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DADI EDUCATION HOLDINGS LIMITED
大地教育控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8417)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "**Directors**") of Dadi Education Holdings Limited (the "**Company**"), together with its subsidiaries, (the "**Group**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement 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 announcement misleading.

FINANCIAL HIGHLIGHTS

— The Group's revenue for the six months ended 30 September 2018 was approximately HK$11.6 million, representing a slight decrease of approximately 1.1% from approximately HK$11.7 million for the six months ended 30 September 2017. The slight decrease was mainly attributable to the decline in commission income derived from English bridging courses in the higher education sector of Australia;

— Profit before income tax for the six months ended 30 September 2018 decreased approximately by 17.4% from approximately HK$1.9 million for the six months ended 30 September 2017 to approximately HK$1.5 million for the six months ended 30 September 2018;

— Profit attributable to the equity holders of the Company for the six months ended 30 September 2018 remained stable at approximately HK$1.2 million (six months ended 30 September 2017: approximately HK$1.2 million);

— Basic earnings per share for the six months ended 30 September 2018 was HK0.07 cents (2017: HK0.07 cents); and

— The Directors do not recommend the payment of any interim dividend for the six months ended 30 September 2018.

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

The board of directors (the "**Board**") is pleased to announce the unaudited consolidated interim financial results of the Group for the six months ended 30 September 2018 together with the unaudited comparative figures for the six months ended 30 September 2017.

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

For the three months and six months ended 30 September 2018

		Six months ended 30 September		**Three months ended 30 September**	
		2018	2017	**2018**	2017
		(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue	*4*	**11,583**	11,709	**8,882**	8,994
Other income	*5*	**2,444**	1,925	**1,518**	1,693
Marketing costs		**(2,569)**	(4,260)	**(1,812)**	(3,725)
Employee benefits expenses		**(5,610)**	(4,457)	**(3,345)**	(2,193)
Operating lease charges		**(1,437)**	(1,277)	**(776)**	(653)
Other expenses		**(2,873)**	(1,752)	**(941)**	(1,393)
Finance costs	*6*	**–**	(25)	**–**	(9)
Profit before income tax	*7*	**1,538**	1,863	**3,526**	2,714
Income tax expense	*8*	**(440)**	(433)	**(688)**	(547)
Profit and total comprehensive income for the period		**1,098**	1,430	**2,838**	2,167
Profit/(Loss) and total comprehensive income for the period attributable to:					
Equity holders of the Company		**1,184**	1,225	**3,259**	2,146
Non-controlling interest		**(86)**	205	**(421)**	21
		1,098	1,430	**2,838**	2,167
Earnings per share for profit attributable to equity holders of the Company					
Basic and diluted	*10*	**HK0.07 cents**	HK0.07 cents	**HK0.19 cents**	HK0.12 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2018

	Notes	As at 30 September 2018 (unaudited) HK$'000	As at 31 March 2018 (audited) HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*11*	**814**	1,009
Goodwill	*16*	**19**	–
Intangible assets — customer base	*16*	**1,962**	–
		2,795	1,009
Current assets			
Trade and other receivables	*12*	**9,902**	6,626
Tax recoverable		**607**	1,043
Cash and bank balances		**69,565**	71,354
		80,074	79,023
Current liabilities			
Accrued charges and other payables	*13*	**3,345**	3,165
Amount due to a director of a subsidiary		**618**	–
		3,963	3,165
Net current assets		**76,111**	75,858
Non-current liabilities			
Deferred tax liabilities		**(491)**	–
Total assets less liabilities		**78,415**	76,867
CAPITAL AND RESERVES			
Share capital		**17,504**	17,504
Reserves		**60,911**	59,035
Equity attributable to equity holders of the Company		**77,625**	76,539
Non-controlling interest		**790**	328
Total equity		**78,415**	76,867

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2018

	Equity attributable to the equity holders of the Company							
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Capital reserve** *HK$'000*	**Retained profits** *HK$'000*	**Exchange reserve** *HK$'000*	**Total** *HK$'000*	**Non-controlling interest** *HK$'000*	**Total equity** *HK$'000*
Six months ended 30 September 2017								
Balance at 1 April 2017 (Audited)	17,504	45,405	11	13,174	–	76,094	338	76,432
Profit and total comprehensive income for the period	–	–	–	1,225	–	1,225	205	1,430
Dividends paid to non-controlling interest	–	–	–	–	–	–	(408)	(408)
Balance as at 30 September 2017 (Unaudited)	17,504	45,405	11	14,399	–	77,319	135	77,454
Six months ended 30 September 2018								
Balance at 1 April 2018 (Audited)	17,504	45,405	11	13,619	–	76,539	328	76,867
Profit and total comprehensive income for the period	–	–	–	1,184	–	1,184	(86)	1,098
Acquisition of subsidiaries	–	–	–	–	–	–	940	940
Exchange effect	–	–	–	–	(98)	(98)	(94)	(192)
Dividends paid to non-controlling interest	–	–	–	–	–	–	(298)	(298)
Balance as at 30 September 2018 (Unaudited)	17,504	45,405	11	14,803	(98)	77,625	790	78,415

