

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 **2021**

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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

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

Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units Nos. 702 and 703
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
Windward 3, Regatta Office Park
PO Box 1350
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 2021.

It is delighted that the Group reported a profit of approximately HK\$7.0 million for the year ended 31 March 2021, such profit was mainly derived from an increase in other income. However, under the challenging business environment in the subsistence of COVID-19 pandemic ("**COVID-19**"), the ordinary business of the Group was affected as students' visa applications and physical admissions to courses to, for example, the UK and Australia, are postponed and extended.

The Group expects that the vaccination programs commenced in Hong Kong and other overseas countries will help to tackle the impact of COVID-19 so that the business environment will become better in the coming year. On the other hand, the Group has developed online service system in order for us to explore more business opportunities from both the intake of students and the cooperation with overseas education services providers.

Outlook

Looking forward the year ending 31 March 2022, the Group will insist our mission of helping students to look for a suitable college for their academic development. We will allocate more resources on the development of our online service system and for promotion of our business through campaigns applying electronic online means. We believe that the Group can walk through the challenging business environment.

On the other hand, the newly indirect wholly-foreign owned subsidiary in Guangzhou, the PRC will commence its business during the year ending 31 March 2022. With the expansion, the Group expects that it may provide us with a new stream for boosting our revenue. The Group will continue to seek for various business opportunities, including co-operation with other high quality overseas education service providers, in expanding its overseas studies consultancy services.

Further, the Group highly values the solid relations with the existing 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 all our overseas education providers to provide the Group a solid foundation for future success.

Lastly, I would like to take this opportunity to thank the Board for their contribution to the Group as well as the Group's dedicated and loyal employees for their efforts to the Group in the difficult year ended 31 March 2021.

On behalf of the Board

Chung Wang Lung

Chairman and Executive Director

Hong Kong, 25 June 2021

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 2021, 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 2021, it is delighted that the Group reported profit for the year (from continuing and discontinued operations) of approximately HK\$7,015,000 (2020: loss of approximately HK\$4,050,000). The change from loss to profit is mainly because of an increase in other income arising from the recognition of exchange gain of approximately HK\$4.6 million and a fair value gain of financial assets at fair value through profit and loss (“FVTPL”) of approximately HK\$3.0 million for the year ended 31 March 2021 as explained below.

Prospects and Strategies

As the Group’s continuing operation mainly depends on the number of successful placement of students to overseas universities, the outbreak and the subsidence of COVID-19 affect the principal activity of the Group badly as the students’ visa applications and admissions to courses to, for example, the UK and Australia, are postponed and extended. Nevertheless, the Directors will continue to explore new streams for intakes of students from not only Hong Kong but also the People’s Republic of China (the “PRC”), with an aim to improve the Group’s financial performance for the continuing operations. As disclosed in the Annual Report of the Company for the year ended 31 March 2020, the Group established a new indirect wholly-foreign owned subsidiary under the name of Time Pace (Guangzhou) Education Consultants Company Limited* (時進(廣州)教育諮詢有限公司) (“Time Pace (Guangzhou)”) in Guangzhou, the PRC with an aim to develop the Group’s business on the provision of education consultancy service in Guangzhou of the PRC. It is expected that Time Pace (Guangzhou) may generate new stream of income to the Group taking into account that it is a trend for the students in the PRC to study in the overseas. Simultaneously, 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. 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 improved in the foreseeable future.

Principal Risks and Uncertainties

The economic and financial markets have been significantly impacted as a result of the outbreak and subsistence of the COVID-19 for the year ended 31 March 2021. The subsistence of the COVID-19 had some impacts on the financial performance of the Group for the year ended 31 March 2021 as some universities and high schools postponed the commencement of their courses and the Group’s operating subsidiaries have suspended or withheld marketing campaigns. The management expects that the consultation and intake of students will continue to slow down and the growth of the demand in overseas education will depend on the COVID-19 vaccination programs over the world, which may directly affect the revenue generated from the overseas studies consultancy services of the Group until the COVID-19 is under control. The extent of impact of the COVID-19 on the Group will depend on the new development on the vaccination programs to contain the COVID-19 that are still uncertain as at the date of this report. The Group will continue to pay close attention to the development of the COVID-19 and evaluate its impact on the consolidated financial statements and operation results.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Revenue of the Group from continuing operations for the year ended 31 March 2021 was approximately HK\$16.0 million, representing a decrease of approximately 20.8% from approximately HK\$20.2 million for the year ended 31 March 2020. 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 as a result of the outbreak and subsistence of the COVID-19 during the year ended 31 March 2021.

UK

Commission income generated from the placements of students in the UK maintained to be the main source of the Group's total revenue which accounted for approximately 45.4% for the year ended 31 March 2021 (2020: approximately 50.5% from continuing operations). Commission income generated from the placements of students in the UK amounted to approximately HK\$7.3 million (2020: approximately HK\$10.2 million) or decreased by approximately 28.4% 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 increased by approximately HK\$0.3 million or approximately 4.7% from approximately HK\$6.4 million for the year ended 31 March 2020 to approximately HK\$6.7 million for the year ended 31 March 2021, which represented approximately 41.7% of the Group's total revenue for the year ended 31 March 2021 (2020: approximately 31.5% from continuing operations). The increase in the commission income generated from the placements of students in Australia was mainly contributed by the increase in successful placements of students of Australia during the year ended 31 March 2021.

Canada and the USA

Commission income generated from the placements of students in Canada and the USA in aggregate decreased by approximately 43.3% which amounted to approximately HK\$1.7 million (2020: approximately HK\$3.0 million) and represented approximately 10.4% (2020: approximately 14.7% from continuing operations) of the Group's total revenue for the year ended 31 March 2021. The decrease in amount was mainly attributable to the decrease in successful placements of students in the USA during the year ended 31 March 2021.

OTHER INCOME

The Group's other income from continuing operations increased from approximately HK\$2.9 million for the year ended 31 March 2020 to approximately HK\$7.9 million for the year ended 31 March 2021, representing an increase of approximately HK\$5.0 million or approximately 172.4%. The increase was mainly due to recognition of exchange gain and government grant of approximately HK\$4.6 million and HK\$1.2 million, respectively during the year ended 31 March 2021.

MARKETING COSTS

The Group's marketing costs from continuing operations decreased from approximately HK\$3.4 million for the year ended 31 March 2020 to approximately HK\$2.5 million for the year ended 31 March 2021. The decrease was mainly attributable to the reduction in the cost of advertisements during the year ended 31 March 2021.

EMPLOYEE BENEFITS EXPENSES

Staff cost of the Group from continuing operations increased from approximately HK\$9.0 million for the year ended 31 March 2020 to approximately HK\$9.2 million for the year ended 31 March 2021 due to an increase in salary package for employees.

MANAGEMENT DISCUSSION AND ANALYSIS

OTHER EXPENSES

Other expenses of the Group from continuing operations decreased from approximately HK\$13.0 million for the year ended 31 March 2020 to approximately HK\$7.7 million for the year ended 31 March 2021. The decrease in amount was mainly because of a decrease in net exchange loss arising from bank deposits and mutual fund denominated in AUD and GBP as recognised in the year ended 31 March 2020.

INCOME TAX EXPENSES

Income tax expenses decreased from approximately HK\$0.3 million for the year ended 31 March 2020 to approximately HK\$0.2 million for the year ended 31 March 2021.

PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS

Net profit for the Group from continuing operations increased from a loss of approximately HK\$5.1 million for the year ended 31 March 2020 to a profit of approximately HK\$7.0 million for the year ended 31 March 2021. The change from net loss to net profit was mainly attributed by an increase in other income of approximately HK\$4.6 million arising from recognition of exchange gain as mentioned above and a change in fair value from loss to gain on financial assets at FVTPL of approximately HK\$3.0 million during the year ended 31 March 2021.

PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS

As the discontinued operations have ceased to form part of the Group since about September 2019, there was no profit of the Group from discontinued operations for the year ended 31 March 2021 as compared to a profit of approximately HK\$1.1 million for the year ended 31 March 2020.

PROFIT/(LOSS) FOR THE YEAR

The profit for the year ended 31 March 2021 (from continuing and discontinued operations) was approximately HK\$7.0 million as compared to a loss for the year ended 31 March 2020 of approximately HK\$4.1 million. The change from loss to profit was mainly attributed to the profit for the year from continuing operations as discussed above.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has funded the liquidity for the year ended 31 March 2021 and capital requirements primarily through capital contributions from shareholders and cash inflows from operating activities.

As at 31 March 2021, the Group has total cash and bank balances of approximately HK\$65.7 million (2020: approximately HK\$60.5 million).

As at 31 March 2021, the share capital and total equity attributable to equity holders of the Company amounted to approximately HK\$17.5 million and approximately HK\$77.5 million, respectively (2020: approximately HK\$17.5 million and approximately HK\$71.5 million, respectively).

Gearing ratio is calculated based on the total loans and borrowings less cash and bank balances divided by total equity as at the period-end date and expressed as a percentage. The gearing ratio of the Group is not presented as the Group has no net debt as at 31 March 2021 and 2020.

CHARGES ON THE GROUP'S ASSETS

The Group did not have any charges of assets as at 31 March 2021 and 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL COMMITMENT

The Group had no material capital commitments as at 31 March 2021 and 2020.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 March 2021 (2020: Nil). The Group is currently not involved in any material legal proceedings, nor is the Group aware of any pending or potential material legal proceedings.

FOREIGN EXCHANGE RISK

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposures to currency risk arise from its business transactions which are primarily denominated in Australian dollars ("AUD"), Canadian dollars ("CAD"), Great British Pounds ("GBP"), 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 2021.

EMPLOYEES AND REMUNERATION POLICIES

Total employee benefit expenses for the year ended 31 March 2021 and the year ended 31 March 2020 are approximately HK\$9.2 million and HK\$9.0 million respectively. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to a basic salary, discretionary bonuses were offered to staff members based on the assessment of individual performance.

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

Financial assets at FVTPL

The Group has a fair value gain of financial assets at FVTPL of approximately HK\$3.0 million for the year ended 31 March 2021 as compared to a loss of HK\$1.6 million for the year ended 31 March 2020, that gives the Group a dividend income from financial assets at FVTPL of approximately HK\$0.5 million for the year ended 31 March 2021 as compared to a dividend income of approximately HK\$0.1 million for the year ended 31 March 2020 as shown in note 7 to the consolidated financial statements. The financial assets at FVTPL held by the Group were certain units in a fund under the name of BGF Dynamic High Income Fund A8 AUD-Hedged with category A (the "Fund") that were subscribed by the Group and which were valued at approximately HK\$8.6 million as at 31 March 2021. The Fund was 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 of approximately AUD9.67 in January 2020. For details of the subscription of the units of the Fund, please refer to the announcement of the Company published on 21 July 2020.

As at 31 March 2021, the Group held 158,559.18 units of the Fund with a unit price of AUD9.16. The unit price of the Fund as at the last reference date of 31 May 2021 (i.e. the month before publication of this report) was AUD9.43.

Save as disclosed above, there was no significant investment held, material acquisition or disposal of subsidiaries and affiliated companies for the year ended 31 March 2021, and there was no plan for material investment or capital assets as at the date of this report.

EVENTS AFTER THE YEAR ENDED 31 MARCH 2021

Save as disclosed in this report, there is no other important event affecting the Group which has occurred after the year ended 31 March 2021 and up to the date of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2021, approximately HK\$27.9 million has been utilised (2020: approximately HK\$24.2 million). Save and except the expected timeline for the usage of the unutilised net proceeds as disclosed in the Company's Supplemental Announcement to the Annual Reports for the year ended 31 March 2019 and for the year ended 31 March 2020 published on 18 August 2020, 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 date of the Listing on 17 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 2021 HK\$'000	Balance as at 31 March 2021 HK\$'000	Expected timeline for utilisation of the balance of the net proceeds (Note)
Expand and renovate existing branches	5,198	5,198	–	Not applicable
Employ additional counsellors and supporting staff	15,373	2,054	13,319	End of December 2021
Strengthen our brand awareness	25,505	16,495	9,010	End of December 2021
Expand our network of overseas education providers	700	21	679	End of December 2021
Enhance our IT system	2,975	506	2,469	End of December 2021
Hold large scale exhibitions	3,960	2,158	1,802	End of December 2021
General working capital	1,428	1,428	–	Not applicable
Total	55,139	27,860	27,279	

Note: The expected timeline for utilisation of the balance of the net proceeds is based on the best estimation of the present and future business market conditions in Hong Kong made by the Group. It is subject to change based on the future development of the market conditions.

Any net proceeds that were not applied immediately have been placed in short-term deposits with authorised 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 2021, 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 2021 (2020: Nil).

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

CHUNG Wang Lung (鍾宏龍), aged 62, 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 30 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 47, 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

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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

WONG Tak Chun (黃德俊), aged 40, 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

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 53, 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

TSANG Chi Fung (曾志豐), aged 50, 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 35, 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 32, 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 2021.

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 2021, the Company has complied with all the applicable code provisions of the CG Code contained in Appendix 15 to the GEM Listing Rules.

BOARD OF DIRECTORS

Responsibilities of the Board

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

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

Corporate Governance Functions

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

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

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

CORPORATE GOVERNANCE REPORT

COMPOSITION OF THE BOARD

As at the date of this report, our Board currently consists of six Directors, comprising three executive Directors 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

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.

CORPORATE GOVERNANCE REPORT

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 2021, 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
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 2021 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 2021, which may be terminated by either the Company or the Director giving to the other not less than one month’s notice in writing in accordance with the terms of the agreement. Each independent non-executive Directors was appointed for a term up to the annual general meeting of the Company to be held in 2021 which may be terminated on whenever is the earlier of (i) the date of expiry of the period; (ii) ceasing to be a director for any reason pursuant to the articles of association of the Company (the “**Articles of Association**”) or any other applicable law; or (iii) either party giving at least one month’s notice in writing.

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

CORPORATE GOVERNANCE REPORT

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 2021, 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.

CORPORATE GOVERNANCE REPORT

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 2021, 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 2021 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 2021.

CORPORATE GOVERNANCE REPORT

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 2021, 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 meeting, the remuneration committee had reviewed the performance of the individual Directors and approved chairman's and other director's salary adjustments.

CORPORATE GOVERNANCE REPORT

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 two meetings/resolutions during the year ended 31 March 2021. 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>)	2/2
Ms. Chung Wai Nar	2/2
Mr. Tsang Chi Fung	2/2

During the meetings, the nomination committee had approved the resignation of Mr. Liu Chenyu as a non-executive Director of the Company and considered the necessity to nominate a successor; and 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.

CORPORATE GOVERNANCE REPORT

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 2021, 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	390
Non-audit services	–
Total	390

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 2021, 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.

CORPORATE GOVERNANCE REPORT

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 2021, 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 35 to 38 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 Friday, 20 August 2021, 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.

CORPORATE GOVERNANCE REPORT

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 2021.

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 2021.

