of approximately 0.1% from 2015 to 2020.

Our view on overall industry trend

Although the industry is expected to face several threats in future such as (i) expected increase in cost of overseas studies and living, (ii) rising popularity of other countries for overseas studies, and (iii) decreasing number of eligible school-aged children in Hong Kong, there are many market drivers to facilitate the growth of the industry such as (a) opportunities in new study programmes, (b) insufficient available university places in Hong Kong still persist, (c) expected increase in affordability of students and their parents in Hong Kong, (d) decrease in ranking of local schools against overseas schools, and (e) gradual synchronisation of syllabuses between Hong Kong and overseas education system. Based on the marginal growth of the industry in the upcoming years according to the Industry Report and our strong market position, we believe that our Company will grow along with the positive industry trend.

Historical decreasing trend for successful student placements in the UK

The decrease in our Company's number of new student placements in the UK secondary education programme from 170 for the year ended 31 March 2014 to 149 for the year ended 31 March 2015 was principally due to the implementation of DSE in Hong Kong in 2009 where the students in Hong Kong need to spend an extra year to complete the secondary education programmes in UK. Our Directors do not expect such factor to have a material effect on long term future placement numbers as our Directors expect the decrease will be partially alleviated by the growing demand from parents in Hong Kong to send their children to UK for secondary education at their earlier age regardless of the concern of the cost of study given the recent social unrest in Hong Kong. For the year ended 31 March 2016, the new placements in the UK secondary education programme was relatively stable at 137.

The decrease in our Company's number of new student placements in UK higher education programmes from 241 for the year ended 31 March 2015 to 197 for the year ended 31 March 2016 was primarily due to, among others, the change in immigration rules on student visa application in UK in April 2015. Effective on 6 April 2015 and subject to certain exceptions, students wishing to study in the UK must take a new English test named IELTS for UK Visas and Immigration (the “**IELTS for UKVI**”) instead of the general IELTS as in the past to prove the students' English language abilities. Test report forms will be slightly different for IELTS for UKVI in order to show that test takers have taken the test at an IELTS approved test center which is specifically authorised by UK Visas and Immigration. Based on our Company's information, different from the general IELTS test center, IELTS for UKVI is directly supervised by UK Visas and Immigration and there will be CCTV security camera system in each test venue. Video will be recorded during the whole test process including registration and all test sessions in the test rooms. There were only 2 approved test centers for IELTS for UKVI in Hong Kong which is significantly less than the 17 test centers for the general IELTS as at the Latest Practicable Date. There are no material differences between the two tests in terms of content, examiners, format, level of difficulty, scoring etc.. Based on our Company's best knowledge, information and belief, such changes resulted in a short term limitation on the number of students who can take the new test due to the limit of number of approved center capacity and available test dates. Overall, our Directors believe that this factor is not expected to materially affect relevant long term future placement numbers given that (i) the changes mainly required administrative and security arrangements to be put in place to ensure the test centers comply with the new rules, examination organisers will have sufficient time in the future to ensure compliance of the test centers given the length of time since the new rules were announced; (ii) students had only limited time in 2015 from April (when the new rules became effective) to September (when the study programmes of the overseas education providers in UK

generally commence) to be aware of and book the available test dates during this short period whereas in 2016 and in subsequent years, students enjoy additional available test dates and have become more familiarised with the new test requirements and therefore have more time to prepare and take the new test well in advance of enrollment application thereby reducing the effect of the reduction in new test centers; and (iii) the continued attractiveness of UK education programmes in the eyes of students in Hong Kong based on the reputation of a high quality of education historically and the high rankings of a number of UK education providers in the past in comparative league tables compiled by education researchers such as QS World University Rankings.

Early termination of relationship with a major customer

In relation to the early termination of the agency agreement with an overseas education provider, being our fifth, fifth, fourth and sixth largest customer during the years ended 31 March 2014, 2015 and 2016 and for the four months ended 31 July 2016 respectively, our Directors are of the view that given our business involves successful matching of prospective students with their preferred overseas education providers, relationships with individual overseas education providers may not be as significant as having a wide variety of overseas education providers in our network to suit the needs of individual potential students. This can be seen from the low level reliance of our Group on individual schools with our Group's top five schools for each of the years ended 31 March 2014, 2015 and 2016 and the four months ended 31 July 2016 only accounted for approximately 9.7%, 11.7%, 13.2% and 20.0% of our total number of placements respectively while our single largest school accounted for approximately 1.9%, 3.1%, 2.7% and 4.8% of our total number of placements in the same period respectively. In relation to the aforesaid overseas education provider which terminated its relationship with us, it only contributed approximately 1.5%, 2.7%, 3.9% and 2.7% of the Group's total revenue and approximately 1.9%, 3.8%, 5.5% and 4.8% of our Group's total number of new placements in the same period respectively and is only one of the 17 public universities in Australia in our network.

Conclusion

Our Group has operated in the overseas education industry for a long period of time based on the founding of our Group by Mr. Chung in 1990. Since then, we have gained considerable experience and know-how in operating our business. The width of our Group's network (including over 600 overseas education providers relating to over 700 schools over various countries as at the Latest Practicable Date and not even including the number of courses and programmes offered under each of these agreements) is strong support for how we are able to successfully match students over the years.

Through the successful Listing of our Company and fund raising to carry out the proposed expansion plan as disclosed in the section headed "Future plans and use of proceeds" of this prospectus, in particularly in relation to our proposed marketing and advertising activities, our Company will be able to strengthen our brand awareness among prospective students and their parents in the overseas studies consultancy industry in Hong Kong and further expand our Company's market share in the industry.

Based on the foregoing, the Directors are of the view, and the Sponsor concurs, our Company's business going forward is sustainable.

FINANCIAL INFORMATION

You should read this section in conjunction with our consolidated financial information, including the notes thereto, as set out in Appendix I to this prospectus. The consolidated financial information has been prepared in accordance with HKFRSs.

The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include those discussed in the section headed “Risk factors” of this prospectus.

OVERVIEW

We are one of the leading overseas studies consultancy services providers in Hong Kong. We principally provide free overseas studies consultancy services to students in Hong Kong. Our network consists of education providers all over the world. Nevertheless, we mainly serve local students who are seeking secondary education and higher education studies in the UK, Australia and Canada during the Track Record Period. In return for our successful student placements with overseas education providers in our network, we receive commission income from such overseas education providers according to the terms of their agency agreements with us.

BASIS OF PRESENTATION OF FINANCIAL INFORMATION

The financial information of our Group has been prepared by our Directors based on the consolidated financial statements of our Group prepared in accordance with HKFRSs issued by the HKICPA, on the basis set out in note 1 of the accountants’ report in Appendix I to this prospectus, with no adjustments thereto.

FACTORS AFFECTING OUR FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Our financial conditions and results of operations have been and will continue to be affected by a number of factors, including those discussed below.

Demand for overseas studies from students in Hong Kong

We principally provide free overseas studies consultancy services to students in Hong Kong for their overseas secondary education and higher education studies in the UK, Australia and Canada. Our results of operations are therefore directly affected by the demand for overseas studies from local students in those countries which are influenced by a number of factors which are outside of our control including but not limited to (i) education system in Hong Kong; (ii) ranking of local schools versus overseas schools; (iii) number of available university places in Hong Kong; (iv) popularity of other countries for overseas studies; (v) complexity in admission and immigration procedures for overseas studies; (vi) affordability of students in Hong Kong; and (vii) cost of overseas studies and living. For detailed discussion of such factors, please refer to the section headed “Industry overview” of this prospectus.

FINANCIAL INFORMATION

Fluctuation in exchange rate on major currencies received by our Group

During the Track Record Period, our revenue were primarily denominated in foreign currencies based on the locality of our customers including among others GBP, AUD, USD and CAD with relatively larger exposure to GBP and AUD given that most of our revenue were generated from UK and Australia. As we prepare our consolidated financial statements in HK\$ for reporting purposes, foreign currency-denominated amounts are translated into HK\$. Foreign currency-denominated cash and cash equivalents and trade receivables are exposed to fluctuations in the value of the HK\$ against the currencies in which these cash and cash equivalents and trade receivables are denominated. As a result, fluctuations in currency exchange rates between the HK\$ and these currencies may result in volatility in our results of operations.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in Australian dollars and British pounds on our net profit for the three years ended 31 March 2016 resulted from the change in Australian dollars and British pounds against Hong Kong dollars, our Group's functional currency, holding other factors constant. Fluctuations in the Australian dollars are assumed to be 1% and 18% which represented the range of fluctuation of Australian dollars against Hong Kong dollars year by year during the Track Record Period. In light of the current negative sentiment in the prospects of the British pounds, fluctuations in the British pounds are assumed to be 3% and 28% which represented (i) the range of fluctuation of British pounds against Hong Kong dollars year by year during the Track Record Period as well as the largest magnitude of fluctuation of British pounds against Hong Kong dollars since 31 March 2016 to the Latest Practicable Date of 3% to 18%, which cover the fluctuation of British pounds in reaction to the Brexit Referendum and (ii) an additional margin of 10% to reflect any further unexpected fluctuation of British pound in the future. The sensitivity analysis include only outstanding foreign currency denominated monetary items and adjust their translation at the end of each reporting period for the above mentioned hypothetical change in the exchange rates of Australian dollars and British pounds against Hong Kong dollars.

Australian dollars

Change in AUD/HK\$

Change in net profit

	For the year ended 31 March						For the four months ended 31 July	
	2014		2015		2016		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
+18%	492	4	509	4	888	10	410	25
+1%	15	0	16	0	27	0	13	1
-1%	(15)	0	(16)	0	(27)	0	(13)	(1)
-18%	(492)	(4)	(509)	(4)	(888)	(10)	(410)	(25)

FINANCIAL INFORMATION

British pounds

Change in GBP/HK\$	Change in net profit							
	For the year ended 31 March						For the four months ended 31 July	
	2014		2015		2016		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
+28%	653	6	647	5	564	6	191	12
+3%	67	1	66	1	58	1	20	1
-3%	(67)	(1)	(66)	(1)	(58)	(1)	(20)	(1)
-28%	(653)	(6)	(647)	(5)	(564)	(6)	(191)	(12)

Operationally, the number of students in Hong Kong seeking our overseas studies consultancy services is inversely related to the currency exchange rates between the HK\$ and such foreign currencies. For instance, the depreciation of GBP and AUD against HK\$ would drive the demand of students seeking overseas studies and therefore our assistance given that it lowered the cost of tuition and cost of living in the UK and Australia in terms of HK\$.

KEY SOURCES OF ESTIMATION UNCERTAINTY

The key estimates and assumptions concerning the future as at the end of each reporting period, that could have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are set out in note 3 of the accountants' report in Appendix I to this prospectus.

CRITICAL ACCOUNTING POLICIES

We have identified certain accounting policies that are significant to the preparation of our financial information. These significant accounting policies are important for understanding of our financial condition and results of operation and are set forth in note 2 of the accountants' report in Appendix I to this prospectus. The following paragraphs discuss certain significant accounting policies applied in preparing our Group's financial information.

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.

FINANCIAL INFORMATION

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.

Dividend income is recognised when the right to receive payment is established.

Impairment of trade and other receivables

At each reporting date, trade and other receivables are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment 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.

If there is objective evidence that an impairment loss on trade and other 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 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

FINANCIAL INFORMATION

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.

RESULTS OF OPERATIONS

The following table sets forth the consolidated statements of profit or loss from the financial statements for each of the years/periods indicated, details of which are set out in the accountants' report in Appendix I to this prospectus.

	For the year ended 31 March			For the four months ended 31 July	
	2014	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Revenue	22,835	25,044	25,367	4,357	5,213
Other income	2,684	2,290	2,626	1,484	1,171
Marketing costs	(1,812)	(2,259)	(2,345)	(1,265)	(1,390)
Employee benefits expenses	(6,864)	(6,862)	(6,912)	(2,024)	(2,385)
Operating lease charges	(1,772)	(1,514)	(1,449)	(503)	(472)
Other expenses	(1,384)	(1,906)	(5,500)	(389)	(1,341)
Finance costs	<u>(272)</u>	<u>(255)</u>	<u>(150)</u>	<u>(60)</u>	<u>(94)</u>
Profit before income tax	13,415	14,538	11,637	1,600	702
Income tax expense	<u>(2,095)</u>	<u>(2,421)</u>	<u>(2,466)</u>	<u>(277)</u>	<u>(158)</u>
Profit for the year/period	<u><u>11,320</u></u>	<u><u>12,117</u></u>	<u><u>9,171</u></u>	<u><u>1,323</u></u>	<u><u>544</u></u>

DESCRIPTION OF SELECTED ITEMS IN CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Revenue

During the Track Record Period, our revenue mainly comprised the commission income generated from our successful placing of students with the overseas education providers in our network. The major terms of our agency agreements with overseas education providers are generally determined by such overseas education providers according to their standard form offered to their agents, subject to further negotiation between us. Accordingly, the form of the commission income is generally determined by them and they may offer different terms for each of their study programme.

During the Track Record Period, the amount of our commission income generated from our successful placements of students to higher education programmes through direct enrollment instead of foundation and pathway programme was generally equal to a percentage of the tuition fees payable by the students for the first year of such programmes. Such commission income is payable to us by the relevant overseas education providers at the commencement of the programmes in general. For either (i) other higher education programmes that require completion of a foundation and pathway programme or (ii) secondary education programmes, the amount of our commission income was generally equal to a

FINANCIAL INFORMATION

percentage of the tuition fees payable by the students in specific years during their period of study in such programmes. Such commission income is payable to us by the relevant overseas education providers at the commencement of each semester of the programmes and we usually fully recognised our commission income within three years from the commencement of such study programmes in accordance to the terms of agency agreements. Only a smaller portion of our commission income is in the form of a fixed fee per successful student placement during the Track Record Period.

During the Track Record Period, a majority of our revenue were generated from the first recognition of our revenue for our successful new placements of students (in most cases it means the commission generated from the commencement of (i) the higher education programmes involving direct enrollment and (ii) the first semester in the first year of the study for either (a) higher education programmes involving completion of a foundation and pathway programme or (b) secondary education programmes) (the “**New Placement Commission**”). We also generated our revenue from the recurring commission which was generated from (i) the commission recognised after the first recognition of revenue (in most cases it means the commission generated starting from the second semester in the first year of either (a) higher education programmes involving completion of a foundation and pathway programme or (b) secondary education programmes) and (ii) the commission recognised for foundation and pathway programme once the students successfully complete the college programme and progress to the partnered universities (the “**Recurring Commission**”). Given that the commission income from higher education programmes (in particular, higher education programmes involving direct enrollment) represented most of our revenue during the Track Record Period, our New Placement Commission represented a majority of our commission income during the same period.

Our Group is also entitled to performance related bonuses when our Group is able to meet the mutually agreed placement targets (in terms of number of students) between our Group and the overseas education providers which are calculated at a fixed amount per student up to the agreed target. Nevertheless, the targets set by the overseas education providers are not binding in nature and there is no legal or financial liability to our Group if the targets are not met.

The following table sets out the breakdown of commission income by its types for each of the years/periods indicated:

	For the year ended 31 March						For the four months ended 31 July			
	2014	2015		2016			2015	2016		
	HK\$'000	% of total	HK\$'000	% of total	HK\$'000	% of total	HK\$'000	% of total	HK\$'000	% of total
New Placement Commission	15,010	65.7	16,386	65.4	15,085	59.5	1,104	25.3	1,601	30.7
Recurring Commission	6,796	29.8	6,747	26.9	9,062	35.7	3,081	70.7	3,356	64.4
Short term course	215	0.9	344	1.4	345	1.4	159	3.7	122	2.3
Bonus	814	3.6	1,567	6.3	875	3.4	13	0.3	133	2.6
Total	22,835	100.0	25,044	100.0	25,367	100.0	4,357	100.0	5,213	100.0

FINANCIAL INFORMATION

The reason for higher proportion of Recurring Commission as a percentage of our total revenue for the four months ended 31 July 2015 and 2016 than that for the three years ended 31 March 2016 was principally due to the seasonality nature of our business. Other things being constant, we recorded the highest revenues in September and October when most of the study programmes of the overseas education providers in the UK and Australia generally commence followed by our second peak season from January to March for the spring intake for higher education, foundation and pathway programmes in the UK and Australia. Given that April to July is not our peak season, New Placement Commission was relatively low and Recurring Commission in the said period dominated. For further details of the seasonality nature of our business, please refer to the section headed “Business — Seasonality” of this prospectus.

The following table sets out the estimated amount of our Recurring Commission after the Track Record Period based on the successful new placements which occurred during the Track Record Period:

	From 1 August 2016 to 31 March 2017 HK\$'000	For the year ending 31 March 2018 HK\$'000	2019 HK\$'000	2020 and after HK\$'000
Estimated amount of Recurring Commission ^(Note)	1,941	708	173	25

Note: The major assumptions adopted in estimating the amount of Recurring Commission after the Track Record Period are (i) the students we placed will remain in the same education institution subsequent to the Track Record Period; (ii) the foreign exchange rate against HKD is based on the spot rate as at 31 July 2016, and (iii) there will be no material change in the terms of the agency agreement with the overseas education providers in our network.

New Placement Commission

As illustrated in above table, our revenue was highly dependent on the number of new placements of students with various overseas education providers which is affected by the demand for overseas studies by students in Hong Kong. For each of the years ended 31 March 2014, 2015 and 2016 and for each of the four months ended 31 July 2015 and 2016, we successfully placed 801, 892, 887, 109 and

FINANCIAL INFORMATION

145 students with the overseas education providers in our network respectively. Set out below is the breakdown of number of our successful new placements by secondary education programmes and higher education programmes and by different countries for each of the years/periods indicated:

	For the year ended 31 March			For the four months ended 31 July	
	2014	2015	2016	2015	2016
UK					
Secondary education programmes	170	149	137	7	7
Higher education programmes	235	241	197	7	16
<i>Subtotal — UK</i>	<i>405</i>	<i>390</i>	<i>334</i>	<i>14</i>	<i>23</i>
Australia					
Secondary education programmes	47	43	49	15	15
Higher education programmes	202	255	338	60	86
<i>Subtotal — Australia</i>	<i>249</i>	<i>298</i>	<i>387</i>	<i>75</i>	<i>101</i>
Canada					
Secondary education programmes	39	67	45	2	3
Higher education programmes	30	61	37	6	5
<i>Subtotal — Canada</i>	<i>69</i>	<i>128</i>	<i>82</i>	<i>8</i>	<i>8</i>
US					
Secondary education programmes	19	7	18	3	0
Higher education programmes	25	37	35	0	6
<i>Subtotal — US</i>	<i>44</i>	<i>44</i>	<i>53</i>	<i>3</i>	<i>6</i>
New Zealand					
Secondary education programmes	17	20	5	0	3
Higher education programmes	14	9	14	5	4
<i>Subtotal — New Zealand</i>	<i>31</i>	<i>29</i>	<i>19</i>	<i>5</i>	<i>7</i>
Others					
Secondary education programmes	0	0	1	0	0
Higher education programmes	3	3	11	4	0
<i>Subtotal — Others</i>	<i>3</i>	<i>3</i>	<i>12</i>	<i>4</i>	<i>0</i>
Total	<u>801</u>	<u>892</u>	<u>887</u>	<u>109</u>	<u>145</u>

Note: Others primarily consist of Singapore and countries in Europe other than UK.

As illustrated in above table, UK secondary education programmes, UK higher education programmes and Australia higher education programmes were the most popular choices of the students we assisted.

FINANCIAL INFORMATION

New placements for the four months ended 31 July 2015 and 2016

For the four months ended 31 July 2015 and 2016, the number of our new student placements in UK as a whole, Canada as a whole and Australia secondary education programmes were relatively stable. The increase in the number of our new student placements in Australia higher education programmes from 60 for the four months ended 31 July 2015 to 86 for the four months ended 31 July 2016 was mainly due to the slight depreciation of AUD against HK\$ as it lowered the cost of tuition and cost of living in Australia in terms of HK\$. Such increase in the number of our new student placements in Australia higher education programmes also follow its historical increasing trend for the three years ended 31 March 2016.

New placements for years ended 31 March 2015 and 2016

For the years ended 31 March 2015 and 2016, the number of our new student placements in UK secondary education programmes and Australia secondary education programmes were relatively stable. The drop of the number of our new student placements in UK higher education programmes from 241 for the year ended 31 March 2015 to 197 for the year ended 31 March 2016 was mainly due to, among others, the change in immigration rules on student's visa application in UK in April 2015.

Effective on 6 April 2015 and subject to certain exceptions, students wishing to study in the UK must take a new English test named IELTS for UK Visas and Immigration (the “**IELTS for UKVI**”) instead of the general IELTS as in the past. Test report forms will be slightly different for IELTS for UKVI in order to show that test takers have taken the test at an IELTS approved test center which is specifically authorised by UK Visas and Immigration. Based on our Company's information, different from the general IELTS test center, IELTS for UKVI is directly supervised by UK Visas and Immigration and there will be CCTV security camera system in each test venue. Video will be recorded during the whole test process including registration and all test sessions in the test rooms. There were only 2 approved test centers for IELTS for UKVI in Hong Kong which is significantly less than the 17 test centers for the general IELTS as at the Latest Practicable Date. There are no material differences between the two tests in terms of content, examiners, format, level of difficulty, scoring etc. Based on our Company's best knowledge, information and belief, such changes resulted in a short term limitation on the number of students who can take the new test due to the limit of number of approved center capacity and available test dates.

Overall, the Directors believe that this factor is not expected to materially affect relevant long term future placement numbers given that (i) the changes mainly required administrative and security arrangements to be put in place to ensure the test centers comply with the new rules, examination organisers will have sufficient time in the future to ensure compliance of the test centers given the length of time since the new rules were announced; (ii) students had only limited time in 2015 from April (when the new rules became effective) to September (when the study programmes of the overseas education providers in UK generally commence) to be aware of and book the available test dates during this short period whereas in 2016 and in subsequent years, students enjoy additional available test dates and have become more familiarised with the new test requirements and therefore have more time to prepare and take the new test well in advance of enrollment application thereby reducing the effect of the reduction in new test centers; and (iii) the continued attractiveness of UK education programmes in the eyes of students in Hong Kong based on the reputation of a high quality of education historically and the high rankings of a number of UK education providers in the past in comparative league tables compiled by education researchers such as QS World University Rankings.

FINANCIAL INFORMATION

Beyond the UK, Hong Kong students remained interested in overseas studies in a number of other countries including Australia. In comparison, there was an increase in the number of our new student placements in Australia higher education programmes from 255 for the year ended 31 March 2015 to 338 for the year ended 31 March 2016. This was mainly due to the significant depreciation of AUD against HK\$ from mid-May 2015 to mid-January 2016 which drove the demand for such education programme at the time when the students made their application during the period from July to September 2015 for the spring intakes in January to March 2016 as it lowered the cost of tuition and cost of living in Australia in terms of HK\$ (AUD rebounded from mid-January to end of March 2016 and therefore the AUD remained at similar level against HK\$ in the beginning and closing period for the year ended 31 March 2016).

New placements for years ended 31 March 2014 and 2015

For the years ended 31 March 2014 and 2015, the number of our new student placements in UK higher education programmes and Australia secondary education programmes were relatively stable. There was an increase in the number of our new student placements in Australia higher education programmes from 202 for year ended 31 March 2014 to 255 for year ended 31 March 2015 mainly due to the depreciation of AUD against HK\$ as it lowered the cost of tuition and cost of living in Australia in terms of HK\$. On the other hand, there was a drop of the number of our new student placements in UK secondary education programmes from 170 for the year ended 31 March 2014 to 149 for year ended 31 March 2015 mainly due to the normalisation from the spike in interest of overseas education studies resulted from the implementation of DSE in Hong Kong in 2009.

According to the Industry Report which further refers to the Higher Education Funding Council for England, though there was a rise of approximately 4% in the number of Hong Kong students undertaking secondary education studies in UK from the academic years 2011/12 to 2012/13 due to their lack of faith in the recognition of the new system, the demand of students seeking for secondary education studies in UK gradually decreased since 2013 given that the students in Hong Kong would need to spend an extra year to complete the secondary education programmes in UK (six years under DSE and seven years under UK secondary education system) which costs additional cost to the students and their parents.

Our Directors are also of the view that there were two phases of market reaction after the implementation of the DSE in 2009. In the first phase, despite the potential time and cost savings from the DSE system, students and parents were primarily concerned with the uncertainties and risks involved in this system such as whether the DSE certificates will be recognised and how long the related reforms by non-Hong Kong parties including overseas universities will take to adopt to the new system. There was therefore a spike in interest for overseas secondary education during this period including a rise in interest for UK secondary education programmes in the years immediately after the implementation of the DSE.

In the second phase, after a number of years of the implementation of DSE, Hong Kong students and parents had greater faith in the new DSE system and non-Hong Kong parties had sufficient time to consider and implement reforms to adapt to the DSE system. Students and parents also begun to place more weight on the benefits in potential time and cost savings of completion of secondary education programmes in six years under the DSE system as opposed to seven years under UK secondary

FINANCIAL INFORMATION

education system. After completion of the secondary education programme in Hong Kong, students can then apply for tertiary education in the UK and further take advantage of the shorter time to complete tertiary education programmes in UK (generally four years in Hong Kong and three years in the UK).

As a result, there was a decrease from the spike in interest and the level of interest in overseas secondary education studies begun to return to normal levels after a number of years from the implementation of the DSE system. Given the historical popularity of UK secondary education programmes in Hong Kong (as reflected in our Group's new student placement number in UK secondary education programmes during the Track Record Period being the highest as compared to similar placement numbers for the secondary education programmes in other countries), our Directors believe that the effects of these two phases of market reaction to the implementation of DSE system were most apparent in the interest in UK secondary education programmes and was one of the main reasons for the decrease in new student placement numbers for such programmes during the Track Record Period.

Nevertheless, our Directors believe that such decrease will be partially alleviated by (i) the growing demand from parents in Hong Kong to send their children to UK for secondary education at their earlier age regardless on the concern of the cost of study given the recent social unrest in Hong Kong and (ii) the end of the normalisation effect mentioned above.

Brexit Referendum

Our Directors note that there are recent changes to the political and economic environment in the UK in light of the Brexit Referendum.

The effects of Brexit Referendum on education in the UK generally and our business are still uncertain. On the one hand and in relation to individual education providers which rely on academic staff from other EU countries and/or research funding from EU bodies but may not qualify for such funding in the future, the quality of education and attractiveness of such individual education providers may be negatively affected due to insufficient teaching staff or funding issues. Also, individual students who are strongly motivated by post-graduation opportunities to work in the EU but are now uncertain whether a degree from a UK university would provide assistance as compared to a degree from elsewhere may also affect their choice of study location. On the other hand, there has been a depreciation of GBP against HK\$ after the Brexit Referendum and from our Directors' past experience, this would make studying in UK more attractive as it would be seen to lower the cost of tuition and cost of living in the UK.

Given the possible negative effects such as those mentioned above are still speculative at this stage and may be offset by positive effects such as depreciation of GBP against HK\$, the overall continuing attractiveness of UK education programmes in the eyes of students in Hong Kong based on the reputation of a high quality of education historically and the high rankings of a number of UK education providers in the past in comparative league tables compiled by education researchers such as QS World University Rankings, our Directors do not believe that the current political and economic environment in the UK have materially affected the above trend as the formal procedure for withdrawing from the EU by invoking Article 50 of the Lisbon Treaty is intended to be made by the end of March 2017 and that will only put the UK on a course to leave the EU by about March 2019 according to news reports. According to our internal records up to the Latest Practicable Date, there was a decrease in our number of successful new placements in UK secondary education programmes and higher education programmes from 289 for July to December 2015 to 229 for the same period in 2016.

Conclusion

Having considered the rising popularity of Australian secondary education programmes and higher education programmes as demonstrated by the increase in our successful new placements to Australian secondary education programmes and higher education programmes throughout the Track Record Period and based on our Directors' experience in the industry, the aforesaid decrease in successful new placements in UK secondary education programmes and higher education programmes during the Track Record Period may also be due to the rise in popularity of other countries for overseas studies including Australia. Our Directors further believe that even if the new student placement numbers for UK education programmes continue to decline due to the above reason, the width of our network of overseas education providers across different education levels and geographic regions will minimise its impact and accordingly, it will not materially and adversely affect our long term overall placement numbers.

FINANCIAL INFORMATION

During the Track Record Period, most of our commission income was generated from our student placements in secondary education and higher education providers in UK, Australia and Canada. The following table sets out the breakdown of our revenue by different study programmes and countries for each of the years/periods indicated:

	For the year ended 31 March						For the four months ended 31 July			
	2014	2015		2016			2015	2016		
	HK\$'000	% of total	HK\$'000	% of total	HK\$'000	% of total	HK\$'000	% of total	HK\$'000	% of total
UK										
Secondary education programmes	5,385	23.6	5,901	23.6	5,402	21.3	1,548	35.5	1,676	32.1
Higher education programmes	7,825	34.3	7,410	29.6	7,134	28.1	505	11.6	566	10.9
Short term courses	24	0.1	116	0.5	40	0.2	—	—	39	0.8
Bonus	229	1.0	1,067	4.2	569	2.2	—	—	133	2.6
<i>Subtotal — UK</i>	<i>13,463</i>	<i>59.0</i>	<i>14,494</i>	<i>57.9</i>	<i>13,145</i>	<i>51.8</i>	<i>2,053</i>	<i>47.1</i>	<i>2,414</i>	<i>46.3</i>
Australia										
Secondary education programmes	982	4.3	1,026	4.1	1,118	4.4	330	7.6	467	9.0
Higher education programmes	5,164	22.6	5,677	22.7	7,268	28.7	1,293	29.7	1,807	34.7
Short term courses	18	0.1	33	0.1	62	0.2	26	0.6	23	0.4
Bonus	298	1.3	475	1.9	283	1.1	13	0.3	—	—
<i>Subtotal — Australia</i>	<i>6,462</i>	<i>28.3</i>	<i>7,211</i>	<i>28.8</i>	<i>8,731</i>	<i>34.4</i>	<i>1,663</i>	<i>38.2</i>	<i>2,297</i>	<i>44.1</i>
Canada										
Secondary education programmes	641	2.8	938	3.7	617	2.4	59	1.3	77	1.5
Higher education programmes	494	2.2	719	2.9	687	2.7	202	4.6	155	3.0
Short term courses	35	0.2	56	0.2	—	—	—	—	—	—
Bonus	—	—	—	—	—	—	—	—	—	—
<i>Subtotal — Canada</i>	<i>1,170</i>	<i>5.2</i>	<i>1,713</i>	<i>6.8</i>	<i>1,304</i>	<i>5.1</i>	<i>260</i>	<i>6.0</i>	<i>232</i>	<i>4.4</i>
US										
Secondary education programmes	397	1.7	218	0.9	314	1.2	15	0.3	4	0.1
Higher education programmes	258	1.1	543	2.2	825	3.3	34	0.8	93	1.8
Short term courses	31	0.1	52	0.2	73	0.3	14	0.3	7	0.1
Bonus	254	1.1	3	—	23	0.1	—	—	—	—
<i>Subtotal — US</i>	<i>940</i>	<i>4.0</i>	<i>816</i>	<i>3.3</i>	<i>1,235</i>	<i>4.9</i>	<i>63</i>	<i>1.4</i>	<i>104</i>	<i>2.0</i>
New Zealand										
Secondary education programmes	407	1.8	425	1.7	203	0.8	20	0.5	29	0.6
Higher education programmes	209	0.9	208	0.8	331	1.3	97	2.2	73	1.4
Short term courses	27	0.1	14	0.1	5	—	—	—	—	—
Bonus	—	—	—	—	—	—	—	—	—	—
<i>Subtotal — New Zealand</i>	<i>643</i>	<i>2.8</i>	<i>647</i>	<i>2.6</i>	<i>539</i>	<i>2.1</i>	<i>117</i>	<i>2.7</i>	<i>102</i>	<i>2.0</i>
Others ^{Note}										
Secondary education programmes	—	—	—	—	7	—	—	—	—	—
Higher education programmes	45	0.2	67	0.2	240	1.0	82	1.9	11	0.2
Short term courses	79	0.4	74	0.3	166	0.7	119	2.7	53	1.0
Bonus	33	0.1	22	0.1	—	—	—	—	—	—
<i>Subtotal — Others</i>	<i>157</i>	<i>0.7</i>	<i>163</i>	<i>0.6</i>	<i>413</i>	<i>1.7</i>	<i>201</i>	<i>4.6</i>	<i>64</i>	<i>1.2</i>
Total	22,835	100.0	25,044	100.0	25,367	100.0	4,357	100.0	5,213	100.0

Note: Others primarily consist of Singapore and countries in Europe other than UK.

FINANCIAL INFORMATION

Our commission revenue is predominantly received in the currency of the countries where the overseas education providers are located. As illustrated in the above table, given that the total revenue generated from UK and Australia contributed approximately 87.3%, 86.7%, 86.2%, 85.3% and 90.4% of our total revenue for each of the years ended 31 March 2014, 2015 and 2016 and for each of the four months ended 31 July 2015 and 2016 respectively, the majority of our commission revenue was received in GBP and AUD during the Track Record Period.

For each of the years ended 31 March 2014, 2015 and 2016 and for each of the four months ended 31 July 2015 and 2016, our average commission received per successful student placements for secondary education programmes and higher education programmes was approximately HK\$18,700, HK\$18,400, HK\$17,000, HK\$10,100 and HK\$11,000 respectively. The relatively lower average commission of each successful student placement for the four months ended 31 July 2015 and 2016 than that for the three years ended 31 March 2016 was primarily due to the seasonality factor resulted from the relatively lower tuition fee for the English language and summer courses and foundation and pathway programme of higher education programmes which commence their term during the four months ended 31 July 2015 and 2016. The decrease in our average commission received per successful student placement from the year ended 31 March 2014 to the year ended 31 March 2015 and to the year ended 31 March 2016 was principally due to the depreciation of AUD and GBP against HKD, which was partially offset by the increase in tuition fee.

Other income

Other income mainly comprises marketing income, which accounted for approximately 65.3%, 76.7%, 76.6%, 79.5% and 91.2% of our total other income for each of the years ended 31 March 2014, 2015 and 2016 and for each of the four months ended 31 July 2015 and 2016 respectively. The following table sets out the breakdown of other income for each of the years/periods indicated:

	For the year ended 31 March						For the four months ended 31 July			
	2014	2015		2016			2015	2016		
	HK\$'000	% of total	HK\$'000	% of total	HK\$'000	% of total	HK\$'000	% of total	HK\$'000	% of total
	(unaudited)									
Bank interest income	5	0.2	4	0.2	2	0.1	1	0.1	1	0.1
Interest income from investment in a life insurance policy	86	3.2	88	3.8	30	1.1	29	2.0	—	—
Dividend income from available-for-sale financial assets	49	1.8	25	1.1	—	—	—	—	—	—
Exchange gain	365	13.6	—	—	112	4.3	26	1.8	—	—
Gain on disposal of available-for-sale financial assets	—	—	3	0.2	10	0.4	—	—	—	—
Marketing income	1,753	65.3	1,757	76.7	2,015	76.6	1,180	79.5	1,068	91.2
Sponsorship income	66	2.5	113	4.9	76	2.9	49	3.3	30	2.6
Commission income from guardianship	224	8.3	214	9.3	96	3.7	22	1.5	6	0.5
Others	136	5.1	86	3.8	285	10.9	177	11.9	66	5.6
Total	2,684	100.0	2,290	100.0	2,626	100.0	1,484	100.0	1,171	100.0

FINANCIAL INFORMATION

Marketing income represents subsidies from our customers who would like to promote their schools through (i) our marketing channels and (ii) participation in certain overseas studies fairs hosted by us. We present our proposed yearly marketing activities to our customers each year and the customers will decide the amount of subsidies to be granted to us based on our past marketing performance and their own budgets. Nevertheless, our Group has no obligation to the customers on how to spend such marketing subsidies.

Our guardian income represents the referral income from Independent Third Party companies in relation to our recommendation of guardians to students who are aged under 18 and intended to attend high schools in the UK. Our sponsor income represents the subsidies from overseas education providers both in and outside of our network for our flight tickets and accommodations when we are invited to attend site visits and meetings with the staff of such overseas education providers.

We recorded an exchange gain of approximately HK\$0.4 million for the year ended 31 March 2014 due to the appreciation of GBP against HK\$, which was partially offset by the depreciation of AUD against HK\$ in the same year. We recorded an exchange loss of approximately HK\$0.4 million for the year ended 31 March 2015 due to the depreciation of both GBP and AUD against HK\$ in the year. Such loss had been recorded in “Other expenses”. We recorded an exchange gain of approximately HK\$0.1 million for the year ended 31 March 2016 due to the rebound of AUD against HK\$ from mid-January to end of March 2016 which was partially offset by the depreciation of GBP against HK\$ in the same year.

We recorded an exchange gain of approximately HK\$0.03 million for the four months ended 31 July 2015 due to the appreciation of GBP against HK\$, which was partially offset by the depreciation of AUD against HK\$ in the same period. We recorded an exchange loss of approximately HK\$0.3 million for the four months ended 31 July 2016 due to the depreciation of GBP against HK\$ during the period resulted from the Brexit Referendum.

For details of the life insurance policy and available-for-sale financial assets, please refer to the paragraph headed “Description of certain items of consolidated statements of financial position — Available-for-sale financial assets” in this section.

