



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

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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 GEM (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

### Non-executive Director

Mr. Liu Chenyu

### 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  
75 Fort Street  
Grand Cayman KY1-1108  
Cayman Islands

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1911, 19/F., Office Tower One  
Grand Plaza, 639 Nathan Road  
Mong Kok  
Kowloon  
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  
Room 2103B, 21/F, 148 Electric Road  
North Point  
Hong Kong

## STOCK CODE

8417

## WEBSITE

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

# CHAIRMAN'S STATEMENT

## CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of Directors (the "Board") of Dadi Education Holdings Limited (the "Company", together with its subsidiaries, the "Group"), I am pleased to present the annual results of the Group for the year ended 31 March 2018.

### Review for the year ended 31 March 2018

The year ended 31 March 2018 had been a remarkable year for the Group, upon the successful listing in February 2017, the Group commenced unprecedented level of marketing campaigns during the year ended 31 March 2018. Significant milestones including the engagement of a reputable celebrity to be the spokesperson of the Group, successful launches of three large-scale exhibitions and the renovation of the flagship service centre in Mongkok.

Due to various terrorist attacks in the United Kingdom ("UK") in early 2017 and the delay for student visa application process to the UK, the placements of students in the UK and hence, the growth of successful placements in the UK had been adversely affected. In addition, the limited availability of popular course such as life sciences, provided by overseas education providers had restricted the Group's successful placements of students in the higher education sector of Australia.

The intensive marketing campaigns launched during the year ended 31 March 2018 had considerably strengthened the Group's position in the competitive market. Despite difficult factors in the UK market, the revenue generated from the placement of students to the UK could still record a slight improvement in comparison to the year ended 31 March 2017.

### Outlook

Looking forward the year ended 31 March 2019, the Group will continue to our commitment to deliver the best service to students as well as strengthen the networks with overseas education providers.

The Group's newly renovated flagship service centre in Mongkok had begun servicing in July 2017. In conjunction with the Group's dedicated and experienced consulting team, the new facility sets new standard in the quality of overseas education consultancy services. The Group believes the benefits from the extensive marketing campaigns and activities commenced will start revealing in the coming year and the Group will continue to invest resources in marketing to expand its market share.

Besides, the Group highly values the solid relations with overseas education services providers as it serves one of the main drivers for the continual success of the Group. The Group will continue focusing on relationship management and development with overseas education providers to provide the Group a solid foundation for future success. Meanwhile the Group will also actively seek opportunities for partnerships with other high quality overseas education service providers.

Further, the Group is desirous of further developing the business of the Group and expanding its overseas studies consultancy services in the People's Republic of China (the "PRC").

Last but not least, I would like to take this opportunity to thank the Board for their contribution to the Group for further growth in the future. I would also like to thank the Group's dedicated and loyal employees for their efforts to the Group.

On behalf of the Board

**Chung Wang Lung**

*Chairman and Executive Director*

Hong Kong, 28 June 2018

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### Overview

The Group is one of the leading overseas studies consultancy services providers in Hong Kong. Our network consists of overseas education providers from all over the world. Nevertheless, the Group mainly serves local students who are generally seeking secondary education and higher education studies in the UK, Australia, Canada and the United States of America (the "USA"). During the year ended 31 March 2018, the Group's principal business remained as the provision of overseas studies consultancy services in Hong Kong. Commission income generated from the placements of students from the UK and Australia remained as the main driver of the Group's revenue.

The year ended 31 March 2018 was a year full of challenges and uncertainties to the industry as well as to the Group. The demand for students to study overseas is sensitive to the availability of academic programs, academic requirements, locations of study, living costs and the stability of the studying environments. The fierce competition within the market also affected the Group's market share. Terrorist attacks in the UK in early 2017 and the delays of student visa applications to the UK in mid-2017 had dragged the demand growth for studying in the UK. Notwithstanding the adverse effects from these factors, the impact showed to be temporary, that the revenue generated from the placements of students in the UK had been slightly increased by approximately 3.3% or approximately HK\$0.4 million in comparison with the year ended 31 March 2017.

Though with the slight increase in revenue generated from the placements of students in the UK, the Group's revenue for the year ended 31 March 2018 had still been affected mainly from the decrease in revenue generated from the placement of students in Australia. The overall commission income from the placements of students declined by approximately 3.3% or approximately HK\$0.8 million compared to the year ended 31 March 2017.

### Prospects and Strategies

The Group expects the growth of the demand in overseas education will continue to slow down in the coming year, because of the highly competitive environment among other overseas study consultancies, but the management of the Group believes the extensive marketing campaigns that were launched by the Group during the year ended 31 March 2018 have strengthened our brand and recognition in the industry. Hence, the Group will continue to allocate resources in marketing campaigns to strengthen the awareness of our brand and arranging large-scale exhibitions to maintain our leading position and expand further market shares. Further, the Group is desirous of further developing its overseas studies consultancy services in the PRC. On the above basis, the Directors are confident that the Group will be able to keep growing in the foreseeable future.

## MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

### FINANCIAL REVIEW

#### Revenue

Revenue of the Group for the year ended 31 March 2018 was approximately HK\$22.7 million, representing a decrease of approximately 3.3% from approximately HK\$23.5 million for the year ended 31 March 2017. All revenue was derived from the overseas study consultancy services. Such decrease was mainly attributable to the decrease in commission income generated from the successful placements of students in the higher education sector of Australia during the year ended 31 March 2018.

#### **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 49.9% for the year ended 31 March 2018 (2017: approximately 46.7%). Commission income generated from the placements of students in the UK amounted to approximately HK\$11.3 million (2017: approximately HK\$11.0 million) or increased by approximately 3.3%. The increase in commission from the placements of students in the UK was mainly contributed by the appreciation of GBP to HK\$ between the two years ended 31 March 2018 and 2017 respectively.

#### **Australia**

Commission income generated from the placements of students in Australia decreased by approximately HK\$0.8 million or approximately 9.0% from approximately HK\$9.0 million for the year ended 31 March 2017 to approximately HK\$8.2 million for the year ended 31 March 2018, which represented approximately 35.9% of the Group's total revenue for the year ended 31 March 2018 (2017: approximately 38.2%). The decrease in the commission income generated from the placements of students in Australia was mainly contributed by the decline in successful placements of students in the higher education sector of Australia due to limited availability of popular course, such as life science during the year ended 31 March 2018.

#### **Canada and the USA**

Commission income generated from the placements of students in Canada and the USA in aggregate decreased by approximately 13.0% which amounted to approximately HK\$2.5 million (2017: approximately HK\$2.9 million) and represented approximately 11.2% (2017: approximately 12.4%) of total revenue for the year ended 31 March 2018. The decrease in amount was mainly attributable to the decline in successful placements of students in Canada during the year ended 31 March 2018.

#### OTHER INCOME

The Group's other income increased from approximately HK\$1.8 million for the year ended 31 March 2017 to approximately HK\$3.5 million for the year ended 31 March 2018, representing an increase of approximately HK\$1.7 million or approximately 96.1%. The increase was mainly due to the increase in marketing income and bank interest income during the year ended 31 March 2018.

#### MARKETING COSTS

The Group's marketing costs increased from approximately HK\$2.6 million for the year ended 31 March 2017 to approximately HK\$7.4 million for the year ended 31 March 2018. The increase was attributable to the increased marketing costs, including costs for engaging a spokesperson, hosting of three large scale exhibitions and launching extensive advertisements during the year ended 31 March 2018.

## MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

### EMPLOYEE BENEFITS EXPENSES

Staff cost of the Group increased by approximately HK\$1.4 million from approximately HK\$7.9 million for the year ended 31 March 2017 to approximately HK\$9.3 million for the year ended 31 March 2018. The increase was mainly contributed by increased headcounts and a rise in basic salary of all staffs during the year ended 31 March 2018.

### OTHER EXPENSES

Other expenses of the Group decreased from approximately HK\$7.8 million for the year ended 31 March 2017 to approximately HK\$5.3 million for the year ended 31 March 2018. The decrease in amount was mainly because of the recognition of listing expense of the Company which was listed on GEM in February 2017.

### INCOME TAX EXPENSES

Income tax expenses decreased by approximately 71.7% from approximately HK\$1.9 million for the year ended 31 March 2017 to approximately HK\$0.5 million for the year ended 31 March 2018. Such decrease was driven by the increase in expenditure during the year ended 31 March 2018.

### PROFIT FOR THE YEAR

Net profit for the Group decreased from approximately HK\$3.5 million for the year ended 31 March 2017 to approximately HK\$1.2 million for the year ended 31 March 2018. The decline was mainly contributed by the drop in revenue as a result from the decline in placements of students in the higher education sector in Australia, the significant increase in marketing cost resulted from the extensive marketing activities and the increase in staff costs during the year ended 31 March 2018.

### LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has funded the liquidity for the year ended 31 March 2018 and capital requirements primarily through capital contributions from shareholders and cash inflows from operating activities.

As at 31 March 2018, the Group has total cash and bank balances of approximately HK\$71.4 million (2017: approximately HK\$68.0 million). The increase was mainly due to the cash inflows from operating activities. The borrowings of the Group as at 31 March 2018 was nil (2017: approximately HK\$1.3 million).

As at 31 March 2018, the share capital and total equity attributable to equity holders of the Company amounted to approximately HK\$17.5 million and approximately HK\$76.5 million, respectively (2017: approximately HK\$17.5 million and approximately HK\$76.1 million, respectively).

Gearing ratio is calculated based on the total loans and borrowings divided by total equity as at the period-end date and expressed as a percentage. The gearing ratio of the Group as at 31 March 2018 was nil (2017: approximately 1.7%). As a result of the full repayment of bank borrowing during the year ended 31 March 2018, the Group's gearing ratio deceased. During the year ended 31 March 2018, the Group did not employ any financial instrument for hedging purpose.



## MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

### CHARGES ON THE GROUP'S ASSETS

The Group did not have any charges of assets as at 31 March 2018 (2017: Nil).

### CAPITAL COMMITMENT

The Group had no material capital commitments as at 31 March 2018 and 2017.

### CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 March 2018 (2017: Nil). The Group is currently not involved in any material legal proceedings, nor is the Group aware of any pending or potential material legal proceedings.

### FOREIGN EXCHANGE RISK

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposures to currency risk arise from its business transactions which are primarily denominated in Australian dollars ("AUD"), Canadian dollars ("CAD"), Great British Pounds ("GBP") and the United States dollars ("US\$"). 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 Group however did not engage in any derivatives agreements and did not commit to any financial instrument to hedge its foreign exchange exposure during the year ended 31 March 2018.

### EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2018, the Group employed a total of 26 full-time employees in comparison to 24 full-time employees as at 31 March 2017. Total employee benefit expenses for the year ended 31 March 2018 and the year ended 31 March 2017 were approximately HK\$9.3 million and approximately HK\$7.9 million respectively. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to a basic salary, discretionary bonuses were offered to staff members based on the assessment of individual performance.

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

The Company has subscribed one ordinary share (being the entire issued share capital) of and in Grand Pick Limited (偉擇有限公司), a company incorporated in the British Virgin Islands on 19 April 2017, which in turn holds one ordinary share (being the entire issued share capital) of and in City Victory Investment Limited (港信投資有限公司), a company incorporated in Hong Kong on 10 March 2017. Mr. Chung Wang Lung ("Mr. Chung") is the sole director of Grand Pick Limited and City Victory Investment Limited.

On 12 October 2017, an indirect wholly foreign-owned enterprise, namely, Xinjiang Dadi Education Consultancy Limited\* (新疆大地教育諮詢有限公司) ("Xinjiang Dadi Education"), has been incorporated in Xinjiang Uyghur Autonomous Region ("Xinjiang"), the PRC, with a registered capital of RMB100,000 and City Victory Investment Limited is the sole shareholder. The business licence of Xinjiang Dadi Education has been issued by the Khorgos City Market Supervision Administration Bureau\* (霍爾果斯市市場監督管理局) of Xinjiang with an indefinite term of business from the date of incorporation of Xinjiang Dadi Education.

## MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

On 9 January 2018, Xinjiang Dadi Education entered into a sale and purchase agreement (the “**Sale and Purchase Agreement**”) with the vendors, namely, Zhang Fashu\* (張發樹), Zhang Pengfei\* (張鵬飛), Yang Zhibo\* (楊志波), Deng Changhua\* (鄧長華), Mao Shoupei\* (毛壽培), Cao Xiaojing\* (曹曉靜), Wei Bo\* (魏博) and Zhu Haitao\* (朱海濤) (collectively the “**Vendors**”), all being independent third parties of the Company, in relation to an acquisition of 51% equity interests of and in Khorgos Do-Mega Education Tech Co., Ltd\* (霍爾果斯達美嘉教育科技有限公司) (“**Khorgos Do-Mega**”) (the “**Acquisition**”), a company which principally engaged in information technology services, which would hold the entire equity interests of and in Beijing Do-Mega Education Tech Co., Ltd\* (北京達美嘉教育科技有限公司) (“**Beijing Do-Mega**”), a company established in the PRC with limited liability on 15 June 2012 and has been engaging in development of education information technology system software, selling and licensing of the system software and providing information technology services to primary and secondary schools in the PRC for teaching diagnosis and monitoring the quality of teaching and students. After the Vendors have fulfilled all the obligations for the completion (the “**Completion**”) and performed various post-Completion obligations (the “**Completion Obligations**”) as defined in the Sale and Purchase Agreement within ten business days upon Completion, Xinjiang Dadi Education agreed to pay a consideration in the sum of RMB800,000 to the Vendors for the 51% of equity interests in Khorgos Do-Mega. Upon the Acquisition, Xinjiang Dadi Education would own 51% equity interests in Khorgos Do-Mega which would own the entire equity interests in Beijing Do-Mega. Please refer to the Company’s announcements dated 22 November 2017 and 9 January 2018 for details of the Acquisition.

As one of the conditions precedents for the Completion, the entire equity interests of Beijing Do-Mega have been changed to Khorgos Do-Mega since 26 February 2018 after restructuring.

Save as disclosed above, there was no significant investment held, material acquisition or disposal of subsidiaries and affiliated companies during the year ended 31 March 2018, and there was no plan for material investment or capital assets as at the date of this report.

