

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

Interim Report
2019



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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. Woo Yuen Ping

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
Certified Public Accountants
Level 12
28 Hennessy Road, Wanchai
Hong Kong SAR

REGISTERED OFFICE

PO Box 1350
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Grand Cayman KY1-1108
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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now known as 700 Nathan Road
(formerly known as Trade and Industry
Department Tower)
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
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 ("**UK**"), Australia, Canada and the United States of America (the "**USA**"). During the six months ended 30 September 2019, the Group's principal business remained 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.

PROSPECTS AND STRATEGIES

The Group expects the growth of the demand in overseas education will continue to slow down in this year. After the disposal of the segment of education information technology service in the People's Republic of China (the "**PRC**") as disclosed in the announcement and supplemental announcement of the Company dated 19 September 2019 and 30 September 2019, respectively (the "**Disposal**"), the Directors believes that the Disposal may improve the financial condition of the Group and may increase the financial flexibility of the Group which will enhance the Group's capability in seizing future development and investment opportunities. Simultaneously, the Directors will consider taking various other appropriate actions, such as, locating suitable working partners or developing new segment of business with an aim to improve the Group's financial performance.

Besides, the Group will continue to allocate sufficient resources in marketing campaigns to strengthen its brand and increase its recognition which ultimately allow the Group to expand its market share. On the above basis, the Directors are still confident that the Group will maintain a steady growth in foreseeable future though the operating environment in Hong Kong has generally turned worse since about July 2019.

FINANCIAL REVIEW

Revenue

Revenue of the Group for the six months ended 30 September 2019 was approximately HK\$9.7 million, representing a decrease of approximately 16.5% from approximately HK\$11.6 million for the six months ended 30 September 2018. All revenue was derived from the overseas study consultancy services. Such decrease was mainly attributable to the decline in commission income derived from less placement of students and intensive competition in Hong Kong during the six months ended 30 September 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

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 65.9% for the six months ended 30 September 2019 (2018: approximately 57.3%). Commission income generated from the placements of students in the UK was amounted to approximately HK\$6.4 million (2018: approximately HK\$6.6 million) or decreased by approximately 3.9%. The decrease in commission from the placements of students in the UK was mainly contributed by the decrease in number of successful placements in higher education sector in the UK during the six months ended 30 September 2019.

Australia

Commission income generated from the placements of students in Australia decreased by approximately HK\$0.6 million or approximately 25.1% from approximately HK\$2.6 million for the six months ended 30 September 2018 to approximately HK\$2.0 million for the six months ended 30 September 2019, which represented approximately 20.5% of the Group's total revenue for the six months ended 30 September 2019 (2018: approximately 22.8%). The decrease in the commission income generated from the placements of students in Australia was mainly contributed the decline in commission income derived from English bridging courses in the higher education sector of Australia during the six months ended 30 September 2019.

Canada and the USA

Commission income generated from the placements of students in Canada and the USA in aggregate decreased by approximately 43.6% which amounted to approximately HK\$1.1 million (2018: approximately HK\$2.0 million) and represented approximately 11.4% (2018: approximately 16.8%) of total revenue for the six months ended 30 September 2019. The decrease in amount was attributable to the decrease in student placements in both Canada and the USA for the six months ended 30 September 2019.

Other income

The Group's other income increased from approximately HK\$2.4 million for the six months ended 30 September 2018 to approximately HK\$3.9 million for the six months ended 30 September 2019, representing an increase of approximately HK\$1.5 million or approximately 62.5%. The increase was mainly due to the gain on the Disposal.

MANAGEMENT DISCUSSION AND ANALYSIS

Marketing costs

The Group's marketing costs decreased from approximately HK\$2.6 million for the six months ended 30 September 2018 to approximately HK\$1.8 million for the six months ended 30 September 2019. The decrease was mainly attributable to the reduction of advertising activities on television and public transport in Hong Kong during the six months ended 30 September 2019.