FINANCIAL INFORMATION

Marketing costs

Our marketing costs mainly comprise advertising fees for promoting the image and services of our Group as well as our customers in different forms of media type such as (i) print advertising e.g. newspapers, magazines, brochures; (ii) outdoor advertising e.g. MTR stations, billboards, exhibitions; (iii) television; and (iv) online platform. Set out below is the breakdown of our marketing costs categorised by media platforms for each of the years/periods indicated:

	For the year ended 31 March			For the four months ended 31 July	
	2014	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Television	—	732	380	380	280
Outdoor	686	510	870	387	482
Paper	601	838	692	358	432
Internet	301	107	268	105	183
Others	224	72	135	35	13
Total	1,812	2,259	2,345	1,265	1,390

Employee benefits expenses

Our staff costs mainly represent basic salaries, commissions, allowances, discretionary bonuses, pension scheme contributions and other staff benefits to the staff and directors of our Group. Our counsellors are paid with basic salaries, commissions, discretionary bonuses and pension scheme contributions. The commission and discretionary bonuses we paid to our counsellors is principally determined based on the total number of students that such counsellors successfully placed, the corresponding revenue generated during each year and the seniority of our counsellors. We strive to match students in Hong Kong with appropriate overseas education providers based on each individual student's preferences and personal circumstances as well as such student's suitability for the relevant academic programme, therefore there is no compulsory placement target set by our Group to our counsellors. Set out below is the breakdown of our employee benefits expenses for each of the years/periods indicated:

	For the year ended 31 March						For the four months ended 31 July			
	2014	2015		2016			2015	2016		
	HK\$'000	% of total	HK\$'000	% of total	HK\$'000	% of total	HK\$'000	% of total	HK\$'000	% of total
							(unaudited)			
Basic salaries	5,122	74.6	5,075	74.0	5,120	74.0	1,580	78.1	1,818	76.2
Commissions, allowances, discretionary bonuses and other benefits	1,467	21.4	1,508	22.0	1,505	21.8	354	17.5	451	18.9
Contributions to defined contribution retirement plans	275	4.0	279	4.0	287	4.2	90	4.4	116	4.9
	6,864	100.0	6,862	100.0	6,912	100.0	2,024	100.0	2,385	100.0

FINANCIAL INFORMATION

Operating lease charges

Our operating lease charges represented the rental expense of our branches located in Mong Kok, Tsuen Wan, Wan Chai and Shatin (closed in April 2014) in Hong Kong.

Other expenses

Our other expenses during the Track Record Period mainly comprise exchange loss due to depreciation of AUD and GBP against HK\$, building management fees paid for our branches, information technology expenses and legal and professional fee in relation to the Listing.

Finance costs

Finance costs comprise solely of bank loan interest charges on our interest-bearing bank borrowings that are wholly repayable within five years. For details of our bank borrowings, please refer to the sub-paragraph headed “Description of certain items of consolidated statements of financial position — Bank borrowings” in this section.

Income tax expense

Our Group is subject to income tax on an individual legal entity basis on profits arising in or derived from the tax jurisdictions in which companies comprising our Group domicile or operate.

(i) *Cayman Islands/BVI profits tax*

Our Group has not been subject to any taxation in the Cayman Islands/BVI.

(ii) *Hong Kong profits tax*

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the Track Record Period, taking into account a reduction of 75% of the tax payable for the year of assessment 2015/16 subject to a maximum reduction of HK\$20,000 for each business, a reduction of 75% of the tax payable for the year assessment 2014/15 subject to a maximum reduction of HK\$20,000 for each business and a reduction of 75% of the tax payable for the year of assessment 2013/14 subject to a maximum reduction of HK\$10,000 for each business.

Our income tax expenses were approximately HK\$2.1 million, HK\$2.4 million, HK\$2.5 million, HK\$0.3 million and HK\$0.2 million for each of the years ended 31 March 2014, 2015 and 2016 and for each of the four months ended 31 July 2015 and 2016 respectively; the effective tax rate for the same year was approximately 15.6%, 16.7%, 21.2%, 17.3% and 22.5%, respectively. The lower effective tax rate than the statutory tax rate for the year ended 31 March 2014 was mainly attributable to the non-taxable income on exchange gain from the appreciation of GBP. The higher effective tax rate than the statutory tax rate for the year ended 31 March 2015 was mainly attributable to the non-deductible expense on exchange loss from the depreciation of GBP and AUD against HK\$. The higher effective tax rate than the statutory tax rate for the year ended 31 March 2016 and for the four months ended 31 July 2016 was mainly attributable to the non-deductible expense in relation to the Listing.

We are not subject to any tax obligations other than that of Hong Kong.

FINANCIAL INFORMATION

For details of our tax position, please refer to the sub-paragraphs headed “Description of certain items of consolidated statements of financial position — Income tax payable” in this section.

REVIEW OF HISTORICAL RESULTS OF OPERATION

Four months ended 31 July 2016 compared to four months ended 31 July 2015

Revenue

Our revenue for the four months ended 31 July 2016 was approximately HK\$5.2 million, representing an increase of approximately 19.6% from approximately HK\$4.4 million for the four months ended 31 July 2015, which was mainly due to (i) the increase in the total number of students we successfully placed from 109 to 145 in the same period led by the increase in the number of our new student placements in Australia higher education programmes from 60 for the four months ended 31 July 2015 to 86 for the four months ended 31 July 2016 due to the slight depreciation of AUD against HK\$ as it lowered the cost of tuition and cost of living in Australia in terms of HK\$.

Other income

The slight decrease in other income from approximately HK\$1.5 million to approximately HK\$1.2 million was mainly due to the decrease in our marketing subsidies received from the overseas education institutions within our network.

Marketing costs

Our marketing costs were relatively stable at approximately HK\$1.3 million and HK\$1.4 million for the four months ended 31 July 2015 and 2016 respectively.

Employee benefits expenses

Our staff cost increased from approximately HK\$2.0 million for the four months ended 31 July 2015 to approximately HK\$2.4 million for the four months ended 31 July 2016, principally due to the increase in basic salaries we paid to our staff.

Operating lease charges

Our operating lease charges remained stable at approximately HK\$0.5 million for the four months ended 31 July 2015 and 2016, which correspond to our fixed rental expense for our three branches during the period.

Other expenses

The substantial increase in other expenses from approximately HK\$0.4 million for the four months ended 31 July 2015 to approximately HK\$1.3 million for the four months ended 31 July 2016 was principally due to the listing expenses incurred for the four months ended 31 July 2016.

FINANCIAL INFORMATION

Finance costs

The increase in finance costs from approximately HK\$60,000 to approximately HK\$94,000 was principally resulted from the new banking facility for a term loan facility of HK\$2.5 million and corporate credit card facility of HK\$0.5 million that we obtained in June 2016.

Income tax expense

Our income tax expense decreased from approximately HK\$0.3 million for the four months ended 31 July 2015 to HK\$0.2 million for the four months ended 31 July 2016 given that the profit before income tax, after excluding the listing expenses of approximately HK\$0.5 million for the four months ended 31 July 2016, decreased from approximately HK\$1.6 million for the four months ended 31 July 2015 to approximately HK\$1.2 million for the four months ended 31 July 2016.

Profit for the period

As a result of the foregoing, the profit for the period decreased from approximately HK\$1.3 million for the four months ended 31 July 2015 to approximately HK\$0.5 million for the four months ended 31 July 2016, mainly due to the recognition of our listing expenses of approximately HK\$0.5 million for the four months ended 31 July 2016. By excluding the listing expenses, the adjusted profit decreased from approximately HK\$1.3 million for the four months ended 31 July 2015 to approximately HK\$1.0 million for the four months ended 31 July 2016 principally due to the decrease in our other income, increase in our marketing cost and employee benefits expenses though we recorded an increase in our revenue for the same period.

Year ended 31 March 2016 compared to year ended 31 March 2015

Revenue

Our revenue for the year ended 31 March 2016 was approximately HK\$25.4 million, representing a slight increase of approximately 1.3% in comparison to approximately HK\$25.0 million for the year ended 31 March 2015, which was mainly due to (i) the increase in tuition fee of the education programmes, (ii) the increase in our recurring commission resulted from our high placement number in prior year and (iii) was partially offset by the slight decrease in the total number of students we successfully placed from 892 to 887 in the same period. Indeed, the total number of students we successfully placed in Australia recorded an increase from 298 to 387 during the year due to the significant depreciation of AUD against HK\$ from mid-May 2015 to mid-January 2016 and therefore drove the demand for such education programme at the time when the students made their application during the period from July to September 2015 as it lowered the cost of tuition and cost of living in Australia in terms of HK\$. However, given the change in immigration rules on student's visa application in UK which require additional examination for the admission for the UK's higher education programmes in April 2015 which cannot be promptly responded by the examination organisers, the total number of students we successfully placed in UK recorded a decrease from 390 to 334 during the year.

FINANCIAL INFORMATION

Other income

The increase in other income from approximately HK\$2.3 million to approximately HK\$2.6 million was mainly due to the increase in our marketing subsidies received from the overseas education institutions within our network.

Marketing costs

Our marketing costs were relatively stable at approximately HK\$2.3 million given the increase in our outdoor and online advertisement which was partially offset by the decrease in our television advertisement during the year ended 31 March 2016.

Employee benefits expenses

The staff cost was relatively stable at approximately HK\$6.9 million for the two years ended 31 March 2016, which correspond to our low staff turnover and stable revenue at approximately HK\$25.0 million and HK\$25.4 million during the same year.

Operating lease charges

Our operating lease charges remained stable at approximately HK\$1.5 million and approximately HK\$1.4 million for the two years ended 31 March 2016, which correspond to our fixed rental expense for our three branches during the year.

Other expenses

The substantial increase in other expenses from approximately HK\$1.9 million to approximately HK\$5.5 million was principally due to the listing expenses of approximately HK\$3.8 million recorded for the year ended 31 March 2016.

Finance costs

The decrease in finance costs from approximately HK\$0.3 million to approximately HK\$0.2 million was principally resulted from our repayment in the loan principal amount.

Income tax expense

Our income tax expense increased from approximately HK\$2.4 million to HK\$2.5 million due to the increase in our profit before income tax excluding the listing expenses which are not deductible from approximately HK\$14.5 million to approximately HK\$15.4 million.

Profit for the year

As a result of the foregoing, the profit for the year decreased from approximately HK\$12.1 million for the year ended 31 March 2015 to approximately HK\$9.2 million for the year ended 31 March 2016 or approximately 24.3%, mainly due to the recognition of our listing expenses. By excluding the listing expenses of approximately HK\$3.8 million for the year ended 31 March 2016, the adjusted profit for the year increased slightly from approximately HK\$12.1 million for the year ended 31 March 2015 to approximately HK\$13.0 million for the year ended 31 March 2016.

FINANCIAL INFORMATION

Year ended 31 March 2015 compared to year ended 31 March 2014

Revenue

Our revenue for the year ended 31 March 2015 was approximately HK\$25.0 million, representing an increase of approximately 9.7% in comparison to that of approximately HK\$22.8 million for the year ended 31 March 2014. The increase was principally driven by the increase in New Placement Commission and corresponding bonus given the increased number of new placements of students from 801 for the year ended 31 March 2014 to 892 for the year ended 31 March 2015.

The total number of students we successfully placed in Australia recorded an increase from 249 to 298 during the year due to the depreciation of AUD against HK\$. However, given the lesser extent of depreciation of GBP against HK\$ than AUD which drove the demand for studying in the UK to Australia as well as the normalisation from the spike in interest of UK secondary education programmes after a number of years from the implementation of the DSE system, the total number of students we successfully placed in UK recorded a decrease from 405 to 390 during the year.

Other income

The decrease in other income from approximately HK\$2.7 million to approximately HK\$2.3 million was mainly due to the absence of exchange gain for the year ended 31 March 2015. There was an exchange gain of approximately HK\$0.4 million recorded for the year ended 31 March 2014 due to the appreciation of GBP against HK\$. For the year ended 31 March 2014, AUD depreciated by 11% against HK\$ while GBP appreciated by 10% against HK\$. The exchange loss due to the depreciation of GBP and AUD against HK\$ for the year ended 31 March 2015 was recorded in “Other expenses”.

Marketing costs

The increase in marketing costs from approximately HK\$1.8 million to approximately HK\$2.3 million was mainly due to the additional commercial advertisement in television platform. We have launched two television advertisements for the year ended 31 March 2015 (for the year ended 31 March 2014: nil).

Employee benefits expenses

The staff cost was relatively stable at approximately HK\$6.9 million for each of the years ended 31 March 2014 and 2015, as the (i) basic salaries and (ii) commissions, allowances, discretionary bonuses and other benefits we paid to our staff were stable at approximately HK\$5.1 million and HK\$1.5 million respectively for each of the years ended 31 March 2014 and 2015.

Operating lease charges

The decrease in operating lease charges from approximately HK\$1.8 million to approximately HK\$1.5 million was due to the termination of the tenancy arrangement in respect of the close down of our Shatin branch in April 2014.

FINANCIAL INFORMATION

Other expenses

The increase in other expenses from approximately HK\$1.4 million to approximately HK\$1.9 million was principally due to the exchange loss of approximately HK\$0.4 million due to the depreciation of GBP and AUD against HK\$ for the year ended 31 March 2015. During the year, AUD and GBP depreciated by approximately 18% and 11% respectively against HK\$.

Finance costs

The decrease in finance costs from approximately HK\$272,000 to approximately HK\$255,000 was principally resulted from our repayment in the loan principal amount. The level of bank borrowings had been reduced from approximately HK\$6.0 million to approximately HK\$3.5 million.

Income tax expense

Our income tax expense increased from approximately HK\$2.1 million to approximately HK\$2.4 million due to the increase in our profit before income tax from approximately HK\$13.4 million to approximately HK\$14.5 million resulted from the growth in our commission income for the year ended 31 March 2015.

Profit for the year

As a result of the foregoing, the profit for the year increased from approximately HK\$11.3 million for the year ended 31 March 2014 to approximately HK\$12.1 million for the year ended 31 March 2015 or approximately 7.0%, mainly due to the increase in our commission income.

FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth the consolidated statements of financial positions as at 31 March 2014, 31 March 2015, 31 March 2016 and 31 July 2016, details of which are set out in the accountants' report in Appendix I to this prospectus.

	As at 31 March			As at 31 July
	2014	2015	2016	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets				
Property, plant and equipment	38	19	22	19
Available-for-sale financial assets	<u>2,715</u>	<u>1,836</u>	<u>—</u>	<u>—</u>
	<u>2,753</u>	<u>1,855</u>	<u>22</u>	<u>19</u>
Current assets				
Trade and other receivables	5,147	5,278	12,972	11,833
Amounts due from related parties	2,650	4,975	1	1
Tax recoverable	—	9	—	104
Cash and bank balances	<u>10,390</u>	<u>8,363</u>	<u>6,768</u>	<u>3,825</u>
	<u>18,187</u>	<u>18,625</u>	<u>19,741</u>	<u>15,763</u>
Current liabilities				
Accrued charges and other payables	1,672	1,624	1,889	2,011
Amounts due to related parties	2,390	2,390	2	—
Bank borrowings	5,959	3,538	1,879	2,723
Income tax payable	<u>1,196</u>	<u>1,156</u>	<u>370</u>	<u>2</u>
	<u>11,217</u>	<u>8,708</u>	<u>4,140</u>	<u>4,736</u>
Net current assets	<u>6,970</u>	<u>9,917</u>	<u>15,601</u>	<u>11,027</u>
Net assets/Total assets less current liabilities	<u>9,723</u>	<u>11,772</u>	<u>15,623</u>	<u>11,046</u>
Capital and reserves				
Share capital	—	—	—	—
Reserves	<u>9,115</u>	<u>11,293</u>	<u>15,310</u>	<u>10,804</u>
Equity attributable to equity holders of the Company	9,115	11,293	15,310	10,804
Non-controlling interest	<u>608</u>	<u>479</u>	<u>313</u>	<u>242</u>
Total equity	<u>9,723</u>	<u>11,772</u>	<u>15,623</u>	<u>11,046</u>

FINANCIAL INFORMATION

DESCRIPTION OF CERTAIN ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Available-for-sale financial assets

The available-for-sale financial assets represent (i) our investment in an unlisted fund and (ii) our purchase of life insurance for Mr. Chung with one of the members of our Group as beneficiary as a pledge to secure our bank borrowings.

The investment of the unlisted fund was made by our Group in February 2013 at a cost of approximately HK\$1.0 million. Such investment was recorded at fair value based on the net asset value of the unlisted fund stated in the statements provided by the financial institution which is publicly available and the change in its fair value was recorded through our other comprehensive income account. Our Group has recorded the fair value loss of approximately HK\$81,000 for the year ended 31 March 2014. Our Group has also recorded dividend income of approximately HK\$49,000 and HK\$25,000 from this investment for each of the years ended 31 March 2014 and 2015 respectively. Our Group redeemed such investment in September 2014 and the redemption proceed was approximately HK\$1.0 million. We recorded a disposal gain of such investment of approximately HK\$3,000 for the year ended 31 March 2015.

We purchased a life insurance in April 2010 for Mr. Chung with one of the members of our Group as beneficiary as a pledge to secure our bank borrowings. The total insured sum is US\$1,000,000 (equivalent to approximately HK\$7,770,000). Our Group was required to pay a one-off premium payment of US\$249,080 (equivalent to approximately HK\$1,935,000). The fair value of the life insurance policy is determined with reference to its cash value which is determined by the premium payment plus accumulated interest earned minus certain charges. Our Group has recorded interest income of approximately HK\$86,000, HK\$88,000 and HK\$30,000 from the life insurance for each of the years ended 31 March 2014, 2015 and 2016 respectively. The said bank loan was fully repaid by our Group in April 2015. In August 2015, such life insurance policy was transferred to one of our related parties at a consideration of approximately HK\$1.9 million and we recorded a disposal gain of approximately HK\$10,000 for the year ended 31 March 2016.

Going forward, we do not intend to make any investment in financial assets.

FINANCIAL INFORMATION

Trade and other receivables

Our trade receivables consist of commission receivables from overseas education providers. Our other receivables principally consist of utility and rental deposits and other receivables in relation to our proposed investment made prior to the Track Record Period and prepayment for our rental expenses. The following table sets forth our trade and other receivables as of the dates indicated:

	As at 31 March			As at 31 July
	2014	2015	2016	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade receivables	3,965	4,209	4,910	2,594
Less: provision for impairment	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Trade receivables, net	<u>3,965</u>	<u>4,209</u>	<u>4,910</u>	<u>2,594</u>
Deposit and other receivable in relation to an investment, gross	2,379	2,379	2,379	2,379
Less: provision for impairment	<u>(1,824)</u>	<u>(1,824)</u>	<u>(1,953)</u>	<u>(1,953)</u>
Deposit and other receivable in relation to an investment, net	<u>555</u>	<u>555</u>	<u>426</u>	<u>426</u>
Listing expenses receivable	—	—	5,976	6,679
Other deposits	534	418	407	407
Prepayments	<u>93</u>	<u>96</u>	<u>1,253</u>	<u>1,727</u>
	<u>5,147</u>	<u>5,278</u>	<u>12,972</u>	<u>11,833</u>

The following table sets out our average trade receivable turnover days for the Track Record Period:

	For the year ended 31 March			For the four months ended 31 July
	2014	2015	2016	2016
Average trade receivables turnover days	60.0	59.6	65.6	87.8

Note: Average trade receivables turnover days are calculated by dividing the average of beginning and ending trade receivable balances by revenue for the relevant year and multiplied by 365 days for the three years ended 31 March 2016 and by 122 days for the four months ended 31 July 2016.

FINANCIAL INFORMATION

Our Group's trade receivables turnover days were stable at approximately 60.0 days for the year ended 31 March 2014 and approximately 59.6 days for the year ended 31 March 2015 as the growth rate of trade receivables was similar to the revenue in the same year.

Our trade receivables turnover days increased from approximately 59.6 days for the year ended 31 March 2015 to approximately 65.6 days for the year ended 31 March 2016 which was mainly due to the increase in our revenue attributable to Australia higher education programmes from approximately 22.7% for the year ended 31 March 2015 to approximately 28.7% for the year ended 31 March 2016 as the settlement by Australian public universities is relatively slower in general.

Our trade receivables turnover days substantially increased from 31 March 2016 to 31 July 2016 as the revenue generated from the commencement of the English language and foundation programmes of public education providers in UK and Australia as the settlement by such public education providers is relatively slower in general.

The aging analysis of the trade receivables based on revenue recognition date is as follows:

	As at 31 March			As at 31 July
	2014	2015	2016	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
0–30 days	1,599	2,721	606	1,762
31–60 days	997	767	2,910	164
61–90 days	519	332	753	37
91–365 days	850	389	641	619
Over 365 days	—	—	—	12
	<u>3,965</u>	<u>4,209</u>	<u>4,910</u>	<u>2,594</u>

Given that our revenue are generally made without prescribed credit terms, as at 31 March 2014, 2015, 2016 and 31 July 2016, all trade receivables were past due. No trade receivable was individually determined to be impaired.

Trade receivables that were past due but not impaired relate to customers that have a good track record of credit with our Group. Based on past experience, management believe that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered recoverable.

As at the Latest Practicable Date, approximately 91% of our trade receivables outstanding as at 31 July 2016 were settled.

Our trade receivables are monitored continuously and evaluated on a case-by-case basis with respect to the appropriate follow-up actions to be taken, taking into consideration the customer's normal payment practice and payment history and the Group's relationship with the customers. During the Track Record Period, follow-up actions taken by the Group for recovering long-overdue payments included issue of payment reminders and active communications with the customers.

FINANCIAL INFORMATION

For details of other receivables, please refer to the paragraph headed “Amounts due from/to related parties” in this section.

Our prepayments increased from approximately HK\$96,000 as at 31 March 2015 to approximately HK\$1.3 million as at 31 March 2016 and further increased to HK\$1.7 million as at 31 July 2016 due to the prepaid listing expenses of HK\$1.1 million as at 31 March 2016 and HK\$1.2 million as at 31 July 2016.

Amounts due from/to related parties

The amounts due from related parties of approximately HK\$2.7 million, HK\$5.0 million, HK\$1,000 and HK\$1,000 as at 31 March 2014, 2015, 2016 and 31 July 2016 respectively represented amounts due from Mr. Chung as at 31 March 2014 and 2015 and amount due from Chung’s Capital Resources Limited as at 31 March 2016 and 31 July 2016 to the Group. The amounts due from Mr. Chung and Chung’s Capital Resources Limited were unsecured, interest-free and repayable on demand.

The amounts due to Ms. Yin Xiao Pei, the spouse of Mr. Chung, was resulted from our unsettled amount to her payment of consideration and an advance on behalf of one of our subsidiaries, Time Pace, in relation to our Group’s proposed investment in CIIC Dadi Overseas Studies Service Center* (中智大地留學服務中心) (formerly known as CIIC Abroad Advisory Center* (中智出國諮詢中心) (“**CIIC Dadi**”) for our then intention to tap into the overseas studies consultancy market in the PRC. In June 2011, our Group’s subsidiary, Time Pace, entered into a cooperation agreement (the “**Cooperation Agreement**”) with an Independent Third Party established in the PRC (the “**PRC I3P**”) to acquire 37.5% equity interest in its subsidiary, CIIC Dadi. CIIC Dadi is an “enterprise owned by the whole people” (全民所有制企業) established in the PRC and is principally engaged in the provision of overseas studies consultancy services in the PRC.

In September 2011, Ms. Yin Xiao Pei paid on behalf of Time Pace for the consideration of RMB1,500,000 (equivalent to approximately HK\$1,824,000) as our deposit of the proposed investment. In March 2013, Ms. Yin Xiao Pei also paid an advance of RMB450,000 (equivalent to approximately HK\$555,000) to CIIC Dadi on behalf of Time Pace. The consideration of such proposed investment was recorded as our deposit given that the acquisition of equity interest in CIIC Dadi was never completed given that the change in corporate structure of CIIC Dadi from “enterprise owned by the whole people” (全民所有制企業) to “limited company”, being one of the conditions precedent stipulated in the Cooperation Agreement, had never been fulfilled since the effective date of the Cooperation Agreement and up to the termination agreement entered into between the PRC I3P, Time Pace and Ms. Yin Xiao Pei in March 2016 (the “**Termination Agreement**”). Accordingly, the abovementioned advance to CIIC Dadi was recorded as our other receivables.

Our Group has performed an impairment assessment on the consideration of RMB1,500,000 (equivalent to approximately HK\$1,824,000) and it was fully impaired prior to the Track Record Period due to the loss making position of CIIC Dadi. According to the Termination Agreement, an amount of approximately RMB350,000 (equivalent to approximately HK\$426,000) of other receivables in regard to the said advance to CIIC Dadi will be recovered. An impairment loss of approximately HK\$129,000 was recognised during the year ended 31 March 2016.

FINANCIAL INFORMATION

The amounts due to non-controlling interest of a subsidiary of approximately HK\$11,000 as at 31 March 2014 and 2015 represented amount due to Ms. Or Pui Yee from the Group and were unsecured, interest-free and repayable on demand.

The amounts due from related parties of approximately HK\$1,000 as at 31 July 2016 were fully settled as at the Latest Practicable Date.

Accrued charges and other payables

Our accrued charges and other payables mainly represented our receipt in advance for our marketing income and our accrual expenses such as staff costs and marketing costs and were relatively stable as at 31 March 2014 and 2015. Our accrued charges and other payables increased from approximately HK\$1.6 million as at 31 March 2015 to approximately HK\$1.9 million as at 31 March 2016 due to the increase in accrued marketing costs. Our accrued charges and other payables were relatively stable at approximately HK\$1.9 million as at 31 March 2016 to approximately HK\$2.0 million as at 31 July 2016. The following table sets forth the breakdown of our accrual charges and other payables as at the dates indicated:

	As at 31 March			As at 31 July
	2014	2015	2016	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Accrued staff costs	789	819	908	905
Accrued marketing costs	376	204	360	214
Other accrued expenses	193	243	244	810
Receipts in advance	<u>314</u>	<u>358</u>	<u>377</u>	<u>82</u>
	<u>1,672</u>	<u>1,624</u>	<u>1,889</u>	<u>2,011</u>

Bank borrowings

During the Track Record Period, we utilised our bank borrowings mainly for the working capital of our Group. The bank loans are secured by (i) personal guarantees provided by Mr. Chung, (ii) corporate guarantees provided by a related company and members of our Group, (iii) guarantee by Hong Kong Mortgage Corporation Limited under the Small and Medium Enterprise Financing Guarantee Scheme, (iv) guarantee by the Government of the Hong Kong Special Administrative Region under the Special Loan Guarantee Scheme and/or (v) legal charge on a life insurance policy.

Our bank borrowings during the Track Record Period comprised fixed rate and variable rate facilities. The fixed rate bank borrowings during the Track Record Period carried interest at monthly rate of 0.24% and 0.33%. The variable rate bank borrowings carry interests at Hong Kong Best Lending Rate plus 0.5%, minus 1% and minus 3% per annum.

The ranges of effective interest rates on borrowings as at 31 March 2014, 31 March 2015, 31 March 2016 and 31 July 2016 were 2.0% to 5.6%, 2.0% to 5.6%, 5.5% to 5.6% and 5.5% to 5.6% per annum, respectively. The increase in our effective interest rates on borrowings was due to the repayment of lower rate bank facilities.

FINANCIAL INFORMATION

The following table sets forth the bank borrowing that were repayable within 1 year and due after 1 year which contained repayment on demand clause as at the dates indicated:

	As at 31 March			As at 31 July
	2014	2015	2016	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current portion of bank loans due for repayment within 1 year	2,421	1,659	1,548	2,008
Bank loans due after 1 year which contain repayment on demand clause	<u>3,538</u>	<u>1,879</u>	<u>331</u>	<u>715</u>
	<u><u>5,959</u></u>	<u><u>3,538</u></u>	<u><u>1,879</u></u>	<u><u>2,723</u></u>

Bank borrowings are classified as current liabilities according to the HK Interpretation-5, Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause issued by the Hong Kong Institute of Certified Public Accountants.

Our total bank borrowings decreased from approximately HK\$6.0 million as at 31 March 2014 to approximately HK\$3.5 million as at 31 March 2015 and further decreased to approximately HK\$1.9 million as at 31 March 2016 due to the repayment of loan principal. Our total bank borrowings increased from approximately HK\$1.9 million as at 31 March 2016 to approximately HK\$2.7 million as at 31 July 2016 due to the new banking facility for a term loan facility of HK\$2.5 million and corporate credit card facility of HK\$0.5 million that we obtained in June 2016.

Our Directors confirmed that our banking facilities were not subject to material covenants and there was no breach of any such covenants and defaults in repayment during the Track Record Period and up to the Latest Practicable Date.

As at 31 July 2016, our two outstanding bank loans of approximately HK\$2.7 million were term loans and were secured by (i) personal guarantees provided by Mr. Chung, (ii) corporate guarantees provided by the Company, and (iii) guarantee by Hong Kong Mortgage Corporation Limited under the Small and Medium Enterprise Financing Guarantee Scheme and currently bear fixed monthly rate at 0.24% and variable interest rate at Hong Kong Best Lending Rate plus 0.5% per annum and matured in January 2017 and December 2017. Our Group will fully repay the outstanding loan while the personal guarantee given by Mr. Chung cannot be released before Listing.

At the close of business on 30 November 2016, being the latest practicable date of the indebtedness date, we had outstanding bank borrowings of approximately HK\$1.9 million.

As at the Latest Practicable Date, our unutilised banking facilities amounted to approximately HK\$0.5 million.

FINANCIAL INFORMATION

Income tax payable

Our Group's income tax expenses for each of the years ended 31 March 2014, 2015 and 2016 and for each of the four months ended 31 July 2015 and 2016 were approximately HK\$2.1 million, HK\$2.4 million, HK\$2.5 million, HK\$0.3 million and HK\$0.2 million respectively. Our Group's income tax payable as at 31 March 2014, 31 March 2015, 31 March 2016 and 31 July 2016 were approximately HK\$1.2 million, HK\$1.2 million, HK\$0.4 million and HK\$2,000, respectively.

During the Track Record Period, our Group has fully settled its tax liabilities as required by the then assessment raised by the Inland Revenue Department amounting to approximately HK\$1.4 million, HK\$2.5 million and HK\$3.2 million for the three years ended 31 March 2016.

In the preparation of the financial information of our Group for the Track Record Period, the management of our Company had identified certain accounting adjustments in relation to the recognition of our revenue and expenses in the statutory financial statements of one of our subsidiaries for the prior years and up to 31 March 2014 ("**Prior Period**").

Our Directors consider that such accounting adjustments made in the statutory financial statements of our subsidiaries was mainly due to the lack of employment of dedicated and qualified accounting staff by our Group for its accounting function during the preparation of the statutory financial statements during the Prior Period.

As a result of the foregoing and taking into account of materiality, relevant adjustments have been made to the revenue and expenses of our Group for the Prior Period and the tax undercharged for the Prior Period was approximately HK\$0.3 million and have been provided in the profit and loss of the Prior Period. In December 2015 and January 2016, our Group made filings to the Inland Revenue Department for tax reassessment on additional profit incurred during the Prior Period. Such amount of tax undercharged was confirmed in the additional assessment issued by the Inland Revenue Department in March 2016. Our Group had duly settle the reassessed income tax balance in April 2016.

CT Partners has reviewed the accounting system of our Group and was of the view that our Group has maintained adequate accounting system without material deficiency. Our Group appointed two qualified and experienced staff including Mr. Tam Hei Lap Hedley, the financial controller and company secretary of our Company in October 2015 (for further details of his qualification and experience, please refer to the section headed "Directors, senior management and staff — Senior management" of this prospectus) and Mr. Cheung Tai Fung, our accountant in September 2015, to oversee the company secretarial matters and also the accounting function of our Group. Mr. Cheung graduated from the School of Professional and Continuing Education of The University of Hong Kong with an Advanced Diploma in Accounting in 2007. Mr. Cheung successfully completed the Professional Bridging Examination held by Hong Kong Institute of Accredited Accounting Technicians in 2009. Before joining our Group, Mr. Cheung has worked in an accounting firm for over 13 years (at which his last position was audit supervisor). Also, after Listing, our Group's financial statements will be audited by qualified external auditors. Our Directors believe that the aforesaid measures can ensure our Group to comply with the Hong Kong Financial Reporting Standards and prevent the reoccurrence of similar accounting adjustments in the preparation of our Group's financial statements.

FINANCIAL INFORMATION

LIQUIDITY AND CAPITAL RESOURCES

Our operation has been funded through a combination of cash generated from our operation and bank borrowings during the Track Record Period. Upon completion of the Share Offer, our liquidity will be satisfied by a combination of proceeds from the Share Offer and cash generated from our operations.

The following table sets forth selected cash flows data from our Group's consolidated statements of cash flows for the years/periods indicated:

	For the year ended 31 March			For the four months ended 31 July	
	2014	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Net cash generated from operating activities	9,669	9,489	5,392	1,575	1,333
Net cash generated from/(used in) investing activities	36	1,039	(8)	(9)	1
Net cash used in financing activities	(6,673)	(12,555)	(6,979)	(3,066)	(4,277)
Net increase/(decrease) in cash and cash equivalents	3,032	(2,027)	(1,595)	(1,500)	(2,943)
Cash and cash equivalents at beginning of the year/period	7,358	10,390	8,363	8,363	6,768
Cash and cash equivalents at end of the year/period	10,390	8,363	6,768	6,863	3,825

Cash flows from operating activities

During the Track Record Period, we derived our cash inflow from operations principally from the receipts of the commission income from the overseas education providers. Our cash outflow from operations is principally for payments for staff costs, rental expenses, listing expenses and marketing expenses.

Due to the recognition of our listing expenses for the four months ended 31 July 2016, our Group recorded a lower net cash generated from operating activities of approximately HK\$1.3 million for the four months ended 31 July 2016 than that of approximately HK\$1.6 million for the four months ended 31 July 2015, which was partially alleviated by the absence of increase in amount due from related parties as occurred for the four months ended 31 July 2015.

FINANCIAL INFORMATION

Due to the recognition of our listing expenses for the year ended 31 March 2016, our Group recorded a lower net cash generated from operating activities of approximately HK\$5.4 million for the year ended 31 March 2016 than that of approximately HK\$9.5 million for the year ended 31 March 2015, which was partially alleviated by the repayment of amounts due from Controlling Shareholders as the outstanding balance from Controlling Shareholders in our Group decreased in the same year.

Despite a higher profit before income tax of approximately HK\$14.5 million for the year ended 31 March 2015 than that of approximately HK\$13.4 million for the year ended 31 March 2014 due to the increase in our commission income for the year ended 31 March 2015, our Group recorded a lower net cash generated from operating activities of approximately HK\$9.5 million for the year ended 31 March 2015 than that of approximately HK\$9.7 million for the year ended 31 March 2014 as our income tax paid increased during the year ended 31 March 2015 and the amounts due from Mr. Chung increased from approximately HK\$2.7 million as at 31 March 2014 to approximately HK\$5.0 million as at 31 March 2015.

Cash flows from/used in investing activities

During the Track Record Period, we derived our cash inflow from investing activities primarily from interest income and dividend income from investment in unlisted fund. Our cash outflow used in investing activities is primarily for the purchase of office equipment.

In the absence of purchase of property, plant and equipment for the four months ended 31 July 2016, our Group recorded a higher net cash generated from investing activities for the four months ended 31 July 2016 than that for the prior period.

Our Group recorded a higher net cash generated from investing activities for the year ended 31 March 2015 than that for the year ended 31 March 2014 and for the year ended 31 March 2016 due to the one-off sales proceeds received from the disposal of the unlisted fund of approximately HK\$1.0 million in September 2014.

Cash flows used in financing activities

During the Track Record Period, we derived our cash inflow from financing activities solely from the proceeds from new bank borrowings. Our cash outflow from financing activities is principally due to repayment of bank borrowings, dividends paid to Mr. Chung and Ms. Or Pui Yee.

Our Group recorded a higher net cash used in financing activities for the four months ended 31 July 2016 than that for the four months ended 31 July 2015 due to the increase in dividends paid to Mr. Chung and Ms. Or Pui Yee and the full repayment of a SME loan for the four months ended 31 July 2016, which was partially alleviated by the proceeds from new bank borrowings in the same period.

Our Group recorded a lower net cash used in financing activities for the year ended 31 March 2016 than that for the year ended 31 March 2015 due to the decrease in repayment of bank borrowings and the decrease in dividend paid to Mr. Chung and Ms. Or Pui Yee in the same year.

Our Group recorded a higher net cash used in financing activities for the year ended 31 March 2015 than that for the year ended 31 March 2014 due to the absence of proceeds from new bank borrowings and increase in dividends paid to Mr. Chung and Ms. Or Pui Yee for the year ended 31 March 2015.