DIRECTORS

The Directors during the year ended 31 March 2021 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

Independent non-executive Directors

Mr. Wong Tak Chun

Ms. Chung Wai Nar

Mr. Tsang Chi Fung

Mr. Liu Chenyu resigned as a non-executive Director of the Company with effect from 30 June 2020. For details of the resignation of Mr. Liu Chenyu, please refer to the announcement of the Company published on 30 June 2020.

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

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 4 August 2020, 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 2021, 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.

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

DIRECTORS' REPORT

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 2021.

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 2021 and up to the date of this report.

DIRECTORS' 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 2021 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 2021 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.

DIRECTORS' REPORT

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 2021.

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 87.0% for the year ended 31 March 2021 (2020: 82.0%). 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

The Group's revenue may be adversely affected by the COVID-19 which has been subsisting globally since about January 2020. As the COVID-19 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 2021, the Group's largest and the five largest customers represented approximately 7.7% and approximately 27.0% respectively (2020: approximately 8.9% and approximately 30.6% 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.

DIRECTORS' REPORT

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 2021 (2020: Nil). When the Group has 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.

There was no non-compliance case noted in relation to environmental laws and regulations for the year ended 31 March 2021.

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. The Group's environmental policy and performance will be shown in the "Environmental, Social and Governance Report" to be published by the Company in a later time.

DIRECTORS' REPORT

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 2021.

RESULTS

The results of the Group for the year ended 31 March 2021 are set out in the consolidated statement of profit or loss and other comprehensive income on page 46 of this report.

FINAL DIVIDEND

The Directors do not recommend the payment of any final dividend for the year ended 31 March 2021 (2020: 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 Tuesday, 17 August 2021 to Friday, 20 August 2021, 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 Monday, 16 August 2021.

ANNUAL GENERAL MEETING

The annual general meeting will be held on Friday, 20 August 2021. 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 2021 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 2021 are set out in note 24 to the consolidated financial statements of this report.

DIRECTORS' REPORT

DISTRIBUTABLE RESERVES OF THE COMPANY

Distributable reserves of the Company as at 31 March 2021, calculated under Companies Law, Cap. 22 (Laws 3 of 1961 as consolidated and revised) of the Cayman Islands, amounted to HK\$29,885,000 (2020: HK\$30,819,000).

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 2021.

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 2021.

DIRECTORS' REPORT

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

As at 31 March 2021, 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:

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

Long position in the ordinary shares of associated corporation

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

Save as disclosed above, as at 31 March 2021, none of the Directors and the chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which would be required pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

DIRECTORS' REPORT

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

As at 31 March 2021, 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 2021, 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 2021 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 2021.

DIRECTORS' REPORT

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the year ended 31 March 2021 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 2021 (2020: HK\$0.2 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. Upon expiration of the agreement in December 2020, Time Pace Development Limited and Allon Global agreed to renew the maintenance and license services provided by Allon Global for a term of 2 years at a fee of approximately HK\$165,000 per year. The agreement and the renewal thereof were arrived at after arm's length negotiations between Time Pace Development Limited and Allon Global with reference to the then 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 (the Chairman of the Board, an executive Director and one of our Controlling Shareholders) holds 51% shareholdings in Allon Global. Mr. Chung is one of the directors of Allon Global. As Mr. Chung 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.

It is expected that the fees for the maintenance and license of the ERP System for the period up to 31 December 2022 are approximately HK\$330,000 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 services 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\$0.3 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.

Further, the newly established indirect wholly-foreign owned subsidiary of the Group, Time Pace (Guangzhou) Education Consultants Company Limited* (時進(廣州)教育諮詢有限公司) ("**Time Pace (Guangzhou)**") as tenant has entered into a rental agreement with Mr. Chung as the Landlord on 1 February 2021 (the "**Rental Agreement**") in relation to renting an office premises of approximately 116.98 square metre and situate at Suite 2303 and 2304, Block B, No. 191 Tiyuxi Road, Tianhe District, Guangzhou, the PRC (the "**Properties**") for use as an office for Time Pace (Guangzhou). The Rental Agreement is for a term of years from 1 March 2021 to 28 February 2023 with a monthly rent of RMB15,500 (exclusive of government tax, management fees and other outgoings).

DIRECTORS' REPORT

The monthly rental was arrived by the parties having taking into account the monthly rental for similar premises at the vicinity of the location of the Properties based on the prevailing market value as of January 2021. As Mr. Chung is a connected person and let the Properties to the Group, the Rental Agreement will constitute a continuing connected transaction for our Company.

It is expected that the annual fee payable by Time Pace (Guangzhou) will be RMB186,000 (exclusive of government tax, management fees and other outgoings). Given that each of the applicable percentage ratio (other than the profits ratio) for the transaction contemplated under the Rental Agreement is expected to be less than 5% and the annual consideration is less than HK\$3 million, the transaction contemplated under the Rental Agreement fall within the de minimis threshold under Rule 20.74(1)(c) of the GEM Listing Rules and is exempt from the reporting, annual review, announcement and independent Shareholders' approval requirement 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 transactions and confirmed that the transactions have 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 90 of this report.

AUDITOR

The consolidated financial statements of the Group for the year ended 31 March 2021 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 4 years.

By order of the Board

Chung Wang Lung

Chairman and Executive Director

Hong Kong, 25 June 2021

INDEPENDENT AUDITOR'S REPORT



To the shareholders 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 39 to 89, which comprise the consolidated statement of financial position as at 31 March 2021, 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 2021, 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.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(continued)*

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

Refer to notes 2.6, 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 2021, the Group's carrying amount of trade receivables and ECL allowance amounted to HK\$3,630,000 and HK\$330,000 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 audit 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.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the 2021 annual report of the Company, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

INDEPENDENT AUDITOR'S REPORT

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 HKSA's 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 HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

INDEPENDENT AUDITOR'S REPORT

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, actions taken to eliminate threats or safeguards applied.

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

25 June 2021

Chan Tze Kit

Practising Certificate No.: P05707

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Continuing operations			
Revenue	5	16,025	20,215
Other income	7	7,911	2,875
Fair value gain/(loss) of financial assets at fair value through profit and loss ("FVTPL")		3,046	(1,618)
Marketing costs		(2,501)	(3,397)
Employee benefits expenses	8	(9,218)	(9,040)
Lease charges		(52)	(794)
Other expenses		(7,718)	(12,961)
Expected credit losses ("ECL") allowance of trade receivables		(115)	–
ECL allowance of contract assets		(10)	–
Loss on disposal of subsidiaries		(22)	–
Finance costs	9	(163)	(155)
Profit/(Loss) before income tax	10	7,183	(4,875)
Income tax expense	11	(168)	(250)
Profit/(Loss) for the year from continuing operations		7,015	(5,125)
Discontinued operations			
Profit for the year from discontinued operations	13	–	1,075
Profit/(Loss) for the year		7,015	(4,050)
Other comprehensive (expense)/income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences		(51)	–
Reclassification of translation differences upon disposal of subsidiaries		–	40
Total comprehensive income/(expense) for the year		6,964	(4,010)

The notes on pages 44 to 89 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Profit/(Loss) for the year attributable to equity holders of the Company:			
— From continuing operations		6,041	(5,698)
— From discontinued operations		—	1,190
		6,041	(4,508)
Profit/(Loss) for the year attributable to non-controlling interest:			
— From continuing operations		974	573
— From discontinued operations		—	(115)
		974	458
Profit/(Loss) for the year		7,015	(4,050)
Total comprehensive income/(expense) for the year attributable to:			
— Equity holders of the Company		5,990	(4,486)
— Non-controlling interest		974	476
		6,964	(4,010)
Earnings/(Loss) per share attributable to equity holders of the Company:			
From continuing and discontinued operations			
— Basic and diluted	14(a)	HK0.35 cents	(HK0.26 cents)
From continuing operations			
— Basic and diluted	14(b)	HK0.35 cents	(HK0.33 cents)
From discontinued operations			
— Basic and diluted	14(c)	—	HK0.07 cents