Employee benefits expenses

Staff cost of the Group was decreased by approximately HK\$1.2 million from approximately HK\$5.6 million for the six months ended 30 September 2018 to approximately HK\$4.4 million for the six months ended 30 September 2019. The decrease in staff cost was mainly due to the cessation of the business in the PRC as a result of the Disposal.

Other expenses

Other expenses of the Group had been increased from approximately HK\$2.9 million for the six months ended 30 September 2018 to approximately HK\$4.6 million for the six months ended 30 September 2019. The increase in amount was mainly contributed by the increase in net exchange loss during the six months ended 30 September 2019.

Income tax expense

Income tax expense decreased from approximately HK\$0.4 million for the six months ended 30 September 2018 to HK\$0.1 million for the six months ended 30 September 2019 due to the decrease in the assessable profit of the Group.

Profit for the six months ended 30 September 2019

Net profit for the Group had been slightly increased from approximately HK\$1.1 million for the six months ended 30 September 2018 to approximately HK\$1.3 million for the six months ended 30 September 2019 after having comprised of the effect of decrease in revenue and increase in other income.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has funded the liquidity for the six months ended 30 September 2019 and capital requirements primarily through capital contributions from shareholders, cash inflows from operating activities and net proceeds received from the Listing of the Company on 16 February 2017 (the "Listing Date").

As at 30 September 2019, the Group has total cash and bank balances of approximately HK\$68.5 million (31 March 2018: approximately HK\$71.1 million). The decrease was mainly due to the change in working capital during the six months ended 30 September 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 September 2019, the share capital and total equity attributable to equity holders of the Company amounted to approximately HK\$17.5 million and approximately HK\$77.0 million, respectively (31 March 2019: approximately HK\$17.5 million and approximately HK\$76.0 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 30 September 2019 was nil (31 March 2019: nil). During the six months ended 30 September 2019, the Group did not employ any financial instrument for hedging purpose.

CHARGES ON GROUP'S ASSETS

The Group did not have any charges of assets as at 30 September 2019 (31 March 2019: Nil).

CAPITAL COMMITMENT

The Group had no material capital commitments as at 30 September 2019 (31 March 2019: Nil).

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 September 2019 (31 March 2019: 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 six months ended 30 September 2019.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2019, the Group employed a total of 20 full-time employees. Total employee benefit expenses for the six months ended 30 September 2019 and the six months ended 30 September 2018 were approximately HK\$4.4 million and approximately HK\$5.6 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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

During the six months ended 30 September 2019, an indirect wholly-owned subsidiary of the Company entered into a sale and purchase agreement with a purchaser, Mr. Zhang Fashu* (張發樹), on 19 September 2019, pursuant to which, the Group disposed 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) which held the entire equity interests of Beijing Do-Mega Education Tech Co., Ltd* (北京達美嘉教育科技有限公司) at a cash consideration of RMB800,000. For further details of the Disposal, please refer to the announcement and supplemental announcement of the Company dated 19 September 2019 and 30 September 2019 published on the websites of the Stock Exchange and the Company as well as note 15 of Notes to the Consolidated Financial Statements of this report.

Save as disclosed above, there was no significant investment held, material acquisition or disposal of subsidiaries and affiliated companies during the six months ended 30 September 2019, and there was no plan for material investment or capital assets as at the date of this report.

MATERIAL EVENTS AFTER 30 SEPTEMBER 2019

Save as disclosed in this report, there is no important event affecting the Group which has occurred since 30 September 2019 and up to date of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF NET PROCEEDS FROM THE LISTING

The total net proceeds (the “**Net Proceeds**”) from the Listing of the Company was amounted to approximately HK\$55.1 million. The Net Proceeds were applied by the Group consistent with the disclosures in the Prospectus and the use of the Net Proceeds with the Group’s actual business progress from the Listing Date to the date of this report as set out below:

Use of net proceeds	Amount of net proceeds allocated upon listing HK\$'000	Amount of net proceeds utilised from the Listing Date to 30 September 2019 HK\$'000	Balance as at 30 September 2019 HK\$'000	Actual business progress up to the date of this report
Expand and renovate existing branches	5,198	3,169	2,029	Renovation of new Mongkok office has completed in October 2019.
Employ additional counsellors and supporting staff	15,373	1,027	14,346	The Group will continue to hire new staff members as of the date of this report.
Strengthen our brand awareness	25,505	13,178	12,327	The Group has engaged with a celebrity to act as the Group’s spokesperson since May 2017.
Expand our network of overseas education providers	700	21	679	The Group is still seeking potential partners as of the date of this report.
Enhance our IT system	2,975	338	2,637	The Group is exploring appropriate system(s) to be developed and provided by contractors and suppliers as of the date of this report.
Hold large scale exhibitions	3,960	1,783	2,177	The Group has successfully held several major exhibitions.
General working capital	1,428	1,428	–	N/A
Total	55,139	20,944	34,195	

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

The board of directors (the "Board") is pleased to announce the unaudited consolidated interim financial results of the Group for the six months ended 30 September 2019 together with the unaudited comparative figures for the six months ended 30 September 2018.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the three months and six months ended 30 September 2019

	Notes	Six months ended 30 September		Three months ended 30 September	
		2019	2018	2019	2018
		(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000
Continuing operation					
Revenue	4	9,676	11,583	7,205	8,882
Other income	5	3,867	2,444	3,086	1,518
Marketing costs		(1,776)	(2,569)	(1,358)	(1,812)
Employee benefits expenses		(4,379)	(5,610)	(2,249)	(3,345)
Operating lease charges		(1,407)	(1,437)	(704)	(776)
Other expenses		(4,569)	(2,873)	(2,104)	(941)
Profit before income tax	6	1,412	1,538	3,876	3,526
Income tax expense	7	(115)	(440)	-	(688)
Profit and total comprehensive income for the period from continuing operation		1,297	1,098	3,876	2,838
Discontinued operations					
Loss for the period from discontinued operations		(230)	-	(230)	-
Profit and total comprehensive income for the period		1,067	1,098	3,646	2,838

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the three months and six months ended 30 September 2019

	Notes	Six months ended 30 September		Three months ended 30 September	
		2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000
Profit/(Loss) and total comprehensive income for the period attributable to:					
Equity holders of the Company		854	1,184	3,399	3,259
Non-controlling interest		213	(86)	247	(421)
		1,067	1,098	3,646	2,838
Earnings per share for profit attributable to equity holders of the Company					
Basic and diluted	9	HK0.05 cents	HK0.07 cents	HK0.19 cents	HK0.19 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

	Notes	As at 30 September 2019 (unaudited) HK\$'000	As at 31 March 2019 (audited) HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	10	976	1,029
Current assets			
Income tax recoverable		27	–
Trade and other receivables	11	10,347	9,839
Cash and bank balances		68,498	71,113
		78,872	80,952
Current liabilities			
Accrued charges and other payables	12	2,515	4,536
Amount due to a director of a subsidiary		–	1,816
Tax Payable		360	218
		2,875	6,570
Net current assets		75,997	74,382
Total assets less liabilities		76,973	75,411
CAPITAL AND RESERVES			
Share capital		17,504	17,504
Reserves		59,347	58,472
Equity attributable to equity holders of the Company		76,851	75,976
Non-controlling interest		122	(565)
Total equity		76,973	75,411