### EVENTS AFTER THE YEAR ENDED 31 MARCH 2018

Upon all the conditions precedents for the Completion as provided in the Sale and Purchase Agreement have been fulfilled, the Acquisition was completed on 10 April 2018, and the Vendors should need to perform the Completion Obligations under the Sale and Purchase Agreement, which include, among other obligations, transfer the 51% equity interests and the management rights of Khorgos Do-Mega to Xinjiang Dadi Education or its nominee(s), and the parties shall jointly attend the procedures for registration in the State Administration for Industry and Commerce of the PRC and/or the relevant authorities or institutions of the transfer of the 51% equity interests to Xinjiang Dadi Education and the appointment of the management personnel as designated by Xinjiang Dadi Education.

Applications for registration of the transfer of equity interests and the change of management rights of and Khorgos Do-Mega have been arranged for, but the applications cannot be processed within the ten business days as stated in the Sale and Purchase Agreement for performance of the Completion Obligations, due to a recent change in the requirement(s) for registration of Khorgos City Market Supervision Administration Bureau\* (霍爾果斯市市場監督管理局) of Xinjiang. In view of the change of requirement(s) for registration, the Vendors and Xinjiang Dadi Education have agreed to vary the terms of the Sale and Purchase Agreement by extending the date for the performance of the Completion Obligations to 180 business days upon Completion. Despite the change in the registration requirement(s), the management rights and financial documents and records of Khorgos Do-Mega have been transferred to Xinjiang Dadi Education and Xinjiang Dadi Education has control over these rights, documents and records as from 1 May 2018.

As a result of having the control over the management rights and financial documents and records of Khorgos Do-Mega, the Group is interested in 51% of the total equity interests in Khorgos Do-Mega, and the financial results of Khorgos Do-Mega as well as Beijing Do-Mega have been consolidated into the financial statements of the Group as from 1 May 2018.

Save as disclosed above, there is no important event affecting the Group which has occurred after the year ended 31 March 2018 and up to the date of this report.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### USE OF NET PROCEEDS FROM THE LISTING

The net proceeds from the Listing of the Company in February 2017 amounted to approximately HK\$55.1 million, after deducting the underwriting fees, the Stock Exchange trading fee, SFC transaction levy for the new shares of the Company (the “**Shares**”) and the Listing expense in connection with the Share Offer. During the year ended 31 March 2018, approximately HK\$11.3 million has been utilized. The Group will strive to achieve the milestone events as stated in the Prospectus and it provides an analysis comparing the business objectives set out in the prospectus of the Company dated on 26 January 2017 (the “**Prospectus**”) with the Group’s actual business progress from the Listing Date to the date of this annual report as set out below:

Use of net proceeds	Amount of net proceeds allocated upon listing HK\$'000	Amount of net proceeds utilised for the year ended 31 March 2018 HK\$'000	Balance as at 31 March 2018 HK\$'000	Actual business progress up to the date of this report
Expand and renovate existing branches	5,198	1,431	3,767	Renovation of Mongkok office has been completed in July 2017.
Employing additional counsellors and supporting staff	15,373	893	14,480	The Group hired five additional staffs as of date of this report.
Strengthening our brand awareness	25,505	7,341	18,164	As of the date of this report, the Group has engaged with a celebrity to act as the Group’s spokesperson and aired various advertisements in media.
Expanding our network of overseas education providers	700	21	679	The Group was still seeking potential partners as of the date of this report.
Enhancing our IT system	2,975	329	2,646	Staff record system, telephone system and conferencing system were upgraded during the year ended 31 March 2018
Hold large scale exhibitions	3,960	1,275	2,685	The Group held three major exhibitions in July 2017, October 2017 and March 2018, respectively.
General working capital	1,428	–	1,428	N/A
<b>Total</b>	<b>55,139</b>	<b>11,290</b>	<b>43,849</b>	

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

### DIVIDENDS

The Directors do not recommend the payment of any final dividend for the year ended 31 March 2018 (2017: Nil).

# PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

## EXECUTIVE DIRECTORS

**CHUNG Wang Lung (鍾宏龍)**, aged 59, is the founder of the Group, the chairman of the Board, an executive Director, and a controlling shareholder of our Company (the “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 the 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 Group Limited, Golden Crown Overseas Limited, Time Pace Development Limited, DIY110 Limited, Red City Holdings Limited, Quest Point International Limited and Legend Focus Investments Limited, Grand Pick Limited and City Victory Investment Limited.

Mr. Chung is the founder of the Group. Based on when he first founded the Group, he has over 25 years of experience in overseas studies consultancy industry and has been the key driver of the Group’s business strategies and achievements to date and will continue to oversee the management of the business operations of the Group.

Mr. Chung is currently a director and the sole shareholder of Chung’s Capital Resources Limited, Allon Global Limited and Grand Courage Investments Limited (“Grand Courage”). Grand Courage is one of our Controlling Shareholders.

Mr. Chung is the uncle of Ms. So Pik Sau, an executive Director, and the uncle of Ms. Chung Ka Ming, a member of our senior management.

Save as disclosed above, 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 of our Company (the “Substantial Shareholder”) 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.

**MOK Patrick (莫柏祺)**, aged 43, is the chief executive officer, an executive Director and compliance officer of the Group. Mr. Mok joined the Group in April 2010 as a management trainee and served consecutively as senior manager, deputy general manager and currently general manager. He was appointed as the chief executive officer of the Group and an executive Director on 11 January 2016. Mr. Mok is primarily responsible for execution of daily management and administration of business operations, overseeing the 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 the 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).

Save as disclosed above, 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.

## PROFILE OF DIRECTORS AND SENIOR MANAGEMENT *(continued)*

**SO Pik Sau (蘇碧秀)**, aged 33, is an executive Director. Ms. So joined the Group in March 2011 and was appointed as an executive Director on 11 January 2016. Ms. So is primarily responsible for general and daily management of the Group. Ms. So is a director of Dadi Education Group Limited.

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 the Group in March 2011 and serves as an education counsellor of the 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 of the Group.

Save as disclosed above, 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.

**Liu Chenyu (劉辰雨)**, aged 30, was appointed as a non-executive Director on 26 March 2018. Mr. Liu was graduated from Shanghai University of International Business and Economics with a bachelor degree in finance in 2011 and he also obtained a Master Degree from Stevens Institute of Technology in finance in 2015.

For the period of 2010 to 2013 and 2015 to 2017, Mr. Liu has occupied various senior management offices, including senior investment managers, director of risk control departments, and investment director positions, of investment and technology enterprises and conglomerates, including Shanghai Yijin Investment Management Co., Ltd., Rang Technologies Co., Ltd, and Century Investment Holding Group (Shenzhen). Throughout the 6 years, Mr. Liu participated actively in the business operations of those companies and has acquired extensive experience in corporate operations, investment and risk control.

He is the supervisor of Xinjiang Dadi Education Consultancy Limited, an indirect whollyowned subsidiary of the Company, which was established on 12 October 2017 in The PRC.

Save as disclosed above, Mr. Liu (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.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**WONG Tak Chun (黃德俊)**, aged 37, was appointed as an independent non-executive Director on 17 January 2017. He is the chairman of the audit committee and a member of the remuneration committee of the Company. 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 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.

## PROFILE OF DIRECTORS AND SENIOR MANAGEMENT *(continued)*

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. He served as the company secretary and the chief financial officer of Helidongsheng International Logistic Company Limited in Hunan, the PRC, from March 2016 to February 2017. From February 2017, Mr. Wong joined Top Spring International Holdings Limited (Stock Code: 3688) and currently serves as its company secretary and chief financial officer.

Save as disclosed above, 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 49, was appointed as an independent non-executive Director on 17 January 2017. She is the chairman of the remuneration committee, a member of audit committee and nomination committee. 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 (as 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, Ms. Chung has been serving as an accountant in Master Communications Limited.

Save as disclosed above, 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.

## PROFILE OF DIRECTORS AND SENIOR MANAGEMENT *(continued)*

**TSANG Chi Fung (曾志豐)**, aged 46, was appointed as an independent non-executive Director on 17 January 2017. He is a member of the audit committee, the remuneration committee and the nomination committee of the Company. 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. 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.

Save as disclosed above, 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.

### SENIOR MANAGEMENT

**TAM Hei Lap, Hedley (譚希立)**, aged 31, joined the Group on 6 October 2015. He serves as the financial controller and company secretary of the Group. Mr. Tam is primarily responsible for financial planning, financial risks management, financial reporting, treasury and company secretarial work of the 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 the Group, Mr. Tam served consecutively as accountant and assistant 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 (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 29, joined the Group on 1 June 2011. Ms. Chung serves as a chief sales manager and education counsellor of the Group. She is primarily responsible for negotiating terms of contracts with overseas education providers. Ms. Chung is a director of Dadi Education Group Limited. Ms. Chung graduated with a bachelor's degree of commerce in accounting from Griffith University in Queensland, Australia in July 2009. 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, 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.

# CORPORATE GOVERNANCE REPORT

Pursuant to Rule 18.44(2) of the GEM Listing Rule, the Board is pleased to present the corporate governance report of the Company for the year ended 31 March 2018.

The Directors and the management of the Group recognize the significance of sound corporate governance to the long-term and continuing development of the Group. Therefore, the Board is committed to upholding good corporate standards and procedures for the best interest of the shareholders of the Company (the "Shareholders").

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group's corporate governance practices are based on the principles and the code provisions in the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules.

During the year ended 31 March 2018, the Company has complied with all the applicable code provisions of the CG Code contained in Appendix 15 to the GEM Listing Rules.

## BOARD OF DIRECTORS

### Responsibilities of the Board

The key responsibilities of the Board include formulation of the Group's overall strategies, the setting of management targets and supervision of management performance. The management is delegated with the authority and responsibility by the Board for the management and administration of the Group. In addition, the Board has also delegated various responsibilities to the board committees of the Company. Further details of the board committees of the Company are set out below in this report.

The Company has arranged appropriate insurance coverage on the liabilities of the Directors in respect of any legal actions taken against the Directors arising out of corporate activities. The insurance coverage is reviewed on annual basis.

### Corporate Governance Functions

The Board is responsible for, among others, performing the corporate governance duties as set out in paragraph D.3.1 of the CG Code, which includes:

- (a) to develop and review the Group's policies and practices on corporate governance and make recommendations;
- (b) to review and monitor the training and continuous professional development of the Directors and senior management;
- (c) to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to the Directors and employees; and
- (e) to review the Group's compliance with the CG Code and disclosure in the corporate governance report.

The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.



## CORPORATE GOVERNANCE REPORT *(continued)*

### COMPOSITION OF THE BOARD

As at the date of this annual report, our Board currently consists of seven Directors, comprising three executive Directors, one non-executive Director and three independent non-executive Directors, details of which are set out below:

#### **Executive Directors:**

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

#### **Non-executive Directors:**

Ms. Feng Wanning (appointed on 22 November 2017, resigned on 15 March 2018)  
Mr. Liu Chenyu (appointed on 26 March 2018)

#### **Independent non-executive Directors:**

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

There is a balance of skills and experience for the Board, which is appropriate for the requirements of the business of the Company. The Directors' biographical information is set out in the section headed "Biographical Details of Directors and Senior Management" of this report.

Pursuant to the code provision A.5.6 of the CG Code, listed issuers are required to adopt a board diversity policy. The Board has adopted the board diversity policy with a view to achieve a sustainable and balanced development of the Group. In designing the Board's composition, board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. This diversity policy is reviewed annually by the nomination committee of the Company, and where appropriate, revisions will be made with the approval from the Board.

#### **Relationships between members of the Board**

Mr. Chung Wang Lung is the uncle of Ms. So Pik Sau. They are executive directors with the meaning ascribed thereto under the GEM Listing Rules. The biographical details of each of the Directors are set out in the section headed "Profile of Directors and Senior Management" of this annual report.

Save as disclosed above, the Directors have no financial, business, family or other material or relevant relationship with each other.

### BOARD MEETINGS

Pursuant to Code Provision A.1.1 of the Code, the Board should meet regularly and Board meetings should be held at least four times a year. Additional meetings would be arranged if and when required. Directors may participate either in person or through electronic means of communications. Directors are free to contribute and share their views at meetings and major decisions will only be taken after deliberation at Board meetings. Directors who are considered to have conflict of interests or material interests in the proposed transactions or issues to be discussed will not be counted in the quorum of meeting and will abstain from voting on the relevant resolutions. Full minutes are prepared after the meetings and the draft minutes are sent to all Directors for their comments on the final version of which are endorsed in the subsequent Board meeting.

During the year ended 31 March 2018, thirteen board meetings were held and the attendance records are as follows:

Name of Director	Meetings attended/ Eligible to attend
<b>Executive Directors</b>	
Mr. Chung Wang Lung	13/13
Mr. Patrick Mok	13/13
Ms. So Pik Sau	13/13
<b>Non-executive Directors</b>	
Ms. Feng Wanning (appointed on 22 November 2017, resigned on 15 March 2018)	1/1
Mr. Liu Chenyu (appointed on 26 March 2018)	–/–
<b>Independent Non-executive Directors</b>	
Ms. Chung Wai Nar	10/13
Mr. Tsang Chi Fung	5/13
Mr. Wong Tak Chun	10/13

### 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 (the "Code of Conduct"). The Company has made specific enquiry to all Directors, and all Directors have confirmed that they have fully complied with the required standard of dealings set out in the Code of Conduct from the Listing Date to up to the date of this annual report.

### APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

The Company established its nomination committee on 17 January 2017. The nomination committee has from time to time identified individuals suitably qualified to become Board members and make recommendations to the Board. The main consideration in selecting candidates for directorships is whether their characters, qualifications and experiences are appropriate for the business of the Group. Each of the executive Directors has entered into a service agreement with the Company for an initial term commencing from the Listing Date to up to the annual general meeting of the Company to be held in 2018, which may be terminated by either the Company or the Director giving to the other not less than one month's notice in writing in accordance with the terms of the agreement. Each independent non-executive Directors was appointed under a letter of appointment for term initially commencing from the Listing Date to up to the annual general meeting of the Company to be held in 2018 which may be terminated on whenever is the earlier of (i) the date of expiry of the period; (ii) ceasing to be a director for any reason pursuant to the articles of association of the Company (the "Articles of Association") or any other applicable law; or (iii) either party giving at least one month's notice in writing.