FINANCIAL INFORMATION

NET CURRENT ASSETS

The following table sets forth the breakdown of our Group's current assets and liabilities as at the dates indicated:

	As at 31 March			As at 31 July	As at 30 November
	2014	2015	2016	2016	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
					(Unaudited)
Current assets					
Trade and other receivables	5,147	5,278	12,972	11,833	12,965
Amounts due from related parties	2,650	4,975	1	1	1
Tax recoverable	—	9	—	104	—
Cash and bank balances	<u>10,390</u>	<u>8,363</u>	<u>6,768</u>	<u>3,825</u>	<u>7,621</u>
	<u>18,187</u>	<u>18,625</u>	<u>19,741</u>	<u>15,763</u>	<u>20,587</u>
Current liabilities					
Accrued charges and other payables	1,672	1,624	1,889	2,011	1,390
Amounts due to related parties	2,390	2,390	2	—	—
Bank borrowings	5,959	3,538	1,879	2,723	1,946
Income tax payable	<u>1,196</u>	<u>1,156</u>	<u>370</u>	<u>2</u>	<u>928</u>
	<u>11,217</u>	<u>8,708</u>	<u>4,140</u>	<u>4,736</u>	<u>4,264</u>
Net current assets	<u>6,970</u>	<u>9,917</u>	<u>15,601</u>	<u>11,027</u>	<u>16,323</u>

For details of the items of our current assets and liabilities, please refer to the paragraph headed “Description of certain items of consolidated statements of financial position” in this section.

The net current assets of our Group increased from approximately HK\$7.0 million as at 31 March 2014 to approximately HK\$9.9 million as at 31 March 2015, which was mainly due to the consolidated effect of increase in amounts due from related parties and decrease in bank borrowings during the year.

The net current assets of our Group increased from approximately HK\$9.9 million as at 31 March 2015 to approximately HK\$15.6 million as at 31 March 2016, which was mainly due to the consolidated effect of our settlement of amounts due from/to related parties, decrease in our cash and bank balances resulted from our dividend paid during the year and increase in listing expenses receivable from the Selling Shareholder and prepaid listing expenses.

The net current assets of our Group decreased from approximately HK\$15.6 million as at 31 March 2016 to approximately HK\$11.0 million as at 31 July 2016, which was mainly due to the decrease in our cash and bank balances resulted from our dividend paid to Mr. Chung and Ms. Or Pui Yee during the period.

FINANCIAL INFORMATION

The net current assets of our Group increased from approximately HK\$11.0 million as at 31 July 2016 to approximately HK\$16.3 million as at 30 November 2016, which was mainly due to the increase in our cash and bank balances resulted from operating income during the peak season from September to October 2016.

WORKING CAPITAL

Our Directors believe that after taking into account the financial resources available to us, including internally generated funds and the estimated net proceeds from the Share Offer, we have sufficient working capital for our present working capital requirements for at least the next 12 months from the date of this prospectus.

INDEBTEDNESS

The following table sets forth our total debts as at 31 March 2014, 31 March 2015, 31 March 2016, 31 July 2016 and 30 November 2016. As at 30 November 2016, being the latest practicable date of our indebtedness statement, except as disclosed in the table below, our Group did not have any outstanding debt securities, borrowings, indebtedness, mortgages on a consolidated basis. Since 30 November 2016 and up to the Latest Practicable Date, there is no material adverse change in our indebtedness.

	As at 31 March			As at 31 July	As at 30 November
	2014	2015	2016	2016	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
					(Unaudited)
Amounts due to related parties	2,390	2,390	2	—	—
Bank borrowings	<u>5,959</u>	<u>3,538</u>	<u>1,879</u>	<u>2,723</u>	<u>1,946</u>
	<u>8,349</u>	<u>5,928</u>	<u>1,881</u>	<u>2,723</u>	<u>1,946</u>

For details of the fluctuation of our indebtedness, please refer to the paragraphs headed “Description of certain items of consolidated statements of financial position — Amounts due from/to related parties” and “Description of certain items of consolidated statements of financial position — Bank borrowings” in this section.

CAPITAL EXPENDITURES

During the Track Record Period, our Group’s capital expenditures consisted mainly of purchase of office equipment, furniture and fixture of approximately HK\$18,000, HK\$8,000, HK\$10,000, HK\$10,000 and nil for the years ended 31 March 2014, 2015 and 2016 and for each of the four months ended 31 July 2015 and 2016, respectively. Our Group primarily funded its capital expenditures through internal resources.

FINANCIAL INFORMATION

CONTRACTUAL AND CAPITAL COMMITMENTS

Our Group as lessee

At the end of respective reporting periods, our Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases in respect of our branches in Hong Kong and our office equipment which fall due as follows:

	As at 31 March			As at 31 July	As at 30 November
	2014	2015	2016	2016	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within one year	1,491	1,418	1,066	229	1,483
In the second to fifth years inclusive	<u>1,865</u>	<u>825</u>	<u>34</u>	<u>—</u>	<u>2,680</u>
	<u><u>3,356</u></u>	<u><u>2,243</u></u>	<u><u>1,100</u></u>	<u><u>229</u></u>	<u><u>4,163</u></u>

The lease of our branches run for an initial period of two to three years. The renewal of the leases are negotiable between our Group and the respective landlords at the expiry date. None of the leases include contingent rentals.

Save as disclosed above, our Group did not have any outstanding contractual and capital commitments as at the Latest Practicable Date.

Contingent liabilities

Our Directors confirm that there were no material contingent liabilities as at 30 November 2016. We are currently not involved in any other material legal proceedings, nor are we aware of any pending or potential material legal proceedings involving us.

Disclaimers

Save as disclosed in the paragraphs headed “Indebtedness” and “Contingent liabilities” in this section, and apart from intra-group liabilities, we did not have, at the close of business on 30 November 2016, any outstanding loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

Our Directors confirm that there has been no material change in indebtedness, commitments and contingent liabilities of our Group since 30 November 2016.

FINANCIAL INFORMATION

OFF-BALANCE SHEET ARRANGEMENT

As at the Latest Practicable Date, our Group did not have any off-balance sheet arrangements or commitments.

TRANSACTIONS WITH RELATED PARTIES

Please refer to the paragraph headed “Related party transactions” in note 22 of the accountants’ report in Appendix I to this prospectus.

OUR DIVIDEND POLICY

During each of the years ended 31 March 2014, 2015, 2016 and for the four months ended 31 July 2016, our Group declared a dividend in the sum of approximately HK\$5.8 million, HK\$8.9 million, HK\$4.4 million and HK\$4.8 million respectively to the then shareholders and approximately HK\$0.6 million, HK\$1.3 million, HK\$0.9 million and HK\$0.3 million respectively to the non-controlling shareholders of our Group. Such dividends declared by our Group were fully settled as at the Latest Practicable Date. Save for the above, we did not declare nor pay any dividends to our Shareholders or any of our subsidiaries during the Track Record Period and up to the Latest Practicable Date.

Our Company currently does not have a fixed dividend policy and may declare dividends by way of cash or by other means that our Directors consider appropriate. A decision to declare any interim dividend or recommend declaration of any final dividend would require the approval of our Board and depend upon the following factors:

- our Group’s financial results;
- our Group’s shareholders’ interests;
- general business conditions, strategies and future expansion needs;
- our Group’s capital requirements;
- the payment by its subsidiaries of cash dividends to our Company;
- possible effects on liquidity and financial position of our Group; and
- other factors as our Board may consider relevant.

FINANCIAL INFORMATION

KEY FINANCIAL RATIOS

The following table sets out the key financial ratios of our Group during the Track Record Period or as at the dates indicated:

	For the year ended/As at 31 March			For the four months ended/As at 31 July
	2014	2015	2016	2016
Return on total assets (<i>Note 1</i>)	54.1%	59.2%	46.4%	N/A
Return on equity (<i>Note 2</i>)	111.5%	97.2%	54.9%	N/A
Current ratio (<i>Note 3</i>)	1.6	2.1	4.8	3.3
Gearing ratio (<i>Note 4</i>)	61.3%	30.1%	12.0%	24.7%
Debt-to-equity ratio (<i>Note 5</i>)	Net cash	Net cash	Net cash	Net cash

Notes:

1. Return on total assets is calculated based on the profit for the year divided by the total assets as at the end of the year. Return on total assets for the four months ended 31 July 2016 is not comparable to full year figures given the seasonality nature of our operating results.
2. Return on equity is calculated based on the profit for the year attributable to equity holders divided by total shareholders' equity at the end of the year. Return on equity for the four months ended 31 July 2016 is not comparable to full year figures given the seasonality nature of our operating results.
3. Current ratio is calculated based on the total current assets divided by the total current liabilities as at the respective reporting date.
4. Gearing ratio is calculated based on the total loans and borrowings divided by total equity as at the respective reporting date.
5. Debt-to-equity ratio is calculated based on the net debt (total loans and borrowings net of cash and cash equivalents) divided by the total equity as at the respective reporting dates.

Return on total assets

Our Group's return on total assets increased from approximately 54.1% for the year ended 31 March 2014 to approximately 59.2% for the year ended 31 March 2015 due to the increase in net profit given the increase in our commission income for the year ended 31 March 2015. The decrease in our Group's return on total assets from approximately 59.2% for the year ended 31 March 2015 to approximately 46.4% for the year ended 31 March 2016 was mainly attributable to the decrease in our net profit resulted from the listing expenses incurred in the same year.

FINANCIAL INFORMATION

Return on equity

Our Group's return on equity decreased from approximately 111.5% for the year ended 31 March 2014 to approximately 97.2% for the year ended 31 March 2015 due to the lower leverage used by our Group for the year ended 31 March 2015 given that our Group repaid part of our bank borrowings in the same year. The decrease in our Group's return on equity from approximately 97.2% for the year ended 31 March 2015 to approximately 54.9% for the year ended 31 March 2016 was mainly attributable to the decrease in our net profit resulted from the listing expenses incurred in the same year.

Current ratio

Our Group's current ratio increased from approximately 1.6 times as at 31 March 2014 to approximately 2.1 times as at 31 March 2015 due to the reduction in current liabilities mainly resulted from the repayment of our bank borrowings. The current ratio further increased to approximately 4.8 times given the increase in our current assets resulted from the increase in listing expenses receivable from the Selling Shareholder and prepaid listing expenses and the decrease in our current liabilities resulted from the settlement of the amounts due to related parties and the decrease in our income tax payable and bank borrowings. The current ratio decreased from 4.8 times as at 31 March 2016 to 3.3 times as at 31 July 2016 mainly due to the decrease in our cash and bank balances for the payment of dividend.

Gearing ratio

Our Group's gearing ratio substantially improved from approximately 61.3% as at 31 March 2014 to approximately 30.1% as at 31 March 2015 and further improved to approximately 12.0% as at 31 March 2016, which was mainly due to our Group's repayment of interest-bearing bank borrowings during the year. The gearing ratio substantially increased from 12.0% as at 31 March 2016 to 24.7% as at 31 July 2016 mainly due to the decrease in our equity resulted from the payment of dividend.

Debt-to-equity ratio

Our Group recorded net cash positions as at 31 March 2014, 31 March 2015, 31 March 2016 and 31 July 2016 and therefore debt-to-equity ratio is not applicable.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

Please refer to the paragraph headed "Financial risk management and fair value measurements" in note 24 of the accountants' report in Appendix I to this prospectus.

DISCLOSURE REQUIRED UNDER THE GEM LISTING RULES

Our Directors have confirmed that as at the Latest Practicable Date, they were not aware of any circumstances which could give rise to a disclosure obligation pursuant to Rules 17.15 to 17.21 of the GEM Listing Rules.

FINANCIAL INFORMATION

LISTING EXPENSES

Assuming an Offer Price of HK\$0.32 (being the mid-point of the indicated Offer Price range), the total amount of listing expenses in connection with the Share Offer is estimated to be approximately HK\$25.9 million which will be borne as to approximately HK\$11.7 million by us and as to approximately HK\$14.2 million by the Selling Shareholder. Out of the amount of approximately HK\$11.7 million, approximately HK\$3.8 million has been charged to our profit or loss for the year ended 31 March 2016. Our Group estimates that listing expenses of approximately HK\$3.9 million will be charged to our profit or loss for the year ending 31 March 2017. The balance of approximately HK\$4.0 million which is directly attributable to the issue of the Offer Shares is expected to be accounted for as a deduction from equity upon Listing. Expenses in relation to the Listing are non-recurring in nature but based on the above, we expect that it will affect our Group's financial performance and results of operations for the year ending 31 March 2017.

DISTRIBUTABLE RESERVES

Our Company was incorporated on 19 October 2015 and is an investment holding company. There were no reserves available for distribution to the Shareholders as of the Latest Practicable Date.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See section headed "Unaudited Pro Forma Financial Information" in Appendix II to this prospectus for details.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that save for the expenses in connection to the Listing, up to the date of this prospectus, there has been no material adverse change in the financial or trading position or prospects of us since 31 July 2016, being the date on which the latest financial information of our Group was reported in the accountants' report set out in Appendix I to this prospectus.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

CONTROLLING SHAREHOLDERS OF OUR COMPANY

Immediately following completion of the Capitalisation Issue and the Share Offer, Grand Courage will control 75% of the issued share capital of our Company. For the purpose of the GEM Listing Rules, Mr. Chung and Grand Courage are our Controlling Shareholders. Grand Courage is an investment holding company wholly-owned by Mr. Chung, and as at the Latest Practicable Date, it has not commenced any substantive business activities. Each of Mr. Chung and Grand Courage confirms that, other than members of our Group, each of them does not hold or conduct any business which competes, or is likely to compete, either directly or indirectly, with the business of our Group, and would require disclosure pursuant to Rule 11.04 of the GEM Listing Rules.

INDEPENDENCE OF OUR GROUP

Having considered the following factors, our Directors believe that our Group is capable of carrying on our Group's business independently from our Controlling Shareholders and their close associates after the Share Offer:

Management and administrative independence

The Board consists of six Directors, of whom three are executive Directors and the remaining three are independent non-executive Directors. Mr. Chung, Mr. Mok and Ms. So are our executive Directors. Save for Mr. Chung, none of our Directors or senior management serves any executive or management role in Grand Courage.

Each of our Directors is aware of his/her fiduciary duties as a Director which requires, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interest. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant meetings of the Board in respect of such transactions and shall not be counted in the quorum. The three independent non-executive Directors will also bring independent judgment to the decision-making process of the Board.

Most members of the senior management of our Group have, for all or substantially all of the Track Record Period, undertaken senior management supervisory responsibilities in the business of our Group. The responsibilities of the senior management team of our Group include dealing with operational and financial matters, making general capital expenditure decisions and the daily implementation of the business strategy of our Group. This ensures the independence of the daily management and operations of our Group. Further details of our senior management are set out in the section headed "Directors, senior management and staff" of this prospectus.

Financial independence

Our Company has an independent financial system and makes financial decisions according to our Group's own business needs. We have sufficient capital to operate our business independently, and have adequate internal resources and a strong credit profile to support our daily operations. During the Track Record Period, our Group had relied principally on cash generated from operations and bank borrowings to carry on its businesses and this is expected to continue after the Share Offer.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, we had certain bank loans which were guaranteed by Mr. Chung. Our Group will fully repay such bank loans before Listing.

Our Directors are of the view that there has been sufficient cash flow to support the operation of our Group's business. Our Directors also believe that our Group is capable of obtaining financing from Independent Third Parties, if necessary, without reliance on our Controlling Shareholders after the Listing. Therefore, our Group will be financially independent from our Controlling Shareholders after the Listing.

Operational independence

Our Group has established our own organisational structure made of individual departments, each with specific areas of responsibilities. During the Track Record Period, our Group had (i) entered into a warehouse leasing agreement with Chung's Capital Resources Limited, which is wholly-owned by Mr. Chung; and (ii) entered into an office leasing agreement in relation to our branch in Tsuen Wan with a third party which was guaranteed by Ms. Or Pui Yee, a shareholder holding 49% interest in our subsidiary namely, Golden Crown. All of the above formed part of our related party transactions during the Track Record Period and had all been discontinued prior to the Latest Practicable Date.

Save as the aforesaid, during the Track Record Period and up to the Latest Practicable Date, our Group did not share our operational resources, such as customers, marketing, sales and general administration resources with our Controlling Shareholders and/or their close associates. Our Group has also established a set of internal controls to facilitate the effective operation of its business. Our Group's customers are all independent from our Controlling Shareholders. Our Group does not rely on our Controlling Shareholders or their close associates and has its independent access to customers. Our Directors are of the view that our Group is able to operate independently from the Controlling Shareholders after the Listing.

Independence of major customers

Our Directors confirm that none of our Controlling Shareholders, our Directors and their respective associates have any relationship with the top five customers of our Group (other than the business contacts in the ordinary and usual course of business of our Group) during the Track Record Period. Our Directors are of the view that our Group does not unduly rely on our Controlling Shareholders and/or their respective associates in respect of its relationship with major customers.

Having considered the aforesaid factors, our Directors are satisfied that they are able to perform their roles in our Company independently, and our Directors are of the view that our Group is capable of managing our business independently from our Controlling Shareholders and their respective close associates.

RULE 11.04 OF THE GEM LISTING RULES

Our Controlling Shareholders, our Directors, our Substantial Shareholders and their respective close associates do not have any interest in a business apart from our Group's business which competes and is likely to compete, directly or indirectly, with our Group's business and would require disclosure under Rule 11.04 of the GEM Listing Rules.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

NON-COMPETITION UNDERTAKINGS

Mr. Chung and Grand Courage (each the “Covenantor” and collectively the “Covenantors”) entered into the Deed of Non-competition on 17 January 2017 in favour of our Company and its subsidiaries. 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 parts 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 close 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 becomes 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 may 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.

Our Group shall only exercise the right of first refusal upon the approval of all independent non-executive Directors who do not have any interest in such opportunity. The relevant Covenantor(s) and the other conflicting Director(s) (if any) shall abstain from participating in and voting at and shall not be counted as quorum at all meetings of the Board where there is a conflict of interest or potential conflict of interest including but not limited to the relevant meeting of our independent non-executive Directors for considering whether or not to exercise the right of first refusal.

Our Company will adopt the following procedures to monitor that the Deed of Non-Competition is being observed:

- (a) our independent non-executive Directors shall review on an annual basis the above undertakings from the Covenantors and to evaluate the effective implementation of the Deed of Non-Competition;
- (b) each of the Covenantors undertakes to provide any information as is reasonably required by our Group or our independent non-executive Directors, as a basis to decide whether to exercise the right of first refusal by our Company from time to time; and
- (c) each of the Covenantors undertakes to provide all information necessary for the annual review by our independent non-executive Directors and the enforcement of the Deed of Non-Competition, and to provide an annual confirmation on the compliance of the non-competition undertaking for inclusion in the annual reports of our Company.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

The undertakings contained in the Deed of Non-Competition are conditional upon the Listing Division granting approval for the listing of and permission to deal in the Shares on the Stock Exchange and all conditions precedent under the Underwriting Agreements having been fulfilled (or where applicable, waived) and the Underwriting Agreements not having been terminated in accordance with its terms. If any such condition is not fulfilled on or before the date specified in the Underwriting Agreements (unless such conditions are waived on or before such date) or in any event on or before the date falling 30 days after the date of this prospectus, the Deed of Non-Competition shall lapse and cease to have any effect whatsoever and no party shall have any claim against any other under the Deed of Non-Competition.

The Deed of Non-Competition shall terminate on the date on which (i) in relation to any Covenantors, when he/it together with his/its close associates, whether individually or taken together, ceases to be interested in 30% (or such other amount as may from time to time be specified in the GEM Listing Rules as being the threshold for determining a controlling shareholder of a company) or more of the entire issued share capital of our Company provided that the Deed of Non-Competition shall continue to be in full force and effect as against the other Covenantors; or (ii) our Shares cease to be listed and traded on the Stock Exchange (except for temporary trading halt or suspension of trading of the Shares on the Stock Exchange due to any reason).

As our Controlling Shareholders have given non-competition undertakings in favour of our Company, and other than members of our Group, none of them have interests in other businesses that compete or are likely to compete with the business of our Group, our Directors are of the view that we are capable of carrying on our business independently of our Controlling Shareholders following the Listing.

Other than members of our Group, none of our Controlling Shareholders and our Directors or their respective close associates has interests in any business which competes or is likely to compete with the business of our Group.

CORPORATE GOVERNANCE MEASURES

Our Company will adopt the following measures to strengthen its corporate governance practice and to safeguard the interests of the Shareholders:

- (a) the Articles provide that a Director shall absent himself/herself from participating in Board meetings (nor shall he/she be counted in the quorum) and voting on any resolution of the Board approving any contract or arrangement or other proposal in which he/she or any of his/her close associates is materially interested;
- (b) our independent non-executive Directors will review, on an annual basis, the compliance with the Deed of Non-Competition by the Covenantors;
- (c) the Covenantors undertake to provide all information requested by our Company which is necessary for the annual review by our independent non-executive Directors and the enforcement of the Deed of Non-Competition;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (d) our Company will disclose decisions on matters reviewed by our independent non-executive Directors relating to compliance and enforcement of the Deed of Non-Competition of the Covenantors in the annual reports of our Company;
- (e) the Covenantors will make an annual declaration on compliance with the Deed of Non-Competition in the annual report of our Company;
- (f) our independent non-executive Directors will be responsible for deciding whether or not to allow any Covenantor 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 our Group within Hong Kong and such other parts of the world where any member of our Group may operate from time to time and if so, any condition to be imposed; and
- (g) our independent non-executive Directors may appoint independent financial adviser and other professional advisers as they consider appropriate to advise them on any matter relating to the Deed of Non-Competition or connected transaction(s) at the cost of our Company.

Further, any transaction that is proposed between our Group and/or the Covenantors and their respective close associates will be required to comply with the requirements of the GEM Listing Rules, including, where appropriate, the reporting, annual review, announcement and independent shareholders' approval requirements.

None of the members of our Group has experienced any dispute with its shareholders or among its shareholders themselves and our Directors believe that each member of our Group has maintained positive relationship with its shareholders. With the corporate governance measures including the measures set out above, our Directors believe that the interest of our Shareholders will be protected.

SHARE CAPITAL

SHARE CAPITAL

Without taking into account any Shares to be allotted and issued pursuant to the exercise of any option that may be granted under the Share Option Scheme or of any Shares which may be allotted and issued or repurchased by our Company under the general mandates for the allotment and issue or repurchase of Shares granted to our Directors as referred to below or otherwise, our share capital immediately following the Capitalisation Issue and the Share Offer will be as follows:

Authorised share capital:

HK\$

3,000,000,000	Shares	30,000,000
---------------	--------	------------

Issued and to be issued, fully paid or credited as fully paid upon completion of the Capitalisation Issue and the Share Offer:

HK\$

10,000	Share in issue at the date of this prospectus	100
1,552,790,000	Shares to be issued pursuant to Capitalisation Issue	15,527,900
197,600,000	Shares to be issued pursuant to the Share Offer	1,976,000
1,750,400,000	Shares	17,504,000

MINIMUM PUBLIC FLOAT

According to Rule 11.23(7) of the GEM Listing Rules, at the time of the Listing and at all times thereafter, our Company must maintain the “minimum prescribed percentage” of 25% of our Company’s issued share capital in the hands of the public.

RANKING

The Offer Shares will rank pari passu in all respects with all our Shares now in issue or to be issued as mentioned in this prospectus, and, in particular, will qualify in full for all dividends or other distributions declared, made or paid on our Shares in respect of a record date which falls after the date of Listing other than participation in the Capitalisation Issue.

CAPITALISATION ISSUE

Pursuant to the resolutions of our sole Shareholder passed on 17 January 2017, subject to the share premium account of our Company being credited as a result of the issue of the Offer Shares pursuant to the Share Offer, our Directors are authorised to allot and issue a total of 1,552,790,000 Shares credited as fully paid at par to the holders of Shares on the register of members of our Company at the close of business on 17 January 2017 (or as they may direct) in proportion to their respective shareholdings (save that no Shareholder shall be entitled to be allotted or issued any fraction of a Share) by way of capitalisation of the sum of HK\$15,527,900 standing to the credit of the share premium account of our Company, and our Shares to be allotted and issued pursuant to this resolution shall rank pari passu in all respects with the existing issued Shares.

SHARE CAPITAL

GENERAL MANDATE TO ISSUE SHARES

Subject to the conditions as stated in the section headed “Structure and conditions of the Share Offer — Conditions of the Share Offer” of this prospectus, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares or securities convertible into Shares and to make or grant offers, agreements or options which might require such Shares to be allotted and issued or dealt with subject to the requirement that the number of our Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued (otherwise than pursuant to a rights issue, or scrip dividend scheme or similar arrangements, or a specific authority granted by our Shareholders) shall not exceed:

- (a) 20% of the number of Shares in issue immediately following the completion of the Capitalisation Issue and the Share Offer (not including Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme); and
- (b) the number of Shares repurchased pursuant to the authority granted to our Directors referred to in the paragraph headed “General mandate to repurchase Shares” below.

This mandate does not cover Shares to be allotted, issued, or dealt with under a rights issue or pursuant to the exercise of the options which may be granted under the Share Option Scheme. This general mandate to issue Shares will remain in effect until the earliest of:

- (a) the conclusion of our Company’s next annual general meeting;
- (b) the expiration of the period within which our Company’s next annual general meeting is required to be held by the Articles or the Companies Law or any other applicable laws of the Cayman Islands; or
- (c) the time when such mandate is varied or revoked by an ordinary resolution of our Shareholders at a general meeting.

For further details of this general mandate, please refer to the sub-paragraph headed “Statutory and general information — A. Further information about our Company — 3. Written resolutions of our sole Shareholder passed on 17 January 2017” in Appendix IV to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the conditions as stated in the section headed “Structure and conditions of the Share Offer — Conditions of the Share Offer” of this prospectus, our Directors have been granted a general unconditional mandate to exercise all our powers to repurchase Shares of not more than 10% of the number of our Company’s share capital in issue immediately following the completion of the Capitalisation Issue and the Share Offer, exclusive of any Shares which may be allotted and issued pursuant to the exercise of any option which may be granted under the Share Option Scheme.

SHARE CAPITAL

This mandate only relates to repurchases made on the GEM, or on any other stock exchange on which our Shares may be listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and made in connection with all applicable laws and regulations and the requirements of the GEM Listing Rules. A summary of the relevant GEM Listing Rules is set out in the paragraph headed “Statutory and general information — A. Further information about our Company — 6. Repurchase of Shares by our Company” in Appendix IV to this prospectus.

The general mandate to repurchase Shares will remain in effect until the earliest of:

- (a) the conclusion of our Company’s next annual general meeting;
- (b) the expiration of the period within which our Company’s next annual general meeting is required to be held by the Articles or the Companies Law or any other applicable laws of the Cayman Islands; or
- (c) the time when such mandate is varied or revoked by an ordinary resolution of our Shareholders at a general meeting.

For further details of this general mandate, please refer to the paragraph headed “Statutory and general information — A. Further information about our Company — 6. Repurchase of Shares by our Company” in Appendix IV to this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED TO BE HELD

As a matter of Companies Law, an exempted company is not required by law to hold any general meetings or class meetings. The holding of general meeting or class meeting is prescribed for under the articles of association of a company. Accordingly, we will hold general meetings as prescribed for under our Articles, a summary of which is set out in the section headed “Summary of the Constitution of our Company and Cayman Islands Company Law” in Appendix III to this prospectus.

SHARE OPTION SCHEME

We have conditionally adopted the Share Option Scheme. Details of the principal terms of the Share Option Scheme are summarised in the section headed “Statutory and general information — D. Share Option Scheme” as set out in Appendix IV to this prospectus.

Our Group did not have any outstanding share options, warrants, convertible instruments, or similar rights convertible into our Shares as at the Latest Practicable Date.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, the following persons will, immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be issued upon the exercise of any option that may be granted under the Share Option Scheme), have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

(A) Interests in our Company

Name	Capacity/ Nature of interest	Number of Shares held/ interested immediately following completion of the Capitalisation Issue and the Share Offer	Approximate percentage of shareholding immediately following completion of the Capitalisation issue and the Share Offer
Mr. Chung (<i>Note 1</i>)	Interest in controlled corporation	1,312,800,000	75%
Grand Courage (<i>Note 1</i>)	Beneficial owner	1,312,800,000	75%
Ms. Yin Xiao Pei (<i>Note 2</i>)	Interest of spouse	1,312,800,000	75%

Notes:

1. These 1,312,800,000 Shares are held by Grand Courage, which is in turn wholly-owned by Mr. Chung. Hence, Mr. Chung is deemed, or taken to be, interested in all the Shares held by Grand Courage for the purposes of the SFO. Mr. Chung is a director of Grand Courage.
2. 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.

SUBSTANTIAL SHAREHOLDERS

(B) Interest in other members of our Group

Name of shareholder(s)	Name of subsidiary of our Company	Capacity/Nature of interest	Immediately following the completion of the Capitalisation Issue and the Share Offer	
			Number of Shares	Approximate percentage of issued shares in the subsidiary of our Company
Or Pui Yee	Golden Crown	Beneficial owner	4,900	49%

Save as disclosed above, our Directors are not aware of any other persons who will, immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be issued upon the exercise of any option that may be granted under the Share Option Scheme), have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

DIRECTORS AND SENIOR MANAGEMENT

The Board

Our Board consists of six Directors, comprising three executive Directors and three independent non-executive Directors. The following table sets out the information regarding the members of the Board:

Name	Age	Date of joining our Group	Date of appointment as Director	Position(s) and responsibilities in our Group	Relationship with other Directors or senior management
<i>Executive Directors</i>					
CHUNG Wang Lung (鍾宏龍)	58	March 2007	19 October 2015	Chairman of the Board and executive Director, responsible for major decision-making, formulating our Group's overall strategic plan and overseeing its overall business development and policy-setting and the chairman of the nomination committee	Uncle of Ms. So and uncle of Ms. Chung Ka Ming
MOK Patrick (莫柏祺)	42	April 2010	11 January 2016	Chief executive officer, executive Director and compliance officer, responsible for execution of daily management and administration of business operations, overseeing our Group's business operations and executing our strategic plan	N/A
SO Pik Sau (蘇碧秀)	31	March 2011	11 January 2016	Executive Director, responsible for general and day-to-day management	Niece of Mr. Chung and cousin of Ms. Chung Ka Ming
<i>Independent non-executive Directors</i>					
WONG Tak Chun (黃德俊)	35	17 January 2017	17 January 2017	Independent non-executive Director, responsible for supervising and providing independent judgment to our Board and the chairman of the audit committee and a member of the remuneration committee	N/A
CHUNG Wai Nar (鍾維娜)	48	17 January 2017	17 January 2017	Independent non-executive Director, responsible for supervising and providing independent judgment to our Board, chairman of the remuneration committee and a member of the audit committee and nomination committee	N/A
TSANG Chi Fung (曾志豐)	45	17 January 2017	17 January 2017	Independent non-executive Director, responsible for supervising and providing independent judgment to our Board and a member of the audit committee, remuneration committee and nomination committee	N/A

DIRECTORS, SENIOR MANAGEMENT AND STAFF

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. 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, Golden Crown, Time Pace, DIY110, Red City, Quest Point and 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 the uncle of Ms. So, an executive Director, and the uncle of Ms. Chung Ka Ming, a member of our senior management. Save as disclosed above, as at the Latest Practicable Date, 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 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.

Mr. Chung was a director of the following companies during or within 12 months when they were dissolved other than by member's voluntary winding-up with details as follows:

(a) Hong Kong

Name of company	Principal business activity immediately before dissolution	Date of dissolution	Details
Claudia Oriental Limited	overseas studies consultancy services	20 January 2012	These were Hong Kong incorporated companies
Da Di Enterprises Limited	overseas studies consultancy services	26 October 2007	de-registered under section 291AA of the Predecessor Companies Ordinance.
Deluxe World International Limited	steel products	4 April 2002	Accordingly dissolved upon de-registration. ^{Note 1}
Golden Fourseasons Limited	overseas studies consultancy services	9 March 2012	
Modern Dadi Overseas Edunet Limited	overseas studies consultancy services	8 July 2011	
Online Campus Hong Kong Limited	has not commenced business	11 January 2002	
Online Study (HK) Limited	has not commenced business	14 September 2001	
Online Study Limited	has not commenced business	14 September 2001	
Study Online (HK) Limited	has not commenced business	14 September 2001	
Study Online Limited	has not commenced business	14 September 2001	
Time Ahead Limited	overseas studies consultancy services	15 July 2011	

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Name of company	Principal business activity immediately before dissolution	Date of dissolution	Details
Great China Edutech Group Limited	has not commenced business	8 May 2015	This was a Hong Kong incorporated company de-registered under section 751 of the Companies Ordinance. Accordingly dissolved upon de-registration. ^{Note 2}

Notes:

- (1) Under section 291AA of the Predecessor Companies Ordinance, an application for deregistration can only be made if (a) all the members of such company agreed to such deregistration; (b) such company has never commenced business or operation, or has ceased to carry on business or ceased operation for more than three months immediately before the application; and (c) such company has no outstanding liabilities.
- (2) Under section 751 of the Companies Ordinance, an application for deregistration can only be made if in addition the conditions for section 291AA mentioned above, (a) the company is not a party to any legal proceedings; (b) the company's assets do not consist of any immovable property situate in Hong Kong; and (c) if the company is a holding company, none of its subsidiary's assets consist of any immovable property situate in Hong Kong.

(b) *Australia*

Name of company	Principal business activity immediately before dissolution	Date of dissolution	Details
Royce & Regan Pty Ltd	Sale of furniture	1 May 2011	This was an Australian company de-registered under subsection 601AA(2) of the Corporations Act 2001 of Australia. Accordingly dissolved upon de-registration. ^{Note}

Note: Under sub-section 601AA of the Corporations Act 2001, an application for deregistration can only be made if (a) all the members of such company agreed to such deregistration; (b) such company is not carrying on business; (c) the company's assets are worth less than \$1,000; (d) the company had paid all fees and penalties under Corporations Act 2001; (e) the company has no outstanding liabilities; and (f) the company is not party to any legal proceedings.

Mr. Chung confirmed that there is no wrongful act on his part leading to the above dissolution and winding-up of the companies and he is not aware of any actual or potential claim which has been or will be made against him as a result of the dissolutions and winding-up of these companies.

Historical tax incidents

Background

Mr. Chung had entered into settlements with the Inland Revenue Department of Hong Kong (the “**IRD**”) in relation to certain historical tax incidents involving our predecessor entities, being a sole proprietorship operated by Mr. Chung and later a partnership in which Mr. Chung was a partner (“**Predecessor Entities**”). The Predecessor Entities are referred to in the section headed “History, reorganisation and corporate structure” of this prospectus and was previously used to operate the overseas educational consultancy business (the “**Business**”) from 1990 to around 2003 (the “**Period**”). To Mr. Chung’s best information and knowledge at the time, since the Business had been operated under the Predecessor Entities, there was no requirement of preparing audited accounts. Therefore, during the Period, Mr. Chung was the only one who handled the Business’s tax related matters. Mr. Chung used his bank account in Hong Kong for his personal use as well as for the Business’ use during the Period. On occasion, he also allowed certain deposits made by his overseas relatives into the said bank account in supporting Mr. Chung’s family members at that time (the “**Deposits**”). The Deposits were later deemed as the Business’s turnover by the IRD during the tax audit unless relevant proof showing the contrary could be provided. The initial claim of outstanding tax and other charges was approximately HK\$4.3 million. In relation to the above issue, Mr. Chung engaged a tax representative to advise him and liaise with the IRD on his behalf.

Due to insufficient record keeping of the Deposits during the time when the Business was operated under the Predecessor Entities, Mr. Chung was unable to demonstrate to the IRD that the Deposits were not connected with the Business. Nevertheless, as a result of the mediation between the IRD and the tax representative, the IRD reassessed the assessable profits of the Business for the years of assessment from 1996/1997 to 2002/2003 (the “**Reassessment**”) and by deducting the relevant allowance, the total tax payable resulted from the Reassessment was HK\$929,290. By its letters to Mr. Chung on 14 May, 2007 (the “**Settlement Letter**”), the IRD also agreed with Mr. Chung that unless monetary settlement of HK\$900,000 was reached, it would commence legal proceedings against Mr. Chung for (i) without reasonable excuse providing incorrect tax return for year of assessment 2001/02 was made under section 80(2) of the Inland Revenue Ordinance; and (ii) wilfully with the intent to evade taxes, made incorrect tax returns for the periods from 1999/00 and 2000/01 under section 82(1) of the Inland Revenue Ordinance. Section 80(2) of the Inland Revenue Ordinance states, amongst other things, that it will be an offence if any person who makes an incorrect return by omitting or understating anything in respect of which that person is required to make a return without reasonable excuse. Section 82(1) of the Inland Revenue Ordinance provides, amongst other things, that a person commits an offence if that person makes any false statement or entry in any return willfully with intent to evade, or to assist any other person to evade, tax. In considering the advice of the tax representative that the chance of success for further objection was remote due to insufficient records, the reduction in the sum of final agreed settlement amount of HK\$929,290 and the monetary settlement amount of HK\$900,000 compared with previous amounts claimed by the IRD prior to negotiation and to resolve the matters expediently, Mr. Chung settled the case with the IRD in the same year (the “**Historical Tax Matters**”).

