

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

Annual
Report
2020



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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. 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
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

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7th Floor, 700 Nathan Road
(formerly known as Trade and Industry Department Tower)
Mongkok, 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

Ocorian 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 the Company, I am pleased to present the annual results of the Group for the year ended 31 March 2020.

The Group reported an increase in net loss for the year ended 31 March 2020. It has been a challenging year to the Group due to the business environment in Hong Kong was adversely affected by the uncertainties under the US-China trade frictions, social unrest in Hong Kong and the outbreak of Coronavirus Disease 2019 ("**COVID-19 outbreak**"). Under these situations, the Group will adopt plausible measures, including developing more traditional counsel channel as well as online service system, to optimize the business opportunities and improve the financial performance of the Group.

Outlook

Looking forward the year ending 31 March 2021, the Group holds a positive and optimistic attitude and will continue to our commitment to deliver the best service to students as well as strengthen the networks with overseas education providers.

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.

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, 22 June 2020

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 United Kingdom (“**UK**”), Australia, Canada and the United States of America (the “**USA**”). During the year ended 31 March 2020, 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.

During the year ended 31 March 2020, it is disappointed that the Group’s loss after tax (from continuing and discontinued operations) increased by approximately HK\$3.0 million as compared to that of for the last year profit notwithstanding the Group recorded a gain on the disposal of the segment of education information technology services 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 increase of loss after tax was mainly attributable to a decrease in revenue of the continuing operations under the unstable business environment as well as an increase in net exchange losses arising from bank deposits and mutual fund denominated in Australian dollars (“**AUD**”) and Great British Pounds (“**GBP**”) for the year ended 31 March 2020 as illustrated below.

Prospects and Strategies

The operating environment in Hong Kong has generally turned worse because of the unstable business environment in Hong Kong since about July 2019. Coupled with the COVID-19 outbreak which has been rapidly evolving globally from about late January 2020, the business environment became even more difficult.

As the Group’s continuing operation mainly depends on the number of successful placement of students to overseas universities, the Directors will continue to explore new streams for intakes of students from not only Hong Kong but also the PRC, with an aim to improve the Group’s financial performance for the continuing operations. The Group will continue to locate suitable working partners and will continue to allocate sufficient resources in marketing campaigns in Hong Kong to strengthen its brand and increase its recognition. Besides, despite the Disposal, the Group keeps confident in the overseas education services in the large city(ies) of the PRC. Therefore, the Group established a new indirect wholly-foreign owned subsidiary in Guangzhou, the PRC after the year ended 31 March 2020 with an aim to develop the Group’s business on provision of education consultancy services in the PRC. The Directors will keep on trying their best endeavours to maintain the Group’s competitiveness and will strive to improve the Group’s services for enhancing the Group’s growth in the present difficult business environment. On the above basis, the Directors believe the performance of the Group can be rebounded in the foreseeable future.

Principal Risks and Uncertainties

The economic and financial markets have been significantly impacted as a result of the COVID-19 outbreak from about late January 2020. The COVID-19 outbreak had no material impacts on the financial performance of the Group for the year ended 31 March 2020 notwithstanding the Group’s operating subsidiaries have suspended or withheld marketing campaigns and services were provided to customers mainly with remote access home office, instead of face to face consultations. However, the management expects that the consultation and intake of students will inevitably be slowed down and growth of the demand in overseas education becomes hard which may directly affect the revenue generated from the overseas studies consultancy services of the Group in the coming year. The extent of impact of the COVID-19 outbreak on the Group will depend on the new development concerning the global severity of and actions taken to contain the COVID-19 outbreak that are highly uncertain as at the date of this report. The Group will continue to pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the consolidated financial statements and operation results.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

FINANCIAL REVIEW

Revenue

Revenue of the Group from continuing operations for the year ended 31 March 2020 was approximately HK\$20.2 million, representing an decrease of approximately 11.7% from approximately HK\$22.9 million for the year ended 31 March 2019. All revenue was derived from the overseas study consultancy services. The decrease in revenue was mainly attributable to the decrease in number of successful placements in the higher education sector under the unstable business environment during the year ended 31 March 2020.

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 50.5% for the year ended 31 March 2020 (2019: approximately 52.1% from continuing operations). Commission income generated from the placements of students in the UK amounted to approximately HK\$10.2 million (2019: approximately HK\$11.9 million) or decreased by approximately 14.6% due to the decrease in commission from the placements of students in the UK.

Australia

Commission income generated from the placements of students in Australia decreased by approximately HK\$0.9 million or approximately 12.2% from approximately HK\$7.3 million for the year ended 31 March 2019 to approximately HK\$6.4 million for the year ended 31 March 2020, which represented approximately 31.5% of the Group's total revenue for the year ended 31 March 2020 (2019: approximately 31.7% from continuing operations). 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 during the year ended 31 March 2020.

Canada and the USA

Commission income generated from the placements of students in Canada and the USA in aggregate increased by approximately 1.5% which amounted to approximately HK\$3.0 million (2019: approximately HK\$2.9 million) and represented approximately 14.7% (2019: approximately 12.8% from continuing operations) of total revenue for the year ended 31 March 2020. The increase in amount was mainly attributable to the increment in successful placements of students in the USA during the year ended 31 March 2020.

OTHER INCOME

The Group's other income from continuing operations increased from approximately HK\$2.7 million for the year ended 31 March 2019 to approximately HK\$2.9 million for the year ended 31 March 2020, representing an increase of approximately HK\$0.2 million or approximately 6.6%. The increase was mainly due to an income from administrative fee, an income from dividend from financial assets at fair value through profit and loss and an increase in bank interest income during the year ended 31 March 2020.

MARKETING COSTS

The Group's marketing costs from continuing operations decreased from approximately HK\$5.4 million for the year ended 31 March 2019 to approximately HK\$3.4 million for the year ended 31 March 2020. The decrease was mainly attributable to the reduction in the cost of advertisements during the year ended 31 March 2020.

EMPLOYEE BENEFITS EXPENSES

Staff cost of the Group from continuing operations remained stable at approximately HK\$9.0 million for the years ended 31 March 2020 and 2019.

OTHER EXPENSES

Other expenses of the Group from continuing operations increased from approximately HK\$6.7 million for the year ended 31 March 2019 to approximately HK\$13.0 million for the year ended 31 March 2020. The increase in amount was mainly because of an increase in net exchange losses arising from bank deposits and mutual fund denominated in AUD and GBP.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

INCOME TAX EXPENSES

Income tax expenses decreased from approximately HK\$0.7 million for the year ended 31 March 2019 to approximately HK\$0.3 million for the year ended 31 March 2020.

(LOSS)/PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

Net profit for the Group from continuing operations decreased from approximately a net profit of HK\$1.2 million for the year ended 31 March 2019 to a net loss of approximately HK\$5.1 million for the year ended 31 March 2020. The decline was mainly contributed by a decrease in revenue under the unstable business environment as well as an increase in exchange loss for the year ended 31 March 2020 as mentioned above.

(LOSS)/PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS

The loss of the Group from discontinued operations decreased from approximately HK\$2.2 million for the year ended 31 March 2019 to approximately a profit of HK\$1.1 million for the year ended 31 March 2020. The decrease was attributed to the gain on disposal of discontinued operation as a result of the Disposal.

LOSS FOR THE YEAR

The loss of the Group for the year increased from approximately HK\$1.0 million for the year ended 31 March 2019 to approximately HK\$4.1 million for the year ended 31 March 2020. The increase in loss was mainly attributable to the net loss for the year ended 31 March 2020 from continuing operations as mentioned above.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has funded the liquidity for the year ended 31 March 2020 and capital requirements primarily through capital contributions from shareholders and cash inflows from operating activities.

As at 31 March 2020, the Group has total cash and bank balances of approximately HK\$60.5 million (2019: approximately HK\$71.1 million).

As at 31 March 2020, the share capital and total equity attributable to equity holders of the Company amounted to approximately HK\$17.5 million and approximately HK\$71.5 million, respectively (2019: approximately HK\$17.5 million and approximately HK\$76.0 million, respectively).

Gearing ratio is calculated based on the borrowings and lease liabilities, less cash and bank balances divided by total equity attributable to equity holders of the Company as at the period-end date and expressed as a percentage. With available bank balances and cash, the Group has sufficient liquidity to satisfy its funding requirements.

CHARGES ON THE GROUP'S ASSETS

The Group did not have any charges of assets as at 31 March 2020 and 2019.

CAPITAL COMMITMENT

The Group had no material capital commitments as at 31 March 2020 and 2019.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 March 2020 (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 AUD, Canadian dollars ("CAD"), GBP, RMB and the United States dollars ("US\$"). The Group is mainly exposed to the effects of fluctuation in AUD, CAD, GBP and RMB 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 2020 though the Group subscribed certain financial assets at fair value through profit and loss as referred to in the paragraph headed "Significant Investment Held, Material Acquisition or Disposal of Subsidiaries and Affiliated Companies and Plans for Material Investment or Capital Assets" below.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

EMPLOYEES AND REMUNERATION POLICIES

Total employee benefit expenses for the year ended 31 March 2020 and the year ended 31 March 2019 remained at approximately HK\$9.0 million. 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

Disposal of subsidiaries

During the year ended 31 March 2020, the Company's indirect wholly-owned subsidiary, Xinjiang Dadi Education Consultancy Limited* (新疆大地教育諮詢有限公司) ("Xinjiang Dadi Education") disposed its 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) to a purchaser, Mr. Zhang Fashu* (張發樹), at a cash consideration of RMB800,000, i.e. the Disposal as referred to in this report hereinabove. Following the completion of the Disposal, Khorgos Do-Mega Education Tech Co., Ltd* (霍爾果斯達美嘉教育科技有限公司) and Beijing Do-Mega Education Tech Co., Ltd* (北京達美嘉教育科技有限公司) ceased to be the subsidiaries of the Company and their operations of mainly engaged in the provision of education information technology services discontinued from the Group.

Financial assets at fair value through profit or loss

The Group had a fair value loss of financial assets at fair value through profit and loss ("FVTPL") of approximately HK\$1.6 million for the year ended 31 March 2020 as shown in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in this annual report. The financial assets at FVTPL held by the Group were certain units of the funds that were subscribed by the Group during the year ended 31 March 2020 and which were valued at approximately HK\$5,557,000 as at 31 March 2020 as disclosed in note 18 and note 35.6 to the notes to the consolidated financial statements in this annual report. All the of the financial assets at FVTPL refers to certain units in a fund under the name of BGF Dynamic High Income Fund A8 AUD-Hedged with category A (the "Fund") issued by Blackrock Asset Management North Asia Limited and were subscribed through one of the bankers of the Group, the Bank of China (Hong Kong) Limited, in November 2019 and January 2020, respectively. The Group subscribed 84,076.43 units of the Fund at the unit price of approximately AUD9.52 in November 2019 and 74,482.75 units at approximately AUD9.67 in January 2020. As at 31 March 2020, the Group held 158,559.18 units of the Fund with a unit price of AUD7.35. The unit price of the Fund as at the last reference date of 29 May 2020 (i.e. the month before the publication of this annual report) was AUD8.20. The reasons for the Group to subscribe the units in the Fund was that AUD is one of the Group's main currencies that the Group received in its ordinary course of business and that the Group used to have deposits at banks in the AUD. Due to the low exchange rate from converting AUD to HK\$ during the year ended 31 March 2020, the Group considered it appropriate not to convert the AUD to HK\$ during the year ended 31 March 2020, but to subscribe the units in the Fund which was launched in February 2018 and was classified as a medium risk fund. According to the prospectus of the Blackrock Global Funds published in May 2020, the average annual compound return since inception of the relevant class of the Fund was 1.27% and the average return for 1 year was 4.73% without taking into account the expenses incurred and subject to the risk described in the said prospectus. The Fund was with an open-ended term which provides the Group flexibility to redeem the units at any time when the Group considers appropriate. Considered the comprehensive and diversify portfolio and assets of the Fund, it is expected that the subscription of the units could help obtaining consistent, diversified income with attractive total return. According to the factsheet of the Fund, the calendar year performance of the Fund in terms of share class from share class launched date increased from -8.44% on 31 December 2018 to 18.32% on 31 December 2019 notwithstanding no guaranteed principal and return of the Fund was provided to the subscribers. Against a backdrop of increased market volatility, it is becoming more critical for the Group to diversify income exposures and the Fund utilizes a flexible strategy combined with a risk-aware investment process, it is expected the volatility of the price of the Fund will be stable.