In accordance with Article 108(a) of the Articles of Association at each annual general meeting, at least one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

## CORPORATE GOVERNANCE REPORT *(continued)*

### CONTINUOUS PROFESSIONAL DEVELOPMENT

The Group acknowledges the importance of continuing professional development for the Directors for better corporate governance and internal control system. In this regard and in compliance with code provision A.6.5 of the CG Code, the Group has provided funding to all Directors to participate in continuous professional development organised in the form of in-house training and seminars to keep them refreshed of their knowledge and skills and understanding of the Group and its business to update their skills and knowledge on the latest development or changes in the relevant statutes, the GEM Listing Rules and corporate governance practices.

During the year ended 31 March 2018, all Directors have participated in continuing professional development by attending training course organised by the Company and reading relevant materials on topics related to corporate governance and regulatory matters.

### BOARD COMMITTEES

The Group has established three committees, namely audit committee, remuneration committee and nomination committee on 17 January 2017 in compliance with the GEM Listing Rules and to assist the Board to discharge its duties. The relevant terms of reference of each of the three committees can be found on the Group's website ([www.dadi.com.hk](http://www.dadi.com.hk)) and the website of the Stock Exchange.

### AUDIT COMMITTEE

An audit committee was established on 17 January 2017 with this 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, Mr. Tsang Chi Fung and Ms. Chung Wai Nar, 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.

With reference to the terms of reference, the primary responsibilities of the audit committee, among others, are as follow:

- (a) to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve and review the remuneration and terms of engagement of the external auditor;
- (b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- (c) to develop and implement policy on engaging an external auditor to supply non-audit services;
- (d) to monitor the integrity of financial statements and the annual report and accounts, half-year report and quarterly reports, and to review significant financial reporting judgments contained in them;
- (e) to discuss the internal control system with management of the Group to ensure that the management of the Group has performed its duty to have an effective internal control system; and
- (f) to develop and review the Group's policies and practices on corporate governance and make recommendations to the Board and monitor the Group's policies and practices on compliance with legal and regulatory requirements.

## CORPORATE GOVERNANCE REPORT *(continued)*

Five Audit Committee meetings were held during the year ended 31 March 2018. Members of Audit Committee and attendance record of each member are set out below:

Name of Director	Meetings attended/ Eligible to attend
<b>Independent non-executive Directors:</b>	
Mr. Wong Tak Chun ( <i>Chairman</i> )	5/5
Mr. Tsang Chi Fung	5/5
Ms. Chung Wai Nar	5/5

The Group's audited annual results in respect of the year ended 31 March 2018 have been reviewed by the audit committee. There was no disagreement between the Board and the audit committee regarding selection and appointment of the external auditor during the year ended 31 March 2018.

### REMUNERATION COMMITTEE

A remuneration committee has been established with its terms of reference in compliance with paragraph B.1.2 of the CG Code. The remuneration committee consists of three members, namely Ms. Chung Wai Nar, Mr. Wong Tak Chun and Mr. Tsang Chi Fung, all being independent non-executive Directors. Ms. Chung Wai Nar currently serves as the chairman of the remuneration committee.

The remuneration committee is obliged to report to the Board on its decisions or recommendations. With reference to the terms of reference of remuneration committee, the primary duties, among others, are as follow:

- (a) to formulate remuneration policy for the approval of the Board;
- (b) to make recommendations to the Board on the Group's policy and structure for all Directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (c) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (d) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management of the Group;
- (e) to make recommendations to the Board on the remuneration of non-executive Directors;
- (f) to review and approve compensation payable to executive Directors and senior management of the Group for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- (g) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and
- (h) to consider the performance bonus for executive Directors, senior management and general staff, having regard to their achievements against the performance criteria and by reference to market norms, and make recommendations to the Board.

## CORPORATE GOVERNANCE REPORT *(continued)*

Three Remuneration Committee meetings were held during the year ended 31 March 2018. Members of Remuneration Committee and attendance record of each member are set out below:

Name of Director	Meetings attended/ Eligible to attend
Ms. Chung Wai Nar ( <i>Chairman</i> )	3/3
Mr. Wong Tak Chun	3/3
Mr. Tsang Chi Fung	1/3

### NOMINATION COMMITTEE

A nomination committee has been established on 17 January 2017 with its terms of reference in compliance with paragraph A.5.2 of the CG Code. The nomination committee of the Group comprises Mr. Chung, the executive Director and Chairman, Mr. Tsang Chi Fung and Ms. Chung Wai Nar, the independent non-executive Directors. Mr. Chung currently serves as the chairman of the nomination committee.

The nomination committee is obliged to report to the Board on its decisions or recommendations. With reference to the terms of reference of nomination committee, the primary duties, among others, are as follow:

- (a) to formulate nomination policy for the Board's consideration and implement the Board's approved nomination policy;
- (b) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Group's corporate strategy;
- (c) to identify individuals suitably qualified to become members of the Board and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- (d) to receive nominations from Shareholders or Directors when such are tendered and to make recommendations to the Board on the candidacy of the nominees, having regard to the Board's compositional requirements and suitability of the nominees;
- (e) to assess the independence of independent non-executive Directors and review the independent non-executive Directors' confirmations on their independence; and make disclosure of its review results in the corporate governance report;
- (f) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman of the Board and the chief executive of the Group; and
- (g) to review our Company's board diversity policy and the progress on achieving the objectives set for implementing the said policy.

## CORPORATE GOVERNANCE REPORT *(continued)*

Three Nomination Committee meetings were held during the year ended 31 March 2018. Members of Nomination Committee and attendance record of each member are set out below:

Name of Director	Meetings attended/ Eligible to attend
Mr. Chung Wang Lung ( <i>Chairman</i> )	3/3
Ms. Chung Wai Nar	3/3
Mr. Tsang Chi Fung	1/3

### AUDITOR'S REMUNERATION

The amount of fees charged by the Company's external auditor, Grant Thornton Hong Kong Limited ("GT") generally depends on the scope and volume of the external auditors' work performed.

For the year ended 31 March 2018, the remuneration paid or payable to GT in respect of the statutory audit services and non-audit services for the Group are as follows:

Services rendered	Fees paid/payable (HK\$'000)
Statutory audit services	540

### COMPANY SECRETARY

Mr. Tam Hei Lap, Hedley, was appointed as the company secretary of the Company on 17 January 2017. Please refer to the section "Profile of Directors and Senior Management" for his biographical information. During the year ended 31 March 2018, Mr. Tam has undertaken no less than 15 hours of relevant professional training in accordance with Rule 5.15 of the GEM Listing Rules.

### RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the effectiveness of the Group's internal control and risk management system, which is designed to provide reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

Given the relatively simple corporate and operation structure, the Group currently does not have an internal audit function.

The Group has in place an effective internal control system which encompasses sound control environment, appropriate segregation of duties, well defined policies and procedures, close monitoring and is reviewed and enhanced by the management at regular intervals.

The Group is committed to maintaining and upholding good corporate governance practice and internal control system. The Group has engaged, CT Partners Consultants Limited to review the effectiveness of the Group's internal control system and the results were summarised and reported to the audit committee and the Board. In respect of the year ended 31 March 2018, the Board considered the internal control system effective and adequate. No significant areas of concern which might affect Shareholders were identified.

## CORPORATE GOVERNANCE REPORT *(continued)*

### DIRECTORS' AND AUDITOR'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group that give a true and fair view of the state of affairs, results and cash flows of the Group and are in compliance with the relevant accounting standards and principles, applicable laws and disclosure provisions required of the GEM Listing Rules. As at 31 March 2018, the Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern, therefore the Directors continue to adopt the going concern approach in preparing the consolidated financial statements.

The responsibility of the external auditor is to form an independent opinion, based their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the Shareholders. The independent auditor's report by external auditor, GT, about their reporting responsibility on the consolidated financial statements of the Group is set out in the independent auditor's report on pages 40 to 43 of this report.

### SHAREHOLDERS' RIGHTS

The annual general meeting (the "AGM") is an opportunity for the Board and the Shareholders to communicate directly and exchange views concerning the affairs and overall performance of the Group, and its future developments.

At the AGM, the Directors (including the independent non-executive Directors) are available to attend to questions raised by the Shareholders. The external auditor of the Company are also invited to be present at the AGM to address the queries of the Shareholders concerning the audit procedures and the auditor's report.

The AGM of the Company is being scheduled on Friday, 10 August 2018, the notice of which shall be sent to the Shareholders in accordance with the Articles of Association of the Company, the GEM Listing Rules and other applicable laws and regulations.

### PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING AND PROCEDURES FOR SHAREHOLDERS TO PUT FORWARD PROPOSALS AT SHAREHOLDERS' MEETINGS

The following procedures for the Shareholders to convene an extraordinary general meeting are subject to the Article 64 of the Articles of Association, and the applicable legislation and regulation, in particular the GEM Listing Rules:

The Board may, whenever it thinks fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Shareholders may also use this same method to put forward proposals for the general meeting.

### PROCEDURES FOR RAISING ENQUIRIES

Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividend to the Company's Hong Kong share registrar (details of which are set out in the section headed "Corporate Information" of this report).

Should there be any enquiries and concerns from Shareholders, they may send in written enquiries addressed to the head office and principal place of the business of the Company in Hong Kong at Room 1911, 19/F, Office Tower One, Grand Plaza, 639 Nathan Road, Mongkok, Kowloon, Hong Kong, by post for the attention of the Board and/or the company secretary of the Company. Shareholders are reminded to lodge their questions together with their detailed contact information for the prompt response from the Company if it deems appropriate.

### INVESTOR RELATIONS

The Company has established a range of communication channels between itself and its Shareholders, and investors. These include answering questions through the annual general meeting, the publication of annual, interim and quarterly reports, notices, announcements and circulars, the Company's website at [www.dadi.com.hk](http://www.dadi.com.hk) and meetings with investors and Shareholders. News update of the Group's business development and operation are also available on the Company's website.

### SIGNIFICANT CHANGES IN CONSTITUTIONAL DOCUMENTS

Save for the adoption of the amended and restated Memorandum and Articles of Association for the purpose of the listing of the Shares on the GEM of the Stock Exchange, during the year ended 31 March 2018, there had been no significant changes in the constitutional documents of the Company.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To comply with the requirements set forth in Appendix 20 Environmental, Social and Governance (“ESG”) Reporting Guide of the GEM Listing Rules (the “ESG Guide”), the Group hereby presents this Environmental, Social and Governance report (“ESG Report”) for the year ended 31 March 2018.

The Board is responsible for the Group’s ESG strategy and reporting including evaluating and determining our ESG-related risk and ensuring that appropriate and effective ESG risk management and internal control systems are in place. We have engaged our business functions to identify relevant ESG issues and to assess their materiality to our business as well as our stakeholders and customers, through reviewing the Group’s operations and holdings internal discussions. Our management has provided a confirmation to the Board on the effectiveness of our ESG risk management and internal control systems. Pursuant to the general disclosure requirements of the ESG Guide, disclosures relating to the material ESG issues identified have been included in this ESG Report which aims to provide a balanced representation of the Group’s ESG performance in the environmental and social areas, and covers the Group’s operations.

The Group principally engages in the provision of overseas consultancy services in Hong Kong.

The Group strives to create positive value not only to shareholders but also to stakeholders and customers, the Group believes being socially responsible and achieving a high quality corporate citizenship would be mutually beneficial to the Group as well as the society the Group operating in.

The following sections provide information about the Group practices across environment aspect, operations and employment aspect and our contribution to the community in promoting a good corporate citizenship of the Group.

## ENVIRONMENT

### Emission and Use of Resources

Given business nature of the Group is services-oriented with minimal involvement of heavy machinery and industrial process, thus, greenhouse gases, hazardous and toxic waste will not be generated in the Group’s ordinary course of business. The direct impact by means of emissions to the environment is immaterial.

The Group does not have significant air emission and discharges into water except the non-hazardous solid wastes generated in offices during daily operations. The electricity consumption and the usage of papers represented most of the Group’s carbon footprint, which is mainly attributed to the lighting and air conditioning of the Group’s office premises and the utilisation of office equipment. The water consumption is immaterial as the Group’s business model does not rely heavily on water usage.

The Group considers the indirect emission of carbon dioxide through the consumption of electricity was the majority of indirect emission of greenhouse gases. The following table summarize the Group’s greenhouse gas emissions and intensity for the year ended 31 March 2018.

Office	Power Consumption (KWh)	CO <sub>2</sub> Emission (Kg)	Floor Area (sq.ft.)	Intensity (Kg/sq.ft)
Mongkok Office	19,433	9,720	4,053	2.40
Wan Chai Office	6,861	3,430	848	4.04
Tsuen Wan Office	7,129	3,570	670	5.33
TOTAL	33,423	16,720	5,571	3.00

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(continued)*

The Group considers paper consumption is the major form of the use of resources. The following table summarize the Group's use of resources and intensity for the year ended 31 March 2018.

Office	Paper Usage (sheets)	Number of Staffs	Intensity (sheets/staff)
Mongkok Office	47,500	16	2,969
Wan Chai Office	12,500	5	2,500
Tsuen Wan Office	10,000	5	2,000
TOTAL	70,000	26	2,692

The Group implemented numerous energy saving measures and environment friendly initiatives in workplaces including the following:

- maintaining optimal room temperature on the air-conditioning at 26 degrees Celsius in the office premises
- installation of energy-saving lighting system
- encourage complete power-off for computer equipment and other office equipment when not utilised
- double-sided printing is defaulted for printers
- envelope, parcel bag recycling

The Group upholds the principles of waste management and is committed to the proper handling and disposal of all wastes from our business activities. The Group encourages employees to reduce the use of papers by assessing the necessity of printing and where appropriate to use duplex printing and reuse any single-side printed papers. The Group is committed to continue to reduce our paper consumption and reduction of waste. Besides, the Group also procures energy-efficient devices which carry Energy Label issued by the Electrical and Mechanical Services Department and minimize the number of travels by our management and employees. Through actively monitoring and managing the use of resources, the Group aims to reduce operating costs as well as our carbon footprints.