The notes on pages 44 to 89 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	16	4,409	6,011
Financial assets at FVTPL	18	8,603	5,557
		13,012	11,568
Current assets			
Trade and other receivables	19	4,803	7,878
Contract assets	20	1,039	–
Cash and bank balances	21	65,737	60,450
		71,579	68,328
Current liabilities			
Accrued charges and other payables	22	2,890	2,792
Lease liabilities	23	1,704	1,853
Tax payable		1	287
		4,595	4,932
Net current assets		66,984	63,396
Total assets less current liabilities		79,996	74,964
Non-current liabilities			
Lease liabilities	23	2,113	3,229
Net assets		77,883	71,735
CAPITAL AND RESERVES			
Share capital	24	17,504	17,504
Reserves	25	59,976	53,986
Equity attributable to equity holders of the Company		77,480	71,490
Non-controlling interest	26	403	245
Total equity		77,883	71,735

Chung Wang Lung
Director

Patrick Mok
Director

The notes on pages 44 to 89 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	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	Total HK\$'000		
As at 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 translation differences upon disposal of subsidiaries (note 31)	-	-	-	22	-	22	18	40
Total comprehensive expense	-	-	-	22	(4,508)	(4,486)	476	(4,010)
Transactions with owners:								
Disposal of subsidiaries (note 31)	-	-	-	-	-	-	993	993
Dividend paid to non-controlling interest	-	-	-	-	-	-	(659)	(659)
Total transactions with owners	-	-	-	-	-	-	334	334
As at 31 March 2020 and 1 April 2020	17,504	45,405	11	-	8,570	71,490	245	71,735
Profit for the year	-	-	-	-	6,041	6,041	974	7,015
Other comprehensive expense								
— Currency translation differences	-	-	-	(51)	-	(51)	-	(51)
Total comprehensive income	-	-	-	(51)	6,041	5,990	974	6,964
Transactions with owners:								
Dividend paid to non-controlling interest	-	-	-	-	-	-	(816)	(816)
Total transactions with owners	-	-	-	-	-	-	(816)	(816)
As at 31 March 2021	17,504	45,405	11	(51)	14,611	77,480	403	77,883

* The reserves accounts comprise the Group's reserves of HK\$59,976,000 (2020: HK\$53,986,000) in the consolidated statement of financial position.

The notes on pages 44 to 89 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Cash flows from operating activities			
Profit/(Loss) before income tax			
— from continuing operations		7,183	(4,875)
— from discontinued operations	13	–	1,553
		7,183	(3,322)
Adjustments for:			
Fair value (gain)/loss of financial assets at FVTPL		(3,046)	1,618
Exchange loss		–	892
Loss/(Gain) on disposal of subsidiaries		22	(1,913)
ECL allowance recognised for trade receivables	10	115	112
ECL allowance recognised for contract assets	10	10	–
Depreciation — owned assets	10	465	648
Depreciation — right-of-use assets	10	1,820	2,142
Interest income	7	(407)	(968)
Dividend income from financial assets at FVTPL	7	(457)	(116)
Interest expenses	9	163	155
Operating profit/(loss) before working capital changes		5,868	(752)
Decrease in trade and other receivables		2,960	1,626
Increase in contract assets		(1,049)	–
Increase/(Decrease) in accrued charges and other payables		141	(187)
Cash generated from operations		7,920	687
Income tax paid		(454)	(659)
<i>Net cash generated from operating activities</i>		7,466	28
Cash flows from investing activities			
Interest received		407	968
Dividend income received from financial assets at FVTPL		457	116
Purchase of financial assets at FVTPL		–	(8,067)
Purchase of property, plant and equipment		(72)	(891)
Net cash outflow on disposal of subsidiaries		(65)	(38)
<i>Net cash generated from/(used in) investing activities</i>		727	(7,912)
Cash flows from financing activities			
Repayment to a non-controlling shareholder of a subsidiary		–	(205)
Repayment of lease liabilities		(1,876)	(1,760)
Interest paid		(163)	(155)
Dividend paid to non-controlling interest		(816)	(659)
<i>Net cash used in financing activities</i>		(2,855)	(2,779)
Net increase/(decrease) in cash and cash equivalents		5,338	(10,663)
Effect of foreign exchange rate changes		(51)	–
Cash and cash equivalents at beginning of year		60,450	71,113
Cash and cash equivalents at the end of the year, represented by cash and bank balances	21	65,737	60,450

The notes on pages 44 to 89 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

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. With effect from 16 December 2020, the address of its registered office has been changed to Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands from PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The address of principal place of business of the Company is Unit 702–703, 7/F., 700 Nathan Road, Mongkok, 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.

As at 31 March 2021, the directors consider the immediate holding company 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 2021 were approved for issue by the board of directors on 25 June 2021.

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

For the year ended 31 March 2021

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

2.2 Basis of consolidation

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

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power over the entity, only substantive rights relating to the entity (held by the Group and others) are considered.

The Group includes the income and expenses of a subsidiary in the consolidated financial information from the date it gains control until the date when the Group ceases to control the subsidiary.

Inter-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.

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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

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

2.3 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.

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.

2.4 Property, plant and equipment

Property, plant and equipment (other than cost of right-of-use assets as described in note 2.11) 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 (if any) 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

Accounting policy for depreciation of right-of-use assets is set out in note 2.11.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

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

2.4 Property, plant and equipment *(continued)*

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.

2.5 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 profit or loss.

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 finance costs, except for expected credit losses ("ECL") of financial assets which is presented as a separate item in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

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

2.5 Financial instruments *(continued)*

Financial assets *(continued)*

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.

Financial liabilities

Classification and measurement of financial liabilities

The Group's financial liabilities include accrued charges and other payables (excluding contract liabilities) 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.

Accounting policies of lease liabilities are set out in note 2.11.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

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

2.6 Impairment of financial assets and contract assets

HKFRS 9's impairment requirements use more forward-looking information to recognise ECL — the "ECL model". Instruments within the scope included trade receivables, contract assets 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.

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 and contract assets

For trade receivables and contract assets, 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 and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled receivables have substantially the same risk characteristics as the trade receivables for the same types of contracts.

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

For the year ended 31 March 2021

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

2.6 Impairment of financial assets and contract 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, contract assets and other financial assets measured at amortised cost are set out in note 34.4.

2.7 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and short term bank deposits with original maturities of three months or less.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

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

2.8 Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (note 2.14) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL in accordance with the policy set out in note 2.6 and are reclassified to receivables when the right to the consideration has become unconditional (note 2.5).

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note 2.14). 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 2.5).

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.

2.9 Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2.10 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued. 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 are deducted from share premium.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

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

2.11 Leases

Definition of a lease and the Group as a lessee

At inception of a contract, 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.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

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

2.11 Leases *(continued)*

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

Measurement and recognition of leases as a lessee (continued)

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.

For lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of modification.

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.

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.

2.12 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.

2.13 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are deferred and recognised in profit or loss over the period necessary to match them with the costs that the grants are intended to compensate.

Government grants relating to income is presented in gross under "Other income" in the consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

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

2.14 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.

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, commission income from guardianship, marketing income and administrative fee 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.

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

For the year ended 31 March 2021

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

2.15 Impairment of non-financial assets

The Group's property, plant and equipment (including right-of-use assets) and the Company's investments in subsidiaries are subject to impairment testing. They are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e., a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

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

An impairment loss is reversed if there has been a 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.