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 2020. Save as disclosed in the paragraph headed "Events after the year ended 31 March 2020" below, there was no plan for material investment or capital assets as at the date of this report.

EVENTS AFTER THE YEAR ENDED 31 MARCH 2020

After the Disposal, the Company considered it appropriate to discontinue the operation in Xinjiang, the PRC. Hence, the Company's direct wholly-owned subsidiary, Grand Pick Limited (a company incorporated in the British Virgin Islands with limited liability), sold its one share (representing the entire interest) in City Victory Investment Limited ("**City Victory**") (a company incorporated in Hong Kong with limited liability) which held the entire equity in Xinjiang Dadi Education at a consideration of HK\$1.00 to the purchaser, Ms. Feng Wanning (the sole executive director, the general manager and the legal representative of Xinjiang Dadi Education). The completion of the sale of share of City Victory was completed on 25 May 2020. On completion, Grand Pick Limited also paid an agreed sum of RMB60,000 to Ms. Fung Wanning for settlement of the outstanding fees incurred by Xinjiang Dadi Education in its incorporation and maintenance as well as for settlement of potential penalties due to the corporate non-compliances of Xinjiang Dadi Education imposed by the Ili Kazakhstan Autonomous Region Khorgos Port Industrial and Commerce Sub-branch* (伊犁哈薩克自治州工商行政管理局霍爾果斯口岸工商分局) in about August 2018 and July 2019.

City Victory was incorporated as an investment holding company and, save for holding the shares in Xinjiang Dadi Education, it has been inactive since its incorporation on 10 March 2017. Xinjiang Dadi Education was incorporated on 12 October 2017 and it solely held the 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 directly held Beijing Do-Mega Education Tech Co., Ltd* (北京達美嘉教育科技有限公司) before the Disposal.

Following the Disposal, the net liabilities of City Victory and Xinjiang Dadi Education for the year ended 31 March 2020 was approximately HK\$35,000.

As Ms. Fung Wanning was the sole executive director, the general manager and the legal representative of Xinjiang Dadi Education prior to the sale of share of City Victory, Ms. Fung Wanning is therefore a connected person at the subsidiary level. The sale of share of City Victory constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rule. However, pursuant to GEM Listing Rule 20.74, a connected transaction conducted on normal commercial terms or better is fully exempt if all the percentage ratio (other than the profits ratio) are less than 1% and the transaction is a connected transaction only because it involves connected person at the subsidiary level. As all the percentage ratio are less than 1% and the transaction only involved Ms. Fung Wanning who is a connected person at the subsidiary level, the sale of share of City Victory is fully exempted pursuant to GEM Rule 20.74.

After the sale of share of City Victory, City Victory and Xinjiang Dadi Education ceased to form part of the Group. The Company estimated that the financial effect of the sale of share of City Victory was approximately HK\$25,000, which shall be subject to accounting adjustment and subject to audit.

The Directors (including the independent non-executive Directors) considered the reasons for and the benefit for the sale of share of City Victory (which in turn disposed the entire equity of Xinjiang Dadi Education). They are of the view that the sale of share of City Victory is fair and reasonable which were determined after arm's length negotiations and the sale is in the interest of the Company and the Shareholders as a whole.

Despite the sale of share of City Victory and Xinjiang Dadi Education, the Group maintained the view that there is room for the Group to develop the overseas education services in the large city(ies) of the PRC. In order to have another attempt to expand the Group's overseas education services in the PRC market, the Group set up an indirect wholly-foreign owned subsidiary in Guangzhou, the PRC under the name of Time Pace (Guangzhou) Education Consultants Company Limited* (時進(廣州)教育諮詢有限公司) with a registered capital of RMB3 million. The business licence of Time Pace (Guangzhou) Education Consultants Company Limited* (時進(廣州)教育諮詢有限公司) was issued on 4 June 2020 for a term of business commencing from 4 June 2020 to permanent, under which Time Pace (Guangzhou) Education Consultants Company Limited* (時進(廣州)教育諮詢有限公司) is permitted to conduct a series of commercial services including the provision of education consultancy services and the provision of information consultancy services for students studying overseas for opening business and investment projects.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Further, the wide spread of the COVID-19 since the COVID-19 outbreak is a fluid and challenging situation that all industries and the society have to face with. The Group keeps on monitoring the overall impact of the situation on the operation of the Group and has taken all possible effective measures to limit and keep the impact in control. The Group will continue to keep attention on the change of the situation and will make timely response and adjustments (if necessary) in the future.

Save as disclosed in this paragraph, there is no other important event affecting the Group which has occurred after the year ended 31 March 2020 and up to the date of this report.

USE OF NET PROCEEDS FROM THE LISTING

The net proceeds from the listing of the Company in February 2017 (the “**Listing**”) 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. Up to 31 March 2020, approximately HK\$24.2 million has been utilized (2019: approximately HK\$16.3 million). The Group will strive to achieve the milestone events as stated in the Prospectus dated 26 January 2017 (the “**Prospectus**”) and it provides an analysis comparing the business objectives set out in the Prospectus with the Group’s actual business progress from the Listing Date of 16 February 2017 (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 up to 31 March 2020 HK\$'000	Balance as at 31 March 2020 HK\$'000
Expand and renovate existing branches	5,198	4,520	678
Employ additional counsellors and supporting staff	15,373	1,075	14,298
Strengthen our brand awareness	25,505	14,903	10,602
Expand our network of overseas education providers	700	21	679
Enhance our IT system	2,975	469	2,506
Hold large scale exhibitions	3,960	1,783	2,177
General working capital	1,428	1,428	–
Total	55,139	24,199	30,940

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

The Directors regularly evaluate the Group’s business objectives and may change or modify plans against the changing market condition to ascertain the business growth of the Group. During the year ended 31 March 2020, the Directors considered that no modification of the use of proceeds described in the Prospectus was required.

DIVIDENDS

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2020 (2019: Nil).

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

CHUNG Wang Lung (鍾宏龍), aged 61, 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, Legend Focus Investments Limited, Grand Pick Limited, Time Pace (GZ) Education Consulting Limited and Time Pace (Guangzhou) Education Consultants Company Limited* (時進(廣州)教育諮詢有限公司).

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 46, 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 36, 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.

NON-EXECUTIVE DIRECTOR

Liu Chenyu (劉辰雨), aged 32, was appointed as a non-executive Director since 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 present, 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 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 which was an indirect wholly owned subsidiary of the Company prior to the Disposal.

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 39, was appointed as an independent non-executive Director since 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 51, was appointed as an independent non-executive Director since 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 48, was appointed as an independent non-executive Director since 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, including 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

WOO Yuen Ping (胡遠平), aged 34, joined the Group on 17 March 2019. He serves as the company secretary of the Group. Mr. Woo is primarily responsible for company secretarial and overall financial management matters of the Group.

Mr. Woo is a member of The Hong Kong Institute of Certified Public Accountants. Mr. Woo has over 10 years of experience in auditing, accounting and company secretarial matters. Mr. Woo obtained his bachelor degree of business administration in accountancy from the City University of Hong Kong in November 2008. He has been the managing director of Global Vision CPA Limited from December 2015 to February 2019 and worked with RSM Nelson Wheeler from August 2008 to September 2014 when his last position was an assistant manager. He has been a member of CPA Australia since April 2019.

Save as disclosed above, Mr. Woo (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 31, 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 2020.

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 2020, 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.

COMPOSITION OF THE BOARD

As at the date of this 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 Director:

Mr. Liu Chenyu

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 "Profile 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 since 17 January 2017 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, a member of the senior management of the Company. The biographical details of each of the Directors are set out in the section headed "Profile of Directors and Senior Management" of this 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/resolutions are prepared for 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 2020, seven board meetings/resolutions were held and the attendance records are as follows:

Name of Director	Meetings attended/ Eligible to attend
Executive Directors	
Mr. Chung Wang Lung (<i>Chairman</i>)	7/7
Mr. Patrick Mok (<i>Chief executive officer</i>)	7/7
Ms. So Pik Sau	7/7
Non-executive Director	
Mr. Liu Chenyu	7/7
Independent Non-executive Directors	
Ms. Chung Wai Nar	7/7
Mr. Tsang Chi Fung	7/7
Mr. Wong Tak Chun	7/7

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 for the year ended 31 March 2020 and up to the date of this report.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

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 renewed his/her service agreement with the Company for a term up to the annual general meeting of the Company to be held in 2020, 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. The non-executive Director has renewed his appointment with the Company for a term up to 30 June 2020. Each independent non-executive Directors was appointed for a term up to the annual general meeting of the Company to be held in 2020 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.

NOMINATION POLICY

The Board has adopted a Nomination Policy on 28 December 2018 which sets out the criteria and process in the nomination and appointment of directors of the Company, aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and to ensure the Board's continuity and appropriate leadership. The Nomination Committee shall identify candidates who are qualified/suitable to become a member of the Board and to make recommendations to the Board on the selection of candidates nominated for directorships. The selection of candidates will be based on a range of selection criteria as set out in the Nomination Policy, including but not limited to, character and integrity, qualification, potential contributions the candidate can bring to the Board in terms of qualifications, skill, experience, independence and gender diversity, the candidate's willingness and ability to devote adequate time to discharge duties as a member of the Board.

For the appointment of directors, the Nomination Committee will first identify individual(s) suitably qualified to become Board members and assesses the independence of the proposed independent non-executive director(s). Then, the Nomination Committee will make recommendation to the Board for the Board to consider, having regard to the Board Diversity Policy and the Nomination Policy. The Board will confirm the appointment of the suitable candidate or recommend the candidate to stand for election at a general meeting of the Company. The candidate(s) who is/are appointed by the Board to fill a casual vacancy or as an addition to the Board will be subject to re-election by shareholders of the Company at the next annual general meeting after initial appointment in accordance with the Articles of Association.

For the re-appointment of directors, the Nomination Committee will also consider the retiring directors based on the Board Diversity Policy and the Nomination Policy, and assess their independence before the Nomination Committee makes recommendation to the Board to consider. After the Board considers each retiring director, the Board will recommend the suitable retiring director(s) to stand for re-election at the annual general meeting in accordance with the Articles of Association. The Shareholders will approve the re-election of directors at the annual general meeting.

The Nomination Committee shall review the structure, size, composition (including skills, knowledge, experience and length of service) of the Board on a regular basis at least annually and diversity of the Board to ensure that it has a balance of expertise, skills and experience and diversity of perspective appropriate to the requirements for the business of the Company.

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.

All Directors confirmed that they have complied with the code provision A.6.5 of the CG Code. During the year ended 31 March 2020, all Directors have participated in continuing professional development by attending seminars courses or conferences provided by professional bodies or reading relevant materials that were provided to them on topics related to corporate governance and regulatory matters in order to develop and refresh their knowledge and skills on the roles, functions and duties of a listed company director.

BOARD COMMITTEES

The Group has established three committees, namely audit committee, remuneration committee and nomination committee 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) and the website of the Stock Exchange.

AUDIT COMMITTEE

An audit committee was established with this terms of reference which has been revised and adopted by the Board on 28 December 2018 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.

During the year ended 31 March 2020, the Audit Committee has held four meetings. Members of Audit Committee and attendance record of each member are set out below:

Name of Director	Meetings attended/ Eligible to attend
Independent non-executive Directors:	
Mr. Wong Tak Chun (<i>Chairman</i>)	4/4
Mr. Tsang Chi Fung	4/4
Ms. Chung Wai Nar	4/4

During the meetings, the audit committee had reviewed the unaudited quarterly and interim results as well as the necessity to establish an internal audit function. The Group's audited annual results in respect of the year ended 31 March 2020 have also 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 2020.

REMUNERATION COMMITTEE

A remuneration committee has been established with its terms of reference which has been revised and adopted by the Board on 28 December 2018 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.

During the year ended 31 March 2020, the Remuneration Committee held one meeting/resolution. 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>)	1/1
Mr. Wong Tak Chun	1/1
Mr. Tsang Chi Fung	1/1

During the meetings, the remuneration committee had reviewed the performance of the individual Directors and approved chairman's and other director's salary adjustments.