There was no non-compliance case noted in relation to environmental laws and regulations for the year ended 31 March 2018.

The Group regularly assesses the environmental risks of the business and adopt preventive measures as necessary to reduce the risks and ensure compliance of the relevant laws and regulations.

## SOCIAL

### Employment and Labour Practices

The Group acknowledges and highly regards employees are the most valuable assets and it has been the core for the Group's continual success. The Group strives to cultivate the best talent in the labor market and achieves a vanguard position within the industry. We reconcile economical imperatives with well-beings, aiming at reinforcing satisfaction, loyalty and commitment of human capital. The Group provides good working environment including a workplace free from discrimination and harassments; and provide equal opportunities for all employees along with competitive remuneration.

Several initiatives were introduced to promote good working environment, creating fair opportunities for career development and to remunerate all employees equally according to skills, experience and performance. The Group has developed a written human resources policy and staff manual to govern the recruitment, promotion, discipline, working hours, leaves and other benefits of our employees, in accordance with the relevant laws and regulations. The Group also advocates work-life balance.

The Group sets up a sound appraisal policy to appropriately remunerate and recognize the efforts devoted by performing staffs. The management of the Group conducts annual appraisal with employees individually with reciprocal discussion on expectation and results about performance and concludes an agreed appraisal rating scaled from one to ten across certain criterion. The remuneration increment reflects each employee appraisal result respectively with reference to the market standard. A wide range of benefits including retirement schemes is provided to employees. The performances of senior management are appraised and reviewed by the Board of Directors of the Group and the remuneration package is discussed and approved by the remuneration committee of the Board.

The Group respects cultural and individual diversity. The Group believes that no one should be treated less favourably on his/her personal characteristics, such as, gender, pregnancy, marital status, disability, family status, race. Opportunities for employment, training and career development are equally opened to all qualified employees.

The following table summarize the information of our workforce by gender age group.

Age Group	Male	Female
Below 20	–	–
21–30	2	5
31–40	3	7
41–50	2	3
Over 50	2	2
<b>TOTAL</b>	<b>9</b>	<b>17</b>

During the year ended 31 March 2018, the staff turnover rate of the Group was approximately 18.2%. All staffs of the Group were located in Hong Kong during the year ended 31 March 2018.

There was no non-compliance case noted in relation to employment laws and regulations for the year ended 31 March 2018.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(continued)*

### Health and Occupational Safety

The Group acknowledges the creation and maintenance of a safe, healthy and hygiene working environment would be mutually beneficial for the employees as well as the Group. We are committed to providing and maintaining such a working environment to all other persons likely to be affected by our operations and activities.

Health and safety standards are given prime consideration in our operations and regulatory compliance is strongly upheld. The management had compiled and implemented workplace health and safety guidelines and recommended practices including but not limited to recommended sitting position, keeping obstacle-free office and regular training on occupation health and safety awareness to maintain hazard at minimal level. Employees at every level are committed to, and accountable for, the delivery of the safety initiatives contained in the staff manual of our Company, with a view of maintaining an injury-free culture.

There was no non-compliance case noted in relation to health and safety laws and regulations during the year ended 31 March 2018.

### Development and Training

The Group acknowledges the importance of training for the development of our employees as well as the Group. The Group encourages and support employees in personal and professional training. The Group provides regular training and workshops for further enhancing the skills set and assisting career development of the employees. We will reimburse for external training courses for employees to enhance their competence in performing their jobs effectively and efficiently. In addition, a barrier-free communication platform between the management and staffs is established to promote innovation and high transparency culture of the Group.

An intensive training will be provided to new recruitments by senior officers to get familiar with the business environment of the Group and illustrate the duties expected from the management of the Group.

All staffs have received no less than 12 hours of work-related training during the year ended 31 March 2018.

Furthermore, the management and the Board of the Group are encouraged to attend professional trainings to maintain their competencies to perform their statutory duties.

### Labour Standards

The Group has no overseas employments and all employments are regulated under Hong Kong Employment Ordinance. The Group strictly adheres to all relevant regulations in relation to the Group's employment affairs. The Group prohibits any child and forced labour in any of our operations and services. Labour who is forced to work by means of physical punishment, abuse, involuntary servitude, peonage or trafficking is strictly prohibited. Child who is below the age as set by the local Labour Law should not be employed. The Group also avoid engaging suppliers and contractors that are known to employ child or forced labour in their operations.

There was no non-compliance case noted in relation to labour standard and Employment Ordinance during the year ended 31 March 2018.

### SUPPLY CHAIN MANAGEMENT

Due to the nature of our business activities, the Group had no major supplier and did not maintain any inventories during the year ended 31 March 2018. In the event the Group will have to select supplier for providing products or services for us, the Group will adopt a prudent approach in selecting suppliers, including meeting with potential suppliers to understand their products or services and business operations. We would conduct background checks before appointing a supplier and ensure the supplier is duly registered and has obtained relevant licence and permit with the relevant authorities in accordance with the applicable laws and regulations.

### PRODUCT RESPONSIBILITY

The Group is principally engaged in the overseas studies consultancy business which involves the consultancy of local students and their placement with study programs provided by overseas education providers. The Group strives to expand our network of overseas education providers and the study programs offered and maintain the relationship with the existing customers from time to time in order to allow the Group to provide the best recommendation of overseas studies to the students the Group assist given their different needs, preferences and academic background. To improve quality, the Group have experienced counsellors and will provide basic training and on-the-job training to all our counsellors. The Group has set up a complaint handling policy for handling customers and student feedback and complaints. The Group will review complaints on a regular basis and strive to improve our service to avoid similar incidents in the future. Understanding customers' need is the key to provide the best possible customer experience. We appreciate customer comments and suggestions and have various communication channels in place such as visits, telephone and emails.

### PROTECTION OF PERSONAL INFORMATION

The Group emphasis the importance of protecting personal data. The Group straightly adhere to the provisions of the Personal Data (Privacy) Ordinance, Cap. 486. Policy. The Group highly respect personal data privacy and are firmly committed to preserving the data protection principles. Procedures were established regulating the collection, processing and using any stakeholder's, students and parents' personal data, including:

- The Group only collects personal data that believed to be relevant and required to conduct our business;
- The Group will use personal data only for the purpose for which data is collected or for a directly related purpose unless consent with a new purpose is obtained;
- The Group will not transfer or disclose personal data to any entity unless with the consent or unless it is previously notified or unless it is required by the law; and
- The Group maintains appropriate security systems and measures designed to prevent unauthorised access to personal data, such as, limited access has been set in our computer systems for the proprietary information and personal information of our students.

There was no non-compliance case noted in relation to our data privacy during the year ended 31 March 2018.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(continued)*

### ANTI-CORRUPTION

The Group aims to maintain the highest standards of openness, uprightness and accountability and all staffs are expected to observe the highest standards of ethical, personal and professional conduct. The Group has zero-tolerance in any behaviors that may cause impairment to integrity or ethicality. The Group does not tolerate corruption, bribery, extortion, money laundering and other fraudulent activities in connection with any of the business operations. Gift-acceptance policy has been implemented to frontline employees to safeguard the services provided is unbiased.

In addition, a whistleblowing policy is also enacted allowing employees directly report to the management regarding to any suspicious or inappropriate incidents that may cast ethical concerns. Ongoing review of the effectiveness of the internal control systems is conducted on a regular basis in preventing the occurrence of corruption activities.

There was no non-compliance case noted in relation to corruption related laws and regulations during the year ended 31 March 2018.

### SERVICES

The Group is committed to provide the best experience to service target, the Group has established a complaint handling policy which follows a progression from senior officers, chief sales manager and ultimately the executive directors of the Group depending on the complexity of the subject matter.

### COMMUNITY INVESTMENT

As a corporate citizen, the Group promotes social contributions throughout members of the Group to the local communities in which the Group operates. The Group places great emphasis on cultivating social responsibility awareness among our staff and encourages them to better serve our community at work and during their personal time. We will try to maximize our social investments as possible in order to create a more favorable environment for our community and our business.

# DIRECTORS' REPORT

The Directors have pleasure in presenting their report and the audited consolidated financial statements of the Group for the year ended 31 March 2018.

## DIRECTORS

The Directors during the year and up to the date of this annual report were as follows:

### Executive Directors

Mr. Chung Wang Lung (*Chairman*)

Mr. Mok Patrick (*Chief Executive Officer*)

Ms. So Pik Sau

### Non-executive Directors

Ms. Feng Wanning (appointed on 22 November 2017, resigned on 15 March 2018)

Mr. Liu Chenyu (appointed on 26 March 2018)

### Independent non-executive Directors

Mr. Wong Tak Chun

Ms. Chung Wai Nar

Mr. Tsang Chi Fung

## BIOGRAPHIES OF DIRECTORS

The biographical details of the Directors are disclosed in the section headed "Profile of Directors and Senior Management" on pages 11 to 14 of this annual report.

## DIRECTORS' SERVICE CONTRACTS

Each of executive Directors has entered into a service agreement with the Company for an initial term commencing from the Listing Date up to the annual general meeting of 2018 and continues thereafter until terminated in accordance with the terms of the agreement.

Mr. Liu Chenyu, being a non-executive Director has entered into a letter of appointment with the Company for a term from 26 March 2018 up to two years and will continue thereafter unless terminated in accordance with the terms of the agreement.

Mr. Wong Tak Chun, being an independent non-executive Director has entered into a letter of appointment with the Company for a term from 17 January 2017 up to the annual general meeting of 2018 and will continue thereafter unless terminated by either party giving at least one month's notice in writing.

Ms. Chung Wai Nar, being an independent non-executive Director has entered into a letter of appointment with the Company for a term from 17 January 2017 up to the annual general meeting of 2018 and continues thereafter unless terminated by either party giving at least one month's notice in writing.

Mr. Tsang Chi Fung, being an independent non-executive Director has entered into a letter of appointment with the Company for a term from 17 January 2017 up to the annual general meeting of 2018 and will continue thereafter unless terminated by either party giving at least one month's notice in writing.

Other than as disclosed above, no Director proposed for re-election at the forthcoming AGM has a service contract with the Company, which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

## **DIRECTORS' REPORT** *(continued)*

### **CONFIRMATION OF INDEPENDENCE**

The Company has received from the independent non-executive Directors an annual confirmation pursuant to Rule 5.09 of the GEM Listing Rules and considers that all the independent non-executive Directors are independent to the Company.

### **DIRECTORS' INTERESTS IN CONTRACTS**

Apart from the contracts relating to the reorganisation of the Group in relation to the Listing and save as disclosed in this report, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which the Director or an entity connected the Director had a material interest, whether directly or indirectly, subsisted at any time during the year ended 31 March 2018.

### **CONTROLLING SHAREHOLDERS' INTEREST**

Apart from the contracts relating to the reorganisation of the Group in relation to the Listing and save as disclosed in this report, no contracts of significance were entered into between the Company or any of its subsidiaries and any Controlling Shareholders or any of its subsidiaries or any contracts of significance for the provision of services to the Company or any of its subsidiaries by any Controlling Shareholders or any of its subsidiaries.

### **EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS**

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in note 12 to the consolidated financial statements in this report.

### **EMOLUMENT POLICY**

The remuneration committee will review and determine the remuneration and compensation packages of the Directors regarding their responsibilities, workload, time devoted to the Group and the performance of the Group. The Directors may also receive options to be granted under the Share Option Scheme.

### **COMPETING INTERESTS**

The Directors confirm that none of the Controlling Shareholders or the Directors and their respective close associates (as defined in the GEM Listing Rules) is interested in any business apart from the business operated by the Group which competes or is likely to compete, directly or indirectly, with the Group's business during the year ended 31 March 2018 and up to the date of this annual report.



### DEED OF NON-COMPETITION

Mr. Chung Wang Lung and Grand Courage Investment Limited (each the “**Covenantor**” and collectively the “**Covenantors**”) entered into a Deed of Non-competition on 17 January 2017 in favour of the Company and its subsidiaries (the “**Deed of Non-Competition**”).

Pursuant to the Deed of Non-Competition, each of the Covenantors has irrevocably and unconditionally undertaken to our Company (for ourselves and for the benefit of its subsidiaries) that, save and except the interest in the Group, during the period that the Deed of Non-Competition remains effective, he/it shall not, and shall procure that his/its close associates (other than any member of the Group) not to carry on or be engaged, concerned or interested, or otherwise be involved, directly or indirectly, in any business in competition with or likely to be in competition with the existing business of any member of the Group in Hong Kong and such other part of the world where any member of the Group may engage from time to time, save for the holding of not more than 5% shareholding interests (individually or with his/its associates) in any company listed on a recognised stock exchange and at any time the relevant listed company shall have at least one shareholder (individually or with his/its close associates, if applicable) whose shareholding interests in the relevant listed company is higher than that of the relevant Covenantor (individually or with his/its close associates). Each of the Covenantors further undertakes that if he/it or his/its close associates other than any member of the Group is offered or become aware of any business opportunity in Hong Kong or such other parts of the world where any member of the Group may operate from time to time which compete with the business of the Group, he/it shall procure that his/its close associates to promptly notify our Company in writing and the Group shall have a right of first refusal to take up such opportunity. The Group shall, within six months after receipt of the written notice (or such longer period if the Group is required to complete any approval procedures as set out under the GEM Listing Rules from time to time), notify the Covenantor(s) whether the Group will exercise the right of first refusal. The independent non-executive Directors will review, on an annual basis, the compliance with the Deed of Non-Competition by the Covenantors, and be responsible for deciding whether or not to allow any of the Covenantors and/or his/its close associates to involve or participate in any business in competition with or likely to be in competition with the existing business activity of any member of the Group within Hong Kong or such other parts of the world where any member of the Group may operate from time to time and if so, any condition to be imposed. The Company will disclose decisions or matters reviewed by the independent non-executive Directors relating to compliance and enforcement of the Deed of Non-Competition of the Covenantors in the annual reports of the Company.

A summary of the major terms of the Deed of Non-Competition was disclosed in the section headed “Relationship with our Controlling Shareholders” of the Prospectus.