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Suitability and competence as a Director

Our Company and the Sponsor considered the available records and background and the below reasons in concluding that the Historical Tax Matters do not materially impact Mr. Chung's suitability and competence as a Director under Rule 5.01 and 5.02 of the GEM Listing Rules:

Suitability

- (a) there were no court proceedings and no actual findings by an independent body to prove Mr. Chung's intention to wilfully evade tax.
- (b) there was no clear evidence provided by the IRD on its determination of such intention by Mr. Chung to wilfully evade tax and therefore the Sponsor cannot determine whether it is by coincidence or convenience only for bringing a claim against Mr. Chung given that (i) the Settlement Letter from the IRD were made on the same day on 14 May 2007 and both relate to incorrect tax returns and seemingly arose from the same Reassessment; (ii) but one claim involved a less severe allegation of without reasonable excuse providing incorrect tax return for year of assessment 2001/02 was made under section 80(2) of the Inland Revenue Ordinance thereby not directly attributing the intention to wilfully evade tax; and (iii) the other claim involved a more severe allegation relates to the periods from 1999/00 and 2000/01 (being period outside the six year time limit for bringing claims under section 80(2) of the Inland Revenue Ordinance) and brought under section 82 of the Inland Revenue Ordinance (without such time limit) and attributing intention.
- (c) In its assessment, the Sponsor has also:
 - obtained and reviewed the available documents relevant to this incident, in particular, the letters exchanged with the IRD to understand the fact of the Historical Tax Matters and made enquiries to the IRD on the Historical Tax Matters;
 - obtained legal advice from the Legal Counsel and he opined that the Historical Tax Matters has been settled over years ago and there is no issue in tax in the civil law context. In the criminal law context, there was no prosecution since the IRD had exercised its power to compound. Since there was no prosecution, Mr. Chung did not have any tax evasion, fraud and/or willfully making incorrect tax return. Hence, the Historical Tax Matters alone should not render him unsuitable to act as a director of a listed issuer;
 - considered an opinion of a second legal adviser who had previous working experience with the IRD which contained (i) his assessment on the relevance of the six year time limit under section 80(2) of the Inland Revenue Ordinance which would not be applicable under an offence brought under section 82 of the Inland Revenue Ordinance; (ii) his views in interpreting available records; and (iii) his experience in similar tax cases that it is not uncommon, as a matter of taxation practice, for the IRD to rely on section 82(1) of the Inland Revenue Ordinance to compound offences, which are otherwise time-barred under section 80(2) of the Inland Revenue Ordinance as well as his highlighting different outcomes if the case proceeds to trial;

DIRECTORS, SENIOR MANAGEMENT AND STAFF

- engaged a third party agent to conduct background search, litigation search and bankruptcy search against Mr. Chung in October 2015, a second independent search agent in relation to the litigation checks in January 2016, as well as follow-up litigation search and bankruptcy search in January 2017 and therefore nothing has brought to the attention of the Sponsor that would render Mr. Chung not having the character and integrity to act “honestly” and in good faith in the interests of our Company as a whole under GEM Listing Rules 5.01 and 5.02 except solely the Historical Tax Matters;
- conducted interview with the relative of Mr. Chung who confirmed that the deposits made into Mr. Chung’s bank account were not connected with the business of the Predecessor Entities;
- considered (i) a letter dated 19 January 2016 in which the IRD confirmed that there was no outstanding tax payable by Mr. Chung as of the date of such letter; and (ii) conducted a further telephone enquiry with the IRD on 27 January 2016 involving Mr. Chung which confirmed that besides the Historical Tax Matters and based on current records, there were no other claims or outstanding taxes payable by Mr. Chung or other Hong Kong companies he owns including Chung’s Capital Resources Limited and the current members of our Group operating in Hong Kong.

Competence

- (a) Mr. Chung has considerable experience in the industry, being the founder of our Group in 1990, we will benefit significantly from his experience given his primary responsibility after Listing involving major decision-making, formulating the Group’s overall strategic plan and overseeing its overall business development and policy-setting.
- (b) Mr. Chung and other Directors also underwent the directors’ training of listed issuers in January 2016 and further training in relation to taxation matters in January 2016.

Having considered the above, our Company is of the view, and the Sponsor concurs, that the Historical Tax Matters does not affect Mr. Chung’s suitability and competence as a Director under Rule 5.01 and 5.02 of the GEM Listing Rules

Adequacy and effectiveness of internal control system

In relation to the adequacy and effectiveness of our Group’s system of compliance with applicable tax laws in Hong Kong, our Company notes that the incident arose when the Business was operated by the Predecessor Entities and based on the background as described above, certain issues may have arisen or been contributed to no audit requirement for such entities which is therefore not applicable with our Group which composed of limited liabilities companies which requiring annual audits.

Nevertheless, as an additional measure recommended by the CT Partners, our Company’s internal control advisers to enhance the internal controls, all executive Directors are required to read all the incoming correspondence from the regulatory bodies, to ensure all relevant correspondence are notified with proper handling. Since February 2016, the head of the human resources and administration

DIRECTORS, SENIOR MANAGEMENT AND STAFF

department of our Group, Ms. So, has been responsible for keeping the incoming correspondence register updated on weekly basis in respect of, among other things, the status of relevant replies required to address any enquiries from regulatory bodies.

In relation to our Group's current internal control measures and preparation for the Listing, in August 2015, our Company engaged CT Partners to perform an evaluation under the Committee of Sponsoring Organisations of the Treadway Commission's 2013 framework of the adequacy and effectiveness of our Group's internal control system including the areas of financial, operation, compliance and risk management. CT Partners did not note any findings of material weakness or insufficiency in our Group's internal control system.

Having considered the findings of the internal control adviser, the adoption of the additional recommendation including but not limited to all executive Directors are required to read all the incoming correspondence from the regulatory bodies, to ensure all relevant correspondence are notified with proper handling which seeks to promptly address issues with the IRD which is an important factor based on the background of the Historical Tax Matters and further engagement of new accounting staff and assistance of other professionals provided to our Group to ensure compliance and our Company's other executive Directors and accounting staff responsible for taxation also attended the training on taxation matters conducted by CT Partners as mentioned above, our Company and the Sponsor is of the view that internal control measures adopted by our Group are adequate and effective for our Group's compliance with applicable tax laws in Hong Kong.

MOK Patrick (莫柏祺), aged 42, is the chief executive officer of our Company, an executive Director and our compliance officer. Mr. Mok joined our Group in April 2010 as 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).

As at the Latest Practicable Date, 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.

SO Pik Sau (蘇碧秀), aged 31, 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.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

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 member of our Group. Save as disclosed above, as at the Latest Practicable Date, 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.

Ms. So Pik Sau was a director of the following company during or within 12 months when it was dissolved other than by member's voluntary winding-up with details as follows:

(a) Australia

Name of company	Principal business activity		Details
	immediately before dissolution	Date of dissolution	
Royce & Regan Pty Ltd	Sale of furniture	1 May 2011	This was an Australian company de-registered under subsection 601AA(2) of the Corporations Act 2001 of Australia. Accordingly dissolved upon de-registration. ^{Note}

Note: Under sub-section 601AA of the Corporations Act 2001, an application for deregistration can only be made if (a) all the members of such company agreed to such deregistration; (b) such company is not carrying on business; (c) the company's assets are worth less than \$1,000; (d) the company had paid all fees and penalties under Corporations Act 2001; (e) the company has no outstanding liabilities; and (f) the company is not party to any legal proceedings.

Ms. So confirmed that there is no wrongful act on her part leading to the above dissolution and winding-up of the company and she is not aware of any actual or potential claim which has been or will be made against her as a result of the dissolution and winding-up of the company.

Independent non-executive Directors

WONG Tak Chun (黃德俊), aged 35, 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

DIRECTORS, SENIOR MANAGEMENT AND STAFF

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.

As at the Latest Practicable Date, 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.

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 (at 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.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

As at the Latest Practicable Date, 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.

As at the Latest Practicable Date, 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.

Mr. Tsang had been a director of Double Win (Hong Kong Limited), a private company incorporated in Hong Kong (“Double Win”). Double Win did not continue to operate and was struck off and dissolved by the Registrar of Companies in Hong Kong on 26 June 2015 under section 746 of the Companies Ordinance.

Mr. Tsang confirmed that there is no wrongful act on his part leading to the above dissolution and winding-up of the company and he is not aware of any actual or potential claim which has been or will be made against him as a result of the dissolution and winding-up of the company.

Save as disclosed above and in Appendix IV to this prospectus and below, there are no other matters concerning each of the Directors’ directorship with our Company that is required to be disclosed pursuant to 17.50(2)(h) to (v) of the GEM Listing Rules and there are no other material matters relating to our Directors that need to be brought to the attention of the Shareholders.

Each of our Directors has confirmed that he/she does not have any interest in a business apart from ours which competes or is likely to compete, directly or indirectly, with us.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

SENIOR MANAGEMENT

Name	Age	Date of joining our Group	Position(s) and responsibilities in our Group	Relationship with other Directors or senior management
TAM Hei Lap, Hedley (譚希立)	30	6 October 2015	Financial controller and company secretary, responsible for financial planning, financial risks management, financial reporting, treasury and company secretarial work of our Group	N/A
CHUNG Ka Ming (鍾家明)	28	1 June 2011	Chief sales manager and education counsellor, responsible for negotiating terms of contracts with overseas education providers	Niece of Mr. Chung and cousin of Ms. So Pik Sau

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 did not hold any directorship in other listed companies in the past three years and does not hold any other position in our Company or any of our subsidiaries.

As at the Latest Practicable Date, 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.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Ms. Chung graduated with a bachelor's degree of commerce in accounting from Griffith University in Queensland, Australia in July 2009.

Save as disclosed above, Ms. Chung did not hold any directorship in other listed companies in the past three years and does not hold any other position in our Company or any of our subsidiaries.

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, as at the Latest Practicable Date, 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.

COMPANY SECRETARY

Mr. Tam Hei Lap, Hedley is the company secretary of our Company. Details of his qualifications and experience are set out in the paragraph headed "Senior management" in this section.

COMPLIANCE OFFICER

Mr. Mok was appointed as the compliance officer of our Company. Mr. Mok is also an executive Director and chief executive officer of our Company. Details of his qualifications and experience are set out in the paragraph headed "Executive Directors".

AUTHORISED REPRESENTATIVES

Mr. Chung and Mr. Mok were appointed as the authorised representatives of our Company.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Our Company will, upon Listing, comply with the Corporate Governance Code in accordance with Rule 17.101(1) of the GEM Listing Rules with a view to achieving a high standard of corporate governance and safeguarding Shareholders' interests.

BOARD COMMITTEES

Audit committee

Our Company established the audit committee on 17 January 2017 with its written terms of reference in compliance with the GEM Listing Rules. The primary duties of the audit committee are to review and supervise our financial reporting process and internal control system, nominate and monitor external auditors and to provide advice and comments to the Board on matters related to corporate governance.

The audit committee comprises the three independent non-executive Directors, namely Mr. Wong Tak Chun, Mr. Tsang Chi Fung and Ms. Chung Wai Nar. Mr. Wong Tak Chun currently serves as the chairman of the audit committee.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Remuneration committee

Our Company established the remuneration committee on 17 January 2017 with its written terms of reference in compliance with the GEM Listing Rules. The primary duties of the remuneration committee are to make recommendations on the remuneration of our Company's senior management and to make recommendations on the remuneration of members of the Board.

The remuneration committee comprises three independent non-executive Directors, namely Ms. Chung Wai Nar, Mr. Wong Tak Chun and Mr. Tsang Chi Fung. Ms. Chung Wai Nar currently serves as the chairman of the remuneration committee.

Nomination committee

Our Company established the nomination committee on 17 January 2017 with its written terms of reference by reference to the code provisions of the Corporate Governance Code and Corporate Governance Report set out in Appendix 15 to the GEM Listing Rules. The primary duties of the nomination committee are to make recommendations to the Board regarding candidates to fill vacancies on the Board and/or in senior management.

The nomination committee comprises one executive Director and two independent non-executive Directors, namely Mr. Chung, Mr. Tsang Chi Fung and Ms. Chung Wai Nar. Mr. Chung currently serves as the chairman of the nomination committee.

EMPLOYEES

As at the Latest Practicable Date, we had 23 full-time employees (including our three executive Directors but excluding our three independent non-executive Directors). Throughout the Track Record Period, our total staff costs (excluding any contributions to pension scheme) were approximately HK\$6.6 million, HK\$6.6 million, HK\$6.6 million and HK\$2.3 million, respectively. The relationship and cooperation between our management and employees have been good and are expected to remain amicable in the future. There has not been any incidence of work stoppages or labour disputes, which adversely affected our operations.

Further information in relation to our Group's employees and their benefits are set out in the paragraph headed "Business — Employees" of this prospectus.

REMUNERATION POLICY

Our Directors and senior management receive compensation in the form of salaries and discretionary bonuses with reference to salaries paid by comparable companies, time commitment and the performance of our Group. Our Group regularly reviews and determines the remuneration and compensation package of our Directors and senior management, by reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of our Directors and senior management and the performance of our Group.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

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

DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

For the years ended 31 March 2014, 2015 and 2016 and for the four months ended 31 July 2016, the aggregate emoluments (including director's fee, basic salary, allowance, non-cash benefit and retirement scheme contribution) paid by our Group to our Directors, were approximately HK\$1,524,000, HK\$1,642,000, HK\$1,546,000 and HK\$497,000, respectively.

For the years ended 31 March 2014, 2015 and 2016 and for the four months ended 31 July 2016, the aggregate emoluments paid by our Group to our senior management were approximately HK\$237,000, HK\$285,000, HK\$596,000 and HK\$282,000, respectively.

Under the arrangements currently proposed, conditional upon the Listing, the basic annual remuneration (excluding payment of any discretionary benefits or bonus or other fringe benefits) payable by our Group to each of our Directors will be as follows:

	<i>HK\$</i>
Executive Directors	
Mr. Chung	720,000
Mr. Mok	600,000
Ms. So	312,000
Independent non-executive Directors	
Mr. Wong Tak Chun	120,000
Ms. Chung Wai Nar	120,000
Mr. Tsang Chi Fung	120,000

SHARE OPTION SCHEME

Our Group has conditionally adopted the Share Option Scheme under which employees of our Group including executive Directors and other eligible participants may be granted options to subscribe for Shares. The principal terms of the Share Option Scheme are summarised in the section headed "Statutory and General Information — D. Share Option Scheme" in Appendix IV of this prospectus.

COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, our Company has appointed TC Capital as its compliance adviser. Pursuant to Rule 6A.23 of the GEM Listing Rules, our Company will consult with and seek advice from the compliance adviser on a timely basis in the following circumstances:

- (1) before the publication of any regulatory announcement, circular or financial report;
- (2) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;
- (3) where our Company proposes to use the proceeds of the initial public offering in a manner different from that detailed in the listing document or where the business activities, developments or results of our Company deviate from any forecast, estimate, or other information in the listing document; and
- (4) where the Stock Exchange makes an inquiry of our Company under Rule 17.11 of the GEM Listing Rules.

The term of appointment of the compliance adviser of our Company shall commence on the Listing Date and end on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of the financial results for the second full financial year commencing after the Listing Date and such appointment shall be subject to extension by mutual agreement.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Business objective and strategies

For a detailed description of our business objective and strategies, please refer to the section headed “Business — Our business objective and strategies” of this prospectus.

Implementation plans

Our Group’s implementation plans are set forth below for each of the six-month periods up to 30 September 2020. Investors should note that the implementation plan is drawn up based on the current economic status and the assumptions as set out in the paragraph headed “Bases and assumptions” of this section. These bases and assumptions are inherently subject to many uncertainties and unpredictable factors, in particular the risk factors as set out in the section headed “Risk factors” of this prospectus. Therefore, there is no assurance that our business plans will materialise in accordance with the estimated time frame and that our future plans will be accomplished at all.

For the period from 1 April 2017 to 30 September 2017

Business strategies	Use of proceeds (HK\$'000)	Implementation plan
Expand and renovate our existing branches	297	Pay the rent and other related expenses for the new office in Mong Kok
	600	Renovate our branch in Mong Kok
Employ additional counsellors and supporting staff	2,285	Pay the additional staff costs
Strengthen our brand awareness	2,375	Place advertisements on public transports, MTR stations, newspaper, magazines, internet and television
	1,000	Pay for our spokesperson
Expand our network of overseas education providers	100	Visit existing and potential overseas education providers
Enhance our IT system	450	Upgrade our staff IT hardware
	75	Maintain our IT system
	300	Redesign our webpage

FUTURE PLANS AND USE OF PROCEEDS

For the period from 1 October 2017 to 31 March 2018

Business strategies	Use of proceeds <i>(HK\$'000)</i>	Implementation plan
Expand and renovate our existing branches	297	Pay the rent and other related expenses for the new office in Mong Kok
	1,200	Renovate our branch in Mog Kok
	200	Purchase video conference system
Employ additional counsellors and supporting staff	2,285	Pay the additional staff costs
Strengthen our brand awareness	2,375	Place advertisements on public transports, MTR stations, newspaper, magazines, internet and television
	1,000	Pay for our spokesperson
Expand our network of overseas education providers	100	Visit existing and potential overseas education providers
Hold large scale exhibition	1,320	Pay for venue fees, accommodation for school representatives and part-time helpers
Enhance our IT system	150	Maintain our IT system
	575	Upgrade our client relationship management and commission system
	100	Upgrade other office hardware

FUTURE PLANS AND USE OF PROCEEDS

For the period from 1 April 2018 to 30 September 2018

Business strategies	Use of proceeds (HK\$'000)	Implementation plan
Expand and renovate our existing branches	306	Pay the rent and other related expenses for the new office in Mong Kok
	600	Renovate our branch in Wan Chai
Employ additional counsellors and supporting staff	2,354	Pay the additional staff costs
Strengthen our brand awareness	2,446	Place advertisements on public transports, MTR stations, newspaper, magazines, internet and television
	1,030	Pay for our spokesperson
Expand our network of overseas education providers	100	Visit existing and potential overseas education providers
Enhance our IT system	150	Maintain our IT system

For the period from 1 October 2018 to 31 March 2019

Business strategies	Use of proceeds (HK\$'000)	Implementation plan
Expand and renovate our existing branches	306	Pay the rent and other related expenses for the new office in Mong Kok
	600	Renovate our branch in Tuen Wan
Employ additional counsellors and supporting staff	2,354	Pay the additional staff costs
Strengthen our brand awareness	2,446	Place advertisements on public transports, MTR stations, newspaper, magazines, internet and television
	1,030	Pay for our spokesperson
Expand our network of overseas education providers	100	Visit existing and potential overseas education providers

FUTURE PLANS AND USE OF PROCEEDS

Business strategies	Use of proceeds <i>(HK\$'000)</i>	Implementation plan
Enhance our IT system	150	Maintain our IT system
	350	Second upgrade of our commission system
	300	Redesign our webpage
Hold large scale exhibition	1,320	Pay for venue fees, accommodation for school representatives and part-time helpers

For the period from 1 April 2019 to 30 September 2019

Business strategies	Use of proceeds <i>(HK\$'000)</i>	Implementation plan
Expand and renovate our existing branches	315	Pay the rent and other related expenses for the new office in Mong Kok
Employ additional counsellors and supporting staff	2,424	Pay the additional staff costs
Strengthen our brand awareness	2,520	Place advertisements on public transports, MTR stations, newspaper, magazines, internet and television
	1,061	Pay for our spokesperson
Expand our network of overseas education providers	100	Visit existing and potential overseas education providers
Enhance our IT system	150	Maintain our IT system

FUTURE PLANS AND USE OF PROCEEDS

For the period from 1 October 2019 to 31 March 2020

Business strategies	Use of proceeds (HK\$'000)	Implementation plan
Expand and renovate our existing branches	315	Pay the rent and other related expenses for the new office in Mong Kok
Employ additional counsellors and supporting staff	2,424	Pay the additional staff costs
Strengthen our brand awareness	2,519	Place advertisements on public transports, MTR stations, newspaper, magazines, internet and television
	1,061	Pay for our spokesperson
Expand our network of overseas education providers	100	Visit existing and potential overseas education providers
Enhance our IT system	150	Maintain our IT system
Hold large scale exhibition	1,320	Pay for venue fees, accommodation for school representatives and part-time helpers

For the period from 1 April 2020 to 30 September 2020

Business strategies	Use of proceeds (HK\$'000)	Implementation plan
Expand and renovate our existing branches	162	Pay the rent and other related expenses for the new office in Mong Kok
Employ additional counsellors and supporting staff	1,248	Pay the additional staff costs
Strengthen our brand awareness	1,039	Place advertisements on public transports, MTR stations, newspaper, magazines, internet and television
Expand our network of overseas education providers	100	Visit existing and potential overseas education providers
Enhance our IT system	75	Maintain our IT system

FUTURE PLANS AND USE OF PROCEEDS

Bases and assumptions

The business objectives and strategies set out by our Directors are based on the following general bases and assumptions:

- our Group will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which the business objectives relate;
- there will be no significant economic change in respect of inflation, interest rate, tax rate and currency exchange rate in Hong Kong which will adversely affect our Group's business;
- there will be no material adverse changes in the existing laws and regulations, policies or industry or regulatory treatment relating to our Group, or in the political, economic, fiscal or market conditions in which our Group operates;
- there will be no material adverse changes in the existing educational systems and visa requirements for students in Hong Kong or in the countries where our network of overseas education providers operate;
- there will be no significant changes in our business relationship with our existing business partners, major clients and our reputation among students, parents and in the industry;
- we will be able to retain our senior management team, key staff and counsellors in our operations;
- there will be no disasters, natural, political or otherwise, which would materially disrupt the business or operations of our Group or cause substantial loss, damage or destruction to our properties; and
- our Group will not be adversely affected by the risk factors as set out under the section headed "Risk factors" of this prospectus.

REASONS FOR THE LISTING

Our Directors believe that the commercial rationale of our Listing is as follows:

- **Current industry landscape provides the justification for our expansion**

Our Directors believe that there is still significant potential for our Company's growth due to the low infiltration of the use of overseas studies consultancy service in Hong Kong and the remaining large market share can be captured by being more competitive in the market.

— *Low infiltration of the use of overseas studies consultancy service in Hong Kong shows there is still growth potential*

According to the Industry Report, from 2008 to 2015, although application through overseas studies consultancy in Hong Kong was the most common application method pursued by the prospective students, such application method only represented approximately 46.7% of the total applications of overseas higher education and secondary education studies

FUTURE PLANS AND USE OF PROCEEDS

during the period. Our Directors believe that, through greater marketing efforts in various platforms including MTR stations, newspapers, magazines, television as well as the internet, the percentage of students applying through overseas studies consultancy can still further increase in future if more students or parents become aware of the benefits of the overseas studies consultancy services. In particular, we intend to convey the message to potential students that (i) such consultancy services are generally free and (ii) leveraging on our long history and strong experience, our Company is able to successfully match students in Hong Kong with appropriate overseas education providers based on each individual student's preferences and personal circumstances as well as such student's suitability for the relevant academic programme.

— *Marginal growth of the industry justified the more extensive promotion and expansion of us to seize market share*

According to the Industry Report, from 2015 to 2020, the total revenue of overseas studies consultancy in relation to their provision of successful student placement services from Hong Kong to secondary education institutions and higher education institutions in the UK, Australia or Canada is expected to grow marginally at a CAGR of approximately 0.1%. Such marginal growth of the industry indeed further support the need of intensive marketing activities intended by us so that the future growth of our Company will not solely rely on the industry trend but also to actively seize the remaining market share in the industry against the competitors. According the Industry Report, we are the sixth largest overseas studies consultancy in 2015 in terms of revenue and our corresponding market share was only approximately 7.6%. This therefore further justifies the intention of our Directors to expand our operation scale (through the expansion of our headquarter and network of overseas education providers and employment of additional manpower) and increase our market presence in the industry (through conducting various advertising activities, engaging a reputable spokesperson and holding large scale exhibitions) so that our Company shall be able to capture the remaining 92.4% market share in the industry as much as possible through more effective competition in the industry.

Based on the above, our Directors believe that there are still opportunities for our Company to grow which justifies our expansion plans and business strategies.

- **Successful listing allows us to deploy our business strategies efficiently and prudently in a short time frame without negatively affecting our current operation and liquidity position and also paved the way for financing our future expansion whenever in need**

Our cash and bank balances was approximately HK\$7.6 million as at 30 November 2016 and we consistently recorded positive net cash flow from operation for each year during the Track Record Period. Nevertheless, the amount of fund intended to be deployed by us in the implementation of its expansion plan is estimated to be approximately HK\$51.5 million, which is significantly more than our current cash on hand. Our Directors believes that it would be ineffective and time consuming for our Group to rely solely on our cash flow from operation in carrying out our expansion plan and we might not be able to react promptly to the current industry landscape. Also, by using the internal cash for such expansion instead of external funding, we might be exposed to a higher liquidity risk given the reduced amount of available cash on hand

FUTURE PLANS AND USE OF PROCEEDS

and face additional operating difficulties in particular, we might not be able to retain our staff e.g. the counsellors if the originally planned fund for the salary increment were being used for other areas of the expansion plan instead.

In choosing equity financing over debt financing to finance our expansion plan, we have taken into account: (i) the speed and size of equity financing, being the net proceeds raised upon Listing, as compared to debt financing which may require additional time for negotiation of terms and conditions; (ii) the expected unfavorable terms of debt financing to our Company including possible higher interest rate and collateral requirement by the financial institutions given the limited fixed assets possessed by our Group to serve as collateral; (iii) current economic conditions in Hong Kong and expected rise of US interest rate in the future which has created uncertainty in the interest cost incurred by us for debt financing; and (iv) the fact that equity financing does not divert capital from the business for paying down the debt to the lenders regularly regardless of our business performance of and that means that we shall have sufficient time to grow our business. In addition, the Listing also provides a solid financing platform for us to raise capital from the capital market in case of future business expansion and long-term development needs and goals.

- **Other commercial benefits arise from our status as a listed company**

As a listed company, the overseas education providers are more likely to do business with us given the greater transparency, stricter relevant regulatory supervision and higher level of stability financially in light of additional avenues to raise necessary funds for operation and expansion. Leveraging on such listing status and as part of our strategies, we intend to proactively arrange site visits to potential overseas education providers to explore new business partners and expand our existing network of overseas education providers in order to continue providing a range of quality choices of overseas education providers for prospective students and their parents to consider, thereby increasing the chances in successful placements. Our Directors also believe that we will be able to partner with the overseas education providers of higher quality and also enjoy more favourable terms in formulating the agency agreement with the existing and new overseas education providers. By partnering with prestigious overseas education providers, our market position can be further enhanced as well in the eyes of the potential students and their parents.

According to the Industry Report, reputation is one of the main areas of competition in the overseas studies consultancies industry to attract prospective students and parents. After Listing, Our Directors believe that our public image will be further enhanced in the eyes of prospective students and their parents which will increase their willingness in choosing our services as compared to the services of other non-listed competitors.

As a listed company, our Company shall be able to more effectively retain its existing staff (including the counsellors) and recruit potential talents and at a more favourable term as the existing and potential staff might feel more stable and secure by joining a listed company than a private company.

The Listing will also expand and diversify our Company's shareholder base and potentially lead to a more liquid market in the trading of our Shares

FUTURE PLANS AND USE OF PROCEEDS

USE OF PROCEEDS

The Share Offer will enhance our Group's capital base and provide our Group with additional working capital to implement the future plans as set out in the paragraph headed "Implementation plans" above.

Based on the Offer Price of HK\$0.32 per Offer Share, being the mid-point of the indicative Offer Price range of HK\$0.30 to HK\$0.34 per Offer Share, we will receive gross proceeds of approximately HK\$63.2 million. The net proceeds from the issue of New Shares under the Share Offer are estimated to be approximately HK\$51.5 million, after deducting the underwriting commission and other estimated expenses in the amount of approximately HK\$11.7 million, payable by our Company in relation to the Share Offer.

Our Directors presently intend that the net proceeds will be applied as follows:

	Upon Listing to 31 March 2017	For the six months ending 30 September 2017	For the six months ending 31 March 2018	For the six months ending 30 September 2018	For the six months ending 31 March 2019	For the six months ending 30 September 2019	For the six months ending 31 March 2020	For the six months ending 30 September 2020	Total use for purpose	Percentage of use of net proceeds
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	%
Expand and renovate our existing branches	—	897	1,697	906	906	315	315	162	5,198	10.1
Employ additional counsellors and supporting staff	—	2,285	2,285	2,354	2,354	2,424	2,424	1,248	15,374	29.8
Strengthen our brand awareness	—	3,375	3,375	3,476	3,476	3,581	3,581	1,039	21,903	42.5
Expand our network of overseas education providers	—	100	100	100	100	100	100	100	700	1.4
Enhance our IT system	—	825	825	150	800	150	150	75	2,975	5.8
Hold large scale exhibitions	—	—	1,320	—	1,320	—	1,320	—	3,960	7.7
General working capital	—	119	238	238	238	238	238	119	1,428	2.8
Total	—	7,601	9,840	7,224	9,194	6,808	8,128	2,744	51,538	100.0

The above total use amount represents our total capital expenditure for each of our strategies upon Listing and up to 30 September 2020. Any additional capital expenditure for each of our strategies after 30 September 2020 will be financed by our internal funding.

If the final Offer Price is fixed at HK\$0.34, being the high end point of the indicative Offer Price range, the net proceeds of the Share Offer will increase by approximately HK\$3.8 million. In such event, our Directors currently intend to use such additional proceeds for strengthening our brand awareness.

If the final Offer Price is fixed at HK\$0.30, being the low end point of the indicative Offer Price range, the net proceeds will decrease by approximately HK\$3.8 million. In such event, our Directors currently intend to decrease the amount to be used for general working capital.

To the extent that the net proceeds from the issue of the New Shares under the Share Offer are not immediately required for the purposes above, it is the present intention of our Directors that such net proceeds will be placed on short-term interest bearing deposits with authorised financial institutions in Hong Kong.

FUTURE PLANS AND USE OF PROCEEDS

Assuming an Offer Price of HK\$0.32 per Offer Share (being the mid-point of the Offer Price range), we estimate that the net proceeds to the Selling Shareholder from the sale of the Sale Shares (after deducting proportional underwriting commissions and listing expenses payable by the Selling Shareholder in relation to the Share Offer of approximately HK\$14.2 million) will be approximately HK\$62.6 million. Our Company will not receive any of the proceeds from the sale of the Sale Shares.

Should our Directors decide to re-allocate the intended use of proceeds to other business plans and/or new project of our Group to a material extent and/or there is to be any material modification to the use of proceeds as described above, our Group will issue an announcement in accordance with the GEM Listing Rules.

UNDERWRITING

PUBLIC OFFER UNDERWRITER

Head & Shoulders Securities Limited

UNDERWRITING ARRANGEMENT AND EXPENSES

The Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, we are offering 43,760,000 Public Offer Shares (subject to reallocation) for subscription on the terms and subject to the conditions of this prospectus and the Application Forms at the Offer Price.

Subject to (i) the Stock Exchange granting listing of, and permission to deal in, the Shares (including the additional Shares to be issued pursuant to the Capitalisation Issue); and (ii) certain other conditions set out in the Public Offer Underwriting Agreement, the Public Offer Underwriter have severally agreed to apply or procure applications, on the terms and conditions of this prospectus, the related Application Forms and the Public Offer Underwriting Agreement, for the Public Offer Shares now being offered and which are not taken up under the Public Offer.

The Public Offer Underwriting Agreement is conditional on and subject to the Placing Underwriting Agreement having been signed and becoming unconditional.

Grounds for termination

The Sole Lead Manager shall be entitled, in its absolute discretion, by notice in writing to our Company to terminate the Public Offer Underwriting Agreement with immediate effect if, at any time prior to 8:00 a.m. on the Listing Date:

- (i) there shall develop, occur, exist or come into effect:
 - (a) any event, or series of events, beyond the reasonable control of the Public Offer Underwriter (including, without limitation, acts of government, strikes, lock-outs, fire, explosion, flooding, civil commotion, acts of war, acts of God, acts of terrorism, riot, public disorder, economic sanctions, outbreak of diseases or epidemics including SARS and avian influenza and such related/mutated forms or interruption or delay in transportation) in or affecting Hong Kong, the Cayman Islands or any other jurisdiction relevant to any member of our Group or the Share Offer (collectively, the “**Relevant Jurisdictions**”) which in the reasonable opinion of the Sole Lead Manager has or would have the effect of making any part of the Public Offer Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Share Offer or pursuant to the underwriting thereof; or
 - (b) any change or development involving a prospective change, or any event or series of events likely to result in any change or development involving a prospective change in local, national, regional or international financial economic, political, military, industrial, fiscal, regulatory or market conditions and matters and/or disaster or any monetary or trading settlement systems (including, without limitation, conditions in

UNDERWRITING

stock, credit and bond markets, money and foreign exchange markets and inter-bank markets, or any monetary or trading settlement system, any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange, or a material fluctuation in the exchange rate of Hong Kong dollars against any foreign currency, or any interruption in securities settlement or clearance service or procedures) in or affecting the Relevant Jurisdictions; or

- (c) any new law or change or development involving a prospective change in existing laws or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in any of the Relevant Jurisdictions; or
- (d) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for any of the Relevant Jurisdictions; or
- (e) a change or development occurs involving a prospective change in taxation, exchange control, currency exchange rates or foreign investment regulations (including without limitation a material devaluation of the Hong Kong dollar against any foreign currencies) or the implementation of any exchange control in any of the Relevant Jurisdictions; or
- (f) any material change or development involving a prospective change, or a materialisation of, any of the risks set forth in the section headed “Risk factors” of this prospectus; or
- (g) any litigation or claim of material importance of any third party being threatened or instigated against any member of our Group (other than those fully covered by an insurance policy of the member of our Group), our executive Directors and/or our Controlling Shareholders; or
- (h) a valid demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or
- (i) any loss or damage sustained by any member of our Group (howsoever caused but excluding such loss or damage which are subject of and fully covered by any insurance or claim against any person); or
- (j) a petition is presented for the winding up or liquidation of any member of our Group or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed to take over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or

UNDERWRITING

- (k) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary of Hong Kong and/or the Hong Kong Monetary Authority or other competent authority) or any of the Relevant Jurisdictions, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any of the relevant jurisdictions; or
- (l) any adverse change or development involving a prospective change in the condition (financial or otherwise) or in the earnings, business affairs, business prospects or trading position of any member of our Group, or customer confidence, including but not limited to any action, suit, proceeding, litigation or claim of any third party being threatened or instigated against any member of our Group, or any investigation of any member of our Group or an order for suspension of business by any government authority; or
- (m) an executive Director being charged or indicted or detained with an indictable offence or prohibited by operation of law or otherwise disqualified from directorship, or the commencement by any Governmental Authority of any investigation or other action against any Director in his/her capacity as such or an announcement by any governmental authority that it intends to investigate or take any such actions; or
- (n) the chairman or chief executive officer of our Company vacating his office; or
- (o) non-compliance of this prospectus (or any other documents used in connection with the Share Offer) or any aspect of the Share Offer with the GEM Listing Rules, the Articles of Association, the Companies Ordinance, the Companies Ordinance (Miscellaneous Provisions), the SFO or any other applicable laws by any of our Company, our Controlling Shareholders, or our Directors,

which, individually or in aggregate, in the absolute opinion of the Sole Lead Manager

- (1) is/are or shall have or could be expected to have a material adverse effect on the assets, liabilities, general affairs, management, shareholders' equity, profits, losses, results of operations, business, financial or other condition or prospects of our Group as a whole or in the case of subparagraph (ii)(e) below, to any present or prospective shareholder of our Company in his, her or its capacity as such; or
- (2) has/have or shall have or could reasonably be expected to have an adverse effect on the success, marketability or pricing of the Share Offer or the level of applications under the Public Offer or the level of interest under the Placing; or
- (3) make(s) it inadvisable, inexpedient or impracticable for the Share Offer to proceed; or
- (4) has or will or may be expected to have the effect of making any part of the Public Offer Underwriting Agreement or the Share Offer incapable of implementation or performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Share Offer or pursuant to the underwriting thereof;

UNDERWRITING

- (ii) there has come to the notice of the Sole Lead Manager:
- (a) that any statement, considered by the Sole Lead Manager to be material in its absolute discretion, contained in any of this prospectus, Application Forms and any document in connection with the Share Offer was when the same was issued, or has become, untrue, incorrect or misleading in any material respect or that any forecast, expression of opinion, intention or expectation contained in any of such document is not true and honest and based on reasonable assumptions; or
 - (b) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute an omission therefrom reasonably considered by the Sole Lead Manager to be material to the Share Offer; or
 - (c) any material breach of any of the obligations imposed upon any party to the Public Offer Underwriting Agreement (other than on the Public Offer Underwriter) which the Sole Lead Manager considers to be material; or
 - (d) any change or development reasonably considered by the Sole Lead Manager to have or could be expected to have a material adverse effect on business affairs, prospects, assets liabilities, general affairs, management, shareholders' equity, profits, losses, results or operations, or the financial or trading position or otherwise, or performance of any member of our Group; or
 - (e) any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties, which the Sole Lead Manager considers to be material; or
 - (f) any event, act or omission which gives or is likely to give rise to any liability of any of the indemnified parties under the Public Offer Underwriting Agreement; or
 - (g) approval by the Listing Division of the listing of, and permission to deal in, the Shares in issue and to be issued or sold under the Share Offer is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
 - (h) any person (other than the Underwriter) has withdrawn or sought to withdraw its consent to being named in any of this prospectus, the Application Forms and/or any other documents used in connection with the contemplated subscription of the Offer Shares) or to the issue of any of such documents; or
 - (i) our Company withdraws any of this prospectus, the Application Forms and/or any other documents used in connection with the contemplated subscription of the Offer Shares; or
 - (j) any prohibition on our Company by any governmental authority for whatever reasons from offering, allotting or issuing the Shares pursuant to the terms of the Share Offer; or

UNDERWRITING

- (iii) the Placing Underwriting Agreement and/or Price Determination Agreement shall not have been duly executed at or before 6 February 2017 (or such other date as may be agreed between our Company (for ourselves and on behalf of the Selling Shareholder) and the Sole Lead Manager.