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2018

	Six months ended 30 September 2018 (unaudited) *HK$'000*	2017 (unaudited) *HK$'000*
Net cash (used in)/generated from operating activities	**(1,420)**	3,501
Cash flows from investing activities		
Interest received	**335**	233
Purchase of property, plant and equipment	**(10)**	(1,166)
Acquisition of subsidiaries	**(57)**	–
Increase in time deposits with maturities over three months	**–**	(30,000)
Net cash generated from/(used in) investing activities	**268**	(30,933)
Cash flows from financing activities		
Dividends paid to non-controlling interest of a subsidiary	**(298)**	(408)
Repayments of bank borrowings	**–**	(845)
Net cash used in financing activities	**(298)**	(1,253)
Net decrease in cash and cash equivalents	**(1,450)**	(28,685)
Effects of foreign exchange	**(339)**	–
Cash and cash equivalents at 31 March	**71,354**	67,982
Cash and cash equivalents at 30 September, represented by cash and bank balances	**69,565**	39,297

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018
(Amounts expressed in thousands of Hong Kong dollars, unless otherwise stated)

1. GENERAL INFORMATION

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

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

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

As at 30 September 2017, the directors consider the immediate parent and ultimate 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"), the controlling shareholder, an executive director and the chairman of the Company.

2. GROUP REORGANISATION AND BASIS OF PRESENTATION

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

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2018 has been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the HKICPA and the applicable disclosure requirements of Chapter 18 to the GEM Listing Rules.

The unaudited condensed consolidated financial statement should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 March 2018. The accounting policies used in the preparation of the unaudited interim financial report are consistent with those adopted in the annual consolidated financial statements of the Group for the year ended 31 March 2018.

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

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

3. ADOPTION OF NEW AND AMENDED HKFRSs

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

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

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

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

Amendments to HKAS 7 "Disclosure Initiative"

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

Issued but not yet effective HKFRSs

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

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

1 *Effective for annual periods beginning on or after 1 January 2018*
2 *Effective for annual periods beginning on or after 1 January 2019*
3 *Effective for annual periods beginning on or after 1 January 2021*
4 *Effective date to be determined*

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

HKFRS 9 "Financial Instruments" ("HKFRS 9")

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

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

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

(a) Classification and measurement

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

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

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

(b) Impairment

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

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

HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15")

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations when it becomes effective. The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods and services. Specifically, HKFRS 15 introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Furthermore, extensive disclosures are required by HKFRS 15.

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

HKFRS 16 "Leases" ("HKFRS 16")

HKFRS 16 will replace HKAS 17 and three related Interpretations.

Currently, the Group classifies leases into operating leases. The Group enters into leases as the lessee.

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

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

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

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

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

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

The unaudited condensed consolidated financial statements are unaudited, but have been reviewed by the Audit Committee of the Company. The unaudited condensed financial statements were approved for issue on 14 November 2018.

4. REVENUE AND SEGMENT INFORMATION

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

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

Geographical information

The following table sets out information about the geographical location of the Group's revenue from external customers, which is based on the location of customers for the three months and six months ended 30 September 2018 and 2017.

	Six months ended 30 September		**Three months ended 30 September**	
	2018	2017	**2018**	2017
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Australia	**2,641**	3,698	**2,250**	3,075
Canada	**1,177**	930	**1,059**	763
New Zealand	**254**	115	**211**	96
United Kingdom	**6,642**	6,118	**4,671**	4,483
United States	**773**	722	**628**	505
Others	**96**	126	**63**	72
	11,583	11,709	**8,882**	8,994

5. OTHER INCOME

	Six months ended 30 September		**Three months ended 30 September**	
	2018	2017	**2018**	2017
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Bank interest income	**335**	261	**266**	100
Commission income from guardianship	**170**	6	**163**	2
Marketing income	**1,024**	1,388	**949**	1,344
Net foreign exchange gain	**–**	204	**–**	218
Education support service income	**704**	–	**44**	–
Sponsorship income	**43**	66	**–**	29
Others	**168**	–	**96**	–
	2,444	1,925	**1,518**	1,693