The Company confirms that each of the Covenantors has complied with the Deed of Non-Competition from the date of listing up until 31 March 2018 and up to the date of this annual report.

In order to ensure that the Covenantors have complied with the Deed of Non-Competition, each of the Covenantors has provided to the Company four written confirmations that (i) he/it has provided information as may be necessary for the annual review by the independent non-executive Directors in respect of the Deed of Non-Competition; and (ii) he/it has complied with the non-competition undertaking under the Deed of Non-Competition for respective periods from 1 April 2017 to 30 June 2017, 1 July 2017 to 30 September 2017, 1 October 2017 to 31 December 2017 and 1 January 2018 to 31 March 2018 and to the date of this annual report.

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

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

## DIRECTORS' REPORT *(continued)*

### PRINCIPAL ACTIVITIES

The Group is principally engaged in the provision of overseas studies consultancy services. The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 16 to the consolidated financial statements of this annual report. There were no significant changes the Group's principal activities during the year ended 31 March 2018.

### BUSINESS REVIEW

Detailed business review is set out in the section of "Management Discussion and Analysis" in this annual report. A discussion of the principal risks and uncertainties, environmental policies of the Group, compliance with laws and regulations and key relationship with employees, customers, suppliers and others that have a significant impact by the Group are illustrated in this Directors' report.

### PRINCIPAL RISK AND UNCERTAINTIES

The Group's financial position, results of operations and business prospects may be affected by a number of risks and uncertainties directly and indirectly pertaining to the Group's business. The following are the key risks and uncertainties identified by the Group.

#### ***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.***

The Group's revenues were primarily denominated in foreign currencies based on the locality of our customers including but not limited to GBP, AUD, US\$ and CAD, with relative significant exposure to GBP and AUD given majority of the Group's revenues is generated from the UK and Australia. In contrast, all the expenditures and costs of the Group including but not limited to staff costs, rental of office premises and marketing expenditures are dominated in HK\$. The Group's consolidated financial statements are prepared in HK\$, foreign currency monetary items such as trade receivables and cash and cash equivalent are translated to HK\$ for reporting purposes. Thus, the Company's foreign currency-dominated amounts are exposed to fluctuations in the value of the HK\$ against the foreign currency-dominated amounts assets and liabilities.

#### ***Material Changes in studying landscape in the United Kingdom and Australia may materially and adversely affect our business and financial performance.***

The Group's revenue from the UK and Australia represented approximately 85.8% for the year ended 31 March 2018. Therefore, the demand from the students in Hong Kong for studying in the UK and Australia is subjected to the change in studying landscape including but not limited local education system, security, living condition, etc. The Group's operating result may also be affected.

### MAJOR CUSTOMERS

During the year ended 31 March 2018, the Group's largest and the five largest customers represented approximately 14.6% and approximately 37.2% respectively of the Group's total revenue.

None of the directors nor any of their associates (as defined in the GEM Listing Rules) nor any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any material beneficial interest in the Group's five largest customers.

### KEY RELATIONSHIP WITH EMPLOYEES, CUSTOMERS, SUPPLIERS AND OTHERS THAT HAVE A SIGNIFICANT IMPACT

#### Relationship management with overseas education providers

The Group is principally engaged in the overseas studies consultancy business which involves the consultancy of local students and their placements with study programs provided by overseas education providers. The Group strives to expand the network of overseas education providers and the study programs offered and maintain the relationships with the existing overseas education providers from time to time in order to allow the Group to provide the best recommendation of overseas studies to the students given their different needs, preferences and academic backgrounds. To improve quality, the Group has experienced counsellors and will provide regular trainings and on-the-job trainings to all our counsellors. The Group has set up a complaint handling policy for handling customers and student feedbacks and complaints. The Group will review complaints on a regular basis and strive to improve our service to avoid similar incidents in the future. Understanding customers' need is the key to provide the best possible customer experience. The Group appreciates customer comments and suggestions and have various communication channels in place such as visits, telephone and emails.

#### Supply chain management

Due to the nature of business activities of the Group, no major supplier and no inventory has been maintained during the year ended 31 March 2018. In the event the Group will have to select supplier for providing products or services, the Group will adopt a prudent approach in selecting suppliers, including meeting with potential suppliers to understand their products or services and business operations. Background checks would be conducted before appointing a supplier and ensure the supplier is duly registered and has obtained relevant licences and permits with the relevant authorities in accordance with the applicable laws and regulations.

### ENVIRONMENTAL POLICY AND PERFORMANCE

Given business nature of the Group is services-oriented with minimal involvement of heavy machinery and industrial process, thus, hazardous and toxic waste will not be generated in the Group's ordinary course of business. The direct impact to the environment to the environment is immaterial.

The Group does not have significant air emission and discharges into water except the non-hazardous solid wastes generated in our offices during our operations. The electricity consumption and the usage of papers represented most of the Group's carbon footprint, which is mainly attributed to the lighting and air conditioning of the Group's office premises and the utilisation of office equipment. The water consumption is immaterial as the Group's business model does not rely heavy on water usage.

The Group implemented numerous energy saving measures and environment friendly initiatives in workplaces including the following:

- maintaining optimal room temperature on the air-conditioning at 26 degrees Celsius in the office premises
- installation of energy-saving lighting system
- encourage complete power-off for computer equipment and other office equipment when not utilised
- double-sided printing is defaulted for printers
- envelope, parcel bag recycling

## **DIRECTORS' REPORT** *(continued)*

### **ENVIRONMENTAL POLICY AND PERFORMANCE** *(continued)*

The Group upholds the principles of waste management and is committed to the proper handling and disposal of all wastes from our business activities. The Group encourages employees to reduce the use of papers by assessing the necessity of printing and where appropriate to use duplex printing and reuse any single-side printed papers. The Group is committed to continue to reduce our paper consumption and reduction of waste. Besides, the Group also procures energy-efficient devices which carry Energy Label issued by the Electrical and Mechanical Services Department and minimize the number of travels by our management and employees. Through actively monitoring and managing the use of resources, we aim to reduce our operating costs as well as our carbon footprints.

There was no non-compliance case noted in relation to environmental laws and regulations for the year ended 31 March 2018.

The Directors and the senior management of the Group regularly assess the environmental risks of our business and adopt preventive measures as necessary to reduce the risks and ensure compliance of the relevant laws and regulations.

### **COMPLIANCE WITH LAWS AND REGULATIONS**

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group during the year ended 31 March 2018.

### **RESULTS**

The results of the Group for the year ended 31 March 2018 are set out in the consolidated statement of profit or loss and other comprehensive income on page 44 of this report.

### **FINAL DIVIDEND**

The Directors do not recommend the payment of any final dividend for the year ended 31 March 2018 (2017: Nil).

### **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining entitlement to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from Tuesday, 7 August 2018 to Friday, 10 August 2018, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the forthcoming AGM, all transfer of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited, Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, no later than 4:30 p.m. on Monday, 6 August 2018.

### **ANNUAL GENERAL MEETING**

The annual general meeting will be held on Friday, 10 August 2018. A notice convening the meeting will be issued and sent to the shareholders in due course.

### **PROPERTY, PLANT AND EQUIPMENT**

Movements in the property, plant and equipment of the Group during the year ended 31 March 2018 are set out in note 15 to the consolidated financial statements of this annual report.

### **SHARE CAPITAL**

Movements of the share capital of the Company for the year ended 31 March 2018 are set out in note 21 to the consolidated financial statements of this annual report.

## **DIRECTORS' REPORT** *(continued)*

### **DISTRIBUTABLE RESERVES OF THE COMPANY**

Distributable reserves of the Company as at 31 March 2018, calculated under Companies Law, Cap. 22 (Laws 3 of 1961 as consolidated and revised) of the Cayman Islands, amounted to approximately HK\$37,140,000 (2017: approximately HK\$40,036,000).

### **EQUITY-LINKED AGREEMENTS**

Save for the share option scheme of the Company (the "Share Option Scheme") as set out below, no equity-linked agreements were entered into by the Group, or existed during the year ended 31 March 2018.

### **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries from the Listing Date to 31 March 2018.

### **SHARE OPTION SCHEME**

The Share Option Scheme has been adopted by way of shareholder's written resolution passed on 17 January 2017 for the purpose of attracting and retaining 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 or service providers of the Group and to promote the success of the businesses of the Group. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules and are summarised below:

The total number of shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the Shares in issue at any point in time, without prior approval from the Shareholders. The number of Shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the Shares in issue at any point in time, without prior approval from the Shareholders. Options granted to substantial Shareholders or independent non-executive Directors or any of their respective associates (including a discretionary trust whose discretionary objects include substantial Shareholders, independent non-executive directors, or any of their respective associates) in any 12-month period in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5 million must be approved in advance by the Shareholders. Options granted must be taken up within seven days inclusive of the day on which such offer was made, upon payment of HK\$1 per option. Options may be exercised at any time during a period as the Directors may determine which shall not exceed ten years from the date of grant. The exercise price is determined by the Directors, and will be at least the higher of (i) the closing price of the Shares on the date of grant, (ii) the average closing price of the Shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Share. The Share Option Scheme will remain in force for a period of ten years commencing on the date on the adoption date (i.e 17 January 2017) and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the Shareholders in general meeting. There is no option outstanding, granted, exercised, cancelled and lapsed from the date of adoption of the Share Option Scheme to 31 March 2018.

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

As at 31 March 2018, the interest and short positions of the Directors and chief executive 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 SFO) which, once the Shares are listed on the GEM of the Stock Exchange, will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interest or short positions which they are taken or deemed to have under such provisions of the SFO) or will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be 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, will be as follows:

#### Long Position in the Shares

Name of Directors	Capacity/Nature	Number of Shares	Percentage of Shareholding
Mr. Chung	Interest of a controlled corporation Beneficial Interest	892,710,000 (Note 1)	51%

Notes:

1. These Shares are registered in the name of 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.

#### 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 31 March 2018, 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.

## DIRECTORS' REPORT *(continued)*

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

As at 31 March 2018, 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:

Name	Capacity/Nature	Number of Shares	Percentage of Shareholding
Grand Courage	Beneficial owner	892,710,000	51%
Ms. Yin Xiao Pei (Note 1)	Interest of spouse	892,710,000	51%
宋文震	Beneficial owner	420,030,000	24%
Zeming Pty Limited	Beneficial owner	97,000,000	5.54%
Ms. Leng Lisa Chunying	Beneficial owner	97,000,000	5.54%

Note:

1. 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.

Save as disclosed above, as at 31 March 2018, the Company had not been notified by any parties (not being a Director or the chief executive of the Company) who had interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this report, at no time during the year ended 31 March 2018 were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

### PERMITTED INDEMNITY PROVISION

The Articles of Association provide that Directors shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted. The Company has maintained liability insurance to provide appropriate cover for the Directors during the year ended 31 March 2018.

## **DIRECTORS' REPORT** *(continued)*

### **INTEREST OF COMPLIANCE ADVISER**

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

### **RELATED PARTY TRANSACTIONS**

Details of related party transactions of the Group during the year ended 31 March 2018 are set out in note 26 to the consolidated financial statements of the Group. None of these related party transactions constituted a connected transaction as defined under the GEM Listing Rules during the year ended 31 March 2018.

### **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 at least 25% of the issued Shares were held by the public (i.e. the prescribed public float applicable to the Company under the GEM Listing Rules) during the year ended 31 March 2018 and thereafter up to the date of this report.

### **CHARITABLE DONATIONS**

During the year ended 31 March 2018, the Group did not make charitable and other donation (2017: approximately HK\$2,000).

### **BANK BORROWINGS**

Details of bank borrowings of the Group as at 31 March 2018 are set out in note 20 to the consolidated financial statements of this annual report.

### **FINANCIAL SUMMARY**

A summary of the results and of the assets, liabilities and non-controlling interest of the Group for the last four financial years is set out on page 84 of this annual report.

### **AUDITOR**

GT shall retire in the forthcoming AGM and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of GT as auditor of the Company will be proposed at the forthcoming AGM.

By order of the Board

**Chung Wang Lung**

*Chairman and Executive Director*

Hong Kong, 28 June 2018



# INDEPENDENT AUDITOR'S REPORT



**To the members of Dadi Education Holdings Limited**  
*(incorporated in the Cayman Islands with limited liability)*

## OPINION

We have audited the consolidated financial statements of Dadi Education Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 44 to 83, which comprise the consolidated statement of financial position as at 31 March 2018, and 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 year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# INDEPENDENT AUDITOR'S REPORT *(continued)*

## KEY AUDIT MATTERS *(continued)*

### Impairment of trade receivables

Refer to notes 2.6, 4 and 17 to the consolidated financial statements

The Key Audit Matter	How the matter was addressed in our audit
<p>As at 31 March 2018, the Group's carrying amount of trade receivables amounted to HK\$4,748,000. In addition, bad debts of HK\$185,000 have been written off during the year.</p> <p>The assessment of impairment of trade receivables involved significant management judgment and use of estimates to ascertain the recoverability of trade receivables.</p> <p>In determining the provision for impairment of trade receivables, the management references to the ageing analysis of the trade receivables and considers the individual customer's credit history, including any default or delay settlement records, current market and financial conditions.</p> <p>We have identified impairment on trade receivables as a key audit matter because of its significance to the consolidated financial statements and the assessment involves significant management judgment and use of estimates. Management concluded no provision for impairment of trade receivables is recognised for the year ended 31 March 2018.</p>	<p>Our procedures in relation to assessment of impairment of trade receivables included:</p> <ul style="list-style-type: none"><li>— reviewing the Group's procedures on credit policy given to customers;</li><li>— re-performing and testing the ageing analysis of the trade receivables, on a sample basis, to the supporting evidences;</li><li>— evaluating management's judgment and assumptions used to assess the recoverability of trade receivables, taking into account the customer circumstances with reference to the credit history, including any default or delay settlement records, the market and financial conditions of each individual customer; and</li><li>— examining the subsequent settlement of trade receivables, on sample basis, to the supporting evidences.</li></ul> <p>We found the management's assessment of impairment of trade receivables were supported by the evidences.</p>

### OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the 2018 annual report of the Company, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## INDEPENDENT AUDITOR'S REPORT *(continued)*

### RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee are responsible for overseeing the Group's financial reporting process.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

## INDEPENDENT AUDITOR'S REPORT *(continued)*

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Grant Thornton Hong Kong Limited**

*Certified Public Accountants*

Level 12

28 Hennessy Road

Wanchai

Hong Kong

28 June 2018

Chan Tze Kit

Practising Certificate No.: P05707

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Notes	2018 HK\$'000	2017 HK\$'000
<b>Revenue</b>	5	<b>22,706</b>	23,481
Other income	7	<b>3,482</b>	1,776
Marketing costs		<b>(7,426)</b>	(2,561)
Employee benefits expenses	8	<b>(9,327)</b>	(7,934)
Operating lease charges		<b>(2,409)</b>	(1,480)
Other expenses		<b>(5,266)</b>	(7,752)
Finance costs	9	<b>(29)</b>	(168)
<b>Profit before income tax</b>	10	<b>1,731</b>	5,362
Income tax expense	11	<b>(532)</b>	(1,883)
<b>Profit and total comprehensive income for the year</b>		<b>1,199</b>	3,479
<b>Profit and total comprehensive income for the year attributable to:</b>			
Equity holders of the Company		<b>445</b>	2,652
Non-controlling interest		<b>754</b>	827
		<b>1,199</b>	3,479
<b>Earnings per share for profit attributable to equity holders of the Company</b>			
Basic and diluted	14	<b>HK0.03 cents</b>	HK0.17 cents

The notes on pages 48 to 83 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Notes	2018 HK\$'000	2017 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	1,009	72
<b>Current assets</b>			
Trade and other receivables	17	6,626	11,702
Tax recoverable		1,043	771
Cash and bank balances	18	71,354	67,982
		<b>79,023</b>	80,455
<b>Current liabilities</b>			
Accrued charges and other payables	19	3,165	2,819
Bank borrowings	20	–	1,276
		<b>3,165</b>	4,095
<b>Net current assets</b>		<b>75,858</b>	76,360
<b>Net assets/Total assets less current liabilities</b>		<b>76,867</b>	76,432
<b>CAPITAL AND RESERVES</b>			
Share capital	21	17,504	17,504
Reserves	22	59,035	58,590
<b>Equity attributable to equity holders of the Company</b>		<b>76,539</b>	76,094
<b>Non-controlling interest</b>	24	<b>328</b>	338
<b>Total equity</b>		<b>76,867</b>	76,432

**Chung Wang Lung**  
Director

**Patrick Mok**  
Director

The notes on pages 48 to 83 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	Equity attributable to equity holders of the Company						Non-controlling interest HK\$'000	Total equity HK\$'000
	Share capital	Share premium*	Capital reserve*	Retained profits*	Total			
	HK\$'000	HK\$'000 (note 22)	HK\$'000 (note 22)	HK\$'000 (note 22)	HK\$'000	HK\$'000		
As at 1 April 2016	–	–	11	15,299	15,310	313	15,623	
Profit and total comprehensive income for the year	–	–	–	2,652	2,652	827	3,479	
Transactions with owners:								
Capitalisation issue of shares (note 21)	15,528	(15,528)	–	–	–	–	–	
Issue of shares upon public offering and placing (note 21)	1,976	65,208	–	–	67,184	–	67,184	
Expenses incurred in connection with the issue of shares during the year (note 21)	–	(4,275)	–	–	(4,275)	–	(4,275)	
Dividends declared and paid (note 13)	–	–	–	(4,777)	(4,777)	–	(4,777)	
Dividends paid to non-controlling interest	–	–	–	–	–	(802)	(802)	
Transactions with owners	17,504	45,405	–	(4,777)	58,132	(802)	57,330	
As at 31 March 2017 and 1 April 2017	17,504	45,405	11	13,174	76,094	338	76,432	
Profit and total comprehensive income for the year	–	–	–	445	445	754	1,199	
Transaction with owners:								
Dividends paid to non-controlling interest	–	–	–	–	–	(764)	(764)	
<b>As at 31 March 2018</b>	<b>17,504</b>	<b>45,405</b>	<b>11</b>	<b>13,619</b>	<b>76,539</b>	<b>328</b>	<b>76,867</b>	

\* The reserves accounts comprise the Group's reserves of HK\$59,035,000 (2017: HK\$58,590,000) in the consolidated statement of financial position.

The notes on pages 48 to 83 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	Notes	2018 HK\$'000	2017 HK\$'000
<b>Cash flows from operating activities</b>			
Profit before income tax		1,731	5,362
Adjustments for:			
Bad debts written off	10	185	–
Depreciation	10	395	12
Interest income	7	(437)	(3)
Interest expenses	9	29	168
Operating profit before working capital changes		1,903	5,539
Decrease in trade and other receivables		4,891	1,270
Decrease in amounts due with related parties		–	(1)
Increase in accrued charges and other payables		346	930
Cash generated from operations		7,140	7,738
Interest paid		(29)	(168)
Income tax paid		(804)	(3,024)
<i>Net cash generated from operating activities</i>		6,307	4,546
<b>Cash flows from investing activities</b>			
Interest received		437	3
Purchase of property, plant and equipment		(1,332)	(62)
<i>Net cash used in investing activities</i>		(895)	(59)
<b>Cash flows from financing activities</b>			
Proceeds from issuance of share capital, net of share issuance expenses	21(iv)	–	62,909
Dividends paid		–	(4,777)
Dividends paid to non-controlling interest of a subsidiary		(764)	(802)
Proceeds from bank borrowings		–	2,500
Repayments of bank borrowings		(1,276)	(3,103)
<i>Net cash (used in)/generated from financing activities</i>		(2,040)	56,727
<b>Net increase in cash and cash equivalents</b>		3,372	61,214
Cash and cash equivalents at beginning of year		67,982	6,768
<b>Cash and cash equivalents at the end of the year, represented by cash and bank balances</b>		71,354	67,982

The notes on pages 48 to 83 are an integral part of these consolidated financial statements.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 1. GENERAL INFORMATION AND BASIS OF PRESENTATION

### 1.1 General information

Dadi Education Holdings Limited (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's shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "SEHK") on 16 February 2017.

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 31 March 2018, 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").

These consolidated financial statements for the year ended 31 March 2018 were approved for issue by the board of directors on 28 June 2018.

### 1.2 Reorganisation and basis of presentation

Pursuant to a corporate reorganisation (the "Reorganisation") in connection with the listing of the Company's shares on the SEHK, the Company became the holding company of the companies now comprising the Company and its subsidiaries (collectively, 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. For the purpose of the preparation of the consolidated financial statements of the Group, the Company has been considered as the holding company of the companies now comprising the Group throughout the year ended 31 March 2017. The Group 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 consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows 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 year ended 31 March 2017, or since their respective dates of incorporation, where it is a shorter period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

These annual consolidated financial statements on pages 44 to 83 have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the accounting principles generally accepted in Hong Kong.

The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on GEM of the SEHK (the “GEM Listing Rules”).

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRSs and the impacts on the Group’s financial statements, if any, are disclosed in note 3 to the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost. The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the functional currency of the Company and its subsidiaries, and all values are rounded to the nearest thousands (“HK\$’000”), except when otherwise indicated.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. 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 are disclosed in note 4 to the consolidated financial statements.

### 2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

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 consolidated financial information from the date it gains control until the date when the Group ceases to control the subsidiary.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on intragroup 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### 2.2 Basis of consolidation *(continued)*

Non-controlling interests are presented in the consolidated statement 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 statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity holders of the Company.

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.

In the Company's statement of financial position, investments in 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.

#### 2.3 Merger accounting for common control combinations

The consolidated financial statements incorporates the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling parties.

The net assets of the combining entities are consolidated using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period unless the combining entities or business first came under common control at a later date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 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 that are measured in terms of historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, 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 the 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 translation reserve in equity.

### 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. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### 2.6 Financial assets

Financial assets are classified into loans and receivables.

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. Regular way purchases of financial assets are recognised on trade date. When financial assets are recognised initially, they are measured at fair value, plus 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.

##### ***Loan 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.

##### ***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; and
- The disappearance of an active market for that financial asset because of financial difficulties.

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### 2.6 Financial assets *(continued)*

##### ***Impairment of financial assets*** *(continued)*

If any such evidence exists, the impairment loss is measured and recognised as follows:

##### *Financial assets carried at amortised cost*

If there is objective evidence that an impairment loss on loans and 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 financial assets other than 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 and short-term bank deposits.

#### 2.8 Financial liabilities

The Group's financial liabilities include bank borrowings and 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 (see note 2.15).

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### 2.8 Financial liabilities *(continued)*

##### ***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 and other payables***

Accrued charges and other payables are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

#### 2.9 Provisions and contingent liabilities

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. Share capital is recognised at the amount of consideration of shares issued, after deducting any transaction costs associated with the issuing of shares (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

#### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### 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.

Marketing income and commission income are recognised when the services are rendered.

#### 2.13 Impairment of non-financial assets

The Group's property, plant and equipment and the Company's investments in subsidiaries 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 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.

Impairment losses is charged pro rata to the assets in the cash generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, or value in use, if determinable.

An impairment loss is reversed if there has been a favorable 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### 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 Schemes Ordinance ("MPF"), 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 year. The Group's obligations under these plans are 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 year. 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 in the consolidated financial statements 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 initial recognition of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### 2.16 Accounting for income taxes *(continued)*

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

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 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 services lines.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### 2.18 Related parties

For the purposes of the consolidated financial statements, 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 of 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 (if the Group is itself such a plan) and the sponsoring employers are also 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).
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2018

### 3. ADOPTION OF NEW AND AMENDED HKFRSs

#### Amended HKFRSs that are effective for annual periods beginning or after 1 April 2017

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group's consolidated financial statements and effective for the annual period beginning on 1 April 2017:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12 included in Annual Improvements to HKFRSs 2014–2016 Cycle	Disclosure of Interests in Other Entities

Other than as noted below, the adoption of the amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

#### **Amendments to HKAS 7 "Disclosure Initiative"**

The amendments require an entity to provide disclosure that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. A reconciliation between the opening and closing balances of liabilities arising from financing activities is set out in note 28. Consistent with the transitional provisions of the amendments, the Group has not disclosed comparative information for the prior year. Except for the additional disclosure in note 28, the application of these amendments has had no impact on the Group's consolidated financial statements.

#### **Issued but not yet effective HKFRSs**

At the date of authorisation of these consolidated financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers and the related Amendments <sup>1</sup>
HKFRS 16	Leases <sup>2</sup>
HKFRS 17	Insurance Contracts <sup>3</sup>
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>1</sup>
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts <sup>1</sup>
Amendments to HKFRS 9	Repayment Features with Negative Compensation <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement <sup>2</sup>
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures <sup>2</sup>
Amendments to HKAS 40	Transfers of Investment Property <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle <sup>2</sup>
HK(IFRIC)–Interpretation 22	Foreign Currency Transactions and Advance Consideration <sup>1</sup>
HK(IFRIC)–Interpretation 23	Uncertainty over Income Tax Treatment <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>4</sup> Effective date to be determined

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2018

### 3. ADOPTION OF NEW AND AMENDED HKFRSs *(continued)*

#### Issued but not yet effective HKFRSs *(continued)*

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Other new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

#### **HKFRS 9 "Financial Instruments" ("HKFRS 9")**

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39 "Financial Instruments: Recognition and Measurement" ("HKAS 39"). HKFRS 9 introduces new requirements for classification and measurement of financial assets, including the measurement of impairment for financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification and measurement of financial liabilities.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2018 on a retrospective basis. The Group plans to use the exemption from restating comparative information and will recognise any transition adjustments against the opening balance of equity at 1 January 2018.

Expected impacts of the new requirements on the Group's consolidated financial statements are as follows:

#### (a) *Classification and measurement*

HKFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss ("FVTPL") and (3) fair value through other comprehensive income ("FVTOCI").

The Group has assessed that its financial assets currently measured at amortised costs will continue with their classification and measurements upon the adoption of HKFRS 9.

The classification and measurement requirements for financial liabilities under HKFRS 9 are largely unchanged from HKAS 39, except that HKFRS 9 requires the fair value change of a financial liability designated at FVTPL that is attributable to changes of that financial liability's credit risk to be recognised in other comprehensive income (without reclassification to profit or loss). The Group currently does not have any financial liabilities designated at FVTPL and therefore this new requirement will not have any impact on the Group on adoption of HKFRS 9.

#### (b) *Impairment*

The new impairment model in HKFRS 9 replaces the "incurred loss" model in HKAS 39 with an "expected credit loss" model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised.

Instead, an entity is required to recognise and measure either a 12-month expected credit loss or a lifetime expected credit loss, depending on the asset and the facts and circumstances. In the opinion of the directors of the Company, based on the historical experience and existing business model of the Group, the default rate of the outstanding balances with customers is low. Hence, the directors of the Company anticipate that the application of HKFRS 9 would not have material impact on the Group's future consolidated financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2018

### 3. ADOPTION OF NEW AND AMENDED HKFRSs *(continued)*

#### Issued but not yet effective HKFRSs *(continued)*

##### **HKFRS 15 “Revenue from Contracts with Customers” (“HKFRS 15”)**

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 promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods and services. Specifically, HKFRS 15 introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with 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. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures. However, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

##### **HKFRS 16 “Leases” (“HKFRS 16”)**

HKFRS 16 will replace HKAS 17 and three related Interpretations.

As disclosed in note 2.11, currently the Group classifies leases into operating leases. The Group enters into leases as the lessee.

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease, the lessee will recognise a corresponding “right-of-use” asset. After initial recognition of this asset and liability, the lessee would recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2018

### 3. ADOPTION OF NEW AND AMENDED HKFRSs *(continued)*

#### Issued but not yet effective HKFRSs *(continued)*

##### **HKFRS 16 "Leases" ("HKFRS 16")** *(continued)*

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases of buildings and office equipments which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. As disclosed in note 25, as at 31 March 2018, the Group's future minimum lease payments under non-cancellable operating leases amount to HK\$4,038,000 and HK\$80,000 for buildings and office equipment respectively. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The standard offers different transition options and practical expedients, including the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. If this practical expedient is chosen, the Group will apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application. If the practical expedient is not chosen, the Group will need to reassess all of its decisions about which existing contracts are, or contain, leases, using the new definition. Depending on whether the Group elects to adopt HKFRS 16 retrospectively or follow a modified retrospective method of recognising a cumulative-effect adjustment to the opening balance of equity at the date of initial application, the Group may or may not need to restate comparative information for any changes in accounting resulting from the reassessment.