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2019

	Equity attributable to the equity holders of the Company							Non-controlling interest	Total equity
	Share capital	Share premium	Capital reserve	Retained profits	Exchange reserve	Total			
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000		
Six months ended									
30 September 2018									
Balance at 1 April 2018 (Audited)	17,504	45,405	11	13,619	-	76,539	328	76,867	
Profit and total comprehensive income for the period	-	-	-	1,184	-	1,184	(86)	1,098	
Acquisition of subsidiaries	-	-	-	-	-	-	940	940	
Exchange effect	-	-	-	-	(98)	(98)	(94)	(192)	
Dividends paid to non-controlling interest	-	-	-	-	-	-	(298)	(298)	
Balance as at 30 September 2018 (Unaudited)	17,504	45,405	11	14,803	(98)	77,625	790	78,415	
Six months ended									
30 September 2019									
Balance at 1 April 2019 (Audited)	17,504	45,405	11	13,078	(22)	75,976	(565)	75,411	
Profit and total comprehensive income for the period	-	-	-	854	-	854	213	1,067	
Disposal of subsidiaries	-	-	-	-	21	21	889	910	
Dividends paid to non-controlling interest	-	-	-	-	-	-	(415)	(415)	
Balance as at 30 September 2019 (Unaudited)	17,504	45,405	11	13,932	1	76,851	122	76,973	

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2019

	Six months ended 30 September	
	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000
Net cash used in operating activities	(2,468)	(1,420)
Cash flows from investing activities		
Interest received	492	335
Purchase of property, plant and equipment	(13)	(10)
Acquisition of subsidiaries	–	(57)
Net cash outflow on disposal of a subsidiary	(39)	–
<i>Net cash generated from investing activities</i>	440	268
Cash flows from financing activities		
Dividends paid to non-controlling interest of a subsidiary	(415)	(298)
Repayments of amount due to a director of a subsidiary	(172)	–
<i>Net cash used in financing activities</i>	(587)	(298)
Net decrease in cash and cash equivalents	(2,615)	(1,450)
Effects of foreign exchange	–	(339)
Cash and cash equivalents at 31 March	71,113	71,354
Cash and cash equivalents at 30 September, represented by cash and bank balances	68,498	69,565

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

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

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company on 19 October 2015 with limited liability. The address of its registered office is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business of the Company is Units Nos. 702 and 703, 7th Floor, now known as 700 Nathan Road (formerly known as Trade and Industry Department Tower), Kowloon, Hong Kong.

The Company's shares were listed on the GEM of The Stock Exchange on 16 February 2017 (the "**Listing**").

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

As at 30 September 2019, 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

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 condensed consolidated financial statements of the Group for the six months ended 30 September 2019 has been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the HKICPA and the applicable disclosure requirements of Chapter 18 to the GEM Listing Rules.

The unaudited condensed consolidated financial statement should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 March 2019. The accounting policies used in the preparation of the unaudited interim financial report are consistent with those adopted in the annual consolidated financial statements of the Group for the year ended 31 March 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

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

3. ADOPTION OF NEW AND AMENDED HKFRSs

Amended HKFRSs that are effective for annual periods beginning or after 1 April 2019

The accounting policies adopted in the Company's consolidated financial statements for the year ended 31 March 2019 have been applied consistently to these interim condensed consolidated financial statements, except for the adoption of the following new/revised HKFRSs that are effective from 1 April 2019.

The Group has applied, for the first time, the following new/revised HKFRSs that are relevant to the Group:

Annual Improvements to HKFRSs	2015–2017 Cycle
HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKAS 19	Employee benefits
Amendments to HKAS 28	Investments in Associates and Joint Ventures
Amendments to HKFRS 9	Prepayment Features with Negative Compensation

The Group has not early applied the New and Revised HKFRs that have been issued but are not yet effective. The Group is in the process of making an assessment of the impact of the New and Revised HKFRs upon initial application but is not yet in a position to state whether these New and Revised HKFRs would have a significant impact on the Group's results of operation and financial position.

The unaudited condensed consolidated financial statements have been prepared under the historical costs basis.

The preparation of the unaudited condensed consolidated financial statements in conformity with the HKFRs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

The unaudited condensed consolidated financial statements are unaudited, but have been reviewed by the Audit Committee of the Company. The unaudited condensed financial statements were approved for issue on 14 November 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

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

4. 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 for the three months and six months ended 30 September 2019 and 2018.