Placing Underwriting Agreement

In connection with the Placing, it is expected that we will enter into the Placing Underwriting Agreement with, among others, the Placing Underwriter on terms and conditions that are substantially similar to the Public Offer Underwriting Agreement as described above and on the additional terms described below.

Under the Placing Underwriting Agreement, subject to the conditions set forth therein, the Placing Underwriter is expected to procure subscribers and purchasers to subscribe for or purchase, or failing which they shall subscribe for or purchase, the 393,840,000 Placing Shares, comprising 153,840,000 New Shares and 240,000,000 Sale Shares, initially being offered pursuant to the Placing. It is expected that the Placing Underwriting Agreement may be terminated on similar grounds as the Public Offer Underwriting Agreement. Potential investors shall be reminded that in the event that the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed. The Placing Underwriting Agreement is conditional on and subject to the Public Offer Underwriting Agreement having been executed, becoming unconditional and not having been terminated. It is expected that pursuant to the Placing Underwriting Agreement, our Company and Controlling Shareholders will make similar undertakings as those given pursuant to the Public Offer Underwriting Agreement as described in the sub-paragraphs headed “Undertakings by our Company” and “Undertakings by our Controlling Shareholders” below in this section.

UNDERTAKINGS TO THE STOCK EXCHANGE

Undertakings by our Company

Pursuant to Rule 17.29 of the GEM Listing Rules, our Company has undertaken to the Stock Exchange that save as pursuant to the Share Offer (including the grant and exercise of the options under the Share Option Scheme) no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) may be issued by our Company or form the subject of any agreement to such an issue by our Company within six months from the Listing Date (whether or not such issue of Shares or securities of our Company will be completed within six months from the commencement of dealings), except in certain circumstances prescribed by Rule 17.29 of the GEM Listing Rules.

UNDERWRITING

Undertakings by our Controlling Shareholders

Pursuant to Rule 13.16A(1) of the GEM Listing Rules, each of the Controlling Shareholders has undertaken to our Company and the Stock Exchange that, except for the circumstances permitted pursuant to Rule 13.18 of the GEM Listing Rules, he/it shall not, and shall procure that the relevant registered holder(s) shall not,

- (a) during the period from the date by reference to which disclosure of his/its shareholding in our Company is made in this prospectus and ending on the date falling six months from the Listing Date (the “**First Six-month Period**”) dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those Shares in respect of which he/it is or they are shown by this prospectus to be the beneficial owner(s) (the “**Relevant Securities**”); and
- (b) in the six-month period commencing on the expiry of the First Six-month Period (the “**Second Six-month Period**”), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any Relevant Securities if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/it would cease to be a Controlling Shareholder of our Company for purposes of the GEM Listing Rules.

Pursuant to Rule 13.19 of the GEM Listing Rules, each of the Controlling Shareholders further has undertaken to our Company and the Stock Exchange that he/it shall, and shall procure that the relevant registered holder(s) shall,

- (c) in the event that he/it pledges or charges any direct or indirect interest in the Shares under Rule 13.18(1) of the GEM Listing Rules or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules, at any time during the First Six-Month Period, inform our Company immediately thereafter, disclosing the details specified in Rule 17.43(1) to (4) of the GEM Listing Rules; and
- (d) having pledged or charged any interest in the Shares under (c) above, inform our Company immediately in the event that he/it becomes aware that the pledgee or charge has disposed of or intends to dispose of such interest and of the number of Shares affected.

Our Company shall, upon being informed of any matter under (c) or (d) above, forthwith publish an announcement giving details of the same in accordance with the GEM Listing Rules.

UNDERTAKINGS PURSUANT TO THE PUBLIC OFFER UNDERWRITING AGREEMENT

Undertakings by our Company

Our Company undertakes to and covenants with each of the Sponsor and the Sole Lead Manager that (and each of the Executive Directors and the Controlling Shareholders jointly and severally undertakes to and covenants with the Sponsor and the Sole Lead Manager to procure our Company that), except as mentioned in this prospectus including any Shares to be issued under the Share Offer, sale of

UNDERWRITING

the Sale Shares by the Selling Shareholder as part of the Placing, the Capitalisation Issue, the grant of any option under the Share Option Scheme or the issue of Shares upon exercise of any option granted under the Share Option Scheme:

- (a) no further Shares or securities convertible into equity securities of the Company (whether or not of a class already listed) may be issued by the Company or form the subject of any agreement to such an issue by the Company within the First Six-month Period (whether or not such issue of Shares or securities of the Company will be completed within six months from the commencement of dealings), except in certain circumstances prescribed by Rule 17.29 of the GEM Listing Rules; and
- (b) our Company shall not, within the First Six-month Period:
 - (i) save as permitted under the GEM Listing Rules (including but not limited to Rule 17.29 of the GEM Listing Rules) and the applicable laws, allot or issue or agree to allot or issue any Shares or any other securities in our Company (including warrants or other convertible securities (and whether or not of a class already listed));
 - (ii) grant or agree to grant any options, warrants or other rights carrying any rights to subscribe for or otherwise convert into, or exchange for any Shares or any other securities of the Company;
 - (iii) purchase any securities of our Company; or
 - (iv) offer to or agree to do any of the foregoing or announce any intention to do so.

Undertakings by our Controlling Shareholders

Each of the Controlling Shareholders jointly and severally undertakes to and covenants with each of our Company, the Sponsor and the Sole Lead Manager that, unless pursuant to the sale of the Sale Shares by the Selling Shareholder as part of the Placing unless in compliance with the GEM Listing Rules, he/it shall, and shall procure that his/its associates or the relevant registered holder(s), nominee(s) or trustee(s) holding on trust for him/it or the companies controlled by him/it not to, without the prior written consent of the Sponsor and the Sole Lead Manager:

- (a) at any time during the First Six-month Period dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those Shares (the “**Encumbrances**”) in respect of which he/she/it is shown by this prospectus to be the beneficial owner(s) (the “**Relevant Securities**”); and
- (b) at any time during the Second Six-month Period, dispose of, nor enter into any agreement to dispose of, nor enter into any agreement to dispose of or otherwise create any Encumbrances in respect of any of any Relevant Securities if, immediately following such disposal or upon the exercise or enforcement of such Encumbrances, he/she/it would cease to be a Controlling Shareholder.

UNDERWRITING

Each of the Controlling Shareholders jointly and severally further agrees and undertakes to our Company, the Sponsor and the Sole Lead Manager that:

- (a) in the event that he/she/it pledges or charges any of his/her/its direct or indirect interest in the Relevant Securities under Rule 13.18(1) of the GEM Listing Rules or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules at any time during the relevant periods specified in paragraph (i) above, he/she/it must inform the Company, the Sponsor and the Sole Lead Manager immediately thereafter, disclosing the details as specified in Rule 17.43(1) to (4) of the GEM Listing Rules; and
- (b) having pledged or charged any of his/her/its interests in the Relevant Securities under subparagraph (a) above, he/she/it must inform our Company, the Sponsor and the Sole Lead Manager immediately in the event that he/she/it becomes aware that the pledgee or chargee has disposed of or intends to dispose of such interest and of the number of the Relevant Securities affected.

Total commission, fee and expenses

The Underwriter will receive an underwriting commission of 2.8% of the aggregate Offer Price of all Offer Shares, out of which they will pay any sub-underwriting commissions and praecipium. The Sponsor will receive financial advisory and documentation fees.

In connection with the Listing and the Share Offer, the total expenses (assuming the Offer Price of HK\$0.32 (being the mid-point of the stated range of the Offer Price) including underwriting commission, brokerage, the Stock Exchange trading fee, the SFC transaction levy, the sponsorship and documentation fee, the listing fees and legal and other professional fees, printing and other expenses are expected to be approximately HK\$25.9 million in aggregate, which will be borne as to approximately HK\$11.7 million by us and as to approximately HK\$14.2 million by the Selling Shareholder in proportion to the ratio of the number of New Shares to the number of Sale Shares.

Sponsor and Underwriter's interest in our Company

The Sponsor satisfies the independence criteria applicable to sponsor as set out in Rule 6A.07 of the GEM Listing Rules.

Following the completion of the Share Offer, the Underwriter and their respective affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Underwriting Agreements.

Save for their interests and obligations under the Underwriting Agreements, the sponsorship and documentation fee payable to the Sponsor in connection with the Listing, and the fee payable to the Sponsor for its acting as our compliance adviser, none of the Sponsor, the Sole Bookrunner, the Sole Lead Manager and the Underwriter is interested, beneficially or otherwise, in any shares in any member of our Group or has any right (whether legally enforceable or not) or option to subscribe for or to nominate persons to subscribe for any shares in any member of our Group.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

THE SHARE OFFER

The Share Offer comprises the Placing and the Public Offer. A total of initially 437,600,000 Offer Shares (comprising 197,600,000 New Shares to be issued by us and 240,000,000 Sale Shares to be offered for sale by the Selling Shareholder) will be made available under the Share Offer, of which 393,840,000 Placing Shares (subject to reallocation), representing 90% of the Offer Shares, comprising 153,840,000 New Shares and 240,000,000 Sale Shares will initially be conditionally placed with selected professional, institutional and private investors under the Placing. The remaining 43,760,000 Public Offer Shares (subject to reallocation), representing 10% of the Offer Shares, will initially be offered to members of the public in Hong Kong under the Public Offer. The Public Offer is open to all members of the public in Hong Kong as well as to institutional and professional investors. The Public Offer Underwriter has agreed to underwrite the Public Offer Shares under the terms of the Public Offer Underwriting Agreement. The Placing Underwriter will underwrite the Placing Shares pursuant to the terms of the Placing Underwriting Agreement. Further details of the underwriting are set out in the section headed “Underwriting” of this prospectus. Investors may apply for Offer Shares under the Public Offer or indicate an interest for Offer Shares under the Placing, but may not do both.

The Placing

Our Company is expected to offer initially 393,840,000 Shares (subject to reallocation), comprising 153,840,000 New Shares and 240,000,000 Sale Shares, at the Offer Price under the Placing. The number of Placing Shares expected to be initially available for application under the Placing represents 90% of the total number of Offer Shares being initially offered under the Share Offer. The Placing is expected to be fully underwritten by the Placing Underwriter subject to the Offer Price being agreed on or before the Price Determination Date.

It is expected that the Placing Underwriter or selling agents nominated by them, on behalf of our Company and the Selling Shareholder, will conditionally place the Placing Shares at the Offer Price with selected professional, institutional and private investors. Professional and institutional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Private investors applying through banks or other institutions who sought the Placing Shares in the Placing may also be allocated the Placing Shares.

Allocation of the Placing Shares will be based on a number of factors, including the level and timing of demand and whether or not it is expected that the relevant investor is likely to acquire further Shares and/or hold or sell its Shares after the Listing. Such allocation is intended to result in a distribution of the Placing Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and its shareholders as a whole. Investors to whom Placing Shares are offered will be required to undertake not to apply for Shares under the Public Offer.

Our Company, our Directors, the Sponsor and Sole Lead Manager are required to take reasonable steps to identify and reject applications under the Public Offer from investors who receive Shares under the Placing, and to identify and reject indications of interest in the Placing from investors who receive Shares under the Public Offer.

The Placing is expected to be subject to the conditions as stated in the paragraph headed “Conditions of the Share Offer” of this section.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

The Public Offer

Our Company is initially offering 43,760,000 Public Offer Shares for subscription (subject to reallocation) by members of the public in Hong Kong under the Public Offer, representing 10% of the total number of Offer Shares offered under the Share Offer. The Public Offer is fully underwritten by the Public Offer Underwriter subject to the Offer Price being agreed on or before the Price Determination Date. Applicants for the Public Offer Shares are required on application to pay the maximum Offer Price of HK\$0.34 per Share plus 1% brokerage, 0.005% Stock Exchange trading fee and 0.0027% SFC transaction levy.

The Public Offer is open to all members of the public in Hong Kong as well as to institutional and professional investor. An applicant for Shares under the Public Offer will be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it has not applied for nor taken up any Shares under the Placing nor otherwise participated in the Placing. Applicants should note that if such undertaking and/or confirmation given by an applicant is breached and/or is untrue (as the case may be), such applicant's application under the Public Offer is liable to be rejected. Multiple applications or suspected multiple applications and any application made for more than 50% of the Shares initially comprised in the Public Offer (i.e. 21,880,000 Public Offer Shares) are liable to be rejected.

Allocation of the Public Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. When there is over-subscription under the Public Offer, allocation of the Public Offer Shares may involve balloting, which would mean that some applicants may be allotted more Public Offer Shares than others who have applied for the same number of the Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

For allocation purposes only, the total number of Public Offer Shares available under the Public Offer (after taking into account any reallocation referred to below) will be divided equally into two pools: pool A and pool B with any odd board lots being allocated to Pool A. Accordingly, the maximum number of Public Offer Shares initially in Pool A and Pool B will be 21,880,000 and 21,880,000, respectively. The Public Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Public Offer Shares with an aggregate price of HK\$5 million (excluding the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee payable) or less. The Public Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Public Offer Shares with an aggregate price of more than HK\$5 million (excluding the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee payable). For the purpose of this paragraph only, the "price" for Public Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined).

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Public Offer Shares in one (but not both) of the pools are unsubscribed, such unsubscribed Public Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. Applicants can only receive an allocation of Public Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Public Offer and any application for more than 21,880,000 Public Offer Shares are liable to be rejected.

RE-ALLOCATION OF THE OFFER SHARES BETWEEN PLACING AND PUBLIC OFFER

The allocation of the Offer Shares between the Placing and the Public Offer is subject to reallocation on the following basis:

- (a) if the number of Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times the number of Shares initially available for subscription under the Public Offer, then Shares will be reallocated to the Public Offer from the Placing, so that the total number of Shares available for subscription under the Public Offer will be increased to 131,280,000 Shares, representing 30% of the number of the Offer Shares initially available for subscription under the Share Offer;
- (b) if the number of Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times the number of Shares initially available for subscription under the Public Offer, then Shares will be reallocated to the Public Offer from the Placing, so that the number of Shares available for subscription under the Public Offer will be increased to 175,040,000 Shares, representing 40% of the number of the Offer Shares initially available for subscription under the Share Offer; and
- (c) if the number of Shares validly applied for under the Public Offer represents 100 times or more the number of Shares initially available for subscription under the Public Offer, then Shares will be reallocated to the Public Offer from the Placing, so that the number of Shares available for subscription under the Public Offer will be increased to 218,800,000 Shares, representing 50% of the number of the Offer Shares initially available for subscription under the Share Offer.

In each case, the additional Offer Shares reallocated to the Public Offer will be allocated between pool A and pool B and the number of Offer Shares allocated to the Placing will be correspondingly reduced in such manner as the Sole Lead Manager deems appropriate. The Offer Shares to be offered in the Public Offer and the Placing may, in certain circumstances, be reallocated as between these offerings at the discretion of Sole Lead Manager.

OFFER PRICE

The Offer Price is expected to be fixed by the Price Determination Agreement to be entered into between our Company (for ourselves and on behalf of the Selling Shareholder) and the Sole Lead Manager on or before the Price Determination Date, when the market demand for the Offer Shares will be ascertained. The Price Determination Date is currently expected to be on or before Monday, 6 February 2017.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Prospective investors should be aware that the Offer Price to be determined on or before the Price Determination Date may be, but not expected to be, lowered than the indicative Offer Price range as stated in this prospectus. The Offer Price will not be more than HK\$0.34 per Offer Share and is expected to be not less than HK\$0.30 per Offer Share. The Offer Price will fall within the Offer Price range as stated in this prospectus unless otherwise announced, not later than the morning of the last day for lodging applications under the Public Offer.

The Sole Lead Manager may, where they consider appropriate, based on the level of interest expressed by prospective professional, institutional and private investors during a book-building process, and with the consent of our Company and the Selling Shareholder, reduce the number of the Offer Shares and/or the indicative Offer Price range below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. In such a case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day lodging applications under the Public Offer, cause there to be published on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.dadi.com.hk notices of reduction in the number of the Offer Shares and/or the indicative Offer Price range. Upon issue of such a notice, the revised number of the Offer Shares and/or Offer Price range will be final and conclusive and the Offer Price, if agreed upon with our Company, will be fixed within such revised number of the Offer Shares and/or Offer Price range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement, the Share Offer statistics as currently set out in the section headed "Summary" of this prospectus, and any other financial information which may change as a result of such reduction. In the absence of any notice being published on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.dadi.com.hk of a reduction in the number of the Offer Shares and/or the indicative Offer Price range as stated in this prospectus on or before the morning of the last day for lodging applications under the Public Offer, the Offer Price, if agreed upon by our Company (for ourselves and on behalf of the Selling Shareholder) and the Sole Lead Manager, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

If, for any reason, the Offer Price is not agreed between our Company (for ourselves and on behalf of the Selling Shareholder) and the Sole Lead Manager, the Share Offer will not proceed and will lapse.

ANNOUNCEMENT OF OFFER PRICE AND BASIS OF ALLOCATIONS

Announcement of the final Offer Price, together with the level of indication of interests in the Placing and the level of applications in the Public Offer the basis of allotment and the results of applications in the Public Offer is expected to be published on the website of the Stock Exchange at www.hkexnews.hk and our Company's website on or before Wednesday, 15 February 2017.

PRICE PAYABLE ON APPLICATION

The Offer Price will not be more than HK\$0.34 per Offer Share and is expected to be not less than HK\$0.30 per Offer Share. Applicants under the Public Offer should pay, on application, the maximum Offer Price of HK\$0.34 per Offer Share plus 1% brokerage, 0.005% Stock Exchange trading fee and 0.0027% SFC transaction levy, amounting to a total of HK\$3,434.26 per board lot of 10,000 Offer Shares.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

If the Offer Price, as finally determined in the manner described above, is lower than the maximum Offer Price of HK\$0.34 per Offer Share, appropriate refund payments (including the related brokerage, the Stock Exchange trading fee and the SFC transaction levy attributable to the excess application monies) will be made to applicants, without interest.

Further details are set out in the section headed “How to apply for Public Offer Shares” of this prospectus.

CONDITIONS OF THE SHARE OFFER

Acceptance of all applications for the Offer Shares is conditional upon, among others:

- (i) the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus on GEM;
- (ii) the Price Determination Agreement between our Company and the Sole Lead Manager being entered into on or before the Price Determination Date; and
- (iii) the obligations of the Underwriter under the Underwriting Agreements becoming unconditional (including the waiver of any condition(s) by the Sole Lead Manager and the Underwriting Agreements not being terminated in accordance with the terms of that agreement or otherwise).

The consummation of each of the Public Offer and the Placing is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If any of the conditions is not fulfilled or waived on or before the times specified above, the Share Offer will lapse and the application money will be returned to the applicants, without interest. Notice of the lapse of the Public Offer will be published by our Company on the websites of our Company and the Stock Exchange at www.dadi.com.hk and www.hkexnews.hk respectively, on the next day following such lapse. The terms on which the application money will be returned to the applicants are set out in the section headed “How to apply for Public Offer Shares — 13. Despatch/Collection of share certificates and refund monies” of this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Application has been made to the Stock Exchange for listing of and permission to deal in the Shares in issue and to be issued as mentioned in this prospectus. Subject to the granting of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus on GEM and the compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date, or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. Investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements as such arrangements will affect their rights and interests.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS.

DEALINGS AND SETTLEMENT

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. on Thursday, 16 February 2017. Shares will be traded in board lots of 10,000 Shares each and are freely transferable.

HOW TO APPLY FOR PUBLIC OFFER SHARES

1. HOW TO APPLY

If you apply for Public Offer Shares, then you may not apply for or indicate an interest for Placing Shares.

To apply for Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Sole Lead Manager, and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, our Company and the Sole Lead Manager may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four for the Public Offer Shares.

HOW TO APPLY FOR PUBLIC OFFER SHARES

Unless permitted by the GEM Listing Rules, you cannot apply for any Public Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any its subsidiaries;
- a Director or chief executive officer of our Company and/or any of its subsidiaries;
- a connected person (as defined in the GEM Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Share Offer;
- an associate (as defined in the GEM Listing Rules) of any of the above;
- have been allocated or have applied for or indicated an interest in any Placing Shares under the Placing or otherwise participate in the Placing.

3. APPLYING FOR PUBLIC OFFER SHARES

Which Application Channel to Use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, 26 January 2017 to 12:00 noon on Friday, 3 February 2017 from:

- (i) the following office of the Public Offer Underwriter:

Head & Shoulders Securities Limited
Room 2511, 25/F
Cosco Tower
183 Queen's Road Central
Hong Kong

HOW TO APPLY FOR PUBLIC OFFER SHARES

- (ii) any of the following branches of Industrial and Commercial Bank of China (Asia) Limited:

District	Branch	Address
Hong Kong Island	Central Branch	1/F, 9 Queen's Road Central, Hong Kong
	Admiralty Branch	Shop 1013–1014, 1/F, United Centre, 95 Queensway, Admiralty, Hong Kong
	North Point Branch	G/F, 436–438 King's Road, North Point, Hong Kong
	Causeway Bay Branch	Shop A on G/F, 1/F, Hennessy Apartments, 488 & 490 Hennessy Road, Hong Kong
Kowloon	Tsimshatsui East Branch	Shop B, G/F, Railway Plaza, 39 Chatham Road South, Tsimshatsui, Kowloon
	Mongkok Branch	G/F, Belgian Bank Building, 721–725 Nathan Road, Mongkok, Kowloon
	Kwun Tong Branch	Shop 5 & 6, 1/F, Crocodile Center, 79 Hoi Yuen Road, Kwun Tong, Kowloon
New Territories	Tsuen Wan Castle Peak Road Branch	G/F, 423–427 Castle Peak Road, Tsuen Wan
	Shatin Branch	Shop 22J, Level 3, Shatin Centre, New Territories
	Tseung Kwan O Branch	Shop 1025A, Level 1, Metro City Phase II, 8 Yan King Road, Tseung Kwan O, New Territories

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, 26 January 2017 until 12:00 noon on Friday, 3 February 2017 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

HOW TO APPLY FOR PUBLIC OFFER SHARES

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "ICBC (Asia) Nominee Limited — DADI EDU Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

Thursday, 26 January 2017	—	9:00 a.m. to 5:00 p.m.
Friday, 27 January 2017	—	9:00 a.m. to 5:00 p.m.
Wednesday, 1 February 2017	—	9:00 a.m. to 5:00 p.m.
Thursday, 2 February 2017	—	9:00 a.m. to 5:00 p.m.
Friday, 3 February 2017	—	9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, 3 February 2017, the last application day or such later time as described in the paragraph headed "9. Effect of bad weather on the opening of the applications lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form, among other things, (and if you are joint applicants, each of you jointly and severally) for yourself or as an agent or a nominee on behalf of each person of whom you act:

- (i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Sole Lead Manager (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies Law, the Companies Ordinance (Miscellaneous Provisions), the Companies Ordinance and the Memorandum and Articles of Association of our Company;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Share Offer in this prospectus;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- (vi) agree that none of our Company, the Sponsor, the Selling Shareholder, the Sole Lead Manager, the Underwriter, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing nor participated in the Placing;
- (viii) agree to disclose to our Company, the Sponsor, the Hong Kong Branch Share Registrar, the receiving bank, the Sole Lead Manager, the Underwriter and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sponsor, the Selling Shareholder, the Sole Lead Manager and the Underwriter nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you are eligible to collect the share certificate(s) and/or refund cheque(s) in person;
- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- (xvii) understand that our Company, the Selling Shareholder, the Sponsor and the Sole Lead Manager, any of their respective directors, offices or representatives or any other person or parties involved in the Share Offer will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC by you or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that
- (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and
 - (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for **YELLOW** Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited

Customer Service Center
1/F, One & Two Exchange Square,
8 Connaught Place,
Central,
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

HOW TO APPLY FOR PUBLIC OFFER SHARES

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Lead Manager and our Hong Kong Branch Share Registrar.

Giving electronic application instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - agree that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - agree to accept the Public Offer Shares applied for or any lesser number allocated;
 - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Placing Shares under the Placing;
 - (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
 - (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;
 - confirm that you understand that our Company, the Selling Shareholder, the Sponsor and the Sole Lead Manager, and any of their respective directors, officers or representatives or any other person or parties involved in the Share Offer will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make a false declaration;
 - authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
 - confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of our Company, the Sponsor, the Selling Shareholder, the Sole Lead Manager, the Underwriter, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to our Company, the Sponsor, our Hong Kong Branch Share Registrar, the receiving bank, the Sole Lead Manager, the Underwriter and/or its respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies Ordinance (Miscellaneous Provisions) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Public Offer results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Public Offer Shares;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Law, the Companies Ordinance (Miscellaneous Provisions), the Companies Ordinance and the Memorandum and Articles of Association of our Company; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 10,000 Public Offer Shares. Instructions for more than 10,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

HOW TO APPLY FOR PUBLIC OFFER SHARES

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Thursday, 26 January 2017	—	9:00 a.m. to 8:30 p.m. ⁽¹⁾
Friday, 27 January 2017	—	8:00 a.m. to 8:30 p.m. ⁽¹⁾
Wednesday, 1 February 2017	—	8:00 a.m. to 8:30 p.m. ⁽¹⁾
Thursday, 2 February 2017	—	8:00 a.m. to 8:30 p.m. ⁽¹⁾
Friday, 3 February 2017	—	8:00 a.m. ⁽¹⁾ to 12:00 noon

Note:

- (1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Thursday, 26 January 2017 until 12:00 noon on Friday, 3 February 2017.

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Friday, 3 February 2017, the last application day or such later time as described in the paragraph headed “9. Effect of bad weather on the opening of the application lists” in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies Ordinance (Miscellaneous Provisions)

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies Ordinance (Miscellaneous Provisions) (as applied by Section 342E of the Companies Ordinance (Miscellaneous Provisions) Ordinance).

HOW TO APPLY FOR PUBLIC OFFER SHARES

Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, the Hong Kong Branch Share Registrar, the receiving bank, the Sole Lead Manager, the Underwriter and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

6. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sponsor, the Sole Lead Manager and the Underwriter take no responsibility for such applications and provide no assurance that any CCASS Participant will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC’s Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Friday, 3 February 2017.

7. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked “For nominees” you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

“Unlisted company” means a company with no equity securities listed on the Stock Exchange.

HOW TO APPLY FOR PUBLIC OFFER SHARES

“Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

8. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for the Public Offer Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form in respect of a minimum of 10,000 Public Offer Shares. Each application or **electronic application instruction** in respect of more than 10,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee will be paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed “Structure and conditions of the Share Offer — Offer Price” of this prospectus.

9. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 3 February 2017.

Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, 3 February 2017 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed “Expected timetable” of this prospectus, an announcement will be made in such event.

HOW TO APPLY FOR PUBLIC OFFER SHARES

10. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer and the basis of allotment and the results of applications in the Public Offer on Wednesday, 15 February 2017 on our Company's website at www.dadi.com.hk and the website of the Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Public Offer will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company's website at www.dadi.com.hk and the Stock Exchange's website at www.hkexnews.hk by no later than 8:00 a.m. on Wednesday, 15 February 2017;
- from the designated results of allocations website at www.ewhiteform.com.hk/results with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Wednesday, 15 February 2017 to 12:00 midnight on Tuesday, 21 February 2017;
- by telephone enquiry line by calling (852) 2153 1688 between 9:00 a.m. and 6:00 p.m. from Wednesday, 15 February 2017 to Tuesday, 21 February 2017 on a business day;
- in the special allocation results booklets which will be available for inspection during opening hours from Wednesday, 15 February 2017 to Friday, 17 February 2017 at the designated receiving bank branches and sub-branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. Further details are contained in the section headed "Structure and conditions of the Share Offer" of this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

11. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED PUBLIC OFFER SHARES

You should note the following situations in which the Public Offer shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies Ordinance (Miscellaneous Provisions) (as applied by Section 342E of the Companies Ordinance (Miscellaneous Provisions)) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If the Company or its agents exercise their discretion to reject your application:

Our Company, the Sole Lead Manager, and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Public Offer Shares is void:

The allotment of Public Offer Shares will be void if the Listing Division of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Division of the Stock Exchange notifies the Company of that longer period within three weeks of the closing date of the application lists.

HOW TO APPLY FOR PUBLIC OFFER SHARES

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Public Offer Shares and Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Sole Lead Manager believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Public Offer Shares initially offered under the Public Offer.

12. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK\$0.34 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Public Offer are not fulfilled in accordance with "Structure and conditions of the Share Offer — Conditions of the Share Offer" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Wednesday, 15 February 2017.

13. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by electronic application instructions to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and

HOW TO APPLY FOR PUBLIC OFFER SHARES

- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest).

Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or around Wednesday, 15 February 2017. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier’s order(s).

Share certificates will only become valid at 8:00 a.m. on Thursday, 16 February 2017 provided that the Share Offer has become unconditional and the right of termination described in the section headed “Underwriting” of this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Public Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from the Hong Kong Branch Share Registrar, Boardroom Share Registrars (HK) Limited, at 31/F, 148 Electric Road, North Point, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, 15 February 2017 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation’s chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post and at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on Wednesday, 15 February 2017, by ordinary post and at your own risk.

HOW TO APPLY FOR PUBLIC OFFER SHARES

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above for collection of refund cheque(s). If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Wednesday, 15 February 2017, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Wednesday, 15 February 2017, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS participant (other than a CCASS investor participant)*

For Public Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS participant.

- *If you are applying as a CCASS investor participant*

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in "Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 15 February 2017 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply via Electronic Application Instructions to HKSCC

Allocation of Public Offer Shares

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Wednesday, 15 February 2017, or, on any other date determined by HKSCC or HKSCC Nominees.

HOW TO APPLY FOR PUBLIC OFFER SHARES

- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the manner specified in the sub-paragraph headed “Publication of results” above in this section on Wednesday, 15 February 2017.

You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 15 February 2017 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time) on Wednesday, 15 February 2017. Immediately following the credit of the Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, 15 February 2017.

14. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the GEM Listing Rules) is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

HOW TO APPLY FOR PUBLIC OFFER SHARES

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the reporting accountants of the Company, Grant Thornton Hong Kong Limited, Certified Public Accountants, Hong Kong.



26 January 2017

The Directors
Dadi Education Holdings Limited

TC Capital International Limited

Dear Sirs,

We set out below our report on the financial information relating to Dadi Education Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”), which comprises the consolidated statements of financial position of the Group as at 31 March 2014, 2015 and 2016 and 31 July 2016 and the statements of financial position of the Company as at 31 March 2016 and 31 July 2016, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the years ended 31 March 2014, 2015 and 2016 and the four months ended 31 July 2016 (the “Track Record Period”), and a summary of significant accounting policies and other explanatory information (the “Financial Information”), for inclusion in the prospectus of the Company dated 26 January 2017 (the “Prospectus”) in connection with the initial listing of the shares of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company was incorporated in the Cayman Islands on 19 October 2015 as an exempted company with limited liability under the Companies Law of the Cayman Islands. Pursuant to a group reorganisation (the “Reorganisation”), as more fully explained in the section headed “History, reorganisation and corporate structure” to the Prospectus, the Company became the holding company of the subsidiaries now comprising the Group on 18 April 2016. Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation.

As at the date of this report, the Company has direct and indirect interests in the subsidiaries as set out in note 1.1 of Section II below. All of these companies are private companies or, if incorporated outside Hong Kong, have substantially the same characteristics as a Hong Kong incorporated private company.

As at the date of this report, no statutory financial statements have been prepared for the Company as it is not subject to statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation. All subsidiaries of the Company have adopted 31 March as their financial year end date. Details of the Company’s subsidiaries and the names of the respective auditors are set out in note 1.1 of Section II below. The statutory financial statements of these companies were prepared in accordance with the relevant accounting principles generally accepted in their place of incorporation.

The directors of the Company have prepared the consolidated financial statements of the Group for the Track Record Period in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) (the “Underlying Financial Statements”). The directors of the Company are responsible for the preparation of the Underlying Financial Statements that gives a true and fair view in accordance with HKFRSs. We have audited the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing (the “HKSA”) issued by the HKICPA.

The Financial Information has been prepared based on the Underlying Financial Statements, with no adjustments made thereon, and on the basis set out in note 1.2 of Section II below.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Financial Information that give a true and fair view in accordance with the basis of presentation set out in note 1.2 of Section II below and in accordance with HKFRSs, and for such internal control as the directors determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Financial Information and to report our opinion to you. We carried out our procedures in accordance with Auditing Guideline 3.340 “Prospectuses and the Reporting Accountant” issued by the HKICPA. We have not audited any financial statements of the Company, its subsidiaries or the Group in respect of any period subsequent to 31 July 2016.

OPINION

In our opinion, the Financial Information gives, for the purpose of this report and presented on the basis set out in note 1.2 of Section II below, a true and fair view of the financial position of the Group as at 31 March 2014, 2015 and 2016 and 31 July 2016 and of the Company as at 31 March 2016 and 31 July 2016, and of the Group's financial performance and cash flows for the Track Record Period then ended.

REVIEW OF INTERIM COMPARATIVE INFORMATION

For the purpose of this report, we have also reviewed the unaudited interim comparative information of the Group, which comprises 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 four months ended 31 July 2015, together with the notes thereon (the “Interim Comparative Information”), for which the directors of Company are responsible, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by Independent Auditor of the Entity” issued by the HKICPA.

The directors of the Company are responsible for the preparation of the Interim Comparative Information in accordance with the same basis adopted in respect of the Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Information based on our review.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Interim Comparative Information.