NOMINATION COMMITTEE

A nomination committee has been established with its terms of reference which has been revised and adopted by the Board on 28 December 2018 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.

The Nomination Committee has held one meeting/resolution during the year ended 31 March 2020. 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>)	1/1
Ms. Chung Wai Nar	1/1
Mr. Tsang Chi Fung	1/1

During the meetings, the nomination committee had reviewed and assessed the independence of the independent non-executive Directors and make recommendations to the Board on the proposal of re-appointment of the Directors at the annual general meeting.

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 2020, 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	480
Non-audit services	–
Total	480

COMPANY SECRETARY

The company secretary of the Company is Mr. Woo Yuen Ping. Please refer to the section "Profile of Directors and Senior Management" for his biographical information. During the year ended 31 March 2020, Mr. Woo has undertaken no less than 15 hours of relevant professional training in accordance with Rule 5.15 of the GEM Listing Rules.

COMPLIANCE OFFICER

Mr. Mok Patrick is the compliance officer of the Company. His biographical information is set out in the section headed "Profile of Directors and Senior Management" of this annual report.

DIVIDEND POLICY

The Company has set up a dividend policy (the "Dividend Policy") on 28 December 2018 with an aim to strike a balance between maintaining sufficient capital to develop and operate the business of the Group and rewarding the Shareholders of the Company. According to the Dividend Policy, in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account the following factors:

- the Company's operating results, actual and expected financial performance;
- retained earnings and distributable reserves of the Company and each of the members of the Group;
- the level of the Group's debts to equity ratio, return on equity and the relevant financial covenants;
- any restrictions on payment of dividends that may be imposed by the Group's lenders;
- the Group's expected working capital requirements, capital expenditure requirements and future expansion plans;
- the Group's liquidity position;
- general economic conditions, business cycle of the Group's business and other internal and external factors that may have an impact on the business or financial performance and position of the Company; and
- any other factors that the Board may deem appropriate and relevant.

The declaration and payment of dividend by the Company is also subject to any restrictions under the Companies Laws of the Cayman Islands, any applicable laws, rules and regulations and the Articles of Association. The declaration and payment of future dividend under the Dividend Policy are subject to the Board's determination that the same would be in the best interests of the Group and the Shareholders of the Company as a whole. The Board will review the Dividend Policy from time to time and may exercise at its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time as it deems fit and necessary.

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.

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 2020, 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 41 to 44 of this report.

SHAREHOLDERS' RIGHTS

To safeguard shareholders' interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted by poll pursuant to the GEM Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

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.

The AGM of the Company is being scheduled on Tuesday, 4 August 2020, 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 branch share registrar and transfer office (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 Units Nos. 702 and 703, 7th Floor, 700 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 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

There had been no significant changes in the constitutional documents of the Company during the year ended 31 March 2020.

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 2020.

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 2020.

Office	Power Consumption (KWh)	CO ₂ Emission (Kg)	Floor Area (sq.ft.)	Intensity (Kg/sq.ft)
Mongkok Office	18,100	9,050	3,986	2.27
Tsuen Wan Office	6,765	3,383	670	5.05
TOTAL	24,865	12,433	4,656	2.67

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 2020.

Office	Paper Usage (sheets)	Number of Staffs	Intensity (sheets/staff)
Mongkok Office	37,500	15	2,500
Tsuen Wan Office	10,000	5	2,000
TOTAL	47,500	20	2,375

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

With the implementation of the various energy saving measures, the Group has reduced in power consumption, emission of carbon dioxide as well as number of paper usage during the year ended 31 March 2020 as compared with the year ended 31 March 2019.

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 2020.

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	3	4
31–40	1	6
41–50	1	3
Over 50	2	1
TOTAL	7	14

During the year ended 31 March 2020, the staff turnover rate of the Group was approximately 22.7% (2019: 32.7%). All staffs of the Group were located in Hong Kong during the year ended 31 March 2020.

There was no non-compliance case noted in relation to employment laws and regulations for the year ended 31 March 2020.

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 2020.

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 2020 (2019: no less than 12 hours).

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 2020.

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 2020. 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. 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 2020.

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 2020.

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 2020.

DIRECTORS

The Directors during the year ended 31 March 2020 and up to the date of this report were as follows:

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

BIOGRAPHIES OF DIRECTORS

The biographical details of the Directors are disclosed in the section headed "Profile of Directors and Senior Management" on pages 10 to 13 of this report.

DIRECTORS' SERVICE CONTRACTS

Save for Mr. Liu Chenyu (the non-executive Director of the Company), each of the executive Directors has entered into a service agreement and each of the independent non-executive Directors has entered into a letter of appointment with the Company for an initial term commencing from the listing date of the Company (i.e. 16 February 2017) to up to the annual general meeting of 2018. After the re-election of Directors at the last annual general meeting held on 31 July 2019, the service agreements and the letters of appointment with the respective executive Directors and the independent non-executive Directors have been extended to the annual general meeting of 2020, which will be continued unless terminated by either party giving at least one month's notice in writing to the other and in accordance with the terms of the agreement.

As for Mr. Liu Chenyu, he has entered into a letter of appointment with the Company for a term from 26 March 2018 up to two years and the appointment has been renewed up to 30 June 2020 unless terminated in accordance with the terms of the agreement.

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.

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

Save as disclosed in the section headed "Connected Transactions / Continuing Connected Transactions" in this report and as discussed under "Related Party Transactions" in note 29 to the consolidated financial statements of the Group, there was 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 2020.

CONTROLLING SHAREHOLDERS' INTEREST

Save as disclosed in the section headed "Connected Transactions / Continuing Connected Transactions" in this report and as discussed under "Related Party Transactions" in note 29 to the consolidated financial statements of the Group, there was 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

The emolument policy of the Group is on the basis of the qualifications and contributions of individuals to the Group. The Company has adopted share option schemes as incentive to eligible employees, details of the schemes are set out in the section headed "Share Option Scheme".

The Directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to the Directors' duties, responsibilities and performance, the results of the Group and comparable market practices.

Details of the emoluments of the Directors and five highest paid individuals are set out in note 12 to the consolidated financial statements. Details of the retirement benefit scheme are set out in note 12 to the consolidated financial statements.

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 2020 and up to the date of this report.

DEED OF NON-COMPETITION

Mr. Chung Wang Lung and Grand Courage Investments 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 for the year ended 31 March 2020 and up to the date of this 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 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 the year ended 31 March 2020 and up to date of this 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 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.

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 17 to the consolidated financial statements of this report. There were no significant changes the Group's principal activities during the year ended 31 March 2020.

BUSINESS REVIEW

Detailed business review is set out in the section of "Management Discussion and Analysis" in this 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\$, RMB 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 82.0% for the year ended 31 March 2020 (2019: 83.8%). 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.

Risks and uncertainty from unstable business environment and the COVID-19 outbreak

The Group's revenue may be adversely affected by the COVID-19 outbreak which has been evolving globally since about January 2020. As the COVID-19 outbreak leads to travel restrictions and quarantine globally, the students' interests in overseas studies may be reduced and thereby adversely affect the number of placement of students by the Group to overseas universities.

MAJOR CUSTOMERS

During the year ended 31 March 2020, the Group's largest and the five largest customers represented approximately 30.6% and approximately 8.91% respectively (2019: approximately 13.5% and approximately 31.4% 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 2020 (2019: Nil). 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 2020.

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 2020.

RESULTS

The results of the Group for the year ended 31 March 2020 are set out in the consolidated statement of profit or loss and other comprehensive income on page 45 of this report.

FINAL DIVIDEND

The Directors do not recommend the payment of any final dividend for the year ended 31 March 2020 (2019: Nil).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining entitlement to attend and vote at the forthcoming annual general meeting, the register of members of the Company will be closed from Thursday, 30 July 2020 to Tuesday, 4 August 2020, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting, 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 Wednesday, 29 July 2020.

ANNUAL GENERAL MEETING

The annual general meeting will be held on Tuesday, 4 August 2020. 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 2020 are set out in note 16 to the consolidated financial statements of this report.

SHARE CAPITAL

Movements of the share capital of the Company for the year ended 31 March 2020 are set out in note 24 to the consolidated financial statements of this report.

DISTRIBUTABLE RESERVES OF THE COMPANY

Distributable reserves of the Company as at 31 March 2020, calculated under Companies Law, Cap. 22 (Laws 3 of 1961 as consolidated and revised) of the Cayman Islands, amounted to HK\$30,819,000 (2019: HK\$34,567,000).

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 2020.

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 of the Company.

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 from the Listing Date 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 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 2020.

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

As at 31 March 2020, 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 Wang Lung ("Mr. Chung")	Interest of a controlled corporation Beneficial Interest	892,710,000 (Note 1)	51%

Note:

- 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 March 2020, 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 31 March 2020, 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:

- 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 2020, 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 2020 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 2020.

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.

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the year ended 31 March 2020 are set out in note 29 to the consolidated financial statements of the Group. Those related party transactions which also constitute connected transactions/continuing connected transactions are fully exempted connected transactions or continuing connected transactions of the Company under the GEM Listing Rules. The Company had complied with the requirements under Chapter 20 of the GEM Listing Rules.

CONNECTED TRANSACTIONS/CONTINUING CONNECTED TRANSACTIONS

As disclosed in note 29 "Related Party Transaction" of the consolidated financial statements, the Group has paid license and maintenance fee in the sum of approximately HK\$0.2 million to Allon Global Limited ("**Allon Global**") during the year ended 31 March 2020 (2019: acquired certain property, plant and equipment from Allon Global in the sum of approximately HK\$0.5 million), such transaction constitutes continuing connected transaction with a connected person which is fully exempted from independent shareholders' approval, annual review and all disclosure requirements of Chapter 20 of the GEM Listing Rules.

The transaction was entered into between Time Pace Development Limited in its business name of Dadi Overseas Studies Service Centre as purchaser with has entered into an agreement with Allon Global as supplier in relation to the procurement of an Enterprise Resource Planning System (the "**ERP System**") and the provision of subsequent technical support service for the Group for the period from 1 January 2019 to 31 December 2020. According to the agreement, Allon Global (i) developed the ERP System for the Group; and (ii) will provide maintenance and license to the ERP System for the Group from 1 January 2019 on payment of annual maintenance and license fees in January of the subsequent year during the period of the agreement. Time Pace Development Limited has the right to renew the maintenance and license of the ERP System with Allon Global upon expiration of the agreement. The agreement was arrived at after arm's length negotiations between Time Pace Development Limited and Allon Global with reference to the prevailing market service charges for the provision of similar services to the Group.

Allon Global is a company incorporated in Hong Kong on 29 March 2017 with limited liability. Allon Global is principally engaged in database management and development. Mr. Chung Wang Lung (the Chairman of the Board, an executive Director and one of our Controlling Shareholders) holds 51% shareholdings in Allon Global. Mr. Chung Wang Lung is one of the directors of Allon Global. As Mr. Chung Wang Lung is the majority shareholder and a director of Allon Global, Allon Global is a connected person of our Company under the Listing Rules. Accordingly, the agreement constitutes continuing connected transactions for the Company under the Listing Rules.

The fees for the development, maintenance and license of the ERP System for the period up to 31 December 2020 are US\$94,400 (approximately equivalent to HK\$0.7 million) in aggregate. The Directors consider that it is desirable and in the interests of the Company and the Shareholders as a whole to subscribe the service from Allon Global for the reasons that (i) the ERP System will facilitate the corporate resources management networks of the Group; and (ii) the fees were competitively favourable. As the fees payable by the Group to Allon Global under the agreement was approximately equivalent to HK\$0.7 million, each of the applicable percentage ratios (other than the profits ratio) for the transaction contemplated under the agreement, where applicable, is expected to be less than 5% and the annual consideration is less than HK\$3 million, the transaction contemplated under the agreement falls within the de minimis threshold under Rule 20.74(1)(c) of the GEM Listing Rules and is exempted from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The Company confirmed that it has complied with the relevant requirements in respect of the above continuing connected transactions in accordance with Chapter 20 of the GEM Listing Rules.