	Six months ended 30 September		Three months ended 30 September	
	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000
Australia	1,979	2,641	1,704	2,250
Canada	712	1,177	641	1,059
New Zealand	158	254	137	211
United Kingdom	6,381	6,642	4,363	4,671
United States	387	773	333	628
Others	59	96	27	63
	9,676	11,583	7,205	8,882

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

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

5. OTHER INCOME

	Six months ended 30 September		Three months ended 30 September	
	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000
Bank interest income	492	335	254	266
Gain on disposal of a subsidiary	2,114	–	2,114	–
Commission income from guardianship	8	170	6	163
Marketing income	857	1,024	477	949
Education support service income	–	704	–	44
Sponsorship income	49	43	5	–
Others	347	168	230	96
	3,867	2,444	3,086	1,518

6. PROFIT BEFORE INCOME TAX

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

	Six months ended 30 September		Three months ended 30 September	
	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000
Auditor's remuneration	280	280	140	140
Depreciation	328	294	168	171
Operating lease charges in respect of:				
— land and buildings	1,407	1,437	704	776
Net foreign exchange loss	1,536	760	1,098	138

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

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

7. 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.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rate regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying entities will be taxed at 8.25%, and the profits above HK\$2 million will be taxed at 16.5%. The profits of entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at 16.5%. For the six months ended 30 September 2019, Hong Kong profits tax of Dadi Education Group Limited, a subsidiary of the Group, is calculated in accordance with the two-tiered profits tax rates regime.

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

	Six months ended 30 September 2019 (unaudited) HK\$'000		Three months ended 30 September 2019 (unaudited) HK\$'000	
	2018 (unaudited) HK\$'000	2018 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000
Current tax — Hong Kong Profits Tax				
Current year		115	440	115
				688

8. DIVIDENDS

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 September 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

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

9. EARNINGS PER SHARE

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

	Six months ended 30 September 2019		Three months ended 30 September 2019	
	(unaudited) HK\$'000	2018 (unaudited) HK\$'000	(unaudited) HK\$'000	2018 (unaudited) HK\$'000
Profit				
Profit for the period attributable to equity holders of the Company	854	1,184	3,399	3,259
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 six months ended 30 September 2019 and 2018 as the Group had no potentially dilutive ordinary shares in issue for the six months ended 30 September 2019 and 2018. The basic earnings per share equals to the diluted earnings per share.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2019, the Group acquired property, plant and equipment of approximately HK\$13,000 (six months ended 30 September 2018: approximately HK\$10,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

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

11. TRADE AND OTHER RECEIVABLES

	At 30 September 2019 (unaudited) HK\$'000	At 31 March 2019 (audited) HK\$'000
Trade receivables	8,420	8,326
Less: ECL allowance	(103)	(103)
	8,317	8,223
Other deposits	1,169	744
Prepayment and other receivables	861	872
	10,347	9,839

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:

	At 30 September 2019 (unaudited) HK\$'000	At 31 March 2019 (audited) HK\$'000
0–30 days	5,466	961
31–60 days	18	2,959
61–90 days	1,141	2,095
91–365 days	1,353	2,208
1–2 years	339	–
	8,317	8,223

The Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

For the six months ended 30 September 2019

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

12. ACCRUED CHARGES AND OTHER PAYABLES

	At 30 September 2019 (unaudited) HK\$'000	At 31 March 2019 (audited) HK\$'000
Accrued staff costs	956	1,039
Accrued marketing costs	98	536
Other accrued expenses	775	1,491
Consideration payable in relation to the acquisition of subsidiaries	–	922
Deposits received	63	346
Contract liabilities	623	202
	2,515	4,536

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.