Based on our review, for the purpose of this report, nothing has come to our attention that causes us to believe that the Interim Comparative Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

I. FINANCIAL INFORMATION OF THE GROUP

Consolidated Statements of Profit or Loss and Other Comprehensive Income

		Year ended 31 March			Four months ended	
		2014	2015	2016	31 July	
	Notes	HK\$'000	HK\$'000	HK\$'000	2015	2016
					HK\$'000	HK\$'000
					(unaudited)	
Revenue	4	22,835	25,044	25,367	4,357	5,213
Other income	5	2,684	2,290	2,626	1,484	1,171
Marketing costs		(1,812)	(2,259)	(2,345)	(1,265)	(1,390)
Employee benefits expenses	6	(6,864)	(6,862)	(6,912)	(2,024)	(2,385)
Operating lease charges	8	(1,772)	(1,514)	(1,449)	(503)	(472)
Other expenses		(1,384)	(1,906)	(5,500)	(389)	(1,341)
Finance costs	7	(272)	(255)	(150)	(60)	(94)
Profit before income tax	8	13,415	14,538	11,637	1,600	702
Income tax expense	9	(2,095)	(2,421)	(2,466)	(277)	(158)
Profit for the year/period		<u>11,320</u>	<u>12,117</u>	<u>9,171</u>	<u>1,323</u>	<u>544</u>
Other comprehensive income/ (expense)						
<i>Items that will be reclassified subsequently to profit or loss:</i>						
Change in fair value of available-for-sale financial assets		(81)	—	—	—	—
Reclassified to profit or loss upon disposal of available- for-sale financial assets		—	66	—	—	—
Total comprehensive income for the year/period		<u>11,239</u>	<u>12,183</u>	<u>9,171</u>	<u>1,323</u>	<u>544</u>
Profit for the year/period attributable to:						
Equity holders of the Company		10,160	10,972	8,399	1,111	271
Non-controlling interest		<u>1,160</u>	<u>1,145</u>	<u>772</u>	<u>212</u>	<u>273</u>
		<u>11,320</u>	<u>12,117</u>	<u>9,171</u>	<u>1,323</u>	<u>544</u>

				Four months ended	
				31 July	
Year ended 31 March					
	2014	2015	2016	2015	2016
Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Total comprehensive income					
for the year/period					
attributable to:					
Equity holders of the Company	10,079	11,038	8,399	1,111	271
Non-controlling interest	<u>1,160</u>	<u>1,145</u>	<u>772</u>	<u>212</u>	<u>273</u>
	<u>11,239</u>	<u>12,183</u>	<u>9,171</u>	<u>1,323</u>	<u>544</u>
Earnings per share					
attributable to equity					
holders of the Company					
Basic and diluted	<u>11</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Consolidated Statements of Financial Position

		As at 31 March			As at
		2014	2015	2016	31 July
Notes		HK\$'000	HK\$'000	HK\$'000	2016
					HK\$'000
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	13	38	19	22	19
Available-for-sale financial assets	14	<u>2,715</u>	<u>1,836</u>	<u>—</u>	<u>—</u>
		<u>2,753</u>	<u>1,855</u>	<u>22</u>	<u>19</u>
Current assets					
Trade and other receivables	15	5,147	5,278	12,972	11,833
Amounts due from related parties	22	2,650	4,975	1	1
Tax recoverable		—	9	—	104
Cash and bank balances		<u>10,390</u>	<u>8,363</u>	<u>6,768</u>	<u>3,825</u>
		<u>18,187</u>	<u>18,625</u>	<u>19,741</u>	<u>15,763</u>
Current liabilities					
Accrued charges and other payables	16	1,672	1,624	1,889	2,011
Amounts due to related parties	22	2,390	2,390	2	—
Bank borrowings	17	5,959	3,538	1,879	2,723
Income tax payable		<u>1,196</u>	<u>1,156</u>	<u>370</u>	<u>2</u>
		<u>11,217</u>	<u>8,708</u>	<u>4,140</u>	<u>4,736</u>
Net current assets		<u>6,970</u>	<u>9,917</u>	<u>15,601</u>	<u>11,027</u>
Net assets/Total assets less current liabilities		<u>9,723</u>	<u>11,772</u>	<u>15,623</u>	<u>11,046</u>
CAPITAL AND RESERVES					
Share capital	18	—	—	—	—
Reserves	19	<u>9,115</u>	<u>11,293</u>	<u>15,310</u>	<u>10,804</u>
Equity attributable to equity holders of the Company		9,115	11,293	15,310	10,804
Non-controlling interest	20	<u>608</u>	<u>479</u>	<u>313</u>	<u>242</u>
Total equity		<u>9,723</u>	<u>11,772</u>	<u>15,623</u>	<u>11,046</u>

Statements of Financial Position

		As at 31 March 2016 HK\$'000	As at 31 July 2016 HK\$'000
	Note		
ASSETS AND LIABILITIES			
Non-current asset			
Investment in a subsidiary		—	—*
Current asset			
Bank balances		—	61
Other receivable		—*	—
		—*	—
Current liability			
Amount due to a subsidiary		—	61
Net assets/Total assets less current liabilities		—*	—*
CAPITAL AND RESERVES			
Share capital	18	—*	—*
Capital reserve		—	—*
		—*	—*

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

Consolidated Statements of Changes in Equity

	Equity attributable to equity holders of the Company						
	Share capital	Capital reserve	Available-for-sale financial assets revaluation reserve	Retained profits	Total	Non-controlling interest	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Note 18)	(Note 19)					
As at 1 April 2013	—	11	15	4,810	4,836	85	4,921
Profit for the year	—	—	—	10,160	10,160	1,160	11,320
Other comprehensive income:							
— Change in fair value of available-for-sale financial assets	—	—	(81)	—	(81)	—	(81)
Total comprehensive income	—	—	(81)	10,160	10,079	1,160	11,239
Dividends (note 12)	—	—	—	(5,800)	(5,800)	(637)	(6,437)
As at 31 March 2014 and 1 April 2014	—	11	(66)	9,170	9,115	608	9,723
Profit for the year	—	—	—	10,972	10,972	1,145	12,117
Other comprehensive income:							
— Reclassified to profit or loss upon disposal of available-for-sale financial assets	—	—	66	—	66	—	66
Total comprehensive income	—	—	66	10,972	11,038	1,145	12,183
Dividends (note 12)	—	—	—	(8,860)	(8,860)	(1,274)	(10,134)
As at 31 March 2015 and 1 April 2015	—	11	—	11,282	11,293	479	11,772
Profit for the year and total comprehensive income for the year	—	—	—	8,399	8,399	772	9,171
Dividends (note 12)	—	—	—	(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 for the period and total comprehensive income for the period	—	—	—	271	271	273	544
Dividends (note 12)	—	—	—	(4,777)	(4,777)	(344)	(5,121)
As at 31 July 2016	<u>—</u>	<u>11</u>	<u>—</u>	<u>10,793</u>	<u>10,804</u>	<u>242</u>	<u>11,046</u>
(Unaudited)							
As at 1 April 2015	—	11	—	11,282	11,293	479	11,772
Profit for the period and total comprehensive income for the period	—	—	—	1,111	1,111	212	1,323
Dividends (note 12)	—	—	—	(2,176)	(2,176)	(294)	(2,470)
As at 31 July 2015	<u>—</u>	<u>11</u>	<u>—</u>	<u>10,217</u>	<u>10,228</u>	<u>397</u>	<u>10,625</u>

Consolidated Statements of Cash Flows

	Year ended 31 March			Four months ended 31 July	
	2014 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000 (unaudited)	2016 HK\$'000
Cash flows from operating activities					
Profit before income tax	13,415	14,538	11,637	1,600	702
Adjustments for:					
Depreciation	89	27	7	2	3
Interest income	(5)	(4)	(2)	(1)	(1)
Interest income from investment in a life insurance policy	(86)	(88)	(30)	(29)	—
Interest expenses	272	255	150	60	94
Dividend income	(49)	(25)	—	—	—
Gain on disposal of available-for-sale financial assets	—	(3)	(10)	—	—
Policy charges of a life insurance policy	16	18	—	—	—
Impairment loss on other receivable	—	—	129	—	—
Operating profit before working capital changes	13,652	14,718	11,881	1,632	798
(Increase)/Decrease in trade and other receivables	(546)	(131)	(7,823)	2,178	1,139
(Increase)/Decrease in amounts due with related parties	(1,441)	(2,325)	4,462	(2,339)	(2)
(Decrease)/Increase in accrued charges and other payables	(366)	(48)	265	164	122
Cash generated from operations	11,299	12,214	8,785	1,635	2,057
Interest paid	(272)	(255)	(150)	(60)	(94)
Income tax paid	(1,358)	(2,470)	(3,243)	—	(630)
<i>Net cash generated from operating activities</i>	<u>9,669</u>	<u>9,489</u>	<u>5,392</u>	<u>1,575</u>	<u>1,333</u>
Cash flows from investing activities					
Purchase of property, plant and equipment	(18)	(8)	(10)	(10)	—
Proceeds from disposal of available-for-sale financial assets	—	1,018	—	—	—
Interest received	5	4	2	1	1
Dividend received	<u>49</u>	<u>25</u>	<u>—</u>	<u>—</u>	<u>—</u>

	Year ended 31 March			Four months ended 31 July	
	2014	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
<i>Net cash generated from/(used in) investing activities</i>	<u>36</u>	<u>1,039</u>	<u>(8)</u>	<u>(9)</u>	<u>1</u>
Cash flows from financing activities					
Proceeds from bank borrowings	2,000	—	—	—	2,500
Repayment of bank borrowings	(2,236)	(2,421)	(1,659)	(596)	(1,656)
Dividends paid	(5,800)	(8,860)	(4,382)	(2,176)	(4,777)
Dividends paid to non-controlling interest of a subsidiary	<u>(637)</u>	<u>(1,274)</u>	<u>(938)</u>	<u>(294)</u>	<u>(344)</u>
<i>Net cash used in financing activities</i>	<u>(6,673)</u>	<u>(12,555)</u>	<u>(6,979)</u>	<u>(3,066)</u>	<u>(4,277)</u>
Net increase/(decrease) in cash and cash equivalents	3,032	(2,027)	(1,595)	(1,500)	(2,943)
Cash and cash equivalents at the beginning of the year/period	<u>7,358</u>	<u>10,390</u>	<u>8,363</u>	<u>8,363</u>	<u>6,768</u>
Cash and cash equivalents at the end of the year/period, represented by cash and bank balances	<u>10,390</u>	<u>8,363</u>	<u>6,768</u>	<u>6,863</u>	<u>3,825</u>

II. NOTES TO THE FINANCIAL INFORMATION

1 GENERAL INFORMATION AND BASIS OF PRESENTATION

1.1 General information

The Company was incorporated in the Cayman Islands 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 is Unit 1911, 19/F., Office Tower One, Grand Plaza, 639 Nathan Road, Kowloon, Hong Kong.

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 consultancy of local students and their placement with study programmes provided by overseas education providers. The Company's immediate holding company is Grand Courage Investments Limited ("Grand Courage"), a company incorporated in the British Virgin Islands (the "BVI"). Grand Courage is controlled by Mr. Chung (the "Controlling Shareholder").

Pursuant to a group reorganisation (the "Reorganisation") as more fully explained in the section headed "History, reorganisation and corporate structure" to this Prospectus, the Company became the holding company of the subsidiaries now comprising the Group on 18 April 2016.

As at the end of each reporting period and the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, and the particulars of which are set out below:

Company name	Place and date of incorporation	Issued and paid up capital	Equity interest attributable to the Group					the date of this report	Principal activities	
			As at							
			31 March 2014	31 March 2015	31 March 2016	31 July 2015	31 July 2016			
Directly held:										
Red City Holdings Limited (“Red City”) <i>(note (a))</i>	BVI, 17 July 2015	US\$1	—	—	100%	—	100%	100%	Investment holding	
Indirectly held:										
Legend Focus Investments Limited (“Legend Focus”) <i>(note (a))</i>	BVI, 18 August 2015	US\$1	—	—	100%	—	100%	100%	Investment holding	
Quest Point International Limited (“Quest Point”) <i>(note (a))</i>	BVI, 1 July 2015	US\$1	—	—	100%	—	100%	100%	Investment holding	
Dadi Education Group Limited (“Dadi Education”) <i>(note (b))</i>	Hong Kong, 13 February 2008	HK\$10,000	100%	100%	100%	100%	100%	100%	Provision of overseas studies consultancy services	
Time Pace Development Limited (“Time Pace”) <i>(note (c))</i>	Hong Kong, 28 March 2003	HK\$10,000	100%	100%	100%	100%	100%	100%	Management support for group companies	
Golden Crown Overseas Limited (“Golden Crown”) <i>(note (d))</i>	Hong Kong, 22 October 2007	HK\$10,000	51%	51%	51%	51%	51%	51%	Provision of overseas studies consultancy services	
DIY110 Limited (“DIY110”) <i>(note (e))</i>	Hong Kong, 18 February 2013	HK\$1	100%	100%	100%	100%	100%	100%	Dormant	

Notes:

- (a) These companies were newly incorporated and there is no statutory audit requirement in the BVI.
- (b) The statutory financial statements of Dadi Education were prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities issued by the HKICPA and were audited by Faith CPA & Company, Certified Public Accountants, for the year ended 31 March 2014, Woo Yuen Fai Vincent Certified Public Accountant (Practising) for the year ended 31 March 2015 and Global Vision CPA Limited, Certified Public Accountants, for the year ended 31 March 2016, respectively. These financial statements were qualified for Dadi Education's failure to prepare consolidated financial statements as required by section 9 of the Hong Kong Financial Reporting Standard for Private Entities "Consolidated and Separate Financial Statements" issued by the HKICPA. Such qualifications have been removed in this report because, for the purpose of this report, the financial information of all subsidiaries of Dadi Education has been included in the Financial Information of the Group.
- (c) The statutory financial statements of Time Pace were prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities and the Small and Medium-sized Entity Financial Reporting Standard issued by the HKICPA and were audited by Faith CPA & Company, Certified Public Accountants, for the year ended 31 March 2014, Woo Yuen Fai Vincent Certified Public Accountant (Practising) for the year ended 31 March 2015 and Global Vision CPA Limited, Certified Public Accountants, for the year ended 31 March 2016, respectively.
- (d) The statutory financial statements of Golden Crown were prepared in accordance with the Small and Medium-sized Entity Financial Reporting Standard issued by the HKICPA were audited by Faith CPA & Company, Certified Public Accountants, for the year ended 31 March 2014, Woo Yuen Fai Vincent Certified Public Accountant (Practising) for the year ended 31 March 2015 and Global Vision CPA Limited, Certified Public Accountants, for the year ended 31 March 2016 respectively.
- (e) The statutory financial statements of DIY110 were prepared in accordance with the Small and Medium-sized Entity Financial Reporting Standard issued by the HKICPA and were audited by CT CPA & Company Certified Public Accountants for the year ended 31 March 2014, Woo Yuen Fai Vincent Certified Public Accountant (Practising) for the year ended 31 March 2015 and Global Vision CPA Limited, Certified Public Accountants, for the year ended 31 March 2016, respectively.

1.2 Basis of presentation

Pursuant to the Reorganisation as more fully explained in the section headed "History, reorganisation and corporate structure" to this Prospectus, the Company became the holding company of the subsidiaries now comprising the Group on 18 April 2016.

The companies now comprising the Group were under the common control of the Controlling Shareholder before and after the Reorganisation. Accordingly, the Financial Information has been prepared on a consolidated basis by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the Track Record Period.

The consolidated statements of profit or loss and other comprehensive income, the consolidated statements of cash flows and the consolidated statements of changes in equity of the Group for the Track Record Period include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries first came under the common control of the Controlling Shareholder, where this is a shorter period. The consolidated statements of financial position of the Group as at 31 March 2014, 2015 and 2016 and 31 July 2016 have been prepared to present the assets and liabilities of the companies now comprising the Group using the existing book values from the Controlling Shareholder's perspective.

All intra-group transactions and balances have been eliminated on combination.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The Financial Information has been prepared in accordance with HKFRSs, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the HKICPA which are effective for the accounting period beginning on 1 April 2016. The Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. The significant accounting policies that have been used in the preparation of this Financial Information are summarised below. These policies have been consistently applied to all the periods presented in the Financial Information.

The Financial Information has been prepared on the historical cost basis except for available-for-sale financial assets which are stated at fair value. The measurement basis is fully described in the accounting policies below.

The Financial Information is presented in Hong Kong dollars ("HK\$"), which is the functional currency of the Company and its subsidiaries.

It should be noted that accounting estimates and assumptions are used in preparation of the Financial Information. 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 to the Financial Information, are disclosed in note 3.

2.2 Issued but not yet effective HKFRSs

The Group has not early adopted the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") that are relevant to the Group and have been issued but are not yet effective:

Amendments to HKAS 7	Disclosure initiative ¹
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses ¹
Amendments to HKFRS 2	Clarification and measurement of share-based payment transactions ²
HKFRS 9	Financial instruments ²
HKFRS 15	Revenue from contracts with customers ²
Amendments to HKFRS 15	Clarification to HKFRS 15 Revenue from contracts with customers ²
HKFRS 16	Leases ³

¹ Effective for annual periods beginning on or after 1 January 2017

² Effective for annual periods beginning on or after 1 January 2018

³ Effective for annual periods beginning on or after 1 January 2019

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. Currently it has been considered that adoption of them is unlikely to have an impact on the Group's financial performance and financial position except for the following:

HKFRS 15 Revenue from contracts with customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promise goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

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. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosure are required by HKFRS 15.

The directors do not expect the adoption of HKFRS 15 would result in significant impact on the amounts reported on the Group’s consolidated financial statements. However, there will be additional disclosures upon the adoption of HKFRS 15.

HKFRS 16 Leases

HKFRS 16 Leases applies a control model to the identification of leases, distinguishing between leases and services contracts on the basis of whether there is an identified asset controlled by the customer.

HKFRS 16 introduces a single lessee accounting model and requires lessees to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset and a lease liability at the commencement of the lease arrangement. The initial measurement of the right-of-use asset is based on the lease liability and adjusted for any prepaid lease payments, lease incentives received, initial direct costs incurred and an estimate of costs the lessee is obliged to incur to dismantle, remove or restore the underlying asset and/or site. Subsequently, the right-of-use asset is depreciated following the requirements of HKAS 16 and impaired, if any, following the requirements of HKAS 36. The lease liability is accounted for similarly to other financial liabilities using an effective interest method.

The lessor accounting requirements are not substantially changed and classification of leases as operating leases or finance leases is retained. HKFRS 16 replaces the previous leases HKAS 17 Leases, and related Interpretations. HKFRS 16 is effective from 1 January 2019. An entity is allowed to apply HKFRS 16 before that date but only if it also applies HKFRS 15 Revenue from Contracts with Customers.

The operating lease commitment of the Group as at 31 July 2016 amounted to HK\$229,000 as set out in note 21. The management of the Group expects that certain lease commitments will be required to be recognised in the Financial Information as right-of-use assets and lease liabilities. The application of HKFRS 16 will have no significant impact on the Group’s Financial Information.

2.3 Basis of consolidation

The Financial Information incorporates the financial statements of the Company and its subsidiaries for the Track Record Period.

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 Financial Information from the date it gains control until the date when the Group ceases to control the subsidiary.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the Financial Information. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests represent the equity on a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statements 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 statements of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year/period between non-controlling interests and the equity holders of the Company.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

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. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 Financial instruments: Recognition and measurement or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's statement of financial position, subsidiaries are 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.

2.4 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 carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the Financial Information, 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 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 exchange reserve in equity.

On the disposal of a foreign operation, all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

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.

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.

2.6 Financial assets

Financial assets are classified into loans and receivables and available-for-sale financial assets.

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. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, 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.

Loans 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.

Available-for-sale financial assets

Non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets are classified as available-for-sale financial assets.

All financial assets within this category are subsequently measured at fair value. Gain or loss arising from a change in the fair value excluding any dividend and interest income is recognised in other comprehensive income and accumulated separately in the available-for-sale financial assets revaluation reserve in equity, except for impairment losses and foreign exchange gains and losses on monetary assets, until the financial asset is derecognised, at which time the cumulative gain or loss is reclassified from equity to profit or loss. Interest calculated using the effective interest method is recognised in profit or loss.

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

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;
- The disappearance of an active market for that financial asset because of financial difficulties; and
- A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

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.

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

Available-for-sale financial assets carried at fair value

When a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and accumulated in equity and there is objective evidence that the asset is impaired, an amount is removed from equity and recognised in profit or loss as an impairment loss. That amount is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Reversals in respect of investment in equity instruments classified as available-for-sale and stated at fair value are not recognised in the profit or loss. The subsequent increase in fair value is recognised in other comprehensive income. Impairment losses in respect of debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversal of impairment losses in such circumstances are recognised in profit or loss.

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost 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 financial assets at fair value through profit or loss and 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.

2.8 Financial liabilities

The Group's financial liabilities include bank borrowings, amounts due to related parties, 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.

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

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

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.

Accrued charges, other payables and amounts due to related parties

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

2.9 Provisions

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.

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 except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rental are charged to profit or loss in the accounting period in which they are incurred.

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.

Dividend income is recognised when the right to receive payment is established.

2.13 Impairment of non-financial assets

Property, plant and equipment 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 those 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.

An impairment loss is reversed if there has been a favourable 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.

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 ("MPF") Schemes Ordinance, 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 Track Record Period. The Group's obligation under the plan is 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 Track Record Period. 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 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 goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

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 Related parties

For the purposes of this Financial Information, 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 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.
 - (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).

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

2.18 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 service lines.

3. 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 are discussed below:

Provision for impairment of trade and other receivables

The Group's management determines the provision for impairment of trade and other receivables based on an assessment of the recoverability of the receivables. This assessment is based on the credit history of the debtors, current market condition or any events and changes in circumstances indicate 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. The carrying amounts of trade and other receivables as at 31 March 2014, 2015 and 2016 and 31 July 2016 and details of movement in impairment of trade and other receivables during the Track Record Period are disclosed in note 15.

4. REVENUE AND SEGMENT REPORTING

4.1 Revenue

	Year ended 31 March			Four months ended 31 July	
	2014	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Service income	<u>22,835</u>	<u>25,044</u>	<u>25,367</u>	<u>4,357</u>	<u>5,213</u>

4.2 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. During the Track Record Period, 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.

	Year ended 31 March			Four months ended 31 July	
	2014	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Australia	6,462	7,211	8,731	1,663	2,297
Canada	1,170	1,713	1,304	260	232
New Zealand	643	647	539	117	102
United Kingdom	13,463	14,494	13,145	2,053	2,414
United States	940	816	1,235	63	104
Others	<u>157</u>	<u>163</u>	<u>413</u>	<u>201</u>	<u>64</u>
	<u>22,835</u>	<u>25,044</u>	<u>25,367</u>	<u>4,357</u>	<u>5,213</u>

All non-current assets other than financial instruments of the Group are physically located in Hong Kong.

Information about major customers

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

	Year ended 31 March			Four months ended 31 July	
	2014	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Customer A	4,155	4,187	3,545	756	677
Customer B	2,758	3,344	3,761	N/A	692
Customer C	<u>2,497</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

N/A: Revenue from the customer during the year/period did not exceed 10% of the Group's revenue.

5. OTHER INCOME

	Year ended 31 March			Four months ended 31 July	
	2014 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000 (unaudited)	2016 HK\$'000
Bank interest income	5	4	2	1	1
Interest income from investment in a life insurance policy	86	88	30	29	—
Dividend income from available-for-sale financial assets	49	25	—	—	—
Exchange gain	365	—	112	26	—
Gain on disposal of available-for-sale financial assets	—	3	10	—	—
Marketing income	1,753	1,757	2,015	1,180	1,068
Sponsorship income	66	113	76	49	30
Commission income from guardianship	224	214	96	22	6
Others	136	86	285	177	66
	<u>2,684</u>	<u>2,290</u>	<u>2,626</u>	<u>1,484</u>	<u>1,171</u>

6. EMPLOYEE BENEFITS EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended 31 March			Four months ended 31 July	
	2014 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000 (unaudited)	2016 HK\$'000
Salaries, commission and other benefits	6,589	6,583	6,625	1,934	2,269
Contributions to defined contribution retirement plans	275	279	287	90	116
	<u>6,864</u>	<u>6,862</u>	<u>6,912</u>	<u>2,024</u>	<u>2,385</u>

7. FINANCE COSTS

	Year ended 31 March			Four months ended 31 July	
	2014 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000 (unaudited)	2016 HK\$'000
Interest on bank borrowings	272	255	150	60	94

8. PROFIT BEFORE INCOME TAX

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

	Year ended 31 March			Four months ended 31 July	
	2014	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Auditors' remuneration	53	151	70	—	—
Depreciation	89	27	7	2	3
Operating lease charges in respect of:					
— land and buildings	1,749	1,494	1,434	499	466
— office equipment	23	20	15	4	6
	1,772	1,514	1,449	503	472
Gain on disposal of available-for-sale financial assets	—	(3)	(10)	—	—
Exchange (gains)/losses, net	(365)	420	(112)	(26)	277
Impairment loss on other receivable	—	—	129	—	—
Listing expenses	—	—	3,779	—	470

9. INCOME TAX EXPENSE

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

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits for the Track Record Period.

	Year ended 31 March			Four months ended 31 July	
	2014	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Current tax — Hong Kong					
Current year/period	2,102	2,421	2,466	277	158
Over provision in respect of prior years/periods	(7)	—	—	—	—
	2,095	2,421	2,466	277	158

Reconciliation between tax expense and accounting profit at applicable tax rates:

	Year ended 31 March			Four months ended 31 July	
	2014	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Profit before income tax	<u>13,415</u>	<u>14,538</u>	<u>11,637</u>	<u>1,600</u>	<u>702</u>
Tax on profit before income tax, calculated at the rate of Hong Kong Profits Tax rate of 16.5%	2,214	2,399	1,920	264	116
Tax effects of:					
— non-deductible expenses	6	86	630	15	51
— non-taxable income	(97)	(4)	(22)	(1)	(8)
— unrecognised temporary differences	9	—	(2)	(1)	(1)
Tax concession	(30)	(60)	(60)	—	—
Over provision in respect of prior years/periods	<u>(7)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>2,095</u>	<u>2,421</u>	<u>2,466</u>	<u>277</u>	<u>158</u>

During the years of assessment of 2013/14, 2014/15 and 2015/16, Hong Kong Profits Tax concession was amounted to HK\$10,000, HK\$20,000 and HK\$20,000 respectively for each subsidiary which was subject to Hong Kong Profits Tax.

Non-deductible expenses for the year ended 31 March 2016 mainly related to the listing expenses of HK\$3,779,000.

As at 31 March 2014, 2015 and 2016 and 31 July 2016, the Group did not have any significant unrecognised deferred tax assets or liabilities.

10. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

10.1 Directors' emoluments

	Year ended 31 March 2014				
	Fees	Salaries, allowances and benefits in kind	Bonuses	Retirement scheme contributions	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Executive directors:					
Mr. Chung	—	780	40	15	835
Mr. Mok	—	267	52	14	333
Ms. So	<u>—</u>	<u>222</u>	<u>122</u>	<u>12</u>	<u>356</u>
	<u>—</u>	<u>1,269</u>	<u>214</u>	<u>41</u>	<u>1,524</u>
	Year ended 31 March 2015				
	Fees	Salaries, allowances and benefits in kind	Bonuses	Retirement scheme contributions	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Executive directors:					
Mr. Chung	—	986	—	18	1,004
Mr. Mok	—	281	60	14	355
Ms. So	<u>—</u>	<u>270</u>	<u>—</u>	<u>13</u>	<u>283</u>
	<u>—</u>	<u>1,537</u>	<u>60</u>	<u>45</u>	<u>1,642</u>

Year ended 31 March 2016

	Fees	Salaries, allowances and benefits in kind	Bonuses	Retirement scheme contributions	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Executive directors:					
Mr. Chung	—	745	—	18	763
Mr. Mok	—	345	100	17	462
Ms. So	—	306	—	15	321
	<u>—</u>	<u>1,396</u>	<u>100</u>	<u>50</u>	<u>1,546</u>

Four months ended 31 July 2015 (unaudited)

	Fees	Salaries, allowances and benefits in kind	Bonuses	Retirement scheme contributions	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Executive directors:					
Mr. Chung	—	263	—	6	269
Mr. Mok	—	116	—	6	122
Ms. So	—	89	—	4	93
	<u>—</u>	<u>468</u>	<u>—</u>	<u>16</u>	<u>484</u>

Four months ended 31 July 2016

	Fees	Salaries, allowances and benefits in kind	Bonuses	Retirement scheme contributions	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Executive directors:					
Mr. Chung	—	241	—	6	247
Mr. Mok	—	123	—	6	129
Ms. So	—	116	—	5	121
	<u>—</u>	<u>480</u>	<u>—</u>	<u>17</u>	<u>497</u>

Notes:

(a) Mr. Chung was appointed as director of the Company on 19 October 2015 and re-designated as executive director of the Company on 11 January 2016. Mr. Mok and Ms. So were appointed as executive directors of the Company on 11 January 2016.

(b) Mr. Mok is also the chief executive officer.

The emoluments shown above represents emoluments received from the Group by these directors in their capacity as employees of the Group and/or in their capacity as directors of the companies comprising the Group during the Track Record Period.

10.2 Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the Track Record Period include three, two, three, two (unaudited) and two directors during the years ended 31 March 2014, 2015 and 2016 and four months ended 31 July 2015 and 2016, respectively, whose emoluments are disclosed in note 10.1. The aggregate of the emoluments in respect of the remaining two, three, two, three (unaudited) and three individuals are as follows:

	Year ended 31 March			Four months ended 31 July	
	2014 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000 (unaudited)	2016 HK\$'000
Salaries, allowances and benefits in kind	641	1,035	743	325	397
Bonuses	34	28	28	—	—
Retirement scheme contributions	29	48	18	16	17
	<u>704</u>	<u>1,111</u>	<u>789</u>	<u>341</u>	<u>414</u>

The above individuals' emoluments are within the following bands:

	Number of individuals				
	Year ended 31 March 2014	2015	2016	Four months ended 31 July 2015 (unaudited)	2016
HK\$nil–HK\$1,000,000	<u>2</u>	<u>3</u>	<u>2</u>	<u>3</u>	<u>3</u>

No director or the five highest paid individual received any emolument from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the Track Record Period. No director or the five highest paid individual has waived or agreed to waive any emolument during the Track Record Period.

11. EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation.

12. DIVIDENDS

No dividend has been paid or declared by the Company since its incorporation.

During the Track Record Period, dividends declared and paid by the subsidiaries now comprising the Group to the then shareholders and non-controlling shareholders are as follows:

	Year ended 31 March			Four months ended 31 July	
	2014 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000 (unaudited)	2016 HK\$'000
Dividends to the then shareholders	5,800	8,860	4,382	2,176	4,777
Dividends to the non-controlling shareholders	637	1,274	938	294	344
	<u>6,437</u>	<u>10,134</u>	<u>5,320</u>	<u>2,470</u>	<u>5,121</u>

13. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures <i>HK\$'000</i>	Office equipment <i>HK\$'000</i>	Computer equipment <i>HK\$'000</i>	Leasehold improvement <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost					
As at 1 April 2013	157	157	134	322	770
Additions	—	18	—	—	18
As at 31 March 2014	<u>157</u>	<u>175</u>	<u>134</u>	<u>322</u>	<u>788</u>
As at 1 April 2014	157	175	134	322	788
Additions	8	—	—	—	8
As at 31 March 2015	<u>165</u>	<u>175</u>	<u>134</u>	<u>322</u>	<u>796</u>
As at 1 April 2015	165	175	134	322	796
Additions	—	10	—	—	10
As at 31 March 2016 and 31 July 2016	<u>165</u>	<u>185</u>	<u>134</u>	<u>322</u>	<u>806</u>
Accumulated depreciation					
As at 1 April 2013	147	114	134	266	661
Charge for the year	8	25	—	56	89
As at 31 March 2014	<u>155</u>	<u>139</u>	<u>134</u>	<u>322</u>	<u>750</u>
As at 1 April 2014	155	139	134	322	750
Charge for the year	3	24	—	—	27
As at 31 March 2015	<u>158</u>	<u>163</u>	<u>134</u>	<u>322</u>	<u>777</u>
As at 1 April 2015	158	163	134	322	777
Charge for the year	2	5	—	—	7
As at 31 March 2016	<u>160</u>	<u>168</u>	<u>134</u>	<u>322</u>	<u>784</u>
As at 1 April 2016	160	168	134	322	784
Charge for the period	1	2	—	—	3
As at 31 July 2016	<u>161</u>	<u>170</u>	<u>134</u>	<u>322</u>	<u>787</u>
Net book amount					
As at 31 March 2014	<u>2</u>	<u>36</u>	<u>—</u>	<u>—</u>	<u>38</u>
As at 31 March 2015	<u>7</u>	<u>12</u>	<u>—</u>	<u>—</u>	<u>19</u>
As at 31 March 2016	<u>5</u>	<u>17</u>	<u>—</u>	<u>—</u>	<u>22</u>
As at 31 July 2016	<u>4</u>	<u>15</u>	<u>—</u>	<u>—</u>	<u>19</u>

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at 31 March		As at 31 July	
	2014	2015	2016	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At fair value:				
Unlisted fund investment (<i>note (a)</i>)	949	—	—	—
Investment in a life insurance policy (<i>note (b)</i>)	<u>1,766</u>	<u>1,836</u>	<u>—</u>	<u>—</u>
	<u>2,715</u>	<u>1,836</u>	<u>—</u>	<u>—</u>

Notes:

- (a) The unlisted fund investment is denominated in HK\$.
- (b) In April 2010, the Group's subsidiary, Dadi Education, entered into a life insurance policy with an insurance company to insure Mr. Chung, a director of the Company. Under the policy, the beneficiary and policy holder is the subsidiary and the total insured sum is US\$1,000,000 (equivalent to approximately HK\$7,770,000). The Group was required to pay a one-off premium payment of US\$249,080 (equivalent to approximately HK\$1,935,000). The Group can terminate the policy at any time and receive cash back based on the cash value of the policy at the date of withdrawal, which is determined by the premium payment plus accumulated interest earned minus the accumulated insurance policy charges and a specified amount of surrender charge if withdrawal is made between the 1st to 15th policy year ("Cash Value").

The insurance company will pay the subsidiary an interest on the outstanding Cash Value excluding the surrender charge at the prevailing interest rate fixed by the insurance company. Commencing on the 2nd policy year, a minimum guaranteed interest of 3% per annum is guaranteed by the insurance company.

The investment in a life insurance policy is denominated in United States dollars ("US\$") and the fair value is determined with reference to the Cash Value as provided by the insurance company (note 24.6).

As at 31 March 2014 and 2015, the life insurance policy was pledged to a bank to secure banking facilities granted to the Group (note 17).

On 24 August 2015, the Group transferred its investment in a life insurance policy to Chung's Capital Resources Limited, a company controlled by the Controlling Shareholder, at a consideration of HK\$1,876,000.

15. TRADE AND OTHER RECEIVABLES

	As at 31 March		As at 31 July	
	2014	2015	2016	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade receivables	3,965	4,209	4,910	2,594
Less: provision for impairment	—	—	—	—
Trade receivables, net	<u>3,965</u>	<u>4,209</u>	<u>4,910</u>	<u>2,594</u>
Deposit and other receivable in relation to an investment, gross (note)	2,379	2,379	2,379	2,379
Less: provision for impairment (note)	<u>(1,824)</u>	<u>(1,824)</u>	<u>(1,953)</u>	<u>(1,953)</u>
Deposit and other receivable in relation to an investment, net	<u>555</u>	<u>555</u>	<u>426</u>	<u>426</u>
Listing expenses receivable	—	—	5,976	6,679
Other deposits	534	418	407	407
Prepayments	<u>93</u>	<u>96</u>	<u>1,253</u>	<u>1,727</u>
	<u>5,147</u>	<u>5,278</u>	<u>12,972</u>	<u>11,833</u>

Note: 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:

	As at 31 March		As at 31 July	
	2014	2015	2016	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At the beginning of the year/period	1,824	1,824	1,824	1,953
Impairment loss recognised	<u>—</u>	<u>—</u>	<u>129</u>	<u>—</u>
At the end of the year/period	<u>1,824</u>	<u>1,824</u>	<u>1,953</u>	<u>1,953</u>

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.

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:

	As at 31 March		As at 31 July	
	2014	2015	2016	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
0–30 days	1,599	2,721	606	1,762
31–60 days	997	767	2,910	164
61–90 days	519	332	753	37
91–365 days	850	389	641	619
Over 365 days	—	—	—	12
	<u>3,965</u>	<u>4,209</u>	<u>4,910</u>	<u>2,594</u>

As at 31 March 2014, 2015 and 2016 and 31 July 2016, all trade receivables were past due and no trade receivable was individually determined to be impaired.

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

16. ACCRUED CHARGES AND OTHER PAYABLES

	As at 31 March		As at 31 July	
	2014	2015	2016	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Accrued staff costs	789	819	908	905
Accrued marketing costs	376	204	360	214
Other accrued expenses	193	243	244	810
Receipts in advance	<u>314</u>	<u>358</u>	<u>377</u>	<u>82</u>
	<u>1,672</u>	<u>1,624</u>	<u>1,889</u>	<u>2,011</u>

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.

17. BANK BORROWINGS

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

	As at 31 March		As at 31 July	
	2014	2015	2016	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank loans, secured:				
— within one year	2,421	1,659	1,548	2,008
— not repayable within one year from the end of the reporting period but contain a repayment on demand clause	<u>3,538</u>	<u>1,879</u>	<u>331</u>	<u>715</u>
Amounts shown under current liabilities	<u>5,959</u>	<u>3,538</u>	<u>1,879</u>	<u>2,723</u>

As at 31 March 2014, 2015 and 2016 and 31 July 2016, all the bank loans were denominated in HK\$.

The bank loans were secured by:

- (a) personal guarantee as provided by the Controlling Shareholder;
- (b) corporate guarantees as provided by a related company, Chung's Capital Resources Limited which is controlled by the Controlling Shareholder, and subsidiaries of the Group as at 31 March 2014, 2015 and 2016;
- (c) guarantee as provided by the Hong Kong Mortgage Corporation Limited under the Small and Medium Enterprise Financing Guarantee Scheme;
- (d) guarantee as provided by the Government of Hong Kong Special Administrative Region under the Special Loan Guarantee Scheme as at 31 March 2014;
- (e) legal charge on a life insurance policy (note 14) as at 31 March 2014 and 2015; and
- (f) corporate guarantee as provided by the Company as at 31 July 2016.

18. SHARE CAPITAL

	No. of shares	HK\$'000
Authorised:		
38,000,000 shares of HK\$0.01 each	<u>38,000,000</u>	<u>380</u>
Issued and fully paid:		
Upon incorporation and as at 31 March 2016	1	—
Issue of new shares	<u>9,999</u>	<u>—</u>
As at 31 July 2016	<u>10,000</u>	<u>—</u>

The Company was 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 HK\$0.01 each. Upon incorporation, 1 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 shares 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.

19. RESERVES

Capital reserve of the Group as at 31 March 2014, 2015 and 2016 represents the share capital of the subsidiaries now comprising the Group held by the Controlling Shareholder before the Reorganisation.

Capital reserve of the Group as at 31 July 2016 represents the difference between the share capital of subsidiaries acquired by the Company and the nominal value of the Company's shares issued for the acquisition under the Reorganisation.

20. 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:

	As at 31 March			As at 31 July
	2014	2015	2016	2016
Equity interest attributable to NCI	49%	49%	49%	49%
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets	10	4	2	2
Current assets	1,577	1,133	787	585
Current liabilities	(344)	(158)	(150)	(93)
Net assets	1,243	979	639	494
Carrying amount of NCI	608	479	313	242
	Year ended 31 March			Four months ended 31 July
	2014	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)
Revenue	4,361	4,550	3,559	1,060
Expenses	(1,992)	(2,215)	(1,983)	(628)
Profit and total comprehensive income for the year/period	2,369	2,335	1,576	432
Profit and total comprehensive income attributable to NCI	1,160	1,145	772	212
Dividend paid to NCI	(637)	(1,274)	(938)	294
Net cash flows generated from operating activities	2,113	2,451	1,548	603
Net cash flows used in investing activities	(4)	—	—	—
Net cash flows used in financing activities	(1,300)	(2,600)	(1,916)	(600)
Net increase/(decrease) in cash and cash equivalents	809	(149)	(368)	3

21. OPERATING LEASE COMMITMENTS

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

	Land and buildings <i>HK\$'000</i>	Office equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 31 March 2014			
Within one year	1,476	15	1,491
In the second to fifth years	<u>1,843</u>	<u>22</u>	<u>1,865</u>
	<u>3,319</u>	<u>37</u>	<u>3,356</u>
As at 31 March 2015			
Within one year	1,403	15	1,418
In the second to fifth years	<u>818</u>	<u>7</u>	<u>825</u>
	<u>2,221</u>	<u>22</u>	<u>2,243</u>
As at 31 March 2016			
Within one year	1,051	15	1,066
In the second to fifth years	<u>—</u>	<u>34</u>	<u>34</u>
	<u>1,051</u>	<u>49</u>	<u>1,100</u>
As at 31 July 2016			
Within one year	<u>224</u>	<u>5</u>	<u>229</u>

The Group leases properties and office equipment under operating leases. The lease run for an initial period of 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.

22. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the Financial Information, the Group had the following transactions with related parties during the Track Record Period:

(a) Names and relationship

Name of related party	Relationship with the Group
Ms. Or Pui Yee	Non-controlling shareholder of a subsidiary
Mr. Chung	Controlling Shareholder and a director of the Company
Chung's Capital Resources Limited	Entity controlled by the Controlling Shareholder
Ms. Yin Xiao Pei	Spouse of the Controlling Shareholder

(b) Related party transactions

	Year ended 31 March			Four months ended 31 July	
	2014	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Transfer of an investment in a life insurance policy to Chung's Capital Resources Limited	—	—	1,876	—	—
Rental expenses paid to Chung's Capital Resources Limited	<u>132</u>	<u>132</u>	<u>55</u>	<u>44</u>	<u>—</u>
Key management personnel compensation					
— Salaries, allowances and benefits in kind	1,483	1,597	1,496	468	480
— Retirement scheme contributions	<u>41</u>	<u>45</u>	<u>50</u>	<u>16</u>	<u>17</u>
	<u>1,524</u>	<u>1,642</u>	<u>1,546</u>	<u>484</u>	<u>497</u>

In addition, during the Track Record Period, the non-controlling shareholder of a subsidiary has provided personal guarantee for a tenancy agreement of an operating centre entered into by the Group. On 5 January 2016, the guarantor in relation to the tenancy agreement was changed to Dadi Education.

(c) Amounts due from/(to) related parties

	1 April		As at 31 March		As at 31 July
	2014	2014	2015	2016	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts due from:					
— Chung's Capital Resources Limited	—	—	—	1	1
— Mr. Chung	<u>1,198</u>	<u>2,650</u>	<u>4,975</u>	<u>—</u>	<u>—</u>
	<u>1,198</u>	<u>2,650</u>	<u>4,975</u>	<u>1</u>	<u>1</u>
Amounts due to:					
— Ms. Yin Xiao Pei	(2,379)	(2,379)	(2,379)	—	—
— Ms. Or Pui Yee	—	(11)	(11)	—	—
— Mr. Chung	<u>—</u>	<u>—</u>	<u>—</u>	<u>(2)</u>	<u>—</u>
	<u>(2,379)</u>	<u>(2,390)</u>	<u>(2,390)</u>	<u>(2)</u>	<u>—</u>

All the amounts due from/(to) related parties are 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 each of the reporting dates. All balances due from/to related parties as at 31 July 2016 were fully settled before listing of the shares of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The maximum amount outstanding of the amounts due from related parties during the years ended 31 March 2014, 2015 and 2016 and four months ended 31 July 2016 were:

	Year ended 31 March			Four months ended
	2014	2015	2016	31 July
	HK\$'000	HK\$'000	HK\$'000	2016
				HK\$'000
Amounts due from:				
— Chung's Capital Resources Limited	—	—	1,876	—
— Mr. Chung	2,650	8,989	6,683	1

23. MAJOR NON-CASH TRANSACTION

On 24 August 2015, the Group transferred its investment in a life insurance policy to Chung's Capital Resources Limited, 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.

24. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

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.

24.1 Categories of financial assets and liabilities

	As at 31 March			As at 31 July
	2014	2015	2016	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets				
Available-for-sale financial assets	2,715	1,836	—	—
Loans and receivables:				
— Trade and other receivables	5,054	5,182	11,719	10,106
— Amounts due from related parties	2,650	4,975	1	1
— Cash and bank balances	10,390	8,363	6,768	3,825
	<u>20,809</u>	<u>20,356</u>	<u>18,488</u>	<u>13,932</u>
Financial liabilities				
At amortised cost:				
Accrued charges and other payables	1,358	1,266	1,512	1,929
Amounts due to related parties	2,390	2,390	2	—
Bank borrowings	5,959	3,538	1,879	2,723
	<u>9,707</u>	<u>7,194</u>	<u>3,393</u>	<u>4,652</u>

24.2 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 Australian dollars ("AUD"), Canadian dollar ("CAD"), Great British Pounds ("GBP") and US\$. These are not the functional currencies of the Group entities to which these transactions relate.

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

	AUD HK\$'000	CAD HK\$'000	GBP HK\$'000	US\$ HK\$'000
As at 31 March 2014				
Trade and other receivables	2,312	50	1,435	13
Cash and bank balances	1,045	377	1,360	714
Available-for-sale financial assets	—	—	—	1,767
	<u>3,357</u>	<u>427</u>	<u>2,795</u>	<u>2,494</u>
As at 31 March 2015				
Trade and other receivables	2,673	126	1,166	77
Cash and bank balances	795	467	1,601	144
Available-for-sale financial assets	—	—	—	1,836
	<u>3,468</u>	<u>593</u>	<u>2,767</u>	<u>2,057</u>
As at 31 March 2016				
Trade and other receivables	3,914	42	682	79
Cash and bank balances	<u>2,141</u>	<u>213</u>	<u>1,732</u>	<u>175</u>
	<u>6,055</u>	<u>255</u>	<u>2,414</u>	<u>254</u>
As at 31 July 2016				
Trade and other receivables	2,171	40	228	35
Cash and bank balances	<u>624</u>	<u>63</u>	<u>591</u>	<u>107</u>
	<u>2,795</u>	<u>103</u>	<u>819</u>	<u>142</u>

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/loss after income tax for the year/period 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
Year ended 31 March 2014			
Sensitivity rate	11%	8%	10%
Decrease in profit for the year and equity	<u>321</u>	<u>29</u>	<u>229</u>
Year ended 31 March 2015			
Sensitivity rate	18%	13%	11%
Decrease in profit for the year and equity	<u>509</u>	<u>65</u>	<u>260</u>
Year ended 31 March 2016			
Sensitivity rate	1%	2%	3%
Decrease in profit for the year and equity	<u>27</u>	<u>4</u>	<u>58</u>
Four months ended 31 July 2016			
Sensitivity rate	1%	1%	8%
Increase in loss for the period and decrease in equity	<u>23</u>	<u>1</u>	<u>55</u>

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/loss for the year/period and equity but of opposite effect.

24.3 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 and deposits and prepayments for a life insurance policy is considered immaterial.

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

	Effective interest rate	2014 HK\$'000	As at 31 March Effective interest rate	2015 HK\$'000	Effective interest rate	2016 HK\$'000	As at 31 July Effective interest rate	2016 HK\$'000
Bank borrowings:								
— fixed rates	5.6%	1,898	5.6%	1,262	5.6%	589	5.6%	357
— variable rates	2%–5.5%	<u>4,061</u>	2%–5.5%	<u>2,276</u>	5.5%	<u>1,290</u>	5.5%	<u>2,366</u>
		<u>5,959</u>		<u>3,538</u>		<u>1,879</u>		<u>2,723</u>

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

	Decrease in profit for the year and equity 31 March			Increase in loss for the period and decrease in equity 31 July
	2014	2015	2016	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Increase by 50 basis points	<u>17</u>	<u>10</u>	<u>5</u>	<u>10</u>

The same degree of decrease in basis point would have the same magnitude on the Group's profit/loss for the year/period 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.

24.4 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 24.1.

Cash and cash equivalents and available-for-sale financial assets are placed at financial institutions 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. At 31 March 2014, 2015 and 2016 and 31 July 2016, 21%, 24%, 10% and 21% was due from the largest customer and 55%, 60%, 50% and 44% was due from the five largest customers of the Group respectively. The Group does not hold any collateral from its debtors.

24.5 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 as at 31 March 2014, 2015 and 2016 and 31 July 2016. 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.

	Within 1 year or on demand <i>HK\$'000</i>	Over 1 year but within 5 years <i>HK\$'000</i>	Over 5 years <i>HK\$'000</i>	Total undiscounted amount <i>HK\$'000</i>	Carrying amount <i>HK\$'000</i>
As at 31 March 2014					
Accrued charges and other payables	1,358	—	—	1,358	1,358
Amounts due to related parties	2,390	—	—	2,390	2,390
Bank borrowings (<i>note</i>)	5,959	—	—	5,959	5,959
	<u>9,707</u>	<u>—</u>	<u>—</u>	<u>9,707</u>	<u>9,707</u>
As at 31 March 2015					
Accrued charges and other payables	1,266	—	—	1,266	1,266
Amounts due to related parties	2,390	—	—	2,390	2,390
Bank borrowings (<i>note</i>)	3,538	—	—	3,538	3,538
	<u>7,194</u>	<u>—</u>	<u>—</u>	<u>7,194</u>	<u>7,194</u>
As at 31 March 2016					
Accrued charges and other payables	1,512	—	—	1,512	1,512
Amount due to a related party	2	—	—	2	2
Bank borrowings (<i>note</i>)	1,879	—	—	1,879	1,879
	<u>3,393</u>	<u>—</u>	<u>—</u>	<u>3,393</u>	<u>3,393</u>
As at 31 July 2016					
Accrued charges and other payables	1,929	—	—	1,929	1,929
Bank borrowings (<i>note</i>)	2,723	—	—	2,723	2,723
	<u>4,652</u>	<u>—</u>	<u>—</u>	<u>4,652</u>	<u>4,652</u>

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 agreements as follows:

	Aggregate principal and interest cash outflows			Carrying amount <i>HK\$'000</i>
	Over 1 year but within 2 years <i>HK\$'000</i>	Over 2 years but within 5 years <i>HK\$'000</i>	Total <i>HK\$'000</i>	
As at 31 March 2014	<u>1,809</u>	<u>1,945</u>	<u>3,754</u>	<u>3,538</u>
As at 31 March 2015	<u>1,610</u>	<u>335</u>	<u>1,945</u>	<u>1,879</u>
As at 31 March 2016	<u>335</u>	<u>—</u>	<u>335</u>	<u>331</u>
As at 31 July 2016	<u>725</u>	<u>—</u>	<u>725</u>	<u>715</u>

24.6 Fair value measurement

Financial assets and liabilities measured at fair value are categorised into the three-level fair value hierarchy. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1: fair value measured using only level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets and liabilities at the measurement date
- Level 2: fair value measured using level 2 inputs i.e. observable inputs which fail to meet level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3: fair value measured using significant unobservable inputs

	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 31 March 2014				
Financial assets:				
Available-for-sale financial assets				
— Unlisted fund investment	—	949	—	949
— Investment in a life insurance policy	<u>—</u>	<u>1,766</u>	<u>—</u>	<u>1,766</u>
	<u>—</u>	<u>2,715</u>	<u>—</u>	<u>2,715</u>
As at 31 March 2015				
Financial assets:				
Available-for-sale financial asset				
— Investment in a life insurance policy	<u>—</u>	<u>1,836</u>	<u>—</u>	<u>1,836</u>
As at 31 March 2016 and 31 July 2016				
Financial assets:				
Available-for-sale financial asset	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

During the Track Record Period, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

The fair value of unlisted fund investment is determined by quoted prices for identical asset in market that is not active.

The fair value of investment in a life policy is determined by reference to the Cash Value as provided by the insurance company.

25. 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.

	As at 31 March		As at 31 July	
	2014	2015	2016	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bank borrowings	5,959	3,538	1,879	2,723
Cash and bank balances	<u>(10,390)</u>	<u>(8,363)</u>	<u>(6,768)</u>	<u>(3,825)</u>
Net debt	<u>(4,431)</u>	<u>(4,825)</u>	<u>(4,889)</u>	<u>(1,102)</u>
Total equity	<u>9,723</u>	<u>11,772</u>	<u>15,623</u>	<u>11,046</u>
Net debt to equity ratio	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

26. EVENT AFTER THE END OF REPORTING PERIOD

Saved as disclosed elsewhere in the Financial Information, the following significant event took place subsequent to 31 July 2016:

A share option scheme has been conditionally approved and adopted by the Company on 17 January 2017, the principal terms of which are summarised in the section headed "Share Option Scheme" in Appendix IV to the Prospectus.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 July 2016.

Yours faithfully,

Grant Thornton Hong Kong Limited

Certified Public Accountants

Level 12

28 Hennessy Road

Wanchai

Hong Kong

Chan Tze Kit

Practising Certificate No.: P05707

The information set forth in this appendix does not form part of the Accountants' Report on the financial information of the Group for the three years ended 31 March 2016 and the four months ended 31 July 2016 prepared by Grant Thornton Hong Kong Limited, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, as set forth in Appendix I of this prospectus (the "Accountants' Report"), and is included herein for illustrative purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set forth in Appendix I of this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following is an illustrative unaudited pro forma statement of adjusted consolidated net tangible assets of the Group which has been prepared in accordance with paragraph 7.31 of the GEM Listing Rules for the purpose of illustrating the effect of the Share Offer on the audited consolidated net tangible assets of the Group attributable to equity holders of the Company as of 31 July 2016, as if the Share Offer had taken place on 31 July 2016.

The unaudited pro forma adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to equity holders of the Company had the Share Offer been completed as at 31 July 2016 or at any future dates. It is prepared based on the audited consolidated net tangible assets of the Group attributable to equity holders of the Company as at 31 July 2016 as set out in the Accountants' Report in Appendix I to this prospectus, and adjusted as described below.

	Audited consolidated net tangible assets of the Group attributable to equity holders of the Company as of 31 July 2016 HK\$'000 (Note 1)	Estimated net proceeds from the Share Offer HK\$'000 (Note 2)	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity holders of the Company HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity holders of the Company per Share HK\$ (Note 3)
Based on the Offer Price of HK\$0.34 per Share	<u>10,804</u>	<u>59,597</u>	<u>70,401</u>	<u>0.04</u>
Based on the Offer Price of HK\$0.30 per Share	<u>10,804</u>	<u>51,918</u>	<u>62,722</u>	<u>0.04</u>

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

Notes:

- (1) The amount is calculated based on audited consolidated net tangible assets of the Group attributable to equity holders of the Company as of 31 July 2016 amounting to approximately HK\$10,804,000, extracted from the Accountants' Report of the Group set out in Appendix I of this prospectus.
- (2) The estimated net proceeds from the Share Offer are based on 197,600,000 Shares at the Offer Price of HK\$0.30 and HK\$0.34 per Share, being the low-end and high-end of the indicative range of the Offer Price, respectively, after deduction of the estimated underwriting fees and other related expenses expected to be incurred by the Group subsequent to 31 July 2016 (i.e. approximately HK\$4,249,000 listing expenses which has been charged to profit or loss up to 31 July 2016 was excluded).
- (3) The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated based on 1,750,400,000 Shares, being the number of the Shares expected to be in issue immediately following the completion of the Share Offer and the Capitalisation Issue.
- (4) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 31 July 2016 to reflect any trading results or other transactions of the Group entered into subsequent to 31 July 2016.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the assurance report received from Grant Thornton Hong Kong Limited, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.



26 January 2017

TO THE DIRECTORS OF DADI EDUCATION HOLDINGS LIMITED

We have completed our assurance engagement to report on the compilation of pro forma financial information of Dadi Education Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at 31 July 2016 and related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated 26 January 2017 (the “Prospectus”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Share Offer (as defined in the Prospectus) on the Group's financial position as at 31 July 2016 as if the Share Offer had taken place at 31 July 2016. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial information for the three years ended 31 March 2016 and the four months ended 31 July 2016, on which an accountants' report set out in Appendix I to the Prospectus has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“AG 7”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31 of the GEM Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 July 2016 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related unaudited pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants’ judgment, having regard to the reporting accountants’ understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Grant Thornton Hong Kong Limited

Certified Public Accountants

Level 12

28 Hennessy Road

Wanchai

Hong Kong

Chan Tze Kit

Practising Certificate No.: P05707

APPENDIX III	SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW
---------------------	--

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 19 October 2015 under the Companies Law. The Company's constitutional documents consist of its Amended and Restated Memorandum of Association (**Memorandum**) and the Amended and Restated Articles of Association (**Articles**).

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum provides, *inter alia*, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and since the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on 17 January 2017. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Share certificates

Every person whose name is entered as a member in the register of members shall be entitled to receive a certificate for his shares. No shares shall be issued to bearer.

Every certificate for shares, warrants or debentures or representing any other form of securities of the Company shall be issued under the seal of the Company, and shall be signed autographically by one Director and the Secretary, or by 2 Directors, or by some other person(s) appointed by the Board for the purpose. As regards any certificates for shares or debentures or other securities of the Company, the Board may by resolution determine that such signatures or either of them shall be dispensed with or affixed by some method or system of mechanical signature other than autographic or may be printed thereon as specified in such resolution or that such certificates need not be signed by any person. Every share certificate issued shall specify the number and class of shares in respect of which it is issued

and the amount paid thereon and may otherwise be in such form as the Board may from time to time prescribe. A share certificate shall relate to only one class of shares, and where the capital of the Company includes shares with different voting rights, the designation of each class of shares, other than those which carry the general right to vote at general meetings, must include the words “restricted voting” or “limited voting” or “non-voting” or some other appropriate designation which is commensurate with the rights attaching to the relevant class of shares. The Company shall not be bound to register more than 4 persons as joint holders of any share.

(b) Directors

(i) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that upon the happening of a specified event or upon a given date and either at the option of the Company or the holder thereof, they are liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate thereof shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate thereof has been destroyed and the Company has received an indemnity in such form as the Board shall think fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

APPENDIX III	SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW
---------------------	--

(ii) Power to dispose of the assets of the Company or any subsidiary

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(iii) Compensation or payments for loss of office

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

(iv) Loans and provision of security for loans to Directors

There are provisions in the Articles prohibiting the making of loans to Directors and their close associates which are equivalent to provisions of Hong Kong law prevailing at the time of adoption of the Articles.

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or if any one or more of the Directors hold (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(v) Disclosure of interest in contracts with the Company or with any of its subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and, upon such terms as the Board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

APPENDIX III	SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW
---------------------	--

No Director or intended Director shall be disqualified by his office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any Share by reason that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

A Director shall not vote (nor shall he be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or other proposal in which he or his close associate(s) is/are materially interested, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters namely:

- (aa) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including (i) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors, his close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; or

APPENDIX III	SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW
---------------------	--

- (ee) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

(vi) *Remuneration*

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree or failing agreement, equally, except that in such event any Director holding office for only a portion of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he has held office. The Directors shall also be entitled to be repaid all travelling, hotel and other expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with other companies (being subsidiaries of the Company or with which the Company is associated in business), or may make contributions out of the Company's monies to, such schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

In addition, the Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons,

including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) Appointment, retirement and removal

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one third of the Directors for the time being will retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors who shall retire in each year will be those who have been longest in the office since their last re-election or appointment but as between persons who become or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office. The period for lodgment of such notices will commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting and the minimum length of the period during which such notices to the Company may be given must be at least 7 days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to the Board or retirement therefrom.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to retirement by rotation provisions in the articles of association. The number of Directors shall not be less than two.

APPENDIX III	SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW
---------------------	--

In addition to the foregoing, the office of a Director shall be vacated:

- (aa) if he resigns his office by notice in writing delivered to the Company at the registered office or head office of the Company for the time being or tendered at a meeting of the Board;
- (bb) if he dies or becomes of unsound mind as determined pursuant to an order made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Board resolves that his office be vacated;
- (cc) if, without special leave, he is absent from meetings of the Board for six (6) consecutive months, and the Board resolves that his office is vacated;
- (dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (ee) if he is prohibited from being a director by law;
- (ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles;
- (gg) if he has been validly required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director and the relevant time period for application for review of or appeal against such requirement has lapsed and no application for review or appeal has been filed or is underway against such requirement; or
- (hh) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director or Directors and other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(viii) Borrowing powers

Pursuant to the Articles, the Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The provisions summarised above, in common with the Articles of Association in general, may be varied with the sanction of a special resolution of the Company.

(ix) Register of Directors and officers

Pursuant to the Companies Law, the Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 60 days of any change in such directors or officers, including a change of the name of such directors or officers.

(x) Proceedings of the Board

Subject to the Articles, the Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

(c) Alterations to the constitutional documents

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed by the Company by special resolution.

(d) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or in the case of a shareholder being a corporation, by its duly authorised representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(e) Alteration of capital

The Company may, by an ordinary resolution of its members, (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; (g) change the currency of denomination of its share capital; and (h) reduce its share premium account in any manner authorised and subject to any conditions prescribed by law.

Reduction of share capital — subject to the Companies Law and to confirmation by the court, a company limited by shares may, if so authorised by its Articles of Association, by special resolution, reduce its share capital in any way.

(f) Special resolution — majority required

In accordance with the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An “ordinary resolution”, by contrast, is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than 14 clear days’ notice has been given and held in accordance with the Articles. A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(g) Voting rights (generally and on a poll) and right to demand a poll

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purpose as paid up on the share, on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote. Notwithstanding anything contained in the Articles, where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) (or its nominee(s)), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the GEM Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by:

- (i) at least two members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy for the time being entitled to vote at the meeting;
- (ii) any member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iii) a member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s), be a member of the Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s), as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the GEM Listing Rules, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(h) Annual general meetings

The Company must hold an annual general meeting each year other than the year of the Company's adoption of the Articles. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

(i) Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the assets and liabilities of the Company and of all other matters required by the Companies Law necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account or book or document of the Company except as conferred by the Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarised financial statements to shareholders who has, in accordance with the rules of the stock exchange of the Relevant Territory (as defined in the Articles), consented and elected to receive summarised financial statements instead of the full financial statements. The summarised financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory (as defined in the Articles), and must be sent to the shareholders not less than 21 days before the general meeting to those shareholders that have consented and elected to receive the summarised financial statements.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

(j) Notices of meetings and business to be conducted thereat

An annual general meeting of the Company must be called by at least 21 days' notice in writing, and a general meeting of the Company, other than an annual general meeting, shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting, and particulars of the resolution(s) to be considered at that meeting, and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member either personally or by sending it through the post in a prepaid envelope or wrapper addressed to such member at his registered address as appearing in the Company's register of members or by leaving it at such registered address as aforesaid or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which for the purpose of service of notice shall be deemed to be his registered address. Where the registered address of the member is outside Hong Kong, notice, if given through the post, shall be sent by prepaid airmail letter where available. Subject to the Companies Law and the GEM Listing Rules, a notice or document may be served or delivered by the Company to any member by electronic means to such address as may from time to time be authorised by the member concerned or by publishing it on a website and notifying the member concerned that it has been so published.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

- (i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% of the total voting rights at the meeting of all the members of the Company.

APPENDIX III	SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW
---------------------	--

All business transacted at an extraordinary general meeting shall be deemed special business and all business shall also be deemed special business where it is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

- (aa) the declaration and sanctioning of dividends;
- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (cc) the election of Directors in place of those retiring;
- (dd) the appointment of auditors;
- (ee) the fixing of the remuneration of the Directors and of the auditors;
- (ff) the granting of any mandate or authority to the Board to offer, allot, grant options over, or otherwise dispose of the unissued shares of the Company representing not more than 20% in nominal value of its existing issued share capital (or such other percentage as may from time to time be specified in the rules of the Stock Exchange) and the number of any securities repurchased by the Company since the granting of such mandate; and
- (gg) the granting of any mandate or authority to the Board to repurchase securities in the Company.

(k) Transfer of shares

Subject to the Companies Law, all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve provided always that it shall be in such form prescribed by the Stock Exchange and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers in any case in which it in its discretion thinks fit to do so, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

APPENDIX III	SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW
---------------------	--

Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share option scheme upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The Board may decline to recognise any instrument of transfer unless a fee of such maximum sum as the Stock Exchange may determine to be payable or such lesser sum as the Board may from time to time require is paid to the Company in respect thereof, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the GEM Listing Rules (as defined in the Articles), be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction with respect to the right of the holder thereof to transfer such shares (except when permitted by the Stock Exchange) and shall also be free from all liens.

(l) Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by the Articles, code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price, and if purchases are by tender, tenders shall be available to all members alike.

(m) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

(n) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

- (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share; and
- (ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared on the share capital of the Company, the Board may resolve:

- (aa) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or
- (bb) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, but in the case of joint holders, shall be addressed to the holder whose name stands first in the register of members of the Company in respect of the shares at his address as appearing in the register, or addressed to such person and at such address as the holder or joint holders may in writing so direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

APPENDIX III	SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW
---------------------	--

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

(o) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for use by him for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the

member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(p) Calls on shares and forfeiture of shares

The Board may from time to time make such calls as it may think fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as the Board shall fix from the day appointed for the payment thereof to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice will name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and it shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20% per annum as the Board may prescribe.

(q) Inspection of corporate records

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. However, the members of the Company will have such rights as may be set forth in the Articles. The Articles

provide that for so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of member is closed) without charge and require the provision to him of copies or extracts thereof in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or outside the Cayman Islands, as its directors may, from time to time, think fit.

(r) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(s) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(t) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and
- (ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, on the shares held by them respectively.

APPENDIX III	SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW
---------------------	--

In the event that the Company is wound up (whether the liquidation is voluntary or compelled by the court) the liquidator may, with the sanction of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator shall think fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

(u) Untraceable members

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

In accordance with the Articles, the Company is entitled to sell any of the shares of a member who is untraceable if:

- (i) all cheques or warrants, being not less than three in total number, for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years;
- (ii) upon the expiry of the 12 years and 3 months period (being the 3 months' notice period referred to in sub-paragraph (iii)), the Company has not during that time received any indication of the existence of the member; and
- (iii) the Company has caused an advertisement to be published in accordance with the rules of the stock exchange of the Relevant Territory (as defined in the Articles) giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the stock exchange of the Relevant Territory (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(v) Subscription rights reserve

Pursuant to the Articles, provided that it is not prohibited by and is otherwise in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN ISLANDS COMPANY LAW

The Company was incorporated in the Cayman Islands as an exempted company on 19 October 2015 subject to the Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

(a) Company operations

As an exempted company, the Company must conduct its operations mainly outside the Cayman Islands. Moreover, the Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

In accordance with the Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the “share premium account”. At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

- (i) paying distributions or dividends to members;
- (ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (iii) any manner provided in section 37 of the Companies Law;
- (iv) writing-off the preliminary expenses of the company; and
- (v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, the Companies Law provides that no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

APPENDIX III	SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW
---------------------	--

It is further provided by the Companies Law that, subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

The Articles include certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) Financial assistance to purchase shares of a company or its holding company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company when proposing to grant such financial assistance discharge their duties of care and acting in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. Nonetheless, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares without the manner and terms of purchase first being authorised by an ordinary resolution of the company. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Under Section 37A(1) the Companies Law, shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if (a) the memorandum and articles of association of the company do not prohibit it from holding treasury shares; (b) the relevant provisions of the memorandum and articles of association (if any) are complied with; and (c) the company is authorised in accordance with the company's articles of association or by a resolution of the directors to hold such shares in the name of the company as treasury shares prior to the purchase, redemption or surrender of such

shares. Shares held by a company pursuant to section 37A(1) of the Companies Law shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

With the exception of sections 34 and 37A(7) of the Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see sub-paragraph 2(n) of this Appendix for further details). Section 37A(7)(c) of the Companies Law provides that for so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss v. Harbottle* and the exceptions thereto) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge:

- (i) an act which is ultra vires the company or illegal;
- (ii) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company; and
- (iii) an irregularity in the passing of a resolution the passage of which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members thereof holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report thereon.

APPENDIX III	SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW
---------------------	--

Moreover, any member of a company may petition the court which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

(g) Disposal of assets

There are no specific restrictions in the Companies Law on the power of directors to dispose of assets of a company, however the directors have certain duties of care, diligence and skill and also fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

(h) Accounting and auditing requirements

Section 59 of the Companies Law provides that a company shall cause proper records of accounts to be kept with respect to (i) all sums of money received and expended by the company and the matters with respect to which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company and (iii) the assets and liabilities of the company.

Section 59 of the Companies Law further states that proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If the Company keeps its books of account at any place other than at its registered office or at any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

(i) Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

- (i) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and

(ii) in addition, that no tax be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:

(aa) on or in respect of the shares, debentures or other obligations of the Company; or

(bb) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011 Revision).

The undertaking for the Company is for a period of twenty years from 17 November 2015.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments.

(k) Stamp duty on transfers

There is no stamp duty payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(l) Loans to directors

The Companies Law contains no express provision prohibiting the making of loans by a company to any of its directors. However, the Articles provide for the prohibition of such loans under specific circumstances.

(m) Inspection of corporate records

The members of the company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

(n) Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. The Companies Law contains no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands.

(o) Winding up

A Cayman Islands company may be wound up either by (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company occurs where the Company so resolves by special resolution that it be wound up voluntarily, or, where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due; or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or where the event occurs on the occurrence of which the memorandum or articles provides that the company is to be wound up. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators shall be appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order shall take effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, there may be appointed one or more persons to be called an official liquidator or official liquidators; and the court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one persons are appointed to such office, the court shall declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

(p) Reconstructions

Reconstructions and amalgamations are governed by specific statutory provisions under the Companies Law whereby such arrangements may be approved by a majority in number representing 75% in value of members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member would have the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, nonetheless the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

(q) Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

(r) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

4. GENERAL

Appleby, the Company's legal adviser on Cayman Islands law, has sent to the Company a letter of advice which summarises certain aspects of the Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix V of this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY**1. Incorporation**

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 19 October 2015. Our Company was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on 3 February 2016 and establishes a principal place of business in Hong Kong at Room 1911, 19/F, Office Tower One, Grand Plaza, 639 Nathan Road, Mong Kok, Kowloon, Hong Kong. Adrian Yeung & Cheng of Suite 1201–2A, 12th Floor, Golden Centre, 188 Des Voeux Road Central, Hong Kong has been appointed as the authorised representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company is incorporated in the Cayman Islands, it is subject to the Cayman Islands law and to its constitution, which comprises the Memorandum and the Articles. A summary of various provisions of its constitution and relevant aspects of the Companies Law is set out in the section headed “Summary of the Constitution of our Company and Cayman Islands Company Law” in Appendix III to this prospectus.

2. Changes in share capital of our Company

- (a) As at the date of incorporation on 19 October 2015, our Company had an authorised share capital of HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each. One nil-paid Share was allotted and issued to the initial subscriber, Reid Services Limited, and was subsequently transferred to Grand Courage on the same day.
- (b) Pursuant to the Reorganisation and as consideration for the acquisition by our Company of the then entire issued share capital of Red City from Grand Courage on 18 April 2016, (i) the one nil-paid Share held by Grand Courage was credited as fully paid; and (ii) 9,999 Shares, all credited as fully paid at par were allotted and issued to Grand Courage.
- (c) On 17 January 2017, our sole Shareholder resolved to increase the authorised share capital of our Company from HK\$380,000 to HK\$30,000,000 by the creation of an additional of 2,962,000,000 Shares, each ranking pari passu with the Shares then in issue in all respects.
- (d) Immediately following completion of the Capitalisation Issue and the Share Offer, and taking no account any Share to be issued upon exercise of any options which may be granted under the Share Option Scheme, 1,750,400,000 Shares will be issued fully paid or credited as fully paid, and 1,249,600,000 Shares will remain unissued.
- (e) Other than pursuant to the general mandate to issue Shares referred to in the paragraph headed “Written resolutions of our sole Shareholder passed on 17 January 2017” in this appendix and pursuant to the Share Option Scheme, our Company does not have any present intention to issue any of the authorised but unissued share capital of our Company and, without prior approval of our Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

- (f) Save as disclosed in this prospectus, there has been no alteration in our Company's share capital since its incorporation.

3. Written resolutions of our sole Shareholder passed on 17 January 2017

On 17 January 2017, resolutions in writing were passed by our sole Shareholder pursuant to which, among other things:

- (a) our Company approved and adopted the Memorandum and the Articles;
- (b) conditional on the Listing Division granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus (including any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme) and on the obligations of the Underwriter under the Underwriting Agreements becoming unconditional and the Underwriting Agreements not being terminated in accordance with its terms or otherwise, in each case on or before the date falling 30 days after the date of the issue of this prospectus:
 - (i) the Share Offer was approved and our Directors were authorised to allot and issue the Offer Shares pursuant to the Share Offer to rank pari passu with the then existing Shares in all respects;
 - (ii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed "Share Option Scheme" below in this appendix, were approved and adopted and our Directors were authorised, at their absolute discretion but subject to the terms and conditions of the Share Option Scheme, to grant options to subscribe for Shares thereunder and to allot, issue and deal with the Shares pursuant to the exercise of subscription rights attaching to any options which may be granted under the Share Option Scheme and to take all such actions as they consider necessary or desirable to implement the Share Option Scheme; or
 - (iii) conditional further on the share premium account of our Company being credited as a result of the Share Offer, the Capitalisation Issue was approved, and our Directors were authorised to capitalise an amount of HK\$15,527,900 standing to the credit of the share premium account of our Company and to appropriate such amount as to capital to pay up in full at par 1,552,790,000 Shares for allotment and issue to the person(s) whose names appear on the register of members of our Company at the close of business on 17 January 2017 (or as they may direct) in proportion (as nearly as possible without involving fractions) to its/their then existing shareholdings in our Company, each ranking pari passu in all respects with the then existing issued Shares, and our Directors were authorised to give effect to such capitalisation and distributions;
- (c) a general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with, otherwise than by way of rights issue or an issue of Shares pursuant to the exercise of any options which may be granted under the Share Option Scheme or any other share option scheme of our Company or any Shares allotted and issued in lieu of the whole or part of a dividend on Shares or similar

arrangement in accordance with the Memorandum and the Articles or pursuant to a specific authority granted by our Shareholders in general meeting or pursuant to the Capitalisation Issue, Share Offer and the Placing, Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such convertible securities, and to make or grant offers, agreements or options which might require the exercise of such power, not exceeding 20% of the number of share capital of our Company in issue immediately following completion of the Capitalisation Issue and the Share Offer but excluding any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme, such mandate to remain in effect until the earliest of:

- (i) the conclusion of the next annual general meeting of our Company;
 - (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum and the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or
 - (iii) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting;
- (d) a general unconditional mandate was given to our Directors authorising them to exercise all powers of our Company to repurchase on GEM or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose such number of Shares as will represent up to 10% of the share capital of our Company in issue immediately following completion of the Capitalisation Issue and the Share Offer but excluding any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme, such mandate to remain in effect until the earliest of:
- (i) the conclusion of the next annual general meeting of our Company;
 - (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum and the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or
 - (iii) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting; and
- (e) the general unconditional mandate mentioned in sub-paragraph (c) above was extended by the addition to the number of issued share capital of our Company which may be allotted or agreed to be allotted by our Directors pursuant to such general mandate of an amount representing the number of issued share capital of our Company repurchased by our Company pursuant to the mandate to repurchase Shares referred to in sub-paragraph (d) above, provided that such extended amount shall not exceed 10% of the number of share capital of our Company in issue immediately following completion of the Capitalisation Issue and the Share Offer but excluding any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme.

4. Corporate reorganisation

In preparing for the Listing, the companies comprising our Group underwent the Reorganisation to rationalise the corporate structure of our Group and our Company became the holding company of our Group. The Reorganisation involved the following major steps:

- (a) On 11 August 2015, Grand Courage was incorporated in the BVI with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each and one fully paid ordinary share of Grand Courage (representing 100% of its then issued share capital) was allotted and issued to Mr. Chung on 15 October 2015.
- (b) On 17 July 2015, Red City was incorporated in the BVI with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each and one fully paid ordinary share of Red City (representing 100% of its then issued share capital) was issued and allotted to Grand Courage on 15 October 2015.
- (c) On 1 July 2015, Quest Point was incorporated in the BVI with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each and one fully paid ordinary share of Quest Point (representing 100% of its then issued share capital) was issued and allotted to Red City on 15 October 2015.
- (d) On 18 August 2015, Legend Focus was incorporated in the BVI with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each and one fully paid ordinary share of Legend Focus (representing 100% of its then issued share capital) was issued and allotted to Red City on 15 October 2015.
- (e) On 19 October 2015, our Company was incorporated in the Cayman Islands with an authorised share capital of HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each. One nil-paid Share was allotted and issued to the initial subscriber, Reid Services Limited, and was subsequently transferred to Grand Courage on the same day.
- (f) On 11 January 2016, Quest Point acquired 9,000 ordinary shares (representing 90% of the then entire issued share capital of Dadi Education) and 1,000 ordinary shares (representing 10% of the then entire issued share capital of Dadi Education) of Dadi Education from Chung's Capital Resources and Mr. Chung, respectively, each at nominal consideration of HK\$9,000 and HK\$1,000 respectively. After the aforesaid share transfers, Quest Point held 10,000 ordinary shares of Dadi Education (representing the then entire issued share capital of Dadi Education at the relevant time).
- (g) On 11 January 2016, Legend Focus acquired 9,000 ordinary shares (representing 90% of the then entire issued share capital of Time Pace) and 1,000 ordinary shares (representing 10% of the then entire issued share capital of Time Pace) of Time Pace from Dadi Education and Mr. Chung, respectively, each at nominal consideration of HK\$9,000 and HK\$1,000 respectively. After the aforesaid share transfers, Legend Focus held 10,000 ordinary shares of Time Pace (representing the then entire issued share capital of Time Pace).

- (h) Pursuant to the sale and purchase agreement dated 18 April 2016 referred to in item (m) of the paragraph headed “Summary of material contracts” in this appendix, our Company acquired one share of Red City (representing the then entire issued shares of Red City) from Grand Courage, and in consideration, (i) the one nil-paid Share held by Grand Courage was credited as fully paid; and (ii) 9,999 Shares, all credited as fully paid at par were allotted and issued to Grand Courage.

