

dadi Since 1990[®]
Overseas Studies Service Centre
大地 海外升學服務中心

Dadi Education Holdings Limited

大地教育控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8417

2018

Third Quarterly
Report



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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

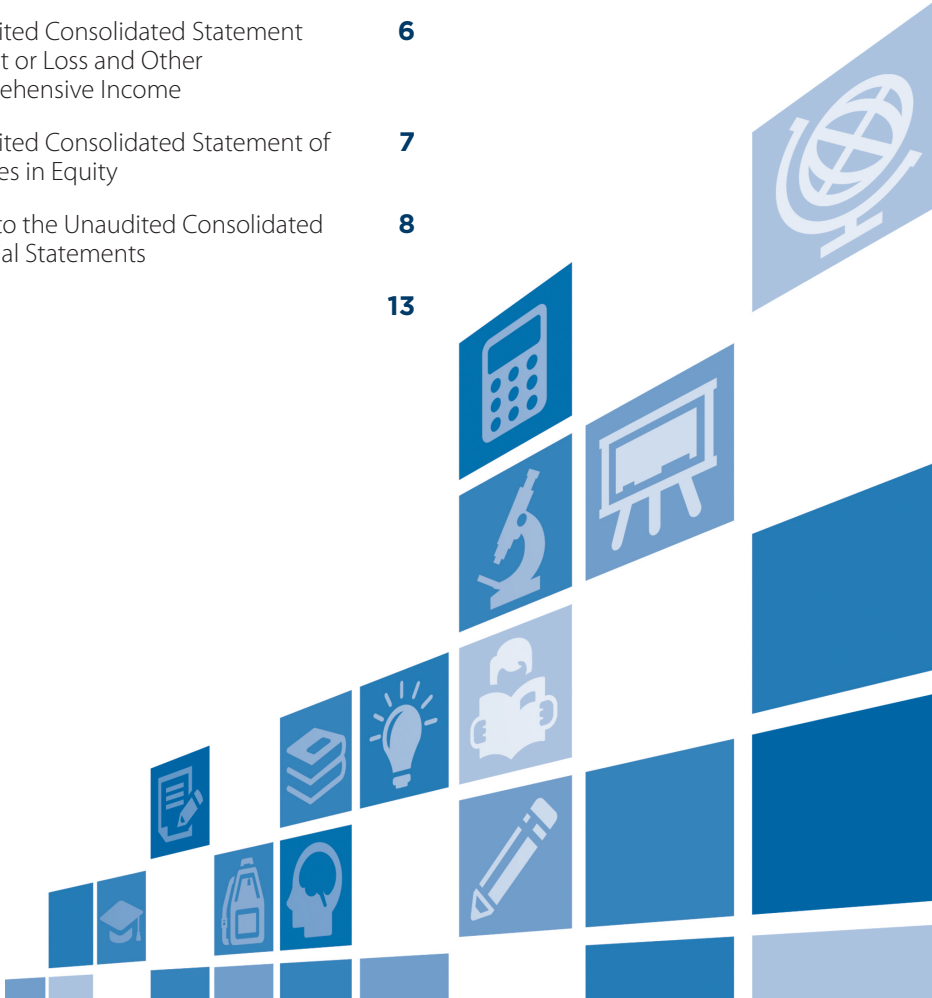
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This report, for which the directors (the “Directors”) of Dadi Education Holdings Limited (the “Company”), together with its subsidiaries, (the “Group”) collectively and individually accept full responsibility, includes particulars given in compliance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

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

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

P.O. 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
P.O. 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
2103B, 21/F., 148 Electric Road
North Point
Hong Kong

STOCK CODE

8417

WEBSITE

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

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

PROSPECTS AND STRATEGIES

The Company expects the growth of the demand in overseas education will continue to slow down. However, the Company believes the diversified networks with overseas education providers will allow the Company to provide the alternative study solution to students who would like to seek for overseas studies. The Company will continue to allocate resources in marketing campaigns, such as, engaging spokesperson and hosting large scale exhibitions for further strengthening our brand and increasing its recognition which ultimately allow the Company to expand its market share in Hong Kong. On the above basis, the Directors are confident that the Company will be able to keep growing in the foreseeable future.