2.16 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 Company's subsidiaries in the People's Republic of China (the "PRC") are required to contribute a fixed percentage of the employees' basic salary to a state-managed retirement benefit scheme operated by the government of the PRC 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

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

2.17 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.

The determination of the average tax rates requires an estimation of (i) when the existing temporary differences will reverse and (ii) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

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

2.17 Accounting for income taxes *(continued)*

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.

2.18 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the chief operating decision-maker (i.e. the Chairman and/or the chief executive officer of the Group) 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 chief operating decision-maker are determined following the Group's major services lines.

2.19 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

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

2.19 Related parties *(continued)*

- (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.
 - (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.

3. ADOPTION OF NEW AND AMENDED HKFRSs

Amended HKFRSs that are effective for annual periods beginning or after 1 April 2020

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 April 2020:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKAS 1 and HKAS 8	Definition of Material

The adoption of the amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

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.

Amendments to HKFRS 16	Covid-19-Related Rent Concessions ¹
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ⁷
HKFRS 17	Insurance Contracts and other related amendments ⁴
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁶
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2 ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ⁴
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ⁴
Amendments to HKAS 8	Definition of Accounting Estimates ⁴
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use ³
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ³
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018-2020 ³
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination ⁶

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

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

³ Effective for annual periods beginning on or after 1 January 2022

⁴ Effective for annual periods beginning on or after 1 January 2023

⁵ Effective date to be determined

⁶ Effective for business combination/common control combination for which the acquisition/combination date is on or after the beginning of the first annual period beginning on or after 1 January 2022

⁷ Effective for annual periods beginning on or after 1 April 2021

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.

Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies"

The amendments to HKAS 1 require entities to disclose material accounting policy information instead of significant accounting policies in its financial statements. The amendments also provide some guidance on how material policy information are being identified and provide some examples of when accounting policy information is likely to be material.

In March 2021, HKICPA issued HKFRS Practice Statement 2 "Making Materiality Judgements" to provide entities with non-mandatory guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with HKFRS. HKFRS Practice Statement 2 was subsequently revised to provide guidance and examples on how to apply the concept of materiality to accounting policy disclosures.

The amendments to HKAS 1 are effective for annual reporting period beginning on or after 1 January 2023 and are applied prospectively. Earlier application is permitted. Except for the disclosures of accounting policies in note 2 may need to be revised to cope with the above changes, the directors expect that the amendments have no other material impact on the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

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.

(a) Estimate uncertainty

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 and contract assets within the scope of ECL under HKFRS 9

The ECL assessment for trade and other receivables and contract assets 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 and contract assets, 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 2.6.

As at 31 March 2021, the aggregate carrying amounts of trade and other receivables and contract assets amounted to HK\$4,254,000 (net of HK\$330,000 ECL allowance for trade receivables) (2020: HK\$6,865,000 (net of HK\$215,000 ECL allowance for trade receivables)) and HK\$1,039,000 (net of HK\$10,000 ECL allowance for contract assets) (2020: HK\$Nil (net of HK\$Nil ECL allowance for contract assets)) respectively.

When the actual future cash flows are different from expected, such difference will impact the carrying amount of trade and other receivables and contract assets and credit losses in the periods in which such estimate has been changed.

(b) Critical accounting judgements

Determination of the lease term in lease contracts and discount rate

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension options, or not exercise a termination option. Factors considered include:

- contractual terms and conditions for the optional periods compared with market rates (e.g. whether the amount of payments in the optional periods is below the market rates);
- the extent of leasehold improvements undertaken by the Group; and
- costs relating to termination of the lease (e.g. relocation costs, costs of identifying another underlying asset suitable for the Group's needs).

Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated), which in turn affect the carrying amounts of lease liabilities and corresponding right-of-use assets.

During the year ended 31 March 2021, all extension options in leases of offices have not been included in determination of the lease liability because the amount of payments in the optional periods is not favourable compare to market rates.

In addition, the Group exercised considerable judgement in relation to determining the discount rate taking into account the nature of the underlying assets and the terms and conditions of the leases, at both the commencement date and effective date of the modification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

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:

	2021 HK\$'000	2020 HK\$'000
Continuing operations		
Overseas studies consultancy service	16,025	20,215

Disaggregation of revenue

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

	2021 HK\$'000	2020 HK\$'000
Continuing operations		
Higher education programmes	9,819	12,050
Secondary education programmes	5,039	6,909
Bonus	737	337
Short term courses	430	919
	16,025	20,215

6. SEGMENT INFORMATION

The Group has determined the operating segments based on the information reported to the Group's chief operating decision-maker (i.e. the Chairman and/or the chief executive officer of the Group).

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

6. SEGMENT INFORMATION *(continued)*

Geographical information *(continued)*

	2021 HK\$'000	2020 HK\$'000
Continuing operations		
Australia	6,675	6,374
Canada	1,277	1,514
New Zealand	292	446
United Kingdom	7,273	10,200
United States	388	1,467
Others	120	214
	16,025	20,215

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

	2021 HK\$'000	2020 HK\$'000
Non-current assets:		
Hong Kong	4,006	6,011
PRC	403	–
	4,409	6,011

Information about major customers

The Group has no customers that contributed over 10% of the Group's total revenue during the years ended 31 March 2021 and 2020.

7. OTHER INCOME

	2021 HK\$'000	2020 HK\$'000
Continuing operations		
Bank interest income	407	968
Commission income from guardianship	72	82
Net foreign exchange gain	4,566	–
Marketing income	636	1,431
Dividend income from financial assets at FVTPL	457	116
Sponsorship income	–	86
Administration fee income	400	156
Government grant (note)	1,210	–
Others	163	36
	7,911	2,875

Note:

During the year ended 31 March 2021, the Group received funding support amounting to HK\$1,210,000 from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Hong Kong Government. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

8. EMPLOYEE BENEFITS EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2021 HK\$'000	2020 HK\$'000
Continuing operations		
Salaries, commission and other benefits	8,865	8,718
Contributions to defined contribution retirement plans	353	322
	9,218	9,040

9. FINANCE COSTS

	2021 HK\$'000	2020 HK\$'000
Continuing operations		
Finance charges on lease liabilities	163	155

10. PROFIT/(LOSS) BEFORE INCOME TAX

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

	2021 HK\$'000	2020 HK\$'000
Continuing operations		
Auditor's remuneration	390	480
Depreciation of:		
— owned assets	465	648
— right-of-use assets	1,820	2,142
	2,285	2,790
Lease charges in respect of short-term leases and leases with lease term shorter than 12 months as at initial application of HKFRS 16 on 1 April 2019	52	794
ECL allowance recognised for trade receivables	115	112
ECL allowance recognised for contract assets	10	–
Net foreign exchange (gain)/loss	(4,566)	3,193

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.

No provision for PRC enterprise income tax has been provided in respect of the Group's operation in the PRC as there is no estimated assessable profits for the year based on the existing legislation, interpretations and practises in respect thereof.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

11. INCOME TAX EXPENSE *(continued)*

Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying entities will be taxed at 8.25%, and the profits above HK\$2,000,000 will be taxed at 16.5%. The profits of entities not qualifying for the two-tiered profits tax rates regime will be taxed at 16.5%. For the year ended 31 March 2021, Hong Kong profits tax of Golden Crown Overseas Limited, a subsidiary of the Group (2020: Time Pace Development Limited, a subsidiary of the Group), is calculated in accordance with the two-tiered profits tax rates regime.

