

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

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

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

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This report, for which the directors (the “Directors”) of Dadi Education Holdings Limited (the “Company”), together with its subsidiaries, (the “Group”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Independent non-executive Directors

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

COMPANY SECRETARY

Mr. Tam Hei Lap, Hedley

COMPLIANCE OFFICER

Mr. Mok Patrick

AUTHORISED REPRESENTATIVES

Mr. Chung Wang Lung
Mr. Mok Patrick

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

AUDITOR

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

REGISTERED OFFICE

PO Box 1350
Clifton House
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Grand Cayman KY1-1108
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1911, 19/F., Office Tower One
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Hong Kong

COMPLIANCE ADVISER

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

PRINCIPAL BANKER

Hang Seng Bank Limited
83 Des Voeux Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

8417

WEBSITE

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

The Group is one of the leading overseas studies consultancy services providers in Hong Kong. Our network consists of overseas education providers from all over the world. Nevertheless, we mainly serve local students who are mainly seeking secondary education and higher education studies in the UK, Australia, Canada and the United States of America (the "USA").

The Company was listed on GEM on 16 February 2017 (the "Listing Date") when 437,600,000 ordinary shares (comprising a public offer of 131,280,000 Shares and 306,320,000 Shares (comprising of the Company (the "Shares") 66,320,000 new Shares and 240,000,000 sale Shares) by way of placing) has been offered for subscription and for sale, at an offer price of HK\$0.34 per Share (the "Listing").

PROSPECTS AND STRATEGIES

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Revenue of the Group for the three months ended 30 June 2017 was approximately HK\$2.7 million, representing a decrease of approximately 18.2% from approximately HK\$3.3 million for the three months ended 30 June 2016. All revenue was derived from the overseas study consultancy services. Such decrease was mainly attributable to the continuing concerns regarding to the security of the UK after various terrorist attacks were taken place in early 2017 which resulted in the decrease in commission income generated from the placements of students in the UK as set out below:

UK

Commission income generated from the placements of students in the UK maintained to be the main source of the Group's revenue which accounted for approximately 60.2% for the three months ended 30 June 2017 (2016: approximately 67.8%). Commission income generated from the placements of students in the UK was amounted to approximately HK\$1.6 million (2016: approximately HK\$2.2 million) or declined by approximately 27.3%. The decrease in commission from the placements of students in the UK was mainly contributed by the continuing concerns regarding to the security of the UK after various terrorist attacks was taken place in early 2017 which resulted in the decrease in number of successful placements in the UK.

Australia

Commission income generated from the placements of students in Australia remained steady at approximately HK\$0.6 million (2016: approximately HK\$0.6 million), which represented approximately 22.9% of the Group's total revenue for the three months ended 30 June 2017 (2016: approximately 18.9%).

Canada and the USA

Commission income generated from the placements of students in Canada and the USA in aggregate increased by approximately 11.9% which amounted to approximately HK\$0.4 million (2016: approximately HK\$0.3 million) and represented approximately 14.1% (2016: approximately 10.3%) of total revenue for the three months ended 30 June 2017. The increase in amount was attributable to the increase in student placements in the US for the three months ended 30 June 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

Other income

The Group's other income decreased from approximately HK\$0.8 million for the three months ended 30 June 2016 to approximately HK\$0.2 million for the three months ended 30 June 2017, representing a decrease of approximately HK\$0.6 million or approximately 71.0%. The decrease was mainly due to a decline in marketing income.

Marketing costs

The Group's marketing cost increased from approximately HK\$0.4 million for the three months ended 30 June 2016 to approximately HK\$0.5 million for the three months ended 30 June 2017. The increase was attributable to additional advertising activities in Hong Kong during the three months ended 30 June 2017.

Employee benefits expenses

Staff cost of the Group increased by approximately HK\$0.5 million from approximately HK\$1.8 million for the three months ended 30 June 2016 to approximately HK\$2.3 million for the three months ended 30 June 2017. The increase was mainly contributed by increased headcounts during the three months ended 30 June 2017.

Other expenses

Other expenses of the Group decreased from approximately HK\$1.1 million for the three months ended 30 June 2016 to approximately HK\$0.4 million for the three months ended 30 June 2017. The decrease in amount was mainly contributed by the recognition of legal and professional fees in respect of the listing of the Company during the three months ended 30 June 2016.

Income tax credit

Income tax credit was amounted to approximately HK\$0.1 million for the three months ended 30 June 2017. Such change was driven by the loss before taxation incurred during the three months ended 30 June 2017.