FINANCIAL REVIEW

Revenue

Revenue of the Group for the nine months ended 31 December 2018 was approximately HK\$15.7 million, representing a decline of approximately 1.9% from approximately HK\$16.0 million for the nine months ended 31 December 2017. All revenue was derived from the overseas study consultancy services. The decrease in revenue was mainly attributable to the decline in successful placements in the higher education sector in Australia during the nine months ended 31 December 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 59.1% for the nine months ended 31 December 2018 (2017: approximately 58.1%). Commission income generated from the placements of students in the UK remained stable at approximately HK\$9.3 million (2017: approximately HK\$9.3 million) for the nine months ended 31 December 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

Australia

Commission income generated from the placements of students in Australia was declined by approximately HK\$0.9 million to approximately HK\$3.8 million (2017: approximately HK\$4.7 million), which represented approximately 24.2% of the Group's total revenue for the nine months ended 31 December 2018 (2017: approximately 29.1%) The decline was mainly contributed by the decrease in commission income derived from English bridging courses in the higher education sector of Australia during the nine months ended 31 December 2018.

Canada and the USA

Commission income generated from the placements of students in Canada and the USA in aggregate increased by approximately 22.3% which amounted to approximately HK\$2.1 million (2017: approximately HK\$1.7 million) and represented approximately 13.6% (2017: approximately 10.1%) of total revenue for the nine months ended 31 December 2018. The increase in amount was attributable to the increase in student placements in the USA and Canada for the nine months ended 31 December 2018.

Other income

The Group's other income increased from approximately HK\$2.8 million for the nine months ended 31 December 2017 to approximately HK\$3.5 million for the nine months ended 31 December 2018, representing an increase of approximately HK\$0.8 million or approximately 27.1%. The increase was mainly due to the increase in the bank interest income during the nine months ended 31 December 2018.

Marketing costs

The Group's marketing cost decreased from approximately HK\$6.0 million for the nine months ended 31 December 2017 to approximately HK\$4.1 million for the nine months ended 31 December 2018. The decrease was attributable to less advertising activities have been undertaken during the nine months ended 31 December 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

Employee benefits expenses

Staff costs of the Group increased by approximately HK\$1.5 million from approximately HK\$6.7 million for the nine months ended 31 December 2017 to approximately HK\$8.2 million for the nine months ended 31 December 2018. The increase was mainly contributed by the additional headcounts from consolidating the financial results of 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**”) and Beijing Do-Mega Education Tech Co., Ltd.* (北京達美嘉教育科技有限公司) (“**Beijing Do-Mega**”) during the nine months ended 31 December 2018.

Other expenses

Other expenses of the Group increased from approximately HK\$3.6 million for the nine months ended 31 December 2017 to approximately HK\$5.1 million for the nine months ended 31 December 2018. The increase in amount was mainly contributed by the loss on foreign exchange as Hong Kong dollars appreciate against foreign currencies and the increase in legal and professional fees during the nine months ended 31 December 2018.

Income tax expense

Income tax expense was remained stable at approximately HK\$0.4 million for the nine months ended 31 December 2018.

Net Loss for the nine months ended 31 December 2018

Net loss for the Group was amounted to approximately HK\$0.7 million for the nine months ended 31 December 2018 (2017: profit of approximately HK\$0.2 million). The net loss incurred was mainly contributed by the increase in employees benefit expense from consolidating the financial results of Khorgos Do-Mega and Beijing Do-Mega since 1 May 2018 and the foreign exchange loss realized during the nine months ended 31 December 2018.

THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2018

The board of directors (the "Board") announces the unaudited consolidated results of the Group for the nine months ended 31 December 2018 together with unaudited comparative figures for the nine months ended 31 December 2017 as follows:

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months ended 31 December 2018

	Notes	Nine months ended 31 December		Three months ended 31 December	
		2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Revenue	3	15,726	16,033	4,143	4,324
Other income	4	3,518	2,768	1,074	843
Marketing costs		(4,090)	(5,958)	(1,521)	(1,698)
Employee benefits expenses		(8,244)	(6,748)	(2,634)	(2,291)
Operating lease charges		(2,105)	(1,859)	(668)	(582)
Other expenses		(5,080)	(3,573)	(2,207)	(1,821)
Finance costs	5	–	(29)	–	(4)
Profit/(loss) before income tax	6	(275)	634	(1,813)	(1,229)
Income tax (expense)/credit	7	(429)	(440)	11	(7)
Profit/(loss) and total comprehensive income for the nine months		(704)	194	(1,802)	(1,236)
Profit/(loss) and total comprehensive income attributable to:					
Equity holders of the Company		(573)	(354)	(1,757)	(1,579)
Non-controlling interest		(131)	548	(45)	343
		(704)	194	(1,802)	(1,236)
Loss per share for loss attributable to equity holders of the Company					
Basic and diluted	9	(HK0.03 cents)	(HK0.02 cents)	(HK0.10 cents)	(HK0.09 cents)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2018

	Equity attributable to the equity holders of the Company							Total equity HK\$'000
	Share Capital HK\$'000	Share Premium HK\$'000	Capital Reserve HK\$'000	Retained profits HK\$'000	Exchange reserve HK\$'000	Total HK\$'000	Non-controlling interest HK\$'000	
Balance at 1 April 2017 (Audited)	17,504	45,405	11	13,174	-	76,094	338	76,432
Profit/(loss) and total comprehensive income for the period	-	-	-	(354)	-	(354)	548	194
Dividends paid to non-controlling interest	-	-	-	-	-	-	(408)	(408)
As at 31 December 2017 (unaudited)	17,504	45,405	11	12,820	-	75,740	478	76,218
Balance at 1 April 2018 (Audited)	17,504	45,405	11	13,619	-	76,539	328	76,867
Profit/(loss) and total comprehensive income for the period	-	-	-	(573)	-	(573)	(131)	(704)
Acquisition of subsidiaries	-	-	-	-	-	-	940	940
Exchange effect	-	-	-	-	(98)	(98)	(94)	(192)
Dividends paid to non-controlling interest	-	-	-	-	-	-	(298)	(298)
As at 31 December 2018 (unaudited)	17,504	45,405	11	13,046	(98)	75,868	745	76,613

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2018

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

1. GENERAL INFORMATION

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

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

As at 31 December 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**").

2. GROUP REORGANISATION AND BASIS OF PRESENTATION

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

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

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

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

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2018

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

3. REVENUE AND SEGMENT INFORMATION

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

The Group has determined the operating segments based on the information reported to the Group's most senior executive management, the chief operating decision-maker. The most senior executive management regards the Group's business of provision of overseas studies consultancy services as a single operating segment and assesses the operating performance and allocates the resources of the Group as a whole. Accordingly, no segment analysis information is presented.

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.

	Nine months ended 31 December		Three months ended 31 December	
	2018 (unaudited) HK\$'000	2017 (unaudited) HK\$'000	2018 (unaudited) HK\$'000	2017 (unaudited) HK\$'000
	Australia	3,809	4,664	1,168
Canada	1,250	1,032	73	102
New Zealand	303	141	49	26
United Kingdom	9,291	9,312	2,649	3,194
United States	896	722	123	–
Others	177	162	81	36
	15,726	16,033	4,143	4,324