### 4. 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 within the next financial year 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 (note 17) based on an assessment of the recoverability of the receivables. This assessment is based on the ageing analysis of the trade receivables and management's consideration on the credit history of individual customer and other debtors, including any default or delay settlement records, current market and financial condition or any events and changes in circumstances indicate that 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. As at 31 March 2018, the carrying amount of trade and other receivables was approximately HK\$6,626,000 (2017: HK\$11,702,000) (net of accumulated impairment losses of approximately HK\$Nil (2017: HK\$1,953,000)). During the year ended 31 March 2018, no impairment loss is recognised on trade and other receivables (2017: HK\$Nil). Bad debts of HK\$185,000 (2017: HK\$Nil) have been written off during the year as the management considered the deteriorating credit quality of these long overdue customers and no amount is expected to be settled subsequent to the end of the reporting period.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2018

### 5. REVENUE

The Group's principal activities are disclosed in note 1.1 to the consolidated financial statements. Revenue of the Group is the revenue from these activities and represents the value of services rendered.

### 6. 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. 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.

	2018 HK\$'000	2017 HK\$'000
Australia	8,151	8,962
Canada	1,339	1,569
New Zealand	459	383
United Kingdom	11,333	10,966
United States	1,197	1,345
Others	227	256
	<b>22,706</b>	23,481

All non-current assets 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 as below:

	2018 HK\$'000	2017 HK\$'000
Customer A	3,315	3,571
Customer B	2,378	3,397



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2018

### 7. OTHER INCOME

	2018 HK\$'000	2017 HK\$'000
Bank interest income	437	3
Commission income from guardianship	126	106
Marketing income	2,098	1,606
Net foreign exchange gain	734	–
Sponsorship income	87	61
	<b>3,482</b>	1,776

### 8. EMPLOYEE BENEFITS EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2018 HK\$'000	2017 HK\$'000
Salaries, commission and other benefits	8,939	7,629
Contributions to defined contribution retirement plans	388	305
	<b>9,327</b>	7,934

### 9. FINANCE COSTS

	2018 HK\$'000	2017 HK\$'000
Interests on bank borrowings wholly repayable within five years	29	168

### 10. PROFIT BEFORE INCOME TAX

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

	2018 HK\$'000	2017 HK\$'000
Auditor's remuneration	540	380
Depreciation	395	12
Operating lease charges in respect of:		
— land and buildings	2,386	1,462
— office equipment	23	18
	<b>2,409</b>	1,480
Bad debts written off	185	–
Listing expenses	–	3,990
Net foreign exchange (gain)/loss	<b>(734)</b>	482

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2018

### 11. INCOME TAX EXPENSE

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

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

Hong Kong Profits Tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profit for the year.

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

	2018 HK\$'000	2017 HK\$'000
<b>Current tax — Hong Kong Profits Tax</b>		
Current year	684	1,818
(Over)/under provision in respect of prior years	(152)	65
	<b>532</b>	1,883

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

	2018 HK\$'000	2017 HK\$'000
Profit before income tax	1,731	5,362
Tax on profit before income tax, calculated at the rates of Hong Kong Profits Tax rate of 16.5% (2017: 16.5%)	286	885
Tax effects of:		
— non-deductible expenses	561	943
— non-taxable income	(140)	(1)
— unrecognised temporary differences	(23)	(9)
(Over)/under provision in respect of prior years	(152)	65
Income tax expense for the year	<b>532</b>	1,883

As at 31 March 2018 and 2017, the Group did not have any significant unrecognised deferred tax assets or liabilities.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2018

### 12. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUAL

#### (a) Directors' and Chief Executives' emoluments

Directors' and chief executive's emoluments, disclosed pursuant to the GEM Listing Rules, section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended 31 March 2018				
	Fee HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Retirement scheme contributions HK\$'000	Total HK\$'000
<b>Executive directors:</b>					
Mr. Chung Wang Lung (Chairman)	–	723	–	18	741
Mr. Mok Patrick (Chief Executive Officer and Compliance Officer)	–	612	50	18	680
Ms. So Pik Sau	–	405	–	18	423
<b>Non-executive director:</b>					
Mr. Liu Chenyu (note a)	5	–	–	–	5
Ms. Feng Wanning (note b)	98	–	–	–	98
<b>Independent non-executive directors:</b>					
Mr. Wong Tak Chun (note c)	120	–	–	–	120
Ms. Chung Wai Nar (note c)	120	–	–	–	120
Mr. Tsang Chi Fung (note c)	120	–	–	–	120
	<b>463</b>	<b>1,740</b>	<b>50</b>	<b>54</b>	<b>2,307</b>
	Year ended 31 March 2017				
	Fee HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Retirement scheme contributions HK\$'000	Total HK\$'000
<b>Executive directors:</b>					
Mr. Chung Wang Lung (Chairman)	–	723	–	18	741
Mr. Mok Patrick (Chief Executive Officer and Compliance Officer)	–	416	250	18	684
Ms. So Pik Sau	–	335	–	15	350
<b>Independent non-executive directors:</b>					
Mr. Wong Tak Chun (note c)	25	–	–	–	25
Ms. Chung Wai Nar (note c)	25	–	–	–	25
Mr. Tsang Chi Fung (note c)	25	–	–	–	25
	<b>75</b>	<b>1,474</b>	<b>250</b>	<b>51</b>	<b>1,850</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2018

### 12. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUAL *(continued)*

#### (a) Directors' and Chief Executives' emoluments *(continued)*

Notes:

- (a) Appointed as non-executive directors of the Company on 26 March 2018.
- (b) Appointed as non-executive directors of the Company on 22 November 2017 and resigned on 15 March 2018.
- (c) Appointed as independent non-executive directors of the Company on 17 January 2017.

The emoluments shown above represents emoluments received and receivable from the Group by these directors in their capacity as employees/directors of the Company and subsidiaries during the years ended 31 March 2018 and 2017.

#### (b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 March 2018 included three (2017: two) directors whose emoluments are disclosed in note 12(a). The aggregate of the emoluments in respect of the remaining two (2017: three) individuals are as follows:

	2018 HK\$'000	2017 HK\$'000
Salaries, allowances and benefits in kind	916	1,200
Discretionary bonuses	38	387
Retirement scheme contributions	36	53
	<b>990</b>	<b>1,640</b>

The above individuals' emoluments are within the following bands:

	Number of individuals	
	2018	2017
HK\$Nil–HK\$1,000,000	2	3

No directors or the five highest paid individuals received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 March 2018 and 2017. No director or the five highest paid individual has waived or agreed to waive any emolument during the years ended 31 March 2018 and 2017.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2018

### 13. DIVIDENDS

	2018 HK\$'000	2017 HK\$'000
Interim dividend of 82 Australian dollars ("AUD") per ordinary share (note ii)	–	4,777

Notes:

- (i) The directors of the Company do not recommend the payment of any final dividend for the years ended 31 March 2018 and 2017.
- (ii) For the year ended 31 March 2017, the interim dividend of HK\$4,777,000 (AUD82 per ordinary share) was paid on 11 July 2016.

### 14. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year attributable to equity holders of the Company of HK\$445,000 (2017: HK\$2,652,000) and the weighted average 1,750,400,000 ordinary shares in issue during the year ended 31 March 2018 (2017: 1,577,161,644 in issue during the year, as if the Reorganisation and capitalisation issue as detailed in the Company's annual financial statements for the year ended 31 March 2017 had been effective since 1 April 2015).

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 March 2018 and 2017 as the Group had no potentially dilutive ordinary shares in issue for the years ended 31 March 2018 and 2017. The diluted earnings per share equals to the basic earnings per share.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2018

### 15. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Computer equipment HK\$'000	Leasehold improvement HK\$'000	Total HK\$'000
<b>Cost</b>					
As at 1 April 2016	165	185	134	322	806
Additions	–	62	–	–	62
As at 31 March 2017	165	247	134	322	868
As at 1 April 2017	165	247	134	322	868
Additions	133	48	236	915	1,332
<b>As at 31 March 2018</b>	<b>298</b>	<b>295</b>	<b>370</b>	<b>1,237</b>	<b>2,200</b>
<b>Accumulated depreciation</b>					
As at 1 April 2016	160	168	134	322	784
Charge for the year	2	10	–	–	12
As at 31 March 2017	162	178	134	322	796
As at 1 April 2017	162	178	134	322	796
Charge for the year	25	27	61	282	395
<b>As at 31 March 2018</b>	<b>187</b>	<b>205</b>	<b>195</b>	<b>604</b>	<b>1,191</b>
<b>Net book value</b>					
<b>As At 31 March 2018</b>	<b>111</b>	<b>90</b>	<b>175</b>	<b>633</b>	<b>1,009</b>
As at 31 March 2017	3	69	–	–	72

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2018

### 16. INTERESTS IN SUBSIDIARIES

Particulars of the subsidiaries at 31 March 2018 and 2017 are as follows:

Company name	Place of incorporation/ registration/ and operation	Issued and fully paid up/ registered capital	Equity interest attributable to the Group		Principal activities
			2018	2017	
<b>Directly held</b>					
Red City Holdings Limited ("Red City")	BVI	1 ordinary share of US\$1	<b>100%</b>	100%	Investment holdings
Grand Pick Limited	BVI	1 ordinary share of US\$1	<b>100%</b>	–	Investment holdings
<b>Indirectly held</b>					
Legend Focus Investments Limited	BVI	1 ordinary share of US\$1	<b>100%</b>	100%	Investment holdings
Quest Point International Limited	BVI	1 ordinary share of US\$1	<b>100%</b>	100%	Investment holdings
City Victory Investment Limited	Hong Kong	1 ordinary share	<b>100%</b>	–	Investment holdings
Dadi Education Group Limited	Hong Kong	10,000 ordinary shares	<b>100%</b>	100%	Provision of overseas studies consultancy services
DIY110 Limited	Hong Kong	1 ordinary share	<b>100%</b>	100%	Dormant
Golden Crown Overseas Limited ("Golden Crown")	Hong Kong	10,000 ordinary shares	<b>51%</b>	51%	Provision of overseas studies consultancy services
Time Pace Development Limited ("Time Pace")	Hong Kong	10,000 ordinary shares	<b>100%</b>	100%	Management support for group companies
Xinjiang Dadi Education Consultancy Limited ("Xinjiang Dadi Education")# 新疆大地教育咨询有限公司	The People's Republic of China (the "PRC")	RMB100,000	<b>100%</b>	–	Dormant

# The English translation of the name of the company established in the PRC is for reference only. The official name of the company is in Chinese.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2018

### 17. TRADE AND OTHER RECEIVABLES

	Note	2018 HK\$'000	2017 HK\$'000
Trade receivables	(a)	<b>4,748</b>	4,584
Deposit and other receivable in relation to an investment, gross		–	2,379
Less: provision for impairment		–	(1,953)
Deposit and other receivable in relation to an investment, net	(b)	–	426
Listing expenses receivable from the Controlling Shareholder		–	5,633
Other deposits		<b>745</b>	698
Prepayment		<b>1,133</b>	361
		<b>6,626</b>	11,702

#### (a) Trade receivables

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:

	2018 HK\$'000	2017 HK\$'000
0–30 days	<b>835</b>	827
31–60 days	<b>2,346</b>	3,120
61–90 days	<b>890</b>	289
91–365 days	<b>675</b>	236
Over 365 days	<b>2</b>	112
	<b>4,748</b>	4,584

As at 31 March 2018, all trade receivables were past due and no trade receivable was individually determined to be impaired (2017: HK\$Nil).

Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no impairment loss is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

#### (b) Deposit and other receivable in relation to an investment

The amount of HK\$1,953,000, which had been fully impaired, was written off during the year as the management considered no amount is expected to be settled subsequent to the end of the reporting period.

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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2018

### 18. CASH AND BANK BALANCES

	2018 HK\$'000	2017 HK\$'000
Cash at bank and in hand	62,801	17,982
Short-term bank deposits	8,553	50,000
	<b>71,354</b>	67,982

The short-term bank deposits earn 1.15% to 1.67% interest per annum (2017: 1.02%) and have a maturity of two to three months (2017: three months).

The directors consider that the fair value of the short-term bank deposits is not materially different from its carrying amount because of the short maturity period on its inception.

### 19. ACCRUED CHARGES AND OTHER PAYABLES

	2018 HK\$'000	2017 HK\$'000
Accrued staff costs	1,038	1,065
Accrued marketing costs	113	657
Other accrued expenses	1,249	939
Receipts in advance	765	158
	<b>3,165</b>	2,819

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.