The independent non-executive Directors have reviewed the above continuing connected transaction and confirmed that the transaction has been entered into: (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to independent third parties (as defined under the GEM Listing Rules); and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

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%.

FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interest of the Group for the last five financial years is set out on page 106 of this report.

AUDITOR

The consolidated financial statements of the Group for the year ended 31 March 2020 were audited by Grant Thornton Hong Kong Limited, the independent auditors of the Company, who shall retire and, being eligible, offer itself for re-appointment at the forthcoming AGM. The Board has taken the recommendation of the Audit Committee that a resolution for the re-appointment of Grant Thornton Hong Kong Limited as the independent auditors of the Company will be proposed at the forthcoming AGM.

The Company did not change its auditors in the preceding 3 years.

By order of the Board

Chung Wang Lung

Chairman and Executive Director

Hong Kong, 22 June 2020

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 45 to 105, which comprise the consolidated statement of financial position as at 31 March 2020, 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 2020, 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 ("HKSAs") 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.

KEY AUDIT MATTERS *(continued)*

Expected credit losses ("ECL") assessment of trade receivables

Refer to notes 2.9, 4 and 19 to the consolidated financial statements

The Key Audit Matter	How the matter was addressed in our audit
<p>As at 31 March 2020, the Group's carrying amount of trade receivables and ECL allowance amounted to HK\$6,022,000 and HK\$215,000 respectively.</p> <p>The ECL assessment of trade receivables involved significant management's judgment and use of estimates to ascertain the recoverability of trade receivables.</p> <p>ECL allowance for trade receivables are based on management's estimate of the lifetime ECL to be incurred, which is estimated by taking into account the credit loss experience, aging of overdue trade receivables, customers' repayment history and customers' financial position and an assessment of both the current and forecast general economic conditions, all of which involve a significant degree of management judgment.</p> <p>We have identified the ECL assessment of trade receivables as a key audit matter because of its significance to the consolidated financial statements and the assessment involves significant management's judgment and use of estimates.</p>	<p>Our procedures in relation to ECL assessment of trade receivables included:</p> <ul style="list-style-type: none"> — reviewing the Group's procedures on credit policy given to customers; — re-performing and testing the ageing analysis of the trade receivables, on a sample basis, to the supporting evidences; and — assessing the reasonableness of management's ECL allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information and examining the actual losses recorded during the current financial year and assessing whether there was an indication of management bias when recognising ECL allowance. <p>We found the management's ECL assessment of trade receivables was supported by the evidences.</p>

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the 2020 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.

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, in accordance with our agreed terms of engagements 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.

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

22 June 2020

Chan Tze Kit

Practising Certificate No.: P05707

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Notes	2020 HK\$'000	2019 HK\$'000 (restated)
Continuing operations			
Revenue	5	20,215	22,899
Other income	7	2,875	2,696
Fair value loss of financial assets at fair value through profit and loss ("FVTPL")		(1,618)	–
Marketing costs		(3,397)	(5,360)
Employee benefits expenses	8	(9,040)	(9,071)
Lease charges		(794)	(2,565)
Other expenses		(12,961)	(6,710)
Finance costs	9	(155)	–
(Loss)/Profit before income tax	10	(4,875)	1,889
Income tax expense	11	(250)	(736)
(Loss)/Profit for the year from continuing operations		(5,125)	1,153
Discontinued operations			
Profit/(Loss) for the year from discontinued operations	13	1,075	(2,166)
Loss for the year		(4,050)	(1,013)
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences		–	(43)
Reclassification of translation differences upon disposal of subsidiaries		40	–
Total comprehensive loss for the year		(4,010)	(1,056)

The notes on pages 51 to 105 are an integral part of these consolidated financial statements.

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

For the year ended 31 March 2020

	Notes	2020 HK\$'000	2019 HK\$'000 (restated)
Loss for the year attributable to equity holders of the Company:			
— From continuing operations		(5,698)	582
— From discontinued operations		1,190	(1,104)
		(4,508)	(522)
Profit/(Loss) for the year attributable to non-controlling interest:			
— From continuing operations		573	571
— From discontinued operations		(115)	(1,062)
		458	(491)
Loss for the year		(4,050)	(1,013)
Total comprehensive loss for the year attributable to:			
— Equity holders of the Company		(4,486)	(544)
— Non-controlling interest		476	(512)
		(4,010)	(1,056)
(Loss)/Profit per share for loss attributable to equity holders of the Company:			
From continuing and discontinued operations			
— Basic and diluted	14(a)	(HK0.26 cents)	(HK0.03 cents)
From continuing operations			
— Basic and diluted	14(b)	(HK0.33 cents)	HK0.03 cents
From discontinued operations			
— Basic and diluted	14(c)	HK0.07 cents	(HK0.06 cents)

The notes on pages 51 to 105 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Notes	2020 HK\$'000	2019 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	16	6,011	1,029
Financial assets at FVTPL	18	5,557	–
		11,568	1,029
Current assets			
Trade and other receivables	19	7,878	9,839
Cash and bank balances	20	60,450	71,113
		68,328	80,952
Current liabilities			
Accrued charges and other payables	21	2,792	4,536
Amount due to a non-controlling shareholder of a subsidiary	22	–	1,816
Lease liabilities	23	1,853	–
Tax payable		287	218
		4,932	6,570
Net current assets		63,396	74,382
Total assets less current liabilities		74,964	75,411
Non-current liabilities			
Lease liabilities	23	3,229	–
Net assets		71,735	75,411
CAPITAL AND RESERVES			
Share capital	24	17,504	17,504
Reserves	25	53,986	58,472
Equity attributable to equity holders of the Company		71,490	75,976
Non-controlling interest	26	245	(565)
Total equity		71,735	75,411

Chung Wang Lung
Director

Patrick Mok
Director

The notes on pages 51 to 105 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2020

	Equity attributable to equity holders of the Company						Non-controlling interest HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium* HK\$'000 (Note 25)	Capital reserve* HK\$'000 (Note 25)	Exchange reserve* HK\$'000 (Note 25)	Retained profits* HK\$'000 (Note 25)	Total HK\$'000		
As at 1 April 2018	17,504	45,405	11	–	13,600	76,520	328	76,848
Loss for the year	–	–	–	–	(522)	(522)	(491)	(1,013)
Other comprehensive loss								
— Currency translation differences	–	–	–	(22)	–	(22)	(21)	(43)
Total comprehensive loss	–	–	–	(22)	(522)	(544)	(512)	(1,056)
Transactions with owners:								
Acquisition of subsidiaries (Note 31)	–	–	–	–	–	–	187	187
Dividend paid to non-controlling interest	–	–	–	–	–	–	(568)	(568)
Total transactions with owners	–	–	–	–	–	–	(381)	(381)
As at 31 March 2019 and 1 April 2019	17,504	45,405	11	(22)	13,078	75,976	(565)	75,411
Loss for the year	–	–	–	–	(4,508)	(4,508)	458	(4,050)
Other comprehensive income								
— Reclassification of currency translation differences upon disposal of subsidiaries (Note 32)	–	–	–	22	–	22	18	40
Total comprehensive loss	–	–	–	22	(4,508)	(4,486)	476	(4,010)
Transactions with owners:								
Disposal of subsidiaries (Note 32)	–	–	–	–	–	–	993	993
Dividend paid to non-controlling interest	–	–	–	–	–	–	(659)	(659)
Total transactions with owners	–	–	–	–	–	–	334	334
As at 31 March 2020	17,504	45,405	11	–	8,570	71,490	245	71,735

* The reserves accounts comprise the Group's reserves of HK\$53,986,000 (2019: HK\$58,472,000) in the consolidated statement of financial position.

The notes on pages 51 to 105 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2020

	Notes	2020 HK\$'000	2019 HK\$'000 (restated)
Cash flows from operating activities			
(Loss)/Profit before income tax			
— from continuing operations		(4,875)	1,889
— from discontinued operations	13	1,553	(2,166)
		(3,322)	(277)
Adjustments for:			
Fair value loss of financial assets at FVTPL		1,618	—
Exchange loss		892	—
Gain on disposal of subsidiaries	32	(1,913)	—
Bad debts written off	10	—	40
ECL allowance recognised for trade receivables	10&13	112	84
Depreciation — owned assets	10&13	648	560
Depreciation — right-of-use assets	10	2,142	—
Impairment loss on goodwill	10	—	804
Interest income	7	(968)	(872)
Dividend income from financial assets at FVTPL	7	(116)	—
Interest expenses	9	155	—
		(752)	339
Operating (loss)/profit before working capital changes		(752)	339
Decrease/(Increase) in trade and other receivables		1,626	(2,672)
Decrease in accrued charges and other payables		(187)	(91)
		687	(2,424)
Cash generated from/(used in) operations		687	(2,424)
Income tax (paid)/refund		(659)	525
		28	(1,899)
<i>Net cash generated from/(used in) operating activities</i>		28	(1,899)
Cash flows from investing activities			
Interest received		968	872
Dividend income received from financial assets at FVTPL		116	—
Purchase of financial assets at FVTPL		(8,067)	—
Purchase of property, plant and equipment		(891)	(496)
Net cash inflow on acquisition of subsidiaries	31	—	34
Net cash outflow on disposal of subsidiaries	32	(38)	—
		(7,912)	410
<i>Net cash (used in)/generated from investing activities</i>		(7,912)	410

CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

For the year ended 31 March 2020

	Notes	2020 HK\$'000	2019 HK\$'000 (restated)
Cash flows from financing activities			
(Repayment to)/Advances from a non-controlling shareholder of a subsidiary		(205)	1,816
Repayment of lease liabilities		(1,760)	–
Interest paid		(155)	–
Dividend paid to non-controlling interest		(659)	(568)
<i>Net cash (used in)/generated from financing activities</i>		(2,779)	1,248
Net decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of year		71,113	71,354
Cash and cash equivalents at the end of the year, represented by cash and bank balances	20	60,450	71,113

The notes on pages 51 to 105 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

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. With effect from 21 October 2019, the address of principal place of business of the Company has been changed to Unit 702–703, 7/F., 700 Nathan Road, Mongkok, Kowloon, Hong Kong from 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 (collectively referred to as the “Group”) 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 and education information technology services. The education information technology services segment is presented in discontinued operations to the consolidated financial statements.

As at 31 March 2020, 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 2020 were approved for issue by the board of directors on 22 June 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These 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 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 except for financial assets at fair value through profit and loss (“FVTPL”) which are stated at fair value. The measurement bases are fully described in the accounting policies below. The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the functional currency of the Company, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2020

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

2.2 Restatements due to discontinued operations

The presentation of comparative information in respect of the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2019 has been restated in order to disclose the discontinued operations separately from continuing operations.

As the restatements do not affect the consolidated statement of financial position, it is not necessary to disclose comparative information as at 1 April 2019.

2.3 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-group transactions, balances and unrealised gains on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests represent the equity on a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2020

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

2.3 Basis of consolidation *(continued)*

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

In the Company's statement of financial position, investment in subsidiaries is carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

2.4 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity in the acquiree (if any) over the net of the acquisition — date amounts of the identifiable assets acquired and liabilities assumed. If, after assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value on the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as bargain purchase gain.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2020

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

2.4 Business combinations *(continued)*

Where the consideration the Group transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounting for within equity. Contingent consideration that is classified as a financial liability is remeasured at subsequent reporting dates at fair value with corresponding gain or loss being recognised in profit or loss.

Changes in the value of the previously held equity interest recognised in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

2.5 Foreign currency translation

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated (i.e. only translated using the exchange rates at the transaction date).

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 exchange reserve in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2020

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

2.5 Foreign currency translation *(continued)*

Goodwill and fair value adjustments arising on the acquisition of a foreign operation have been treated as assets and liabilities of the foreign operation and translated into HK\$ at closing rate.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interest is derecognised, but they are not reclassified to profit or loss.

2.6 Property, plant and equipment

Property, plant and equipment (other than cost of right-of-use assets as described in note 2.14) are initially recognised at acquisition cost. They 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

Upon application of HKFRS 16, accounting policy for depreciation of right-of-use assets is set out in note 2.14.

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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 2020

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

2.7 Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the Group's interest in the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see note 2.17).

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of gain or loss on disposal.