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

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2018

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

4. OTHER INCOME

	Nine months ended 31 December		Three months ended 31 December	
	2018 (unaudited) HK\$'000	2017 (unaudited) HK\$'000	2018 (unaudited) HK\$'000	2017 (unaudited) HK\$'000
	Bank interest income	632	350	297
Commission income from guardianship	175	100	5	93
Marketing income	1,311	1,728	287	340
Net foreign exchange gain	–	503	–	299
Education support service income	999	–	295	–
Sponsorship income	43	87	–	22
Others	358	–	190	–
	3,518	2,768	1,074	843

5. FINANCE COSTS

	Nine months ended 31 December		Three months ended 31 December	
	2018 (unaudited) HK\$'000	2017 (unaudited) HK\$'000	2018 (unaudited) HK\$'000	2017 (unaudited) HK\$'000
	Interests on bank borrowings wholly repayable within five years	–	29	–

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2018

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

6. PROFIT/(LOSS) BEFORE INCOME TAX

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

	Nine months ended 31 December		Three months ended 31 December	
	2018 (unaudited) HK\$'000	2017 (unaudited) HK\$'000	2018 (unaudited) HK\$'000	2017 (unaudited) HK\$'000
Auditor's remuneration	435	360	155	120
Depreciation	428	471	134	233
Operating lease charges in respect of:				
— land and buildings	2,105	1,859	668	582
Net foreign exchange (loss)/gain	(1,515)	503	(755)	299

7. INCOME TAX (EXPENSE)/CREDIT

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

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

Hong Kong Profits Tax has been provided at the rate of 16.5% for the nine months ended 31 December 2018 (2017: 16.5%) on the estimated assessable profit for the nine months.

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

	Nine months ended 31 December		Three months ended 31 December	
	2018 (unaudited) HK\$'000	2017 (unaudited) HK\$'000	2018 (unaudited) HK\$'000	2017 (unaudited) HK\$'000
Current tax — Hong Kong Profits Tax				
Current nine months	429	440	11	7

As at 31 December 2018, the Group did not have any significant unrecognized deferred tax assets or liabilities (2017: HK\$Nil).

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2018

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

8. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the nine months ended 31 December 2018.

9. LOSS PER SHARE

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

	Nine months ended 31 December		Three months ended 31 December	
	2018 (unaudited) HK\$'000	2017 (unaudited) HK\$'000	2018 (unaudited) HK\$'000	2017 (unaudited) HK\$'000
Loss				
Loss for the period attributable to equity holders of the Company	(573)	(354)	(1,757)	(1,579)
Number of shares				
Weighted average number of ordinary shares (in thousands)	1,750,400	1,750,400	1,750,400	1,750,400

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

OTHERS

DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the nine months ended 31 December 2018 (2017: Nil).

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

References are made to the announcements of the Company dated 9 January 2018 and 10 April 2018 in relation to the acquisition of 51% equity interests in Khorgos Do-Mega which hold the entire equity interests of and in Beijing Do-Mega (the "**Acquisition**").

As disclosed in the announcement of the Company dated 28 June 2018, upon all the condition precedents for the completion as provided in the sale and purchase agreement (the "**Sale and Purchase Agreement**") entered into by Xinjiang Dadi Education Consultancy Limited* (新疆大地教育諮詢有限公司) ("**Xinjiang Dadi Education**"), an indirect wholly foreign-owned enterprise of the Company, for the Acquisition, the Acquisition was completed on 10 April 2018 but the Vendors as defined in the announcement of the Company dated 9 January 2018 should need to perform various post-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 as well as the appointment of the management personnel as designated by Xinjiang Dadi Education.

The performance of the post-Completion Obligations could not be processed within the ten business days as stated in the Sale and Purchase Agreement due to a 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 thereof, Xinjiang Dadi Education has agreed to vary the terms of the Sale and Purchase Agreement by extending the date for the performance of the post-Completion Obligations to 180 business days upon Completion. The financial results of Khorgos Do-Mega and Beijing Do-Mega have however been consolidated into the financial statements of the Group as from 1 May 2018 as a result of having the control over the management rights and financial documents and records.