Loss for the three months ended 30 June 2017

Net loss for the Group was amounted to approximately HK\$0.7 million for the three months ended 30 June 2017 (2016: profit of approximately HK\$0.2 million). The decline was mainly contributed by decline in commission income generated from the placement of students in the UK and increased employee benefit expenses.

FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 30 JUNE 2017

The board of directors (the "Board") announces the unaudited consolidated results of the Group for the three months ended 30 June 2017 together with unaudited comparative figures for the three months ended 30 June 2016 as follows:

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 June 2017

	Notes	Three months ended 30 June	
		2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Revenue	3	2,715	3,317
Other income	4	232	799
Marketing costs		(535)	(424)
Employee benefits expenses		(2,264)	(1,801)
Operating lease charges		(624)	(367)
Other expenses		(359)	(1,128)
Finance costs	5	(16)	(80)
(Loss)/profit before income tax	6	(851)	316
Income tax credit/(expense)	7	114	(104)
(Loss)/profit and total comprehensive income for the three months		(737)	212
(Loss)/profit and total comprehensive income for the three months attributable to:			
Equity holders of the Company		(921)	(101)
Non-controlling interest		184	313
		(737)	212
Loss per share for profit attributable to equity holders of the Company			
Basic and diluted	9	(0.05) cents	(0.01) cents

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2017

	Equity attributable to the equity holders of the Company						Total equity HK\$'000
	Share Capital HK\$'000	Share Premium HK\$'000	Capital Reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non- controlling interest HK\$'000	
Balance at 1 April 2016 (Audited)	-	-	11	15,299	15,310	313	15,623
Profit/(loss) and total comprehensive income for the period	-	-	-	(101)	(101)	313	212
Dividends paid to non-controlling interest	-	-	-	-	-	(344)	(344)
As at 30 June 2016 (Unaudited)	-	-	11	15,198	15,209	282	15,491
Balance at 1 April 2017 (Audited)	17,504	45,405	11	13,174	76,094	338	76,432
Profit/(loss) and total comprehensive income for the period	-	-	-	(921)	(921)	184	(737)
Dividends paid to non-controlling interest	-	-	-	-	-	(401)	(401)
As at 30 June 2017 (Unaudited)	17,504	45,405	11	12,253	75,173	121	75,294

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2017

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

1. GENERAL INFORMATION

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

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

As at 30 June 2017, the directors consider the immediate parent of the Company to be Grand Courage Investments Limited ("Grand Courage"), which is incorporated in the British Virgin Islands (the "BVI"). Grand Courage is controlled by Mr. Chung Wang Lung (the "Controlling Shareholder").

2. GROUP REORGANISATION AND BASIS OF PRESENTATION

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

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

The unaudited consolidated statement of profit or loss and other comprehensive income and the unaudited consolidated statement of changes in equity of the Group have been prepared using the principles of merger accounting under Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations" as if the current group structure had been in existence throughout the three months ended 30 June 2017 and 2016, or since their respective dates of incorporation, where it is a shorter period.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2017

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

The unaudited consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the accounting principles generally accepted in Hong Kong.

The unaudited consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the GEM Listing Rules.

3. REVENUE AND SEGMENT INFORMATION

The Group is engaged in provision of overseas studies consultancy services in Hong Kong which involves the consultancy of local students and their placement with study programmes provided by overseas education providers. Revenue of the Group is the revenue from these activities and represents the value of services rendered.

The Group has determined the operating segments based on the information reported to the Group’s most senior executive management, the chief operating decision-maker. 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.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2017

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

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.

	Three months ended 30 June	
	2017	2016
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Australia	623	628
Canada	167	242
New Zealand	19	64
United Kingdom	1,635	2,249
United States	217	101
Others	54	33
	2,715	3,317

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

4. OTHER INCOME

	Three months ended 30 June	
	2017	2016
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Bank interest income	161	1
Commission income from guardianship	4	6
Marketing income	44	762
Net foreign exchange loss	(14)	–
Sponsorship income	37	30
	232	799

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2017

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

5. FINANCE COSTS

	Three months ended 30 June	
	2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000
Interests on bank borrowings wholly repayable within five years	16	80

6. (LOSS)/PROFIT BEFORE INCOME TAX

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

	Three months ended 30 June	
	2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000
Auditor's remuneration	120	95
Depreciation	16	2
Operating lease charges in respect of: — land and buildings	624	367
	624	367
Listing expenses	—	638
Net foreign exchange (loss)/gain	(15)	—