2.8 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with HKFRS 15, all financial assets are initially measured at fair value, in case of a financial asset not at FVTPL, plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2020

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

2.8 Financial instruments *(continued)*

Financial assets (continued)

Classification and initial measurement of financial assets (continued)

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- FVTPL; or
- Fair value through other comprehensive income (“FVOCI”).

The classification is determined by both:

- the entity’s business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within other income or other expenses, except for expected credit losses (“ECL”) of financial assets which is presented within other expenses.

Subsequent measurement of financial assets

Debt investments

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in other income in profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Group’s cash and bank balances and trade and other receivables fall into this category of financial instruments.

Financial assets at FVTPL

Financial assets that are held within a different business model other than “hold to collect” or “hold to collect and sell” are categorised at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements under HKFRS 9 apply.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2020

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

2.8 Financial instruments *(continued)*

Financial liabilities

Classification and measurement of financial liabilities

The Group's financial liabilities include accrued charges and other payables (excluding contract liabilities), amount due to a non-controlling shareholder of a subsidiary and lease liabilities.

Financial liabilities (other than lease liabilities) are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL.

Subsequently, financial liabilities (other than lease liabilities) are measured at amortised cost using the effective interest method.

All interest-related charges are recognised in accordance with the Group's accounting policy for borrowing costs (see note 2.19) and reported in profit or loss are included within finance cost.

Accounting policies of lease liabilities are set out in note 2.14.

Accrued charges and other payables (excluding contract liabilities), amount due to a non-controlling shareholder of a subsidiary

Accrued charges and other payables (excluding contract liabilities) and amount due to a non-controlling shareholder of a subsidiary are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

2.9 Impairment of financial assets

HKFRS 9's impairment requirements use more forward-looking information to recognise ECL — the "ECL model". Instruments within the scope included trade receivables and other financial assets measured at amortised cost.

The Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2020

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

2.9 Impairment of financial assets *(continued)*

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1") and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have objective evidence of impairment at the reporting date.

"12-month ECL" are recognised for the Stage 1 category while "lifetime ECL" are recognised for the Stage 2 category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade receivables

For trade receivables, the Group applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL at each reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, 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.

To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Other financial assets measured at amortised cost

The Group measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at the reporting date with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2020

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

2.9 Impairment of financial assets *(continued)*

Other financial assets measured at amortised cost *(continued)*

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the end of each reporting period. A debt instrument is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Detailed analysis of the ECL assessment of trade receivables and other financial assets measured at amortised cost are set out in note 35.4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2020

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

2.10 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and short term bank deposits.

2.11 Contract liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note 2.16). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2.8).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

2.12 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.

2.13 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2020

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

2.14 Leases

Definition of a lease and the Group as a lessee

Policy applicable from 1 April 2019

For any new contracts entered into on or after 1 April 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

For contracts that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of premises and office equipment in which the Group is a lessee, the Group elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicator exists.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2020

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

2.14 Leases *(continued)*

Definition of a lease and the Group as a lessee *(continued)*

Policy applicable from 1 April 2019 *(continued)*

Measurement and recognition of leases as a lessee (continued)

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payment of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 months or less.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2020

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

2.14 Leases *(continued)*

Definition of a lease and the Group as a lessee *(continued)*

Policy applicable from 1 April 2019 *(continued)*

Measurement and recognition of leases as a lessee *(continued)*

On the consolidated statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been presented separately.

Refundable rental deposits paid are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Policy applicable before 1 April 2019

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.

2.15 Discontinued operation

A discontinued operation is a component of the Group that either has been disposed of, or is classified as held for sale. The component comprises operations and cash flows that can be clearly distinguished from the rest of the Group and represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

When an operation is classified as discontinued, a single amount in the consolidated statement of profit or loss and other comprehensive income comprising the total of: (i) the post-tax profit or loss of discontinued operation and (ii) the post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group constituting the discontinued operation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2020

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

2.16 Revenue recognition

Revenue arises mainly from the provision of overseas studies consultancy services and education information technology services.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method.

Further details of the Group's revenue and other income recognition policies are as follows:

Overseas studies consultancy service, commission income from guardianship, marketing income and administration fee income

Revenue from overseas studies consultancy service, education information technology service, commission income from guardianship and marketing income are recognised at a point in time when the services provided and the conditions specified in the relevant contracts have been fulfilled.

Interest income

Interest income from bank deposits is recognised on a time proportion basis using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of ECL allowance) of the asset.

Dividend income from financial assets at FVTPL

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2020

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

2.17 Impairment of non-financial assets

The Group's goodwill arising on acquisition of subsidiaries, property, plant and equipment (including right-of-use assets) and the Company's investments in subsidiaries are subject to impairment testing.

Goodwill are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets 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. Corporate assets are allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Goodwill in particular is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose and not be larger than an operating segment.

Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other 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 on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2020

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

2.18 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.

The employees of the Company's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC. The subsidiaries are required to contribute a fixed percentage of the employees' basic salary to the retirement benefit scheme to fund the benefit. The only obligation of the Group in respect of the retirement benefit scheme is to make the specified contributions.

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.

2.19 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2020

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

2.20 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 (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

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.

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable income of the periods in which the temporary differences are expected to reverse.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2020

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

2.20 Accounting for income taxes *(continued)*

The determination of the average tax rates requires an estimation of (1) when the existing temporary differences will reverse and (2) the amount of future taxable profit in those years. The estimate of future taxable profit includes:

- income or loss excluding reversals of temporary differences; and
- reversals of existing temporary differences

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.

2.21 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 2020

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

2.22 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 2020

3. ADOPTION OF NEW AND AMENDED HKFRSs

New and amended HKFRSs that are effective for annual periods beginning or after 1 April 2019

In the current year, the Group has applied for the first time the following new and amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements and effective for the annual period beginning on 1 April 2019:

HKFRS 16	Leases
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments

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

HKFRS 16 "Leases"

HKFRS 16 "Leases" replaces HKAS 17 "Leases" along with three Interpretations (HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease", HK(SIC)-Int 15 "Operating Leases-Incentives" and HK(SIC)-Int 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease"). HKFRS 16 has been applied using the modified retrospective approach, with the cumulative effect of adopting HKFRS 16 being recognised in equity as an adjustment to the opening balance of retained profits for the current period. Prior periods have not been restated.

For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from HKAS 17 and HK(IFRIC)-Int 4 and has not applied HKFRS 16 to arrangements that were previously not identified as lease under HKAS 17 and HK(IFRIC)-Int 4.

As a Lessee

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of HKFRS 16, being 1 April 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of HKFRS 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months, the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

The weighted average incremental borrowing rate applied to lease liabilities recognised under HKFRS 16 was 3.75% per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2020

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

New and amended HKFRSs that are effective for annual periods beginning or after 1 April 2019 *(continued)*

HKFRS 16 "Leases" *(continued)*

As a Lessee *(continued)*

The following is a reconciliation of total operating lease commitments at 31 March 2019 to the lease liabilities recognised at 1 April 2019:

	HK\$'000
Total operating lease commitments disclosed at 31 March 2019	2,060
Recognition exemptions:	
— Leases with remaining lease term of less than 12 months (from continuing and discontinued operations)	(839)
Operating lease liabilities before discounting	1,221
Non-lease components	123
Discounting using incremental borrowing rate as at 1 April 2019	(37)
Total lease liabilities recognised under HKFRS 16 at 1 April 2019	1,307
Classified as:	
— Current lease liabilities	1,013
— Non-current lease liabilities	294
	1,307

Total impact arising from transition to HKFRS 16

The following table summarises the impact of transition to HKFRS 16 on the Group's consolidated statement of financial position at 1 April 2019:

	HK\$'000
Increase in accrued charges and other payables	(88)
Increase in right-of-use assets presented in property, plant and equipment	1,395
Increase in current lease liabilities	(1,013)
Increase in non-current lease liabilities	(294)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2020

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

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 17	Insurance Contracts ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 3	Definition of a Business ⁴
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform ¹
Amendments to HKAS 1 and HKAS 8	Definition of Material ¹
Amendments to HKFRS 16	Covid-19-Related Rent concessions ⁵

¹ Effective for annual periods beginning on or after 1 January 2020

² Effective for annual periods beginning on or after 1 January 2021

³ Effective date to be determined

⁴ Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

⁵ Effective for annual periods beginning on or after 1 June 2020

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.

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:

Estimation of impairment of trade and other receivables within the scope of ECL under HKFRS 9

The provisioning policy for trade and other receivables of the Company is based on the evaluation of the risk of default and the expected loss rate. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, which include the current creditworthiness, the past collection history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of which are as set out in Note 2.9.

As at 31 March 2020, the aggregate carrying amounts of trade and other receivables amounted to HK\$7,878,000 (net of HK\$215,000 ECL allowance for trade receivables) (2019: HK\$9,839,000 (net of HK\$103,000 ECL allowance for trade receivables)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

5. REVENUE

The Group's principal activities are disclosed in note 1 to the consolidated financial statements. The Group's revenue recognised during the year is as follows:

	2020 HK\$'000	2019 HK\$'000 (restated)
Continuing operations		
Overseas studies consultancy service	20,215	22,899

Disaggregation of revenue

The Group provides overseas studies consultancy service at a point in time in the following study programmes:

	2020 HK\$'000	2019 HK\$'000
Continuing operations		
Higher education programmes	12,050	14,868
Secondary education programmes	6,909	7,404
Bonus	337	515
Short term courses	919	112
	20,215	22,899

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 (i.e. the Chairman and/or the chief executive officer of the Group). For the year ended 31 March 2019, the Group has acquired subsidiaries, which resulted to have a new segment in 2019, namely the education information technology service.

During the year ended 31 March 2020, the Group has disposed of the aforesaid subsidiaries acquired on 10 April 2018 (see note 13). The segment reporting is changed as the new segment in 2019 as mentioned above was disposed of during the year ended 31 March 2020. The segment information of the disposed discontinued operations was disclosed in note 13.

The Group regards 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 for the year ended 31 March 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2020

6. SEGMENT INFORMATION *(continued)*

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.

	2020 HK\$'000	2019 HK\$'000 (restated)
Continuing operations		
Australia	6,374	7,256
Canada	1,514	1,641
New Zealand	446	590
United Kingdom	10,200	11,938
United States	1,467	1,295
Others	214	179
	20,215	22,899

An analysis of the non-current assets (excluding financial assets at FVTPL) of the Group by geographical segments is as follows:

	2020 HK\$'000	2019 HK\$'000
Non-current assets:		
Hong Kong	6,011	963
PRC	–	66
	6,011	1,029

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:

	2020 HK\$'000	2019 HK\$'000 (restated)
Continuing operations		
Customer A	N/A*	3,301

* The customer did not contribute over 10% of the Group's total revenue for the relevant year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2020

7. OTHER INCOME

	2020 HK\$'000	2019 HK\$'000 (restated)
Continuing operations		
Bank interest income	968	872
Commission income from guardianship	82	198
Marketing income	1,431	1,511
Dividend income from financial assets at FVTPL	116	–
Sponsorship income	86	75
Administration fee income	156	–
Others	36	40
	2,875	2,696

8. EMPLOYEE BENEFITS EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2020 HK\$'000	2019 HK\$'000 (restated)
Continuing operations		
Salaries, commission and other benefits	8,718	8,719
Contributions to defined contribution retirement plans	322	352
	9,040	9,071

9. FINANCE COSTS

	2020 HK\$'000	2019 HK\$'000
Continuing operations		
Finance charges on lease liabilities	155	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2020

10. (LOSS)/PROFIT BEFORE INCOME TAX

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

	2020 HK\$'000	2019 HK\$'000 (restated)
Continuing operations		
Auditor's remuneration	480	580
Depreciation of:		
— owned assets	648	526
— right-of-use assets	2,142	—
	2,790	526
Lease charges in respect of:		
— land and buildings under operating lease	—	2,543
— office equipment under operating lease	—	22
— short-term leases and leases with lease term shorter than 12 months as at initial application of HKFRS 16	794	—
	794	2,565
Bad debts written off	—	40
ECL allowance recognised for trade receivables	112	72
Impairment loss on goodwill	—	804
Net foreign exchange loss	3,193	1,054

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.