Income tax expense in the consolidated statement of profit or loss and other comprehensive income represents:

	2021 HK\$'000	2020 HK\$'000
Continuing operations		
Current tax — Hong Kong Profits Tax		
Current year	141	378
Under/(Over) provision in respect of prior years	27	(128)
	168	250

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

	2021 HK\$'000	2020 HK\$'000
Continuing operations		
Profit/(Loss) before income tax (from continuing operations)	7,183	(4,875)
Tax on profit/(loss) before income tax, calculated at the rates of Hong Kong Profits Tax rate of 16.5% (2020: 16.5%)	1,185	(804)
Tax effects of:		
— non-deductible expenses	432	1,452
— non-taxable income	(1,492)	(250)
— unrecognised temporary differences	38	15
— tax loss not recognised	226	106
— utilisation of tax losses previously not recognised	(106)	–
— two-tiered profits tax rate regime	(142)	(141)
Under/(Over) provision in respect of prior years	27	(128)
Income tax expense for the year	168	250

As at 31 March 2021, the Group had unused tax losses of approximately HK\$1,370,000 (2020: HK\$643,000) 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 2021 and 2020, the Group did not have any significant unrecognised deferred tax assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

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 2021				Total HK\$'000
	Fee HK\$'000	Salaries and allowances HK\$'000	Discretionary Bonuses (Note (i)) HK\$'000	Retirement scheme contributions HK\$'000	
Executive directors:					
Mr. Chung Wang Lung (<i>Chairman</i>)	–	1,170	–	18	1,188
Mr. Mok Patrick (<i>Chief Executive Officer and Compliance Officer</i>)	–	630	52	18	700
Ms. So Pik Sau	–	396	2	18	416
Non-executive director:					
Mr. Liu Chenyu (note (ii))	30	–	–	–	30
Independent non-executive directors:					
Mr. Wong Tak Chun	120	–	–	–	120
Ms. Chung Wai Nar	120	–	–	–	120
Mr. Tsang Chi Fung	120	–	–	–	120
	390	2,196	54	54	2,694

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

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

(continued)

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

	Year ended 31 March 2020				Total HK\$'000
	Fee HK\$'000	Salaries and allowances HK\$'000	Discretionary Bonuses (Note (i)) HK\$'000	Retirement scheme contributions HK\$'000	
Executive directors:					
Mr. Chung Wang Lung (<i>Chairman</i>)	–	1,170	–	18	1,188
Mr. Mok Patrick (<i>Chief Executive Officer and Compliance Officer</i>)	–	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:

- (i) Discretionary bonus for the year was determined by the remuneration committee having regard to the performance and duties of directors.
- (ii) Resigned on 30 June 2020.

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 2021 and 2020.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 March 2021 included three (2020: three) directors whose emoluments are disclosed in note 12(a). The aggregate of the emoluments in respect of the remaining two (2020: two) individuals are as follows:

	2021 HK\$'000	2020 HK\$'000
Salaries and allowances	896	869
Discretionary bonuses	7	–
Retirement scheme contributions	18	18
	921	887

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

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

(continued)

(b) Five highest paid individuals (continued)

The above individuals' emoluments are within the following bands:

	Number of individuals	
	2021	2020
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 2021 and 2020. No directors or the five highest paid individuals have waived or agreed to waive any emolument during the years ended 31 March 2021 and 2020.

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 Renminbi ("RMB") 800,000 (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. Details of the assets and liabilities disposed of, and calculation of gain on disposal, are disclosed in note 31.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

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.

(i) Profit for the period from discontinued operations:

	2020 HK\$'000
Revenue	189
Other income	12
Marketing costs	(6)
Employee benefits expenses	(147)
Lease charges	(45)
Other expenses	(238)
Loss before income tax	(235)
Gain on disposal of the Disposal Group (note 31)	1,913
Transaction costs	(125)
	1,553
Income tax expense arising from disposal	(478)
Profit for the period from discontinued operations	1,075

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

	2020 HK\$'000
Net cash outflow from operating activities and net cash outflow	(3)

(b) Loss before income tax from discontinued operations

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

	2020 HK\$'000
Depreciation of:	
— owned assets	17
Lease charges in respect of:	
— short-term leases and leases with lease term shorter than 12 months as at initial application of HKFRS 16 on 1 April 2019	45

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

14. EARNINGS/(LOSS) PER SHARE

(a) Continuing and discontinued operations

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

	2021	2020
Profit/(Loss) for the year attributable to equity holders of the Company (HK\$'000)	6,041	(4,508)
Weighted average number of ordinary shares ('000 shares)	1,750,400	1,750,400
Basic and diluted earnings/(loss) per share (HK cents)	0.35	(0.26)

Diluted earnings/(loss) per share equals to basic earnings/(loss) per share, as there were no potential dilutive ordinary shares issued during the years ended 31 March 2021 and 2020.

(b) Continuing operations

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

	2021	2020
Profit/(Loss) for the year attributable to equity holders of the Company (HK\$'000)	6,041	(4,508)
Less: Profit for the year from discontinued operations (HK\$'000)	–	1,190
Profit/(Loss) for the year from continuing operations (HK\$'000)	6,041	(5,698)
Basic and diluted earnings/(loss) per share from continuing operations (HK cents)	0.35	(0.33)

(c) Discontinued operations

The calculation of the basic and diluted earnings per share attributable to equity holders of the Company from discontinued operations are based on the following data:

	2021	2020
Profit for the year attributable to equity holders of the Company (HK\$'000)	–	1,190
Basic and diluted earnings per share from discontinued operations (HK cents)	–	0.07

15. DIVIDENDS

The directors of the Company do not recommend the payment of a final dividend for the years ended 31 March 2021 and 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

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 2019	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 31)	–	(96)	–	–	–	(96)
Currency translation differences	–	2	–	–	–	2
As at 31 March 2020	298	834	397	1,207	6,930	9,666
As at 1 April 2020	298	834	397	1,207	6,930	9,666
Additions	8	13	38	13	420	492
Modification of lease	–	–	–	–	191	191
Written-off	–	–	–	(401)	(940)	(1,341)
As at 31 March 2021	306	847	435	819	6,601	9,008
Accumulated depreciation						
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 31)	–	(49)	–	–	–	(49)
Currency translation differences	–	4	–	–	–	4
As at 31 March 2020	241	435	344	493	2,142	3,655
As at 1 April 2020	241	435	344	493	2,142	3,655
Charge for the year	26	183	47	209	1,820	2,285
Written-off	–	–	–	(401)	(940)	(1,341)
As at 31 March 2021	267	618	391	301	3,022	4,599
Net book value						
As at 31 March 2021	39	229	44	518	3,579	4,409
As at 31 March 2020	57	399	53	714	4,788	6,011

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

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 2021 and 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 2021 HK\$'000	As at 1 April 2020 HK\$'000	For the year ended 31 March 2021 HK\$'000
Premises	3,568	4,754	1,797
Office equipment	11	34	23
	3,579	4,788	1,820

	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 2021, the total additions to right-of-use assets included in property, plant and equipment amounting to HK\$420,000 (2020: HK\$5,535,000) of which all are related to premises.