Immediately after completion of the share transfer referred to in item (h) above, our Company then became the holding company of our Group.

5. Changes in share capital of subsidiaries

The subsidiaries of our Company are listed in the Accountant’s Report, the text of which is set out in Appendix I of this prospectus.

Save as disclosed in the paragraph headed “Corporate reorganisation” in this appendix and in the section headed “History, reorganisation and corporate structure” of this prospectus, there has been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

6. Repurchase of Shares by our Company

This section contains information required by the Stock Exchange to be included in this prospectus concerning the repurchase of Shares by our Company.

(a) Provisions of the GEM Listing Rules

The GEM Listing Rules permit companies whose primary listing is on GEM to repurchase their securities on GEM subject to certain restrictions, a summary of which is set out below:

(i) Shareholders’ approval

The GEM Listing Rules provide that all proposed repurchases of shares, which must be fully paid up in the case of shares, by a company with a primary listing on GEM must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to the written resolutions passed by our sole Shareholder on 17 January 2017, a general unconditional mandate (the “**Repurchase Mandate**”) was given to our Directors authorising them to exercise all powers of our Company to repurchase Shares on GEM or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the number of the share capital of our Company in issue immediately following completion of the Capitalisation Issue and the Share Offer but excluding any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme, and the Repurchase Mandate shall remain in effect until the earliest of the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum and the

Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held or the time when the Repurchase Mandate is revoked or varied by an ordinary resolution of our Shareholders in a general meeting.

(ii) Source of funds

Any repurchase by our Company must be funded out of funds legally available for the purpose in accordance with the Articles, the applicable laws of the Cayman Islands and the GEM Listing Rules. Our Company may not repurchase its own Shares on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

Any repurchases by our Company may be made out of profits or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if authorised by the Articles and subject to the Companies Law, out of capital and, in the case of any premium payable on the repurchase, out of profits of our Company or out of our Company's share premium account before or at the time the Shares are repurchased or, if authorised by the Articles and subject to the Companies Law, out of capital.

(iii) Connected parties

The GEM Listing Rules prohibit our Company from knowingly repurchasing the Shares on GEM from a "core connected person" (as defined in the GEM Listing Rules), which includes a Director, chief executive or substantial shareholder of our Company or any of its subsidiaries or a close associate of any of them, and a core connected person shall not knowingly sell Shares to our Company on GEM.

(b) Exercise of the Repurchase Mandate

On the basis of 1,750,400,000 Shares in issue immediately after completion of the Capitalisation Issue and the Share Offer, our Directors would be authorised under the Repurchase Mandate to repurchase up to 175,040,000 Shares during the period in which the Repurchase Mandate remains in force. Any Shares repurchased pursuant to the Repurchase Mandate must be fully paid-up.

(c) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and our Shareholders for our Directors to have a general authority from Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of our Company's net asset value and/or earnings per Share and will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders.

(d) *Funding of repurchases*

In repurchasing the Shares, our Company may only apply funds legally available for such purpose in accordance with the Articles, the GEM Listing Rules and the applicable laws and regulations of the Cayman Islands.

Our Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

(e) *General*

None of our Directors or, to the best of their knowledge, having made all reasonable enquiries, any of their close associates, has any present intention to sell any Shares to our Company if the Repurchase Mandate is exercised.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules, the Articles and the applicable law and regulations from time to in force in the Cayman Islands.

If as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. In certain circumstances, a Shareholder or a group of Shareholders acting in concert (as defined in the Takeovers Code) depending on the level of increase of our Shareholders' interest, could obtain or consolidate control of our Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase.

Save as disclosed above, our Directors are not aware of any consequences which may arise under the Takeovers Code as a consequence of any repurchase of Shares if made immediately after the listing of the Shares pursuant to the Repurchase Mandate. At present, so far as is known to the Directors, no Shareholder may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code in the event that our Directors exercise the power in full to repurchase the Shares pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the GEM Listing Rules).

No core connected person has notified our Company that he has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT THE BUSINESS**1. Summary of material contracts**

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by our Group within the two years preceding the date of this prospectus and are or may be material in relation to the business of our Company taken as a whole:

- (a) an instrument of transfer dated 11 January 2016 entered into between Quest Point and Chung's Capital Resources for the transfer of 9,000 shares of Dadi Education;
- (b) bought and sold notes dated 11 January 2016 executed by Quest Point and Chung's Capital Resources for the transfer of 9,000 shares of Dadi Education;
- (c) an instrument of transfer dated 11 January 2016 entered into between Quest Point and Mr. Chung for the transfer of 1,000 shares of Dadi Education;
- (d) bought and sold notes dated 11 January 2016 executed by Quest Point and Mr. Chung for the transfer of 1,000 shares of Dadi Education;
- (e) an instrument of transfer dated 11 January 2016 entered into between Legend Focus and Dadi Education for the transfer of 9,000 shares of Time Pace;
- (f) bought and sold notes dated 11 January 2016 executed by Legend Focus and Dadi Education for the transfer of 9,000 shares of Time Pace;
- (g) an instrument of transfer dated 11 January 2016 entered into between Legend Focus and Mr. Chung for the transfer of 1,000 shares of Time Pace;
- (h) bought and sold notes dated 11 January 2016 executed by Legend Focus and Mr. Chung for the transfer of 1,000 shares of Time Pace;
- (i) a supplemental and confirmation deed dated 14 January 2016 entered into among Time Pace, Golden Crown and Dadi Education, according to which certain terms of the cooperation agreement entered into between Time Pace and Golden Crown on 15 April 2008 were amended and confirmed;
- (j) a confirmatory deed dated 26 January 2016 entered into between Time Pace and Ms. Yin Xiao Pei, pursuant to which (among other matters) Time Pace confirmed that Ms. Yin Xiao Pei had paid, for and on behalf of Time Pace, consideration of RMB 1,500,000 as deposit of the proposed investment and an advance of RMB450,000 pursuant to a cooperation agreement entered into between an Independent Third Party and Dadi Overseas Studies Service Centre (which was named as Hong Kong Dadi Overseas Studies Service Centre therein) on 17 June 2011;
- (k) a deed of assignment dated 26 January 2016 entered into among Ms. Yin Xiao Pei, Mr. Chung and Time Pace, pursuant to which Ms. Yin Xiao Pei agreed the debt due to her by Time Pace be assigned to Mr. Chung at a consideration of HK\$1;

- (l) a termination agreement dated 15 March 2016 entered into among Dadi Overseas Studies Service Centre (which was named as Hong Kong Dadi Overseas Studies Service Centre therein), Ms. Yin Xiao Pei and an Independent Third Party, pursuant to which (among other matters) the cooperation agreement entered into between the Independent Third Party and Dadi Overseas Studies Service Centre (which was named as Hong Kong Dadi Overseas Studies Service Centre therein) on 17 June 2011 was terminated;
- (m) a sale and purchase agreement dated 18 April 2016 entered into among our Company (as purchaser), Grand Courage (as vendor) and Mr. Chung (as warrantor), pursuant to which our Company agreed to acquire one share of Red City from Grand Courage, and as consideration, (i) the one nil-paid Share held by Grand Courage was credited as fully paid; and (ii) 9,999 Shares, all credited as fully paid at par were allotted and issued to Grand Courage;
- (n) an instrument of transfer dated 18 April 2016 entered into between the Company and Grand Courage for the transfer of one share of Red City as referred to in item (m) above;
- (o) the Deed of Non-competition;
- (p) the Deed of Indemnity; and
- (q) the Public Offer Underwriting Agreement.

2. Intellectual property rights of our Group

(a) Trademark

As at the Latest Practicable Date, our Group registered the following trademark in Hong Kong:

Trademark	Trade mark number	Classes	Registration date	Expiry date	Place of registration	Registrant
	301092267AB	45	14 April 2008	13 April 2018	Hong Kong	Dadi Education

(b) Domain name

As at the Latest Practicable Date, our Group has registered the following domain names which is material to the business of our Group:

Domain name	Registrant	Registration date	Expiry date
www.dadi.com.hk	Time Pace	21 March 1996	29 April 2021
www.dadiexpo.com.hk.	Time Pace	4 February 2016	4 February 2017

C. FURTHER INFORMATION ABOUT SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND EXPERTS

1. Disclosure of Interests

(a) *Interests of Directors and chief executive in shares, underlying shares and debentures of our Company and its associated corporations*

Immediately following completion of the Capitalisation Issue and the Share Offer (without taking account any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme), the interests and short positions of our Directors or chief executive of our Company in shares, underlying shares and debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO) which, once the Shares are listed on GEM, would have to be notified to our Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they are taken or deemed to have under such provisions of the SFO) or would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or would be required pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by our Directors to be notified to our Company and the Stock Exchange, will be as follows:

(i) *Long position in the Shares*

Name of Director	Capacity/nature of interest	Number of Shares held/interested in immediately following completion of the Capitalisation Issue and the Share Offer	Percentage of shareholding immediately following completion of the Capitalisation Issue and the Share Offer
Mr. Chung	Interest of a controlled corporation (<i>Note 1</i>)	1,312,800,000	75%

Note:

- The issued share capital of Grand Courage is owned as to 100% by Mr. Chung. Therefore, Mr. Chung is deemed or taken to be interested in all the Shares held by Grand Courage for the purpose of the SFO. Mr. Chung is an executive Director and a director of Grand Courage.

(ii) *Long position in the share of associated corporations*

Name of Director	Name of associated corporation	Capacity/nature	Number of share held/interested in	Percentage of shareholding
Mr. Chung	Grand Courage	Beneficial owner	1	100%

(b) Interests of substantial and other Shareholders in the Shares and underlying Shares

So far as is known to our Directors and taking no account any Shares which may be issued pursuant to options which may be granted under the Share Option Scheme, the following persons (not being a Director or chief executive of our Company) will, immediately following completion of the Capitalisation Issue and the Share Offer, have interests or short positions in Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who will be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any of its subsidiaries:

Long position in the Shares

Name	Capacity/nature	Number of Shares held/ Interested in	Percentage of shareholding
Grand Courage	Beneficial owner	1,312,800,000	75%
Ms. Yin Xiao Pei	Interest of spouse (<i>Note 1</i>)	1,312,800,000	75%

Note:

- Ms. Yin Xiao Pei is the spouse of Mr. Chung. Accordingly, Ms. Yin is deemed, or taken to be, interested in all our Shares in which Mr. Chung interested for the purpose of the SFO.

(c) Interests in other members of our Group

Name of shareholder(s)	Name of subsidiary of our Company	Capacity/ Nature of interest	Immediately following the completion of the Capitalisation Issue and the Share Offer	
			Number of Shares	Approximate percentage of issued shares in the subsidiary of our Company
Or Pui Yee	Golden Crown	Beneficial owner	4,900	49%

Save as disclosed above, our Directors are not aware of any other persons who will, immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be issued upon the exercise of any option that may be granted under the Share Option Scheme), have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be directly or indirectly,

interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group.

2. Particulars of service agreements

None of our Directors has or is proposed to have any service agreement with our Company or any of its subsidiaries (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

3. Remuneration of Directors

- (a) The aggregate amount of emoluments paid by our Group to our Directors in respect of the financial years ended 31 March 2014, 2015 and 2016 and the four months ended 31 July 2016 were approximately HK\$1,524,000, HK\$1,642,000, HK\$1,546,000 and HK\$497,000, respectively.
- (b) Under the arrangements currently in force, the aggregate emoluments (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits) payable by our Group to our Directors for the financial year ending 31 March 2017 will be approximately HK\$1,690,000.
- (c) Under the arrangements currently proposed, conditional upon the Listing, the basic annual remuneration (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits) payable by our Group to each of our Directors will be as follows:

HK\$

Executive Directors

Mr. Chung	720,000
Mr. Mok	600,000
Ms. So	312,000

HK\$

Independent non-executive Directors

Ms. Chung Wai Nar	120,000
Mr. Wong Tak Chun	120,000
Mr. Tsang Chi Fung	120,000

- (d) Each of our Directors has entered into a service contract with our Company for a term commencing from the Listing Date to the conclusion of our Company's annual general meeting in 2018, which may be terminated by not less than three months' notice served by either party on the other, and is subject to termination provisions therein and provisions on retirement by rotation of Directors as set out in the Memorandum and the Articles.

4. Agency fees or commissions received

Save as disclosed in the section headed “Underwriting — Total commission, fee and expenses” of this prospectus, and in the paragraph headed “E. Other Information — 3. Sponsor” in this appendix, none of our Directors or the experts named in the paragraph headed “E. Other Information — 6. Qualifications of experts” in this appendix had received any agency fee or commissions from our Group within the two years preceding the date of this prospectus.

5. Related party transactions

Details of the related party transactions are set out under Note 22 to the Accountants’ Report of our Company set out in Appendix I to this prospectus.

6. Disclaimers

Save as disclosed in this prospectus:

- (a) taking no account of any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme or repurchased by our Company pursuant to the mandate as referred to in the paragraph headed “A. Further information about our Company” in this appendix, and taking no account of any Shares which may be issued upon the exercise of options which may be granted under the Share Option Scheme, our Directors are not aware of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Capitalisation Issue and the Share Offer, have an interest or short position in Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be directly or indirectly interested in 10% or more of the nominal value or any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any of its subsidiaries;
- (b) taking no account of any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme, none of our Directors or chief executive of our Company has any interest or short position in shares, underlying shares or debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to our Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they are taken or deemed to have under such provisions of the SFO) or would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or would be required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by our Directors, to be notified to our Company and the Stock Exchange, in each case once the Shares are listed on GEM;
- (c) none of the Directors or the experts named in the paragraph headed “E. Other Information — 6. Qualifications of experts” in this appendix is interested in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

- (d) none of the Directors or the experts named in the paragraph headed “E. Other Information — 6. Qualifications of experts” in this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;
- (e) none of the Directors or the experts named in the paragraph headed “E. Other Information — 6. Qualifications of experts” in this appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;
- (f) so far as is known to our Directors, none of our Directors, their respective close associates (as defined under the GEM Listing Rules) or Shareholders who are interested in more than 5% of the issued share capital of our Company has any interests in the five largest customers of our Group;
- (g) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)); and
- (h) no remuneration or other benefits in kind have been paid by any member of our Group to any Director since the date of incorporation of our Company, nor are any remuneration or benefits in kind payable by any member of our Group to any Director in respect of the current financial year under any arrangement in force as at the Latest Practicable Date.

D. SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme on 17 January 2017. The following is a summary of the principal terms of the Share Option Scheme but does not form part of, nor was it intended to be part of the Share Option Scheme, nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme.

The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

(a) Definitions

For the purpose of this section, the following expressions have the meanings set out below unless the context requires otherwise:

- “Adoption Date” 17 January 2017, the date on which the Share Option Scheme is conditionally adopted by our sole Shareholder by way of written resolutions

“Business Day”	any day on which the Stock Exchange is open for the business of dealing in securities
“Board”	the board of Directors or a duly authorised committee of the board of Directors
“Group”	our Company and any entity in which our Company, directly or indirectly, holds any equity interest
“Scheme Period”	the period commencing on the Adoption Date and expiring at the close of business on the Business Day immediately preceding the tenth anniversary thereof

(b) Summary of terms

The following is a summary of the principal terms of the rules of the Share Option Scheme conditionally adopted by the written resolutions of our sole Shareholder passed on 17 January 2017:

(i) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to attract and retain 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 and services providers of our Group and to promote the success of the business of our Group.

(ii) Who may join and basis of eligibility

The Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), director, consultant or adviser of our Group, or any substantial shareholder of our Group, or any distributor, contractor, supplier, agent, customer, business partner or services provider of our Group, options to subscribe at a price calculated in accordance with paragraph (iii) below for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme. The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, the independent non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of our Group.

(iii) Price of Shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant of the option, which must be a Business Day; (ii) the average closing prices of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five Business Days immediately preceding the date of offer for the grant of the option; and (iii) the nominal value of a Share on the date of offer for the grant of the option. For the purpose of calculating the subscription price, where our

Company has been listed on the Stock Exchange for less than five Business Days, the new issue price shall be used as the closing price for any Business Day fall within the period before listing.

(iv) Grant of options and acceptance of offers

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to our Company on acceptance of the offer for the grant of an option is HK\$1.

(v) Maximum number of Shares

- (aa) subject to sub-paragraphs (bb) and (cc) below, the maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company as from the Adoption Date (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) must not in aggregate exceed 10% of all the Shares in issue as at the Listing Date. Therefore, it is expected that our Company may grant options in respect of up to 175,040,000 Shares (or such numbers of Shares as shall result from a sub-division or a consolidation of such 175,040,000 Shares from time to time) to the participants under the Share Option Scheme.
- (bb) the 10% limit as mentioned above may be refreshed at any time by obtaining approval of our Shareholders in general meeting provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit. Options previously granted under the Share Option Scheme and any other share option schemes of our Company (including those outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) will not be counted for the purpose of calculating the refreshed 10% limit. A circular must be sent to our Shareholders containing the information as required under the GEM Listing Rules in this regard.
- (cc) subject to sub-paragraph (dd), our Company may seek separate approval of our Shareholders in general meeting for granting options beyond the 10% limit provided the options in excess of the 10% limit are granted only to participants specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to our Shareholders containing a generic description of such grantees, the number and terms of such options to be granted and the purpose of granting options to them with an explanation as to how the terms of the options will serve such purpose and all other information required under the GEM Listing Rules.

- (dd) the aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company must not exceed 30% of the Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of our Company if this will result in such 30% limit being exceeded.

(vi) *Maximum entitlement of each participant*

The total number of Shares issued and to be issued upon exercise of options granted to each participant (including both exercised and outstanding options) under the Share Option Scheme or other share option schemes of our Company, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of options in excess of such limit must be separately approved by Shareholders in general meeting with such participant and his close associates (or his/her associates if the participant is a connected person) abstaining from voting. In such event, our Company must send a circular to our Shareholders containing the identity of the grantee, the number and terms of the options to be granted (and options previously granted to such participant), and all other information required under the GEM Listing Rules. The number and terms (including the subscription price) of the options to be granted must be fixed before the approval of our Shareholders and the date of the Board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(vii) *Grant of options to certain connected persons*

- (aa) Any grant of an option to a Director, chief executive or Substantial Shareholder (or any of their respective associates) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the option).
- (bb) Where any grant of options to a substantial Shareholder or an independent non-executive Director (or any of their respective associates) will result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) under the Share Option Scheme and any other share option schemes of our Company to such person in any 12-month period up to and including the date of grant:
 - (i) representing in aggregate over 0.1% of the Shares in issue; and
 - (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5,000,000,

such further grant of options must be approved by Shareholders at a general meeting of our Company, with voting to be taken by way of poll. Our Company shall send a circular to our Shareholders containing all information as required under the GEM Listing Rules in this regard. The grantee, his associates and all core connected persons of our Company shall abstain from voting (except where

any core connected person intends to vote against the proposed grant). Any change in the terms of an option granted to a Substantial Shareholder or an independent non-executive Director or any of their respective close associates is also required to be approved by Shareholders in the aforesaid manner.

(viii) Restrictions on the times of grant of options

(aa) An offer for the grant of options shall not be made after any inside information (as defined in the SFO) has come to the knowledge of our Company until such inside information has been announced pursuant to the requirements of the GEM Listing Rules and the SFO. In particular, no option may be granted during the period commencing one month immediately before the earlier of:

- (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for approving our Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the GEM Listing Rules); and
- (ii) the deadline for our Company to announce its results for any year, half-year or quarterly period under the GEM Listing Rules, or any other interim period (whether or not required under the GEM Listing Rules).

and ending on the date of the results announcement.

(bb) Further to the restrictions in paragraph (aa) above, no option may be granted on any day on which financial results of our Company are published and:

- (i) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (ii) during the period of 30 days immediately preceding the publication date of the quarterly results and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(ix) Time of exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

(x) Performance targets

Save as determined by the Board and provided in the offer of the grant of the relevant options, there is no performance target which must be achieved before any of the options can be exercised.

(xi) Ranking of Shares

The Shares to be allotted upon the exercise of an option will be subject to all the provisions of the Articles for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders to participate in all dividends or other distributions paid or made after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be on or before the date of allotment, save that the Shares allotted upon the exercise of any option shall not carry any voting rights until the name of the grantee has been duly entered on the register of members of our Company as the holder thereof.

(xii) Rights are personal to grantee

An option shall be personal to the grantee of the option and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any option.

(xiii) Rights on cessation of employment by death

In the event of the death of the grantee (provided that none of the events which would be a ground for termination of employment referred to in (xiv) below arises within a period of 3 years prior to the death, in the case the grantee is an employee at the date of grant), the legal personal representative(s) of the grantee may exercise the option up to the grantee's entitlement (to the extent which has become exercisable and not already exercised) within a period of 12 months following his/her death provided that where any of the events referred to in (xvii), (xviii) and (xix) occurs prior to his/her death or within such period of 12 months following his/her death, then his/her personal representative(s) may so exercise the option within such of the various periods respectively set out therein.

(xiv) Rights on cessation of employment by dismissal

In the event that the grantee is an employee of our Group at the date when an offer for the grant is made and he/she subsequently ceases to be an employee of our Group on any one or more of the grounds that he/she has been guilty of serious misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence involving his/her integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his/her employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group, his/her option shall lapse automatically (to the extent not already exercised) on the date of cessation of his/her employment with our Group.

(xv) Rights on cessation of employment for other reasons

In the event that the grantee is an employee of our Group at the date of grant and he/she subsequently ceases to be an employee of our Group for any reason other than his/her death or the termination of his/her employment on one or more of the grounds specified in

(xiv) above, the option (to the extent not already lapsed or exercised) shall lapse on the expiry of 3 months after the date of cessation of such employment (which date will be the last actual working day on which the grantee was physically at work with our Company or the relevant member of our Group whether salary is paid in lieu of notice or not).

(xvi) Effects of alterations to share capital

In the event of any alteration in the capital structure of our Company whilst any option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, open offer, consolidation, subdivision or reduction of the share capital of our Company (other than an issue of Shares as consideration in respect of a transaction to which any member of our Group is a party), such corresponding adjustments (if any) shall be made in the number of Shares subject to the option so far as unexercised; and/or the subscription prices of any unexercised option, as the auditors of or independent financial adviser to our Company shall certify or confirm in writing (as the case may be) to the Board to be in their opinion fair and reasonable in compliance with the relevant provisions of the GEM Listing Rules, or any guideline or supplemental guideline issued by the Stock Exchange from time to time (no such certification is required in case of adjustment made on a capitalisation issue), provided that any alteration shall give a grantee as near as possible the same proportion of the issued share capital of our Company as that to which he/she/it was previously entitled, but no adjustment shall be made to the effect of which would be to enable a Share to be issued at less than its nominal value.

(xvii) Rights on a general offer

In the event of a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) being made to all our Shareholders (or all such holders other than the offeror and/or any persons controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becoming or being declared unconditional, the grantee (or, as the case may be, his/her legal personal representative(s)) shall be entitled to exercise the option in full (to the extent not already exercised) at any time within one month after the date on which the offer becomes or is declared unconditional.

(xviii) Rights on winding-up

In the event a notice is given by our Company to the members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it despatches such notice to each member of our Company give notice thereof to all grantees and thereupon, each grantee shall be entitled to exercise all or any of his/her options (to the extent not already lapsed or exercised) at any time not later than 2 Business Days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid.

(xix) Rights on compromise or arrangement

In the event of a compromise or arrangement between our Company and our Shareholders or the creditors of our Company being proposed in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies pursuant to the Companies Law, our Company shall give notice thereof to all the grantees on the same day as it gives notice of the meeting to our Shareholders or the creditors to consider such a compromise or arrangement and the options (to the extent not already lapsed or exercised) shall become exercisable in whole or in part on such date not later than two Business Days prior to the date of the general meeting directed to be convened by the court for the purposes of considering such compromise or arrangement (“**Suspension Date**”), by giving notice in writing to our Company accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as practicable and, in any event, no later than 3:00p.m. on the Business Day immediately prior to the date of the proposed general meeting, allot and issue the relevant Shares to the grantee credited as fully paid. With effect from the Suspension Date, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapsed and determined. The Board shall endeavour to procure that the Shares issued as a result of the exercise of options hereunder shall for the purposes of such compromise or arrangement form part of the issued share capital of our Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the court (whether upon the terms presented to the court or upon any other terms as may be approved by such court), the rights of grantees to exercise their respective options shall with effect from the date of the making of the order by the court be restored in full but only up to the extent not already exercised and shall thereupon become exercisable (but subject to the other terms of the Share Option Scheme) as if such compromise or arrangement had not been proposed by our Company and no claim shall lie against our Company or any of its officers for any loss or damage sustained by any grantee as a result of such proposal, unless any such loss or damage shall have been caused by the act, neglect, fraud or willful default on the part of our Company or any of its officers.

(xx) Lapse of options

An option shall lapse automatically on the earliest of:

- (aa) the expiry of the period referred to in paragraph (ix) above;
- (bb) the date on which the Board exercises our Company’s right to cancel, revoke or terminate the option on the ground that the grantee commits a breach of paragraph (xii);
- (cc) the expiry of any of the relevant period or the occurrence of the relevant event referred to in paragraphs (xiii), (xiv), (xv), (xvii), (xviii) or (xix) above;
- (dd) subject to paragraph (xviii) above, the date of the commencement of the winding-up of our Company;

- (ee) the occurrence of any act of bankruptcy, insolvency or entering into of any arrangements or compositions with his/her creditors generally by the grantee, or conviction of the grantee of any criminal offence involving his integrity or honesty;
- (ff) where the grantee is only a substantial shareholder of any member of our Group, the date on which the grantee ceases to be a substantial shareholder of such member of our Group; or
- (gg) subject to the compromise or arrangement as referred to in paragraph (xix) becoming effective, the date on which such compromise or arrangement becomes effective.

(xxi) Cancellation of options granted but not yet exercised

Any cancellation of options granted but not exercised may be effected on such terms as may be agreed with the relevant grantee, as the Board may in its absolute discretion sees fit and in a manner that complies with all applicable legal requirements for such cancellation.

(xxii) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of ten years commencing on the date on the Adoption Date and shall expire at the close of business on the Business Day immediately preceding the tenth anniversary thereof unless terminated earlier by our Shareholders in general meeting.

(xxiii) Alteration to the Share Option Scheme

- (aa) The Share Option Scheme may be altered in any respect by resolution of the Board except that alterations of the provisions of the Share Option Scheme which alters to the advantage of the grantees or prospective grantees of the options relating to matters governed by Rule 23.03 of the GEM Listing Rules shall not be made except with the prior approval of our Shareholders in general meeting.
- (bb) Any alteration to any terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted, or any change to the authority of the Board in respect of alteration of the Share Option Scheme must be approved by Shareholders in general meeting except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (cc) Any amendment to any terms of the Share Option Scheme or the options granted shall comply with the relevant requirements of the GEM Listing Rules or any guidelines issued by the Stock Exchange from time to time.

(xxiv) Termination of the Share Option Scheme

Our Company by resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but options granted prior to such termination shall continue to be valid and exercisable in accordance with provisions of the Share Option Scheme.

(xxv) Conditions of the Share Option Scheme

The Share Option Scheme is conditional on the Listing Division of the Stock Exchange granting the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, and commencement of dealings in the Shares on the Stock Exchange.

(c) Present status of the Share Option Scheme

Application has been made to the Listing Division for the listing of, and permission to deal in 175,040,000 Shares which fall to be issued upon exercise of any options which may be granted under the Share Option Scheme.

As at the date of this prospectus, no option has been granted or agreed to be granted under the Share Option Scheme.

E. OTHER INFORMATION**1. Tax and other indemnities**

Mr. Chung and Grand Courage (collectively, the “**Indemnifiers**”) have, under the Deed of Indemnity referred to in item (1) of the paragraph headed “B. Further Information about the Business — 1. Summary of material contracts” in this appendix, given joint and several indemnities to our Company (for ourselves and as trustee for our subsidiaries) in connection with, among other things:

- (a) any liability for Hong Kong estate duty which may be payable by any member of our Group under or by virtue of the provisions of section 35 and/or section 43 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) (the “**Estate Duty Ordinance**”) or other similar legislation in Hong Kong or any part of the world for reason of death of any person and by reason of the transfer of property to any member of our Group or any such assets being deemed for the purpose of the Estate Duty Ordinance or legislation similar thereto in any part of the world on or before the date on which the Share Offer becomes unconditional;
- (b) any taxation falling on any member of our Group in respect of or by reference to any income, profits or gains earned, accrued or received or deemed or alleged to have been earned, accrued or received on or before the date on which the Share Offer becomes unconditional; or any transaction, act, omission, matters, things or event entered into or occurring or deemed to enter into or occur on or before the date on which the Share Offer becomes unconditional; or

- (c) in respect of any penalties, claims, actions, demands, proceedings, judgments, losses, liabilities, damages, costs, charges, fees, expenses and fines of whatever nature which may be imposed on, suffered by or incurred by any member of our Group as a result of directly or indirectly or in connection with or arising from:
 - (i) any litigation, arbitrations, claims (including counter-claims), complaints, demands and/or legal proceedings, whether of criminal, administrative, contractual, tortuous or otherwise nature, instituted by or against any member of our Group in relation to events occurred on or before the date on which the Share Offer becomes unconditional; and
 - (ii) any non-compliance with applicable laws, rules or regulations by any member of our Group on or before the date on which the Share Offer becomes unconditional.

The Indemnifiers will, however, not be liable under the Deed of Indemnity for taxation to the extent that, among others:

- (a) specific provision, reserve or allowance has been made for such liability in the audited consolidated financial statements of any member of our Group for the Track Record Period;
- (b) the taxation liability arises or is incurred as a result of a retrospective change in law or a retrospective increase in tax rates coming into force after the date on which the Share Offer becomes unconditional;
- (c) the taxation liability arises in the ordinary course of business of any members of our Group after 31 July 2016 up to and including the date on which the Share Offer becomes unconditional; or
- (d) the tax liabilities arise in connection with the income tax payable (further details of which are set out in the section headed “Financial information — Description of certain items of consolidated statements of financial position — Income tax payable” of this prospectus) on or before the date on which the Share Offer becomes unconditional.

The Indemnifiers will also indemnify our Company and each member of our Group against any losses, damages and liabilities suffered and all costs and expenses incurred by our Group as a result of or otherwise arising from, whether directly or indirectly, or in connection with (i) the implementation of the Reorganisation; (ii) any change in the equity interest in or any equity investment made by any member of our Group since the date on which each member of our Group was incorporated up to the date on which the Share Offer becomes unconditional; (iii) the failure of our Group to comply with any applicable law, regulation, and/or any requirement of any member of any competent court, competent authority and/or regulatory body to which any member of our Group is subject at any time on or before the date on which the Share Offer becomes unconditional; (iv) any litigation, arbitration, proceeding and/or claim in relation to any member of our Group at any time on or before the date on which the Share Offer becomes unconditional; and (v) any contract or agreement entered into by any member of our Group at any time on or before

the date on which the Share Offer becomes unconditional except that specific provision, reserve or allowance has been made for such liabilities in the audited consolidated accounts of our Company for the Track Record Period.

Our Directors have been advised that no material liability for estate duty under the laws of the Cayman Islands is likely to fall on our Group.

2. Litigation

Our Directors confirmed that save as disclosed in the section headed “Business — Litigation” of this prospectus as at the Latest Practicable Date, no member of our Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is pending or threatened by or against any member of our Group.

3. Sponsor

The Sponsor has made an application on behalf of our Company to the Listing Division for listing of and permission to deal in the Shares in issue and to be issued as mentioned herein and any Shares which may fall to be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme.

The Sponsor has confirmed to the Stock Exchange that it satisfies the independence test as stipulated under Rule 6A.07 of the GEM Listing Rules.

Sponsor's fees

The fee payable by our Company to the Sponsor to act as sponsor in relation to the Listing is approximately HK\$5.1 million, and the Sponsor will be reimbursed for their expenses properly incurred in connection with the Share Offer.

4. Preliminary expenses

The preliminary expenses relating to the incorporation of our Company are approximately HK\$38,000 and are payable by our Company.

5. Promoter

Our Company has no promoter for the purpose of the GEM Listing Rules.

6. Qualifications of experts

The following are the respective qualifications of the experts who have given their opinion or advice which is contained in this prospectus:

Name	Qualifications
TC Capital International Limited	A licensed corporation to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Grant Thornton Hong Kong Limited	Certified Public Accountants
Appleby	Cayman Islands attorneys-at-law
Chan Chung	Barrister-at-law of Hong Kong
CT Partners Consultants Limited	Internal control adviser

7. Consents of experts

Each of the experts named in the paragraph headed “E. Other Information — 6. Qualifications of experts” in this appendix has given and has not withdrawn its/his written consent to the issue of this prospectus, with the inclusion of its/his letters and/or reports and/or opinions and/or summary thereof (as the case may be) and/or references to its/his name included herein in the form and context in which they respectively appear.

8. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

9. Registration procedures

The principal register of members of our Company in the Cayman Islands will be maintained by Estera Trust (Cayman) Limited and a branch register of members of our Company will be maintained by Boardroom Share Registrars (HK) Limited our Hong Kong Branch Share Registrar. Save where our Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, our Hong Kong Branch Share Registrar in Hong Kong and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

10. No material adverse change

Save as disclosed in the section headed “Financial Information — No material adverse change” of this prospectus, our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Company or our subsidiaries since 31 July 2016 (being the date to which the latest audited consolidated financial statements of our Group were made up) and up to the date of this prospectus.

11. Taxation of holders of Shares*(a) Hong Kong*

Dealings in Shares registered on our Company’s Hong Kong branch register of members will be subject to Hong Kong stamp duty.

Profits from dealings in Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) Cayman Islands

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(c) Consultation with professional advisers

Intending holders of the Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasised that none of our Company, our Directors or parties involved in the Share Offer accepts responsibility for any tax effect on, or liabilities of holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares.

12. Particulars of the Selling Shareholder

The Selling Shareholder is Grand Courage Investments Limited, a company incorporated in the British Virgin Islands with limited liability on 11 August 2015 with registered office at NovaSage Chambers, Wickham’s Cay II, Road Town, Tortola, British Virgin Islands. Grand Courage Investments Limited is wholly owned by Mr. Chung. It is an investment holding company.

13. Miscellaneous*(a) Save as disclosed in this prospectus:**(i) within the two years immediately preceding the date of this prospectus:*

- (aa) no share or loan capital of our Company or any of its subsidiaries has been issued, agreed to be issued or is proposed or intended to be issued fully or partly paid either for cash or for a consideration other than cash;*

- (bb) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries and no commission has been paid or is payable in connection with the issue or sale of any capital of our Company or any of its subsidiaries; and
- (cc) no commission has been paid or payable (except to sub-underwriter) for subscribing or agreeing to subscribe, procuring or agreeing to procure subscriptions, for any shares or debenture of our Company or any of its subsidiaries;
- (ii) no founders, management or deferred shares or any debentures of our Company have been issued or agreed to be issued;
- (iii) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;
- (iv) there has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the 12 months immediately preceding the date of this prospectus;
- (v) none of the experts named in the sub-paragraph headed “6. Qualifications of experts” in this appendix:
 - (aa) is interested beneficially or non-beneficially in any securities in any member of our Group, including the Shares; or
 - (bb) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group, including the Shares;
- (vi) our Company and our subsidiaries do not have any debt securities issued or outstanding, or authorised or otherwise created but unissued, or any term loans whether guaranteed or secured as at the Latest Practicable Date;
- (vii) no company within our Group is presently listed on any stock exchange or traded on any trading system;
- (viii) our Group has no outstanding convertible debt securities; and
- (ix) the English text of this prospectus shall prevail over the Chinese text.

14. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided in section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were (a) a copy of each of the **WHITE** and **YELLOW** Application Forms; (b) the written consents referred to in the section headed “Statutory and general information — E. Other information — 7. Consents of experts” in Appendix IV to this prospectus; (c) copies of the material contracts referred to in the section headed “Statutory and general information — B. Further information about the business — 1. Summary of material contracts” in Appendix IV to this prospectus; and (d) the statement of particulars of the Selling Shareholder.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Adrian Yeung & Cheng at Suite 1201–2A, 12th Floor, Golden Centre, 188 Des Voeux Road Central, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum and the Articles;
- (b) the accountants’ report of our Group dated the date of this prospectus prepared by Grant Thornton Hong Kong Limited, the text of which is set out in Appendix I to this prospectus;
- (c) the audited consolidated financial statements of the companies now comprising our Group for each of the three financial years ended 31 March 2014, 2015 and 2016;
- (d) the report on unaudited pro forma financial information prepared by Grant Thornton Hong Kong Limited, the text of which is set out in Appendix II to this prospectus;
- (e) the material contracts referred to in the section headed “Statutory and general information — B. Further information about the business — 1. Summary of material contracts” in Appendix IV to this prospectus;
- (f) the service agreements entered into between our Company and each of our Directors;
- (g) the rules of the Share Option Scheme;
- (h) the written consents referred to in the section headed “Statutory and general information — E. Other information — 7. Consents of experts” in Appendix IV to this prospectus;
- (i) the Companies Law;
- (j) the letter of advice prepared by Appleby summarising certain aspects of the Cayman Islands company law referred to in Appendix III to this prospectus;
- (k) the letter of advice prepared by the Legal Counsel dated the date of this prospectus;

- (l) the report on internal control review prepared by CT Partners in relation to the non-compliance incidents; and
- (m) the statement of particulars of the Selling Shareholder.

Dadi Education Holdings Limited
大地教育控股有限公司