The income tax provision of the Group in respect of its operation in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the year based on the existing legislation, interpretations and practises in respect thereof. The PRC enterprise income tax rate is 25%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2020

11. INCOME TAX EXPENSE *(continued)*

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

	2020 HK\$'000	2019 HK\$'000
Continuing operations		
Current tax — Hong Kong Profits Tax		
Current year	378	826
Over provision in respect of prior years	(128)	(90)
	250	736

Under the two-tiered profits tax rate 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 rate regime will continue to be taxed at 16.5%. For the year ended 31 March 2020, Hong Kong profits tax of Time Pace Development Limited, a subsidiary of the Group (2019: Dadi Education Group Limited, a subsidiary of the Group), is calculated in accordance with the two-tiered profits tax rate regime.

Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2020

11. INCOME TAX EXPENSE *(continued)*

Continuing operations

Reconciliation between income tax expense and accounting (loss)/profit at applicable tax rate is as follows:

	2020 HK\$'000	2019 HK\$'000 (restated)
(Loss)/Profit before income tax (from continuing operations)	(4,875)	1,889
Tax on (loss)/profit before income tax, calculated at the rates of Hong Kong Profits Tax rate of 16.5% (2019: 16.5%)	(804)	312
Tax effects of:		
— non-deductible expenses	1,452	845
— non-taxable income	(250)	(144)
— unrecognised temporary differences	15	(22)
— tax loss not recognised	106	–
— two-tiered profits tax rate regime	(141)	(165)
Over provision in respect of prior years	(128)	(90)
Income tax expense for the year	250	736

As at 31 March 2020, the Group had unused tax losses of approximately HK\$643,000 (2019: HK\$Nil) available for offset against future profits. No deferred tax asset has been recognised in respect of such tax loss due to unpredictability of future profit streams. These tax losses do not expire under current legislation.

As at 31 March 2020 and 2019, 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 2020

12. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(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 2020				
	Fee HK\$'000	Salaries and allowances HK\$'000	Discretionary Bonuses (Note) HK\$'000	Retirement scheme contributions HK\$'000	Total HK\$'000
Executive directors:					
Mr. Chung Wang Lung (Chairman)	–	1,170	–	18	1,188
Mr. Mok Patrick (Chief Executive Officer and Compliance Officer)	–	632	53	18	703
Ms. So Pik Sau	–	421	–	18	439
Non-executive director:					
Mr. Liu Chenyu	309	–	–	–	309
Independent non-executive directors:					
Mr. Wong Tak Chun	120	–	–	–	120
Ms. Chung Wai Nar	120	–	–	–	120
Mr. Tsang Chi Fung	120	–	–	–	120
	669	2,223	53	54	2,999

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2020

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

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

	Year ended 31 March 2019				Total HK\$'000
	Fee HK\$'000	Salaries and allowances HK\$'000	Discretionary Bonuses (Note) HK\$'000	Retirement scheme contributions HK\$'000	
Executive directors:					
Mr. Chung Wang Lung (Chairman)	–	783	–	18	801
Mr. Mok Patrick (Chief Executive Officer and Compliance Officer)	–	602	50	18	670
Ms. So Pik Sau	–	405	2	18	425
Non-executive director:					
Mr. Liu Chenyu	312	–	–	–	312
Independent non-executive directors:					
Mr. Wong Tak Chun	120	–	–	–	120
Ms. Chung Wai Nar	120	–	–	–	120
Mr. Tsang Chi Fung	120	–	–	–	120
	672	1,790	52	54	2,568

Note: Discretionary bonus for the year was determined by the remuneration committee having regard to the performance and duties of directors.

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 2020 and 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

12. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 March 2020 included three (2019: three) directors whose emoluments are disclosed in note 12(a). The aggregate of the emoluments in respect of the remaining two (2019: two) individuals are as follows:

	2020 HK\$'000	2019 HK\$'000
Salaries and allowances	869	900
Discretionary bonuses	–	54
Retirement scheme contributions	18	36
	887	990

The above individuals' emoluments are within the following bands:

	Number of individuals	
	2020	2019
HK\$Nil–HK\$1,000,000	2	2

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 2020 and 2019. No directors or the five highest paid individuals have waived or agreed to waive any emolument during the years ended 31 March 2020 and 2019.

13. DISCONTINUED OPERATIONS

On 19 September 2019, Xinjiang Dadi Education Consultancy Limited ("Xinjiang Dadi Education"), an indirect wholly-owned subsidiary of the Company entered into a sales and purchase agreement with a non-controlling shareholder of its subsidiaries ("Acquirer"). Pursuant to which, Xinjiang Dadi Education agreed to sell, and the Acquirer agreed to acquire, 51% equity interests of Khorgos Do-Mega Education Tech Co., Ltd ("Khorgos Do-Mega") and its subsidiary, Beijing Do-Mega Education Tech Co., Ltd ("Beijing Do-Mega") (collectively referred to as the "Disposal Group") for a consideration of RMB800,000 (approximately equivalent to HK\$883,000) (the "Disposal").

The Disposal was completed on 19 September 2019 (the "Completion Date"), on which the date of the Disposal Group ceased to be subsidiaries of the Group.

As of the date before the Completion Date, the 51% equity interests of the Disposal Group held by Xinjiang Dadi Education and the appointment of management personnel as designated by Xinjiang Dadi Education in the Disposal Group could not be processed and formally registered 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, the PRC, the PRC authority in Khorgos City relevant for the registration. Further, the financial performance of the Disposal Group was unsatisfactory and the consolidation of the financial statements of the Disposal Group into the Group directly affected the financial results of the Group for the year ended 31 March 2019. The directors of the Group decided to dispose the equity interests to the Acquirer.

The results of the Disposal Group up till the Completion Date of its disposal are accounted for as discontinued operations in the consolidated statement of profit or loss and other comprehensive income for the years ended 31 March 2020 and 2019. Details of the assets and liabilities disposed of, and calculation of gain on disposal, are disclosed in note 32.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2020

13. DISCONTINUED OPERATIONS *(continued)*

(a) Analysis of results from discontinued operations

The results of the discontinued operations included in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows are set out below. The comparative profit and cash flows from discontinued operations has been re-presented to include those operations classified as discontinued in the current year.

(i) Profit/(Loss) for the period from discontinued operations:

	2020 HK\$'000	2019 HK\$'000
Revenue	189	1,635
Other income	12	84
Marketing costs	(6)	(11)
Employee benefits expenses	(147)	(2,507)
Lease charges	(45)	(226)
Other expenses	(238)	(1,141)
Loss before income tax	(235)	(2,166)
Gain on disposal of the Disposal Group (Note 32)	1,913	–
Transaction costs	(125)	–
Income tax expense arise from disposal	1,553 (478)	(2,166) –
Profit/(Loss) for the period from discontinued operations	1,075	(2,166)

(ii) Cash flows for the period from discontinued operations:

	2020 HK\$'000	2019 HK\$'000
Net cash (outflow)/inflow from operating activities	(3)	21
Net cash outflow from investing activities	–	(14)
Net cash (outflow)/inflow	(3)	7

(b) Loss before income tax from discontinued operations

Loss before income tax from discontinued operations are arrived at after charging:

	2020 HK\$'000	2019 HK\$'000
Depreciation of:		
— owned assets	17	34
Lease charges in respect of:		
— land and buildings under operating lease	–	226
— short-term leases and leases with lease term shorter than 12 months as at initial application of HKFRS 16	45	–
ECL allowance recognised for trade receivables	45 –	226 12

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2020

14. (LOSS)/PROFIT PER SHARE

(a) Continuing and discontinued operations

The calculation of the basic and diluted loss per share attributable to owners of the Company from continuing and discontinued operations are based on the following data:

	2020	2019
Loss for the year attributable to owners of the Company (HK\$'000)	(4,508)	(522)
Weighted average number of ordinary shares ('000 shares)	1,750,400	1,750,400
Basic and diluted loss per share (HK cents)	(0.26)	(0.03)

Diluted loss per share equals to basic loss per share, as there were no potential dilutive ordinary shares issued during the years ended 31 March 2020 and 2019.

(b) Continuing operations

The calculation of the basic and diluted (loss)/profit per share attributable to owners of the Company from continuing operations are based on the following data:

	2020	2019 (restated)
Loss for the year attributable to owners of the Company (HK\$'000)	(4,508)	(522)
Less: Profit/(Loss) for the year from discontinued operations (HK\$'000)	1,190	(1,104)
(Loss)/Profit for the year from continuing operations (HK\$'000)	(5,698)	582
Basic and diluted (loss)/profit per share from continuing operations (HK cents)	(0.33)	0.03

(c) Discontinued operations

The calculation of the basic and diluted profit/(loss) per share attributable to owners of the Company from discontinued operations are based on the following data:

	2020	2019 (restated)
Profit/(Loss) for the year attributable to owners of the Company (HK\$'000)	1,190	(1,104)
Basic and diluted profit/(loss) per share from discontinued operations (HK cents)	0.07	(0.06)

15. DIVIDENDS

The directors of the Company do not recommend the payment of a final dividend for the years ended 31 March 2020 and 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

16. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Computer equipment HK\$'000	Leasehold improvement HK\$'000	Right-of-use assets HK\$'000	Total HK\$'000
Cost						
As at 1 April 2018	298	295	370	1,237	–	2,200
Additions	–	487	9	–	–	496
Acquisition of subsidiaries (Note 31)	–	93	–	–	–	93
Currency translation differences	–	(14)	–	–	–	(14)
As at 31 March 2019	298	861	379	1,237	–	2,775
As at 1 April 2019	298	861	379	1,237	–	2,775
Impact on initial application of HKFRS 16 (Note 3)	–	–	–	–	1,395	1,395
As at 1 April 2019 (Adjusted)	298	861	379	1,237	1,395	4,170
Additions	–	67	18	806	5,535	6,426
Written-off	–	–	–	(836)	–	(836)
Disposal of subsidiaries (Note 32)	–	(96)	–	–	–	(96)
Currency translation differences	–	2	–	–	–	2
As at 31 March 2020	298	834	397	1,207	6,930	9,666
Accumulated depreciation						
As at 1 April 2018	187	205	195	604	–	1,191
Charge for the year	27	90	72	371	–	560
Currency translation differences	–	(5)	–	–	–	(5)
As at 31 March 2019	214	290	267	975	–	1,746
As at 1 April 2019	214	290	267	975	–	1,746
Charge for the year	27	190	77	354	2,142	2,790
Written-off	–	–	–	(836)	–	(836)
Disposal of subsidiaries (Note 32)	–	(49)	–	–	–	(49)
Currency translation differences	–	4	–	–	–	4
As at 31 March 2020	241	435	344	493	2,142	3,655
Net book value						
As at 31 March 2020	57	399	53	714	4,788	6,011
As at 31 March 2019	84	571	112	262	–	1,029

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2020

16. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Depreciation of the Group's property, plant and equipment have been charged to the consolidated statement of profit or loss and other comprehensive income as other expenses.

As at 31 March 2020, the net carrying amount of right-of-use assets included in property, plant and equipment are as follows:

	Carrying amount		Depreciation
	As at 31 March 2020 HK\$'000	As at 1 April 2019 HK\$'000	For the year ended 31 March 2020 HK\$'000
Premises	4,754	1,340	2,121
Office equipment	34	55	21
	4,788	1,395	2,142

During the year ended 31 March 2020, the total additions to right-of-use assets included in property, plant and equipment in relation to premises and office equipment amount to HK\$5,535,000 and HK\$Nil, respectively.