17. INTERESTS IN SUBSIDIARIES

Particulars of the subsidiaries at 31 March 2021 and 2020 are as follows:

Company name	Place of incorporation/ registration	Principle place of business	Issued and fully paid up/ registered capital	Equity interest attributable to the Group		Principal activities
				2021	2020	
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

17. INTERESTS IN SUBSIDIARIES (continued)

Company name	Place of incorporation/ registration	Principle place of business	Issued and fully paid up/ registered capital	Equity interest attributable to		Principal activities
				the Group 2021	2020	
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 ("City Victory") *	Hong Kong	Hong Kong	1 ordinary share	–	100%	Investment holdings
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%	100%	Investment holdings
Time Pace (Guangzhou) Education Consultants Company Limited ** # 時進(廣州)教育諮詢有限公司	The PRC	The PRC	RMB3,000,000	100%	–	Provision of overseas studies consultancy services in the PRC
Xinjiang Dadi Education ("Xinjiang Dadi") # * 新疆大地教育諮詢有限公司	The PRC	The PRC	RMB100,000	–	100%	Investment holdings

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 2021. On 25 May 2020, the Group completed the disposal of its 100% equity interests of City Victory and its subsidiary, Xinjiang Dadi for a consideration of HK\$1. As at 25 May 2020, the net liabilities disposed of is HK\$43,000. The Group has paid HK\$65,000 to the acquirer for settlement of liabilities of City Victory and Xinjiang Dadi. The loss on disposal is HK\$22,000.

** The subsidiary was incorporated on 4 June 2020.

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For the year ended 31 March 2021

18. FINANCIAL ASSETS AT FVTPL

	2021 HK\$'000	2020 HK\$'000
Mutual Fund	8,603	5,557

The fair value of the Group's financial assets at FVTPL has been measured as described in note 34.6(a).

19. TRADE AND OTHER RECEIVABLES

	2021 HK\$'000	2020 HK\$'000
Trade receivables	3,960	6,237
Less: ECL allowance	(330)	(215)
	3,630	6,022
Other deposits	584	702
Other receivables	40	141
Prepayment	549	1,013
	4,803	7,878

Sales are generally made without prescribed credit terms but the customers usually take 61 to 90 days (2020: 61 to 90 days) to settle the receivables. The ageing analysis based on the recognition date of trade receivables is as follows:

	2021 HK\$'000	2020 HK\$'000
0–30 days	1,462	418
31–60 days	1,229	2,415
61–90 days	759	1,822
91–365 days	170	1,132
Over 365 days	10	235
	3,630	6,022

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

	2021 HK\$'000	2020 HK\$'000
Balance at 1 April	215	103
ECL allowance recognised during the year	115	112
Balance at 31 March	330	215

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. Details of the ECL assessment are set out in note 34.4.

The directors consider that the fair values of trade and other receivables are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

20. CONTRACT ASSETS

The Group has recognised the following revenue-related contract assets:

	2021 HK\$'000	2020 HK\$'000
Contract assets	1,049	–
ECL allowance recognised during the year	(10)	–
	1,039	–

The contract assets primarily relate to the Group's rights to consideration for fulfilled contract obligation but not yet billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional upon rendering of the billings. Details of the ECL assessment are set out in note 34.4.

During the year ended 31 March 2021, addition of ECL allowance of approximately HK\$10,000 (2020: HK\$ Nil) were made against the gross amounts of contract assets.

21. CASH AND BANK BALANCES

	2021 HK\$'000	2020 HK\$'000
Cash at bank and in hand	20,933	23,086
Short-term bank deposits	44,804	37,364
	65,737	60,450

The short-term bank deposits earn 0.20% to 0.75% interest per annum (2020: 1.00% to 2.43%) and have a maturity of three months (2020: one to 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.

Included in bank and cash balances of the Group is HK\$3,688,000 (2020: HK\$ Nil) of bank balances denominated in RMB placed with banks in the PRC. RMB is not a freely convertible currency. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

22. ACCRUED CHARGES AND OTHER PAYABLES

	2021 HK\$'000	2020 HK\$'000
Accrued staff costs	1,163	1,047
Accrued marketing costs	93	25
Accrued expenses and other payable	1,536	1,578
Contract liabilities	98	142
	2,890	2,792

As at 31 March 2021 and 2020, the accrued charges and other payables of approximately HK\$2,651,000 (2020: HK\$2,792,000) and HK\$239,000 (2020: HK\$ Nil) were denominated in HK\$ and RMB respectively.

As at 1 April 2020, contract liabilities amounted to HK\$142,000 (1 April 2019: HK\$202,000), of which HK\$142,000 (2020: HK\$64,000) has been recognised as revenue during the year ended 31 March 2021.

All amounts are short-term and hence the carrying amounts of accrued charges and other payables are considered to be a reasonable approximation of their fair values.

23. LEASE LIABILITIES

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

	2021 HK\$'000	2020 HK\$'000
Total minimum lease payments:		
Due within one year	1,815	2,011
Due in the second to fifth years	2,171	3,382
	3,986	5,393
Less: Future finance charges on lease liabilities	(169)	(311)
Present value of lease liabilities	3,817	5,082

	2021 HK\$'000	2020 HK\$'000
Present value of minimum lease payments:		
Due within one year	1,704	1,853
Due in the second to fifth years	2,113	3,229
	3,817	5,082
Less: Portion due within one year included under current liabilities	(1,704)	(1,853)
Portion due after one year included under non-current liabilities	2,113	3,229

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

23. LEASE LIABILITIES *(continued)*

As at 31 March 2021, the Group has five (2020: four) lease arrangements for premises and two (2020: three) lease arrangements for office equipment. The Group makes fixed payments during the contract periods. These lease periods are for two to five years (2020: 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.

One of the lease agreements contains an option for further extending the lease period for additional one year before the end of the lease (2020: Nil). The Group considered the option would not be exercised at the lease commencement date.

During the year ended 31 March 2021, the total cash outflows for the leases are HK\$2,091,000 (2020: HK\$2,709,000).

24. SHARE CAPITAL

	Number of shares	HK\$'000
Authorised:		
As at 31 March 2020 and 2021	3,000,000,000	30,000
Issued and fully paid:		
As at 31 March 2020 and 2021	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 2021 and 2020 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

26. A SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTEREST

The Group includes a subsidiary, Golden Crown, with material non-controlling interests ("NCI"), the details and the summarised financial information before intra-group eliminations are as follows:

	Golden Crown 2021	2020
Equity interest attributable to NCI	49%	49%

	HK\$'000	HK\$'000
Non-current assets	215	221
Current assets	957	689
Current liabilities	(350)	(410)
Net assets	822	500
Carrying amount of NCI	403	245

	2021 HK\$'000	2020 HK\$'000
Revenue	3,322	3,262
Expenses	(1,333)	(2,092)
Profit and total comprehensive income for the year	1,989	1,170
Profit and total comprehensive income attributable to NCI	975	573
Dividend paid to NCI	816	(659)
Net cash flows generated from operating activities	467	266
Net cash flows used in investing activities	(21)	(8)
Net cash flows used in financing activities	(221)	(415)
Net increase/(decrease) in cash and cash equivalents	225	(157)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

27. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2021 HK\$'000	2020 HK\$'000
ASSETS AND LIABILITIES		
Non-current asset		
Investments in subsidiaries	—*	—*
Current assets		
Prepayment and other receivables	200	184
Amounts due from subsidiaries	47,797	41,570
Cash and bank balances	34	7,401
	48,031	49,155
Current liabilities		
Accrued charges and other payables	642	832
Net current assets	47,389	48,323
Net assets/Total assets less current liabilities	47,389	48,323
Capital and reserves		
Share capital	17,504	17,504
Reserves (note)	29,885	30,819
Total equity	47,389	48,323

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

Chung Wang Lung
Director

Patrick Mok
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

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 2019	45,405	(10,838)	34,567
Loss and total comprehensive expense for the year	–	(3,748)	(3,748)
As at 31 March 2020 and 1 April 2020	45,405	(14,586)	30,819
Loss and total comprehensive expense for the year	–	(934)	(934)
As at 31 March 2021	45,405	(15,520)	29,885

As at 31 March 2021, the aggregate amount of reserves available for distribution to the equity holders of the Company was HK\$29,885,000 (2020: HK\$30,819,000).