7. INCOME TAX CREDIT

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

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

Hong Kong Profits Tax has been provided at the rate of 16.5% for the three months ended 30 June 2017 (2016: 16.5%) on the estimated assessable profit for the three months.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2017

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

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

	Three months ended 30 June	
	2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000
Current tax — Hong Kong Profits Tax		
Current three months	(114)	104

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

	Three months ended 30 June	
	2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000
(Loss)/profit before income tax	(851)	316
Tax on profit before income tax, calculated at the rates of Hong Kong Profits Tax rate of 16.5% (2016: 16.5%)	(141)	52
Tax effects of:		
— non-deductible expenses	—	105
— non-taxable income	3	—
— unrecognised temporary differences	24	(53)
Income tax expense for the three months	(114)	104

As at 30 June 2017, the Group did not have any significant unrecognised deferred tax assets or liabilities (2016: HK\$Nil).

8. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the three months ended 30 June 2017.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2017

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

9. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to equity holders of the Company is based on the following:

	Three months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss		
Loss for the period attributable to equity holders of the Company	967	101
Number of shares		
Weighted average number of ordinary shares (in thousands)	1,750,400	1,552,800

The weighted average number of ordinary shares for the three months ended 30 June 2016 has been adjusted retrospectively on the assumption that the Reorganisation and the Capitalisation Issue (note) had been effective on 1 April 2016.

The weighted average number of ordinary shares used to calculate the basic earnings per share amount for the three months ended 30 June 2017 includes (i) an ordinary share of the Company issued upon incorporation, (ii) additional 9,999 new ordinary shares issued on 18 April 2016; and (iii) the 1,552,790,000 new ordinary shares issued pursuant to the capitalisation issue, as if all these shares had been in issue throughout the three months ended 30 June 2017, and (iv) 24,361,644 shares, representing the weighted average of 197,600,000 new ordinary shares issued pursuant to the public offering and placing.

The number of ordinary shares used to calculate the basic earnings per share amount for the three months ended 30 June 2016 was based on 1,552,800,000 ordinary shares, representing the number of ordinary shares of the Company immediately after the capitalisation issue, as if all these shares had been in issue throughout the three months ended 30 June 2016.

No adjustment has been made to the basic earnings per share amounts presented for the three months ended 30 June 2017 and 2016 as the Group had no potentially dilutive ordinary shares in issue for the years ended 30 June 2017 and 2016. The basic earnings per share equals to the diluted earnings per share.

OTHERS

DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the three months ended 30 June 2017 (2016: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the three months ended 30 June 2017 up to the date of this report.

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

As at 30 June 2017, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the directors, to be notified to the Company and the Stock Exchange, were as follows:

Long position in the Shares

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

Note:

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

OTHERS

LONG POSITION IN THE ORDINARY SHARES OF ASSOCIATED CORPORATION

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

Save as disclosed above, as at 30 June 2017, none of the Directors and the chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which would be required pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

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

As at 30 June 2017, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interest or short position in Shares or underlying Shares which fell to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long position in the Shares

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

Note:

- 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.

OTHERS

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

To the best knowledge of the Directors, during the three months ended 30 June 2017 and up to the date of this report, the Company has complied with all the applicable code provisions of the Corporate Governance Code (the “CG Code”) contained in Appendix 15 to the GEM Listing Rules.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors in respect of the shares of the Company (the “Code of Conduct”). The Company has made specific enquiry to all the Directors, and all Directors have confirmed that, they have fully complied with the required standard of dealings set out in the Code of Conduct and there was no event of non-compliance for the three months ended 30 June 2017 up to the date of this report.

INTEREST OF COMPLIANCE ADVISER

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that the Company complies with the minimum of public float of 25%.

COMPETING INTERESTS

The Directors confirm that none of the Controlling Shareholders or the Directors and their respective close associates (as defined in the GEM Listing Rules) is interested in any business apart from the business operated by the Group which competes or is likely to compete, directly or indirectly, with the Group’s business during the three months ended 30 June 2017 and up to the date of this report.

OTHERS

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “Share Option Scheme”) on 17 January 2017. No share option has been granted under the Share Option Scheme since its adoption.

AUDIT COMMITTEE AND REVIEW OF QUARTERLY RESULTS

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

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

The audit committee of the Board and the management of the Company have reviewed the accounting principles and practices adopted by the Group and the unaudited consolidated financial results of the Group for the three months ended 30 June 2017. The audit committee is of the opinion that the unaudited consolidated financial results of the Group for the three months ended 30 June 2017 complied with applicable accounting standards, the requirements under the GEM Listing Rules and other applicable requirements, that adequate disclosures have been made.