17. INTERESTS IN SUBSIDIARIES

Particulars of the subsidiaries at 31 March 2020 and 2019 are as follows:

Company name	Place of incorporation/ registration	Principal place of business	Issued and fully paid up/ registered capital	Equity interest attributable to the Group		Principal activities
				2020	2019	
Directly held						
Red City Holdings Limited ("Red City")	The BVI	Hong Kong	1 ordinary share of US\$1	100%	100%	Investment holdings
Grand Pick Limited	The BVI	Hong Kong	1 ordinary share of US\$1	100%	100%	Investment holdings
Indirectly held						
Legend Focus Investments Limited	The BVI	Hong Kong	1 ordinary share of US\$1	100%	100%	Investment holdings
Quest Point International Limited	The BVI	Hong Kong	1 ordinary share of US\$1	100%	100%	Investment holdings
City Victory Investment Limited	Hong Kong	Hong Kong	1 ordinary share	100%	100%	Investment holdings

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2020

17. INTERESTS IN SUBSIDIARIES *(continued)*

Company name	Place of incorporation/ registration	Principal place of business	Issued and fully paid up/ registered capital	Equity interest attributable to the Group		Principal activities
				2020	2019	
Dadi Education Group Limited	Hong Kong	Hong Kong	10,000 ordinary shares	100%	100%	Provision of overseas studies consultancy services in Hong Kong
DIY110 Limited	Hong Kong	Hong Kong	1 ordinary share	100%	100%	Dormant
Golden Crown Overseas Limited ("Golden Crown")	Hong Kong	Hong Kong	10,000 ordinary shares	51%	51%	Provision of overseas studies consultancy services in Hong Kong
Time Pace Development Limited ("Time Pace")	Hong Kong	Hong Kong	10,000 ordinary shares	100%	100%	Management support for group companies in Hong Kong
Time Pace (GZ) Education Consulting Limited **	Hong Kong	Hong Kong	10,000 ordinary shares	100%	–	Investment holdings
Xinjiang Dadi Education # 新疆大地教育諮詢有限公司	The PRC	The PRC	RMB100,000	100%	100%	Investment holdings
Khorgos Do-Mega # * 霍爾果斯達美嘉教育科技有限公司	The PRC	The PRC	RMB1,500,000	–	51%	Investment holdings
Beijing Do-Mega # * 北京達美嘉教育科技有限公司	The PRC	The PRC	RMB3,210,000	–	51%	Education information technology services in the PRC

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.

* These subsidiaries were disposed of during the year ended 31 March 2020. Details of disposal of subsidiaries are set out in note 32.

** The subsidiary was incorporated on 16 December 2019.

18. FINANCIAL ASSETS AT FVTPL

	2020 HK\$'000	2019 HK\$'000
Mutual Fund	5,557	–

The fair value of the Group's financial assets at FVTPL has been measured as described in note 35.6(a).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2020

19. TRADE AND OTHER RECEIVABLES

	2020 HK\$'000	2019 HK\$'000
Trade receivables	6,237	8,326
Less: ECL allowance	(215)	(103)
	6,022	8,223
Other deposits	702	744
Other receivables	141	167
Prepayment	1,013	705
	7,878	9,839

Sales are generally made without prescribed credit terms but the customers usually take 61 to 90 days (2019: 35 to 90 days) to settle the receivables. The ageing analysis based on the recognition date of trade receivables is as follows:

	2020 HK\$'000	2019 HK\$'000
0–30 days	418	961
31–60 days	2,415	2,959
61–90 days	1,822	2,095
91–365 days	1,132	2,208
Over 365 days	235	–
	6,022	8,223

The movement in the ECL allowance of trade receivables is as follows:

	2020 HK\$'000	2019 HK\$'000
Balance at 1 April	103	19
ECL allowance recognised during the year	112	84
Balance at 31 March	215	103

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 *(continued)*

For the year ended 31 March 2020

20. CASH AND BANK BALANCES

	2020 HK\$'000	2019 HK\$'000
Cash at bank and in hand	23,086	23,299
Short-term bank deposits	37,364	47,814
	60,450	71,113

The short-term bank deposits earn 1.00% to 2.43% interest per annum (2019: 1.85% to 2.20%) and have a maturity of one to three months (2019: 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.

21. ACCRUED CHARGES AND OTHER PAYABLES

	2020 HK\$'000	2019 HK\$'000
Accrued staff costs	1,047	1,039
Accrued marketing costs	25	536
Accrued expenses and other payable	1,578	1,491
Payables for acquisition of subsidiaries	–	922
Deposits received	–	346
Contract liabilities	142	202
	2,792	4,536

As at 31 March 2020 and 2019, the accrued charges and other payables of approximately HK\$2,792,000 (2019: HK\$2,905,000) and HK\$Nil (2019: HK\$1,631,000) were denominated in HK\$ and Renminbi ("RMB") respectively.

As at 1 April 2019, contract liabilities amounted to HK\$202,000 (1 April 2018: HK\$765,000), of which HK\$64,000 (2019: HK\$765,000) has been recognised as revenue during the year ended 31 March 2020.

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.

22. AMOUNT DUE TO A NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY

The amount referred to amount due to a non-controlling shareholder of the Disposal Group which was being disposed during the year ended 31 March 2020.

The amount due was unsecured, non-interest bearing and repayable on demand. The amount was denominated in RMB.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

23. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities:

	2020 HK\$'000	2019 HK\$'000
Total minimum lease payments:		
Due within one year	2,011	–
Due in the second to fifth years	3,382	–
	5,393	–
Less: Future finance charges on lease liabilities	(311)	–
Present value of lease liabilities	5,082	–

	2020 HK\$'000	2019 HK\$'000
Present value of minimum lease payments:		
Due within one year	1,853	–
Due in the second to fifth years	3,229	–
	5,082	–
Less: Portion due within one year included under current liabilities	(1,853)	–
Portion due after one year included under non-current liabilities	3,229	–

The Group has entered into four lease arrangements for premises and three lease arrangements for office equipment. The Group makes fixed payments during the contract periods. These lease periods are for two to five years. At the end of the lease term, the Group does not have the option to purchase and none of the leases including contingent rentals.

The Group considered that no extension option or termination option would be exercised at the lease commencement date.

The Group has initially applied HKFRS 16 at 1 April 2019, using the modified retrospective approach. Details for transitions to HKFRS 16 are set out in note 3.

During the year ended 31 March 2020, the total cash outflows for the leases are HK\$2,709,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2020

24. SHARE CAPITAL

	Number of shares	HK\$'000
Authorised:		
As at 31 March 2019 and 2020	3,000,000,000	30,000
Issued and fully paid:		
As at 31 March 2019 and 2020	1,750,400,000	17,504

25. RESERVES

The amounts of the Group's reserves and the movements therein for the years ended 31 March 2020 and 2019 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.

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 corporate reorganisation.

Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statement of foreign operation whose functional currencies are different from that of the Group's presentation currency. Movements in this account are set out in the consolidated statement of changes in equity.

Retained profits

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2020

26. A SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTEREST

As detailed in note 32, during the year ended 31 March 2020, the Group completed the disposal of 51% equity interests of its subsidiaries, Khorgos Do-Mega and Beijing Do-Mega (together "Khorgos Do-Mega Group"). The non-controlling interests ("NCI") recognised upon disposal date will be derecognised.

As at 31 March 2020, the Group includes subsidiary Golden Crown with material NCI, the details and the summarised financial information before intra-group eliminations are as follows:

	Golden Crown		Khorgos Do-Mega Group	
	2020	2019	2020	2019
Equity interest attributable to NCI	49%	49%	–	49%
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets	221	19	–	66
Current assets	689	848	–	631
Current liabilities	(410)	(192)	–	(2,525)
Net assets/(liabilities)	500	675	–	(1,828)
Carrying amount of NCI	245	331	–	(896)
	2020	2019	2020	2019*
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	3,262	3,261	–	1,635
Expenses	(2,092)	(2,097)	–	(3,844)
Profit/(Loss) and total comprehensive income/(loss) for the year/period	1,170	1,164	–	(2,209)
Profit/(Loss) and total comprehensive income/(loss) attributable to NCI	573	571	–	(1,083)
Dividend paid to NCI	(659)	(568)	–	–
Net cash flows generated from operating activities	266	1,282	–	21
Net cash flows used in investing activities	(8)	(10)	–	(14)
Net cash flows used in financing activities	(415)	(1,159)	–	–
Net (decrease)/increase in cash and cash equivalents	(157)	113	–	7

* It represents period from the completion date of the acquisition on 10 April 2018 to 31 March 2019. The Khorgos Do-Mega Group is reclassified as discontinued operations as detailed in note 13.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2020

27. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2020 HK\$'000	2019 HK\$'000
ASSETS AND LIABILITIES		
Non-current asset		
Investments in subsidiaries	–*	–*
Current assets		
Prepayment and other receivables	184	343
Amounts due from subsidiaries	41,570	4,714
Cash and bank balances	7,401	47,854
	49,155	52,911
Current liabilities		
Accrued charges and other payables	832	840
Net current assets	48,323	52,071
Net assets/Total assets less current liabilities	48,323	52,071
Capital and reserves		
Share capital	17,504	17,504
Reserves (Note)	30,819	34,567
Total equity	48,323	52,071

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

Chung Wang Lung
Director

Patrick Mok
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2020

27. 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 2018	45,405	(8,265)	37,140
Loss and total comprehensive expense for the year	–	(2,573)	(2,573)
As at 31 March 2019 and 1 April 2019	45,405	(10,838)	34,567
Loss and total comprehensive expense for the year	–	(3,748)	(3,748)
As at 31 March 2020	45,405	(14,586)	30,819

As at 31 March 2020, the aggregate amount of reserves available for distribution to the equity holders of the Company was HK\$30,819,000 (2019: HK\$34,567,000).

28. LEASE COMMITMENTS

As the reporting date, there is no lease commitment for short-term leases (2019: total future minimum lease payments payable by the Group under non-cancellable operating leases) are as follows:

	As at 31 March 2020		
	Buildings HK\$'000	Office equipment HK\$'000	Total HK\$'000
Within one year	–	–	–
In the second to fifth years	–	–	–
	–	–	–

	As at 31 March 2019		
	Buildings HK\$'000	Office equipment HK\$'000	Total HK\$'000
Within one year	1,748	23	1,771
In the second to fifth years	254	35	289
	2,002	58	2,060

As at 31 March 2019, the lease run for an initial period of two to five years and the rentals are fixed over the terms of the leases. None of these leases include contingent rentals.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2020

29. RELATED PARTY TRANSACTIONS

Other than the transactions/information disclosed elsewhere in these consolidated financial statements, during the year, the Group had the following material transactions with connected and related parties:

Transaction

	2020 HK\$'000	2019 HK\$'000
License and maintenance fee paid to Allon Global Limited (Note)	198	–
Acquisition of property, plant and equipment from Allon Global Limited (Note)	–	463

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

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:

	2020 HK\$'000	2019 HK\$'000
Salaries and allowances	2,945	2,514
Retirement benefit scheme contributions	54	54
	2,999	2,568

30. FINANCIAL GUARANTEE CONTRACT

As at 31 March 2020, the Company had executed corporate guarantee to secure general banking facilities granted to a subsidiary which amounted to HK\$580,000 (2019: HK\$580,000). 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 2020, the outstanding balance of the bank loans was HK\$Nil (2019: HK\$Nil) and this represents the Company's maximum exposure under the guarantee contract.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

31. ACQUISITION OF SUBSIDIARIES

On 9 January 2018, Xinjiang Dadi Education, an indirect wholly-owned subsidiary of the Company, and independent third parties entered into a sales and purchase agreement, pursuant to which Xinjiang Dadi Education has conditionally agreed to acquire, and the third parties have conditionally agreed to sell, 51% equity interests in Khorgos Do-Mega for a cash consideration of RMB800,000 (approximately equivalent to HK\$998,000) (the "Acquisition"). The Khorgos Do-Mega Group is engaged in providing education information technology services. Details of the Acquisition are set out in the Company's announcements dated 9 January 2018 and 10 April 2018. The Acquisition was completed on 10 April 2018 (the "Completion Date of Acquisition").

The following summarises the consideration for the Acquisition and fair value of the identifiable assets and liabilities acquired at the Completion Date of Acquisition:

	HK\$'000
Property, plant and equipment	93
Trade and other receivables	718
Cash and bank balances	34
Accrued charges and other payables	(464)
<hr/>	
Total identifiable net assets	381
Less: non-controlling interest	(187)
<hr/>	
Identifiable net assets acquired	194
Goodwill (Note)	804
<hr/>	
Total fair value consideration	998

Note: Based on the management's assessment and financial budget plan, the Group recognised impairment loss on goodwill of HK\$804,000 during the year ended 31 March 2019. The management considered the current market condition, market development and future performance of the cash generating units. Goodwill was impaired as there were changes in customer demands and increase in competition among other market participants that resulted in a decline of actual revenue during the year and reduced anticipated cash flows.