### 20. BANK BORROWINGS

As at each reporting date, the Group's bank borrowings were repayable as follows:

	2018 HK\$'000	2017 HK\$'000
Bank loans, secured:		
— Within one year	—	1,276

As at 31 March 2017, the bank borrowings were denominated in HK\$, interest bearing at 5.5% per annum and secured by corporate guarantee as provided by the Company. Further details of the Group's management of interest rate risk were set out in note 29.3.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2018

### 21. SHARE CAPITAL

	2018		2017	
	Number of shares	HK\$'000	Number of shares	HK\$'000
<b>Authorised:</b>				
At beginning of the year	3,000,000,000	30,000	38,000,000	380
Increase in authorised share capital (note ii)	–	–	2,962,000,000	29,620
<b>At end of the year</b>	<b>3,000,000,000</b>	<b>30,000</b>	3,000,000,000	30,000
<b>Issued and fully paid:</b>				
At beginning of the year	1,750,400,000	17,504	1	–
Issuance of share capital (note i)	–	–	9,999	–
Capitalisation issue of shares (note iii)	–	–	1,552,790,000	15,528
Issue of share upon public offering and placing (note iv)	–	–	197,600,000	1,976
<b>At end of the year</b>	<b>1,750,400,000</b>	<b>17,504</b>	1,750,400,000	17,504

Notes:

- (i) The Company was a limited liability company 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 a par value of HK\$0.01 each. Upon incorporation, 1 ordinary 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 ordinary shares of HK\$0.01 each to Grand Courage, together with 1 share of the Company held by Grand Courage, all of the 10,000 shares was credited as fully paid as the consideration for the acquisition of Red City by the Company.
- (ii) On 17 January 2017, the shareholders' resolutions of the Company was passed that the authorised share capital of the Company was increased to HK\$30,000,000 divided into 3,000,000,000 shares of par value HK\$0.01 each.
- (iii) Pursuant to the written resolutions of the shareholders passed on 17 January 2017, 1,552,790,000 ordinary shares of HK\$0.01 each were allotted and issued, credited as fully paid at par, by way of capitalisation from the share premium account to the Company.
- (iv) On 15 February 2017, the Company issued a total of 197,600,000 ordinary shares of HK\$0.01 each at a price of HK\$0.34 per share in relation to the public offering and placing of the Company's shares. Of the gross total proceeds of HK\$67,184,000, HK\$1,976,000 representing the par value was credited to the Company's share capital, and HK\$65,208,000 before reduction of the share issuance expenses of HK\$4,275,000, was credited to the share premium account.

### 22. RESERVES

The amounts of the Group's reserves and the movements therein for the years ended 31 March 2018 and 2017 are presented in the consolidated statement of changes in equity of the consolidated financial statements.

#### Share premium

The share premium represents the difference between the par value of the shares of the Company and net proceeds received from the issuance of the shares of the Company.

Under the Companies Law of the Cayman Islands, the share premium account of the Company may be applied for payment of distributions or dividends to the shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2018

### 22. RESERVES *(continued)*

#### Capital reserve

The capital reserve of the Group represents the difference between the share capital of subsidiaries acquired by the Company and the nominal value of the Company's share issued for the acquisition under the Reorganisation.

#### Retained profits

Retained profits represent accumulated net profit or losses less dividends paid.

### 23. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2018 HK\$'000	2017 HK\$'000
<b>ASSETS AND LIABILITIES</b>		
<b>Non-current asset</b>		
Investments in subsidiaries	—*	—*
<b>Current assets</b>		
Prepayment and other receivables	176	5,764
Amounts due from subsidiaries	55,434	—
Cash and bank balances	43	56,904
	<b>55,653</b>	62,668
<b>Current liabilities</b>		
Other payables and accruals	1,009	842
Amounts due to subsidiaries	—	4,286
	<b>1,009</b>	5,128
<b>Net current assets</b>	<b>54,644</b>	57,540
<b>Net assets/Total assets less current liabilities</b>	<b>54,644</b>	57,540
<b>Capital and reserves</b>		
Share capital	17,504	17,504
Reserves (note)	37,140	40,036
<b>Total equity</b>	<b>54,644</b>	57,540

**Chung Wang Lung**  
Director

**Patrick Mok**  
Director

\* Represent amount of less than HK\$1,000.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2018

### 23. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note: The movement of the Company's reserves are as follows:

	Share premium HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
As at 1 April 2016	–	–	–
Loss and total comprehensive expense for the year	–	(592)	(592)
Transactions with owners:			
Capitalisation issue of shares (note 21)	(15,528)	–	(15,528)
Issue of shares upon public offering and placing (note 21)	65,208	–	65,208
Expenses incurred in connection with the issue of shares during the year (note 21)	(4,275)	–	(4,275)
Dividends declared and paid (note 13)	–	(4,777)	(4,777)
Transactions with owners	45,405	(4,777)	40,628
As at 31 March 2017	45,405	(5,369)	40,036
Loss and total comprehensive expense for the year	–	(2,896)	(2,896)
<b>As at 31 March 2018</b>	<b>45,405</b>	<b>(8,265)</b>	<b>37,140</b>

As at 31 March 2018, the aggregate amount of reserves available for distribution to the equity holders of the Company was HK\$37,140,000 (2017: HK\$40,036,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2018

### 24. 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:

	2018	2017
Equity interest attributable to NCI	<b>49%</b>	49%

	HK\$'000	HK\$'000
Non-current assets	<b>14</b>	11
Current assets	<b>828</b>	848
Current liabilities	<b>(172)</b>	(170)
Net assets	<b>670</b>	689
Carrying amount of NCI	<b>328</b>	338

	2018 HK\$'000	2017 HK\$'000
Revenue	<b>3,640</b>	3,768
Expenses	<b>(2,102)</b>	(2,081)
Profit and total comprehensive income for the year	<b>1,538</b>	1,687
Profit and total comprehensive income attributable to NCI	<b>754</b>	827
Dividend paid to NCI	<b>(764)</b>	(802)
Net cash flows generated from operating activities	<b>1,521</b>	1,586
Net cash flows used in investing activities	<b>(8)</b>	(12)
Net cash flows used in financing activities	<b>(1,558)</b>	(1,637)
Net decrease in cash and cash equivalents	<b>(45)</b>	(63)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2018

### 25. OPERATING LEASE COMMITMENTS

As the reporting date, the total future minimum lease payments payable by the Group under non-cancellable operating leases are as follows:

	As at 31 March 2018		
	Buildings HK\$'000	Office equipment HK\$'000	Total HK\$'000
Within one year	2,542	23	2,565
In the second to fifth years	1,496	57	1,553
	<b>4,038</b>	<b>80</b>	<b>4,118</b>

	As at 31 March 2017		
	Buildings HK\$'000	Office equipment HK\$'000	Total HK\$'000
Within one year	2,270	23	2,293
In the second to fifth years	3,776	80	3,856
	6,046	103	6,149

The Group leases a number of properties and office equipment under operating leases. The lease run for an initial period of two to five years (2017: two to five 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.

### 26. RELATED PARTY TRANSACTIONS

#### (a) Balance with a related party

Details of the balance with a related party are disclosed in note 17 to the consolidated financial statements.

#### (b) Compensation of key management personnel

The remuneration of the directors (as disclosed in note 12) and other members of key management during the year are as follows:

	2018 HK\$'000	2017 HK\$'000
Salaries, allowances and benefits in kind	2,253	1,799
Retirement benefit scheme contributions	54	51
	<b>2,307</b>	<b>1,850</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2018

### 27. FINANCIAL GUARANTEE CONTRACT

As at 31 March 2018, the Company had executed corporate guarantee to secure general banking facilities granted to a subsidiary which amounted to HK\$500,000 (2017: HK\$3,000,000). Under the guarantee, the Company would be liable to pay the bank if the bank is unable to recover the loan. As at 31 March 2018, the outstanding balance of the bank loans was HK\$Nil (2017: HK\$1,276,000) and this represents the Company's maximum exposure under the guarantee contract. No provision for the Company's obligation under the financial guarantee contract has been made as the directors consider that the fair value of this corporate guarantee is not significant and it is not probable that the repayment of loan would be in default.

### 28. CASH FLOW INFORMATION

#### Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Dividends payable HK\$'000	Bank borrowings HK\$'000	Total HK\$'000
As at 1 April 2017	–	1,276	1,276
<b>Change from financing cash flows:</b>			
Repayment of bank borrowings	–	(1,276)	(1,276)
Dividends paid to non-controlling interest of a subsidiary	(764)	–	(764)
<b>Other changes:</b>			
Dividend declared	764	–	764
<b>As at 31 March 2018</b>	<b>–</b>	<b>–</b>	<b>–</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2018

### 29. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

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.

#### 29.1 Categories of financial assets and liabilities

The carrying amounts presented in the statements of financial position relate to the following categories of financial assets and liabilities:

	2018 HK\$'000	2017 HK\$'000
<b>Financial assets</b>		
Loans and receivables:		
— Trade and other receivables	5,493	11,341
— Cash and bank balances	71,354	67,982
	<b>76,847</b>	79,323
<b>Financial liabilities</b>		
Measured at amortised costs:		
— Accrued charges and other payables	2,400	2,661
— Bank borrowings	—	1,276
	<b>2,400</b>	3,937

#### 29.2 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 AUD, Canadian dollars ("CAD"), Great British Pounds ("GBP") and United States dollars ("US\$"). These are not the functional currencies of the group entities to which these transactions relate.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2018

### 29. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(continued)*

#### 29.2 Foreign currency risk *(continued)*

Foreign currency denominated financial assets and liabilities, translated into HK\$ at the closing rates, are as follows:

	AUD HK\$'000	CAD HK\$'000	GBP HK\$'000	US\$ HK\$'000
<b>As at 31 March 2018</b>				
Trade and other receivables	3,113	92	1,210	162
Cash and bank balances	9,341	1,603	4,077	1,061
	<b>12,454</b>	<b>1,695</b>	<b>5,287</b>	<b>1,223</b>

	AUD HK\$'000	CAD HK\$'000	GBP HK\$'000	US\$ HK\$'000
<b>As at 31 March 2017</b>				
Trade and other receivables	3,615	200	556	38
Cash and bank balances	1,930	642	3,001	299
	5,545	842	3,557	337

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 after income tax for the year 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
<b>As at 31 March 2018</b>			
Sensitivity rate	1%	1%	5%
Decrease in profit for the year and equity	104	14	221
<b>As at 31 March 2017</b>			
Sensitivity rate	1%	2%	3%
Decrease in profit for the year and equity	46	14	89

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 for the year and equity but of opposite effect.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2018

### 29. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(continued)*

#### 29.3 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. The Group's interest rate risk arises primarily from bank borrowings which carry interests at variable rates. Borrowings bearing variable rates expose the Group to cash flow interest rate risk. The exposure to interest rates for the Group's bank deposits is considered immaterial.

As at 31 March 2017, it is estimated that if there was an increase of 50 basis points in interest rate, with all other variables remaining constant, the Group's profit for the year and equity would have decreased by approximately HK\$5,000.

The same degree of decrease in basis point would have the same magnitude on the Group's profit for the year and equity as at 31 March 2017 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.

#### 29.4 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 29.1.

Cash and bank balances are placed at financial institution 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. As at 31 March 2018, 8% (2017: 5%) was due from the largest customer and 31% (2017: 36%) was due from the five largest customers of the Group, respectively. The Group does not hold any collateral from its debtors.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2018

### 29. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(continued)*

#### 29.5 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 at the reporting date. 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 HK\$'000	Over 1 year but within 5 years HK\$'000	Over 5 year HK\$'000	Total undiscounted amount HK\$'000	Carrying amount HK\$'000
<b>As at 31 March 2018</b>					
Accrued and other payables	2,400	-	-	2,400	2,400

	Within 1 year or on demand HK\$'000	Over 1 year but within 5 years HK\$'000	Over 5 year HK\$'000	Total undiscounted amount HK\$'000	Carrying amount HK\$'000
<b>As at 31 March 2017</b>					
Accrued and other payables	2,661	-	-	2,661	2,661
Bank borrowings (note)	1,276	-	-	1,276	1,276
	3,937	-	-	3,937	3,937

Note:

Bank borrowings with a repayment on demand clause are included in the "Within 1 year or on demand" time band in the above maturity analysis. As at 31 March 2017, the aggregate carrying amount of the bank borrowings amounted to HK\$1,276,000. 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 borrowings with a repayment on demand clause will be repaid in accordance with the scheduled repayment dates set out in the loan agreement. At that time, the aggregate principal amount and interest cash outflows which would be repaid within one year would be amounted to HK\$1,305,000 from the reporting date.

#### 29.6 Fair value measurement

The carrying amounts of the financial instruments of the Group carried at cost or amortised cost are not materially different from their fair values at the end of the reporting date due to their short-term maturities.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2018

### 30. 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.

	2018 HK\$'000	2017 HK\$'000
Bank borrowings	–	1,276
Cash and bank balances	<b>(71,354)</b>	(67,982)
Net debt	<b>(71,354)</b>	(66,706)
Total equity	<b>76,867</b>	76,432
Net debt to equity ratio	<b>N/A</b>	N/A

### 31. EVENT AFTER THE REPORTING PERIOD

On 9 January 2018, Xinjiang Dadi Education, an indirect wholly-owned subsidiary of the Company, and an individual third party entered into a sales and purchase agreement pursuant to which Xinjiang Dadi Education has conditionally agreed to acquire, and the individual third parties has conditionally agreed to sell, 51% equity interests in Khorgos Do-Mega Education Tech Co., Ltd.\* 霍爾果斯達美嘉教育科技有限公司 (“Khorgos Do-Mega”) for a cash consideration of RMB800,000 (equivalent to HK\$998,000). Khorgos Do-Mega is engaged in providing education information technology services. The acquisition of Khorgos Do-Mega was completed in May 2018.

However, at the date of approval of these consolidated financial statements, the initial accounting for the business combination is not yet completed.

\* The English translation of the name of the company established in the PRC is for reference only. The official name of the company is in Chinese.

# FINANCIAL SUMMARY

A summary of results and of the assets, and liabilities and non-controlling interest of the Group for the last four financial years, extracted from the audited financial statements.

	2018 HK\$'000	2017 HK\$'000	2016 HK\$'000	2015 HK\$'000
<b>Revenue</b>	<b>22,706</b>	23,481	25,367	25,044
<b>Profit before income tax</b>	<b>1,731</b>	5,362	11,637	14,538
<b>Profit for the year</b>	<b>1,199</b>	3,479	9,171	12,117
<b>Attributable to:</b>				
<b>Equity holders of the Company</b>	<b>445</b>	2,652	8,399	10,972
<b>Non-controlling interest</b>	<b>754</b>	827	772	1,145
	<b>1,199</b>	3,479	9,171	12,117
	2018 HK\$'000	2017 HK\$'000	2016 HK\$'000	2015 HK\$'000
<b>Total Assets</b>	<b>80,032</b>	80,527	19,763	20,480
<b>Total Liabilities</b>	<b>(3,165)</b>	(4,095)	(4,140)	(8,708)
	<b>76,867</b>	76,432	15,623	11,772
<b>Equity attributable to equity holders of the Company</b>	<b>76,539</b>	76,094	15,310	11,293
<b>Non-controlling interest</b>	<b>328</b>	338	313	479
	<b>76,867</b>	76,432	15,623	11,772