13. SHARE CAPITAL

	Number of shares	HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
As at 31 March 2019 and 30 September 2019	3,000,000,000	30,000
Issued and fully paid:		
As at 31 March 2019 and 30 September 2019	1,750,400,000	17,504

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

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

14. RELATED PARTY TRANSACTIONS

Transaction	Six months ended 30 September	
	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000
Paid service fee to Allon Global Limited (Note)	134	–

Note: The Controlling Shareholder holds 51% shares of Allon Global Limited.

Compensation of key management personnel

The remuneration of the directors and other members of key management during the six months ended 30 September 2019 and 2018 are as follows:

Transaction	Six months ended 30 September	
	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000
Salaries, allowances and benefits in kind	531	663
Retirement benefit scheme contributions	9	18
	540	681

Save as disclosed above, the Group does not have any material balances and transactions with its related parties during the six months ended 30 September 2019 and 2018.

15. DISPOSAL OF A SUBSIDIARY

On 19 September 2019, Xinjiang Dadi Education Consultancy Limited* (新疆大地教育諮詢有限公司), an indirect wholly-owned subsidiary of the Company, as the vendor and Mr. Zhang Fashu* (張發樹) as the purchaser entered into a sale and purchase agreement, pursuant to which the vendor agreed to sell, and the purchaser agreed to acquire, 51% of the entire equity interests of Khorgos Do-Mega Education Tech Co., Ltd* (霍爾果斯達美嘉教育科技有限公司) which held the entire equity interests of Beijing Do-Mega Education Tech Co., Ltd.* (北京達美嘉教育科技有限公司) at a cash consideration of RMB800,000.

Khorgos Do-Mega Education Tech Co., Ltd. was beneficially owned as to 51% by Xinjiang Dadi Education immediately prior to completion. Completion has taken place immediately after the signing of the sale and purchase agreement and both Khorgos Do-Mega Education Tech Co., Ltd and Beijing Do-Mega Education Tech Co., Ltd. ceased to be subsidiaries of the Company since then.

OTHERS

DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2019.

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 six months ended 30 September 2019 and up to the date of this report.

COMPLIANCE WITH 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 six months ended 30 September 2019 to up to the date of this report, the Company has complied with all the applicable code provisions of the CG Code contained in Appendix 15 to the GEM Listing Rules.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors in respect of the shares of the Company (the "**Code of Conduct**"). The Company has made specific enquiry to all the Directors, and all Directors have confirmed that, they have fully complied with the required standard of dealings set out in the Code of Conduct during the six months ended 30 September 2019 and up to the date of this report.

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 from the Listing Date, which provided 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 control. The appointment of the compliance adviser ended on 30 June 2019. Except for the compliance adviser also acted as the sponsor of the Listing and the compliance adviser agreement entered into between the Company and our compliance adviser dated 19 January 2016, neither our compliance adviser nor its Directors, employees or close associates had any interests in relation to the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

OTHERS

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%.

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

As at 30 September 2019, 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 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, the entire issued share capital of which is legally and beneficially owned by Mr. Chung, the Chairman and executive Director of the Company. Under the SFO, Mr. Chung is deemed to be interested in all the Shares held by Grand Courage. Mr. Chung is a director of Grand Courage.

OTHERS

Long position in the ordinary shares of associated corporation

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

Save as disclosed above, as at 30 September 2019, none of the Directors and the chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which would be required pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

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

As at 30 September 2019, 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 (<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.

OTHERS

Save as disclosed above, as at 30 September 2019, 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.

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 six months ended 30 September 2019 and up to the date of this report.

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 our Group and to promote the success of the businesses of our 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 30 September 2019.

OTHERS

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

An audit committee has been established 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 financial statements for the six months ended 30 September 2019. The audit committee is of the opinion that the unaudited consolidated financial statements of the Group for the six months ended 30 September 2019 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement will be published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.dadi.com.hk. The Company's interim report for the six months ended 30 September 2019 will be dispatched to the Shareholders of the Company and will also be published on the aforesaid websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 14 November 2019

* 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.