28. LEASE COMMITMENTS

As the reporting date, the lease commitments of short-term leases and lease not yet commenced are as follows:

	As at 31 March 2021 Premises HK\$'000	2020 Premises HK\$'000
Within one year	344	–
In the second to fifth years	324	–
	668	–

As at 31 March 2021, the Group had committed to a lease for an office premises in which the lease had not yet commenced. The total future cash outflow for this lease amounting to HK\$668,000 (2020: HK\$ Nil) in aggregate which are included in the table above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

29. RELATED PARTY TRANSACTIONS

Other than the transactions/information disclosed elsewhere in these consolidated financial statements, during the years ended 31 March 2021 and 2020, the Group had the following material transactions with connected and related parties:

Transaction

	2021 HK\$'000	2020 HK\$'000
License and maintenance fee paid to Allon Global Limited (note)	216	198
Payment of lease liabilities to the Controlling Shareholder	17	–
Finance charge on lease liabilities to the Controlling Shareholder	1	–

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

The above transactions are exempt from the requirements of reporting, annual review, announcement and approval of independent shareholders under Chapter 20 of the GEM Listing Rules. The directors confirm that the Group has no other connected transaction or continuing connected transaction which are required to be disclosed under Chapter 20 of the GEM Listing Rules.

Compensation of key management personnel

The remuneration of the directors (as disclosed in note 12) during the years ended 31 March 2021 and 2020 are as follows:

	2021 HK\$'000	2020 HK\$'000
Salaries and allowances	2,640	2,945
Retirement benefit scheme contributions	54	54
	2,694	2,999

30. FINANCIAL GUARANTEE CONTRACT

As at 31 March 2021, the Company had executed corporate guarantee to secure general banking facilities granted to a subsidiary which amounted to HK\$580,000 (2020: 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 2021, the outstanding balance of the bank loans was HK\$ Nil (2020: HK\$ Nil) and this represents the Company's maximum exposure under the guarantee contract.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

31. 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)

	HK\$'000
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

For the year ended 31 March 2021

32. NON-CASH TRANSACTIONS

During the year ended 31 March 2021, the Group entered into certain lease contracts in which additions to right-of-use assets and lease liabilities amounting to HK\$420,000 (2020: HK\$5,535,000) and HK\$420,000 (2020: HK\$5,535,000) respectively were recognised at the lease commencement date.

33. 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	–	1,307	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 31)	–	–	(1,611)	(1,611)
Dividend declared	659	–	–	659
As at 31 March 2020 and 1 April 2020	–	5,082	–	5,082
Change from financing cash flows:				
Capital element of leases rentals paid	–	(1,876)	–	(1,876)
Interest element of lease rental paid	–	(163)	–	(163)
Dividend paid to non-controlling interest	(816)	–	–	(816)
Repayment to a non-controlling shareholder of a subsidiary	–	–	–	–
Non-cash:				
Finance costs (note 9)	–	163	–	163
Entering into new leases	–	420	–	420
Modification of lease	–	191	–	191
Dividend declared	816	–	–	816
As at 31 March 2021	–	3,817	–	3,817

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

34.1 Categories of financial assets and liabilities

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

	2021 HK\$'000	2020 HK\$'000
Financial assets		
Financial assets measured at amortised cost:		
— Trade and other receivables	4,254	6,865
— Cash and bank balances	65,737	60,450
	69,991	67,315
Financial assets measured at FVTPL	8,603	5,557
	78,594	72,872
Financial liabilities		
Financial liabilities measured at amortised cost:		
— Accrued charges and other payables	2,792	2,650
— Lease liabilities	3,817	5,082
	6,609	7,732

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

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

34.2 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 2021					
Trade and other receivables	3,035	220	523	45	52
Cash and bank balances	15,855	1,720	4,557	3,694	267
Financial assets measured at FVTPL	8,603	–	–	–	–
Accrued charges and other payables	–	–	–	(245)	–
Lease liabilities	–	–	–	(404)	–
Net exposure	27,493	1,940	5,080	3,090	319

	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	–	–	–	–
Net exposure	17,133	1,148	11,326	11	1,345

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 profit/loss 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

For the year ended 31 March 2021

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

34.2 Foreign currency risk *(continued)*

	AUD HK\$'000	CAD HK\$'000	GBP HK\$'000	RMB HK\$'000
As at 31 March 2021				
Sensitivity rate	3%	6%	4%	4%
Increase in profit for the year and equity	689	97	170	103
As at 31 March 2020				
Sensitivity rate	11%	4%	4%	1%
Decrease in loss for the year and equity	1,574	38	378	—*

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

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

34.3 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 cash flow interest rate risk arises primarily from bank deposits which carry interests at variable rates and lease liabilities which bearing fixed rate. The exposure to interest rates for the Group's bank deposits and lease liabilities are considered immaterial.

34.4 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 34.1.

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

For the year ended 31 March 2021

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

34.4 Credit risk *(continued)*

Trade receivables and contract assets

The Group applies the simplified approach for trade receivables and contract assets 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 and contract assets 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 2021 and 2020 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 2021				
Collective assessment				
— 0–90 days	1.17%	3,491	41	3,450
— 91–365 days	27.35%	234	64	170
— Over 365 days	95.74%	235	225	10
		3,960	330	3,630
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

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

34.4 Credit risk *(continued)*

Trade receivables and contract assets *(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 2021, 16% (2020: 5%) was due from the largest customer and 59% (2020: 25%) was due from the five largest customers of the Group, respectively. The Group does not hold any collateral from its debtors.

The ECL rate applied for contract assets is 0.95% (2020: Nil).

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 in note 2.6.

As at 31 March 2021, 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. ECL allowance is insignificant during the reporting period.

34.5 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

For the year ended 31 March 2021

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

34.5 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 2021				
Accrued and other payables	2,792	–	2,792	2,792
Lease liabilities	1,815	2,171	3,986	3,817
	4,607	2,171	6,778	6,609

	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

34.6 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 2021		
Financial assets at FVTPL — Mutual fund	8,603	8,603

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

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

34.6 Fair value measurement *(continued)*

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

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

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 2021, fair value gain of HK\$3,046,000 (2020: fair value loss 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.

35. 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. The ratio is not presented as the Group has no net debt at 31 March 2021 and 2020.

FINANCIAL SUMMARY

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

	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000 (restated)	2018 HK\$'000	2017 HK\$'000
Continuing operations					
Revenue	16,025	20,215	22,899	22,706	23,481
Profit/(Loss) before income tax	7,183	(4,875)	1,889	1,731	5,362
Profit/(Loss) for the year	7,015	(5,125)	1,153	1,199	3,479
Attributable to:					
Equity holders of the Company	6,041	(5,698)	582	445	2,652
Non-controlling interest	974	573	571	754	827
	7,015	(5,125)	1,153	1,199	3,479
Profit/(Loss) for the year from discontinued operations	-	1,075	(2,166)	-	-
Profit/(Loss) for the year	7,015	(4,050)	(1,013)	1,199	3,479
Attributable to:					
Equity holders of the Company	6,041	(4,508)	(522)	445	2,652
Non-controlling interest	974	458	(491)	754	827
	7,015	(4,050)	(1,013)	1,199	3,479

	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000	2017 HK\$'000
Total Assets	84,591	79,896	81,981	80,032	80,527
Total Liabilities	(6,708)	(8,161)	(6,570)	(3,165)	(4,095)
	77,883	71,735	75,411	76,867	76,432
Equity attributable to equity holders of the Company	77,480	71,490	75,976	76,539	76,094
Non-controlling interest	403	245	(565)	328	338
	77,883	71,735	75,411	76,867	76,432