OTHERS

The extension of time for performing the post-Completion Obligations has been lapsed on 28 December 2018 but the post-Completion Obligations, inter alia, the registration of the transfer of the 51% equity interest to Xinjiang Dadi Education and the appointment of management personnel as designated by Xinjiang Dadi Education have still failed to be completed. As at the date of this report, Xinjiang Dadi Education and the Vendors of the Sale and Purchase Agreement are discussing to resolve the position. Further announcement will be made by the Group when there is any result of the discussion.

Save as disclosed above, there was no significant investment held, material acquisition or disposal of subsidiaries and affiliated companies during the nine months ended 31 December 2018, and there was no plan for material investment or capital assets as at 31 December 2018.

MATERIAL EVENTS AFTER 31 DECEMBER 2018

Save as disclosed in this report, there is no material event affecting the Group which has occurred since 31 December 2018 and up to the date of this report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the nine months ended 31 December 2018 up to the date of this report.

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

As at 31 December 2018, the interests and short positions of the Directors and chief executives of the Company in the shares of the Company (the "**Share(s)**"), underlying Shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the directors, to be notified to the Company and the Stock Exchange, were as follows:

OTHERS

Long position in the Shares

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

Note:

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

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 December 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.

OTHERS

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

As at 31 December 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:

Long position in the Shares

Name	Capacity/Nature	Number of Shares	Percentage of Shareholding
Grand Courage	Beneficial owner	892,710,000	51%
Ms. Yin Xiao Pei (<i>Note 1</i>)	Interest of spouse	892,710,000	51%
宋文霞	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 December 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.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

To the best knowledge of the Directors, during the nine months ended 31 December 2018 and up to the date of this report, the Company has complied with all the applicable code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 15 to the GEM Listing Rules.

OTHERS

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors in respect of the shares of the Company (the “**Code of Conduct**”). The Company has made specific enquiry to all the Directors, and all Directors have confirmed that, they have fully complied with the required standard of dealings set out in the Code of Conduct and there was no event of non-compliance for the nine months ended 31 December 2018 up to the date of this report.

INTEREST OF COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed TC Capital International Limited as our compliance adviser, which has provided advice and guidance to the Company in respect of compliance with the applicable laws and the GEM Listing Rules. Except for the compliance adviser also acted as the sponsor of the listing of the Company and the compliance adviser agreement entered into between the Company and our compliance adviser dated 19 January 2016, neither our compliance adviser nor its Directors, employees or close associates had any interests in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules as at 31 December 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 the Company complies with the minimum of public float of 25%.

COMPETING INTERESTS

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

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “**Share Option Scheme**”) on 17 January 2017. No share option has been granted under the Share Option Scheme since its adoption and there were no outstanding share options under the Share Option Scheme as at 31 December 2018.

OTHERS

AUDIT COMMITTEE AND REVIEW OF QUARTERLY RESULTS

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

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

The audit committee of the Board and the management of the Company have reviewed the accounting principles and practices adopted by the Group and the unaudited consolidated financial results of the Group for the nine months ended 31 December 2018. The audit committee is of the opinion that the unaudited consolidated financial results of the Group for the nine months ended 31 December 2018 complied with applicable accounting standards, the requirements under the GEM Listing Rules and other applicable requirements, that adequate disclosures have been made.

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

Hong Kong, 14 February 2019

As at the date of this report, the executive Directors are Mr. Chung Wang Lung, Mr. Mok Patrick and Ms. So Pik Sau, the non-executive Director is Mr. Liu Chenyu and the independent non-executive Directors are Mr. Wong Tak Chun, Ms. Chung Wai Nar and Mr. Tsang Chi Fung.

* *The English translation of Chinese names or words in this report, where indicated, is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*