An analysis of the cash flows in respect of the Acquisition is as follows:

	HK\$'000
Cash inflow arising on acquisition of subsidiaries:	
Cash and bank balances acquired	34
<hr/>	

Khorgos Do-Mega Group has contributed revenue of HK\$1,635,000 and loss of HK\$2,584,000, respectively from the acquisition date to 31 March 2019. If the Acquisition had occurred on 1 April 2018, the consolidated revenue and consolidated loss of the Group for the year ended 31 March 2019 would be HK\$24,909,000 and HK\$1,045,000, respectively. The proforma financial information is for illustrative purpose only and does not necessarily reflect the Group's revenue and operating results if the acquisition had been occurred on 1 April 2018 and could not serve as a basis for the forecast of future operation results.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2020

32. DISPOSAL OF SUBSIDIARIES

As detailed in note 13, during the year ended 31 March 2020, the Group completed the disposal of its 51% equity interests of Khorgos Do-Mega for a consideration of RMB800,000 (approximately equivalent to HK\$883,000).

Following the Completion Date, the Disposal Group ceased to be subsidiaries of the Company. The Disposal Group is engaged in providing education information technology services in the PRC.

Details of the Disposal are set out in the Company's announcements dated 19 September 2019 and 30 September 2019.

The following summarises the net liabilities of the Disposal Group at the date of the disposal and gain on disposal of subsidiaries:

	HK\$'000
Analysis of assets and liabilities of the Disposal Group at the date of disposal were as follows:	
Property, plant and equipment	47
Trade and other receivables	223
Cash and bank balances	38
Accrued charges and other payables	(680)
Amount due to a shareholder of the Disposal Group	(1,611)
Net liabilities disposed of	(1,983)
Gain on disposal of the Disposal Group:	
Cash consideration (Note)	883
Net liabilities disposed of	1,983
Non-controlling interests	(993)
Cumulative exchange reserve reclassified from equity to profit or loss upon Disposal	40
	1,913

Note: The cash consideration for the Disposal of RMB800,000 (approximately equivalent to HK\$883,000) is paid by the Acquirer to Khorgos Do-Mega and its minority shareholders in cash, for the settlement of Xinjiang Dadi Education's liabilities pursuant to the Acquisition Agreement as defined in the Company's announcement dated 19 September 2019.

The gain on disposal of the Disposal Group is included in the profit for the year from discontinued operations in the consolidated statement of profit or loss and other comprehensive income as set out in note 13.

An analysis of the cash flows in respect of the Disposal is as follows:

	HK\$'000
Cash outflow arising on disposal of subsidiaries:	
Cash and bank balances disposed of	(38)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2020

33. NON-CASH TRANSACTIONS

During the year ended 31 March 2020, the Group entered into certain lease contracts in which additions to right-of-use assets and lease liabilities amounting to HK\$5,535,000 and HK\$5,535,000 respectively were recognised at the lease commencement date.

34. 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	Lease liabilities HK\$'000	Amount due to a non-controlling shareholder of a subsidiary HK\$'000	Total HK\$'000
As at 1 April 2019	–	–	1,816	1,816
Impact on initial application of HKFRS 16 (Note 3)	–	1,307	–	1,307
As at 1 April 2019 (Adjusted)	–	1,307	1,816	3,123
Change from financing cash flows:				
Capital element of leases rentals paid	–	(1,760)	–	(1,760)
Interest element of lease rental paid	–	(155)	–	(155)
Dividend paid to non-controlling interest	(659)	–	–	(659)
Repayment to a non-controlling shareholder of a subsidiary	–	–	(205)	(205)
Non-cash:				
Finance costs (Note 9)	–	155	–	155
Entering into new leases	–	5,535	–	5,535
Liabilities being disposed upon the Disposal (Note 32)	–	–	(1,611)	(1,611)
Dividend declared	659	–	–	659
As at 31 March 2020	–	5,082	–	5,082
As at 1 April 2018	–	–	–	–
Change from financing cash flows:				
Dividend paid to non-controlling interest	(568)	–	–	(568)
Advances from a non-controlling shareholder of a subsidiary	–	–	1,816	1,816
Non-cash:				
Dividend declared	568	–	–	568
As at 31 March 2019	–	–	1,816	1,816

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2020

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

35.2 Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposures to currency risk arise from its business transactions which are primarily denominated in Australian dollars ("AUD"), Canadian dollars ("CAD"), Great British Pounds ("GBP"), RMB and United States dollars ("US\$"). These are not the functional currencies of the Group entities to which these transactions relate.

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	RMB HK\$'000	US\$ HK\$'000
As at 31 March 2020					
Trade and other receivables	3,194	266	2,304	3	111
Cash and bank balances	8,382	882	9,022	8	1,234
Financial assets measured at FVTPL	5,557	–	–	–	–
	17,133	1,148	11,326	11	1,345

	AUD HK\$'000	CAD HK\$'000	GBP HK\$'000	RMB HK\$'000	US\$ HK\$'000
As at 31 March 2019					
Trade and other receivables	4,011	73	3,403	602	237
Cash and bank balances	13,478	2,371	5,023	41	642
Accrued charges and other payables	–	–	–	(1,630)	–
Amount due to a non-controlling shareholder of a subsidiary	–	–	–	(1,816)	–
	17,489	2,444	8,426	(2,803)	879

The Group is mainly exposed to the effects of fluctuation in AUD, CAD, GBP and RMB 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 loss/profit after income tax for the year and equity in regard to depreciation 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2020

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

35.2 Foreign currency risk *(continued)*

	AUD HK\$'000	CAD HK\$'000	GBP HK\$'000	RMB HK\$'000
As at 31 March 2020				
Sensitivity rate	11%	4%	4%	1%
Increase in result for the year and equity	1,574	38	378	-
As at 31 March 2019				
Sensitivity rate	3%	1%	4%	1%
Increase/(Decrease) in result for the year and equity	438	20	281	(23)

The same percentage depreciation in the Group entities' functional currencies against the respective foreign currencies would have the same magnitude on the Group's loss for the year and equity but of opposite effect.

35.3 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 deposits which carry interests at variable rates. The exposure to interest rates for the Group's bank deposits is considered immaterial.

35.4 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 35.1.

The Group has deposited its cash with various banks. The credit risks on cash and bank balances are considered to be insignificant because most of the Group's cash are deposited with major banks located in Hong Kong which with high credit ratings.

The Group's policy is to deal only with creditworthy counterparties. Credit terms are granted to new customers after a credit worthiness assessment by the credit control department. When considered appropriate, customers may be requested to provide proof as to their financial position. Where available at reasonable cost, external credit ratings and/or reports on customers are obtained and used. Customers who are not considered creditworthy are required to pay in advance or at a point in time when the services provided and the conditions specified in the relevant contracts have been fulfilled. Payment record of customers is closely monitored. It is not the Group's policy to request collateral from its customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (continued)

35.4 Credit risk (continued)

Trade receivables

The Group applies the simplified approach for trade receivables to provide ECL prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for these receivables due from third parties. These evaluations focus on the counterparty's financial position, past history of making payments and take into account information specific to the counterparty as pertaining to the economic environment in which the counterparty operates. Monitoring procedures have been implemented to ensure that follow-up action is taken to recover overdue balances.

The Group assesses ECL under HKFRS 9 on trade receivables based on provision matrix, the analysis of credit risk are based on debtors' ageing because these customers consist of a large number of customers which share common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms.

The average expected loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. At each reporting date, the historical default rates are updated and changes in the forward-looking estimates are analysed.

On the basis, the ECL allowance as at 31 March 2020 and 2019 was determined as follows for trade receivables:

	Average expected loss rate	Gross Carrying Amount HK\$'000	Lifetime ECL allowance HK\$'000	Net Carrying Amount HK\$'000
As at 31 March 2020				
Collective assessment				
— 0–90 days	2.43%	4,771	116	4,655
— 91–365 days	5.19%	1,194	62	1,132
— Over 365 days	13.60%	272	37	235
		6,237	215	6,022

	Expected loss rate	Gross Carrying Amount HK\$'000	Lifetime ECL allowance HK\$'000	Net Carrying Amount HK\$'000
As at 31 March 2019				
Collective assessment				
— 0–90 days	0.03%	6,017	2	6,015
— 91–365 days	2.14%	2,256	48	2,208
— Over 365 days	100.00%	53	53	–
		8,326	103	8,223

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2020

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

35.4 Credit risk *(continued)*

Trade receivables *(continued)*

Trade receivables are written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

As at 31 March 2020, 5% (2019: 8%) was due from the largest customer and 25% (2019: 25%) was due from the five largest customers of the Group, respectively. The Group does not hold any collateral from its debtors.

Other financial assets at amortised cost

The Group has established a policy to perform an assessment of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Group classifies its other receivables into Stage 1, Stage 2 and Stage 3, as described below:

- Stage 1 When other receivables are first recognised, the Group recognises an allowance based on 12 months' ECLs.
- Stage 2 When other receivables have shown a significant increase in credit risk since origination, the Group records an allowance for the lifetime ECLs.
- Stage 3 When other receivables are considered credit-impaired, the Group records an allowance for the lifetime ECLs.

As at 31 March 2020, the credit rating of other receivables and deposits were performing. The Group assessed that the ECL for other receivables and deposits are not material under the 12 months ECL method. Besides, the Group is of opinion that there is no significant increase in credit risk on these other receivables and deposits since initial recognition as the risk of default is low. Thus no loss allowance provision was recognised during the reporting period.

35.5 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2020

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

35.5 Liquidity risk *(continued)*

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	Total undiscounted amount HK\$'000	Carrying amount HK\$'000
As at 31 March 2020				
Accrued and other payables	2,650	–	2,650	2,650
Lease liabilities	2,011	3,382	5,393	5,082
	4,661	3,382	8,043	7,732

	Within 1 year or on demand HK\$'000	Over 1 year but within 5 years HK\$'000	Total undiscounted amount HK\$'000	Carrying amount HK\$'000
As at 31 March 2019				
Accrued and other payables	4,334	–	4,334	4,334
Amount due to a non-controlling shareholder of a subsidiary	1,816	–	1,816	1,816
	6,150	–	6,150	6,150

35.6 Fair value measurement

(a) *Financial assets measured at fair value*

Financial asset measured at fair value in the consolidated statement of financial position is categorised into the three level fair value hierarchies as defined in HKFRS 13, "Fair Value Measurement":

- Level 1: Fair value measured only using level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement dates.
- Level 2: Fair value measured using level 2 inputs, i.e. observable inputs which fail to meet with Level 1, and not using unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3: Fair value measured using significant unobservable inputs.

The level in the fair value hierarchy within which the financial asset is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

	Level 2 HK\$'000	Total HK\$'000
As at 31 March 2020		
Financial assets at FVTPL — Mutual fund	5,557	5,557

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 March 2020

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

35.6 Fair value measurement *(continued)*

(a) Financial assets measured at fair value *(continued)*

There were no transfers between categories during the reporting period.

The financial assets at FVTPL are mutual fund denominated in AUD. Fair values have been determined by reference to their quoted prices as stated in the bank statements at each of the reporting date and have been translated using the spot foreign currency rates at the end of the reporting periods where appropriate.

During the year ended 31 March 2020, fair value change from initial recognition of HK\$1,618,000 is recognised in consolidated statement of profit or loss and other comprehensive income.

(b) Financial assets and liabilities measured carried at other than fair value

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.

36. 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 and lease liabilities less cash and bank balances. 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.

	2020 HK\$'000	2019 HK\$'000
Lease liabilities	5,082	–
Total borrowings	5,082	–
Less: Cash and bank balances	(60,450)	(71,113)
	(55,368)	(71,113)
Equity attributable to equity holders of the Company	71,490	75,976
Debt to equity ratio	N/A	N/A

With available bank balances and cash, the Group has sufficient liquidity to satisfy its funding requirements.

37. EVENTS AFTER THE REPORTING DATE

The economic and financial markets have been significantly impacted as a result of the coronavirus disease (the "COVID-19 outbreak") from about late January 2020. The extent of impact of the COVID-19 outbreak on the Group will depend on the new development concerning the global severity of and actions taken to contain the COVID-19 outbreak that are highly uncertain as at the date of this report. The Group will continue to pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the consolidated financial statements and operation results.