6. FINANCE COSTS

	Six months ended 30 September		**Three months ended 30 September**	
	2018	2017	**2018**	2017
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Interests on bank borrowings wholly repayable within five years	**–**	25	**–**	9

7. PROFIT BEFORE INCOME TAX

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

	Six months ended 30 September		**Three months ended 30 September**	
	2018	2017	**2018**	2017
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Auditor's remuneration	**280**	240	**140**	120
Depreciation	**294**	238	**171**	222
Operating lease charges in respect of:				
— land and buildings	**1,437**	1,277	**776**	653
Net foreign exchange loss	**760**	204	**138**	218

8. INCOME TAX EXPENSE

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

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

Hong Kong Profits Tax has been provided at the rate of 16.5% for the six months ended 30 September 2018 (2017: 16.5%) on the estimated assessable profit for the year.

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

	Six months ended 30 September		**Three months ended 30 September**	
	2018	2017	**2018**	2017
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Current tax — Hong Kong Profits Tax				
Current year	**440**	433	**688**	547

9. DIVIDENDS

The directors of the Company do not recommend the payment of any interim dividend for the six months ended 30 September 2018.

10. EARNINGS PER SHARE

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

	Six months ended 30 September		Three months ended 30 September	
	2018	2017	**2018**	2017
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Profit				
Profit for the period attributable to equity holders of the Company	**1,184**	1,225	**3,259**	2,146
Number of shares				
Weighted average number of ordinary shares (in thousands)	**1,750,400**	1,750,400	**1,750,400**	1,750,400

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 September 2018 and 2017 as the Group had no potentially dilutive ordinary shares in issue for the six months ended 30 September 2018 and 2017. The basic earnings per share equals to the diluted earnings per share.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2018, the Group acquired property, plant and equipment of approximately HK$10,140 and approximately HK$81,761 through the acquisition of subsidiaries (six months ended 30 September 2017: approximately HK$1.2 million).

12. TRADE AND OTHER RECEIVABLES

	Note	**At 30 September 2018 (unaudited)** ***HK$'000***	At 31 March 2018 (audited) *HK$'000*
Trade receivables	*(a)*	**7,182**	4,748
Other deposits		**1,219**	745
Prepayment and other receivables		**1,501**	1,133
		9,902	6,626

(a) Trade receivables

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

	At 30 September 2018 (unaudited) *HK$'000*	At 31 March 2018 (audited) *HK$'000*
0–30 days	**5,300**	835
31–60 days	**545**	2,346
61–90 days	**825**	890
91–365 days	**512**	675
Over 365 days	**–**	2
	7,182	4,748

As at 30 September 2018, all trade receivables were past due and no trade receivable was individually determined to be impaired (31 March 2018: HK$Nil).

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

13. ACCRUED CHARGES AND OTHER PAYABLES

	At 30 September 2018 (unaudited) *HK$'000*	At 31 March 2018 (audited) *HK$'000*
Accrued staff costs	**675**	1,038
Accrued marketing costs	**45**	113
Other accrued expenses	**1,532**	1,249
Consideration payable in relation to the acquisition of subsidiaries	**998**	–
Receipts in advance	**95**	765
	3,345	3,165

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

14. SHARE CAPITAL

	Number of shares	*HK$'000*
Ordinary shares of HK$0.01 each		
Authorised:		
As at 31 March 2018 and 30 September 2018	**3,000,000,000**	**30,000**
Issued and fully paid:		
As at 31 March 2018 and 30 September 2018	**1,750,400,000**	**17,504**

15. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The remuneration of the directors and other members of key management during the six months ended 30 September 2018 and 2017 are as follows:

	Six months ended 30 September	
	2018	2017
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**663**	353
Retirement benefit scheme contributions	**18**	9
	681	362

Save as disclosed above, the Group does not have any material balances and transactions with its related parties during the six months ended 30 September 2018 and 2017.

16. ACQUISITION OF SUBSIDIARIES

References are made to the announcements of the Company dated 9 January 2018 and 10 April 2018 in relation to the acquisition of 51% equity interests in Khorgos Do-Mega Education Tech Co., Ltd.* (霍爾果斯達美嘉教育科技有限公司) ("**Khorgos Do-Mega**") (the "**Acquisition**"), a company which principally engaged in information technology services, which would hold the entire equity interests of and in Beijing Do-Mega Education Tech Co., Ltd.* (北京達美嘉教育科技有限公司) ("**Beijing Do-Mega**").

Beijing Do-Mega is a company with limited liability established in the People's Republic of China (the "**PRC**") and is principally engaged in education information technology services. Beijing Do-Mega is now engaging in development of education information technology system software, selling and licensing of the system software and providing information technology services to primary and secondary schools in the PRC for teaching diagnosis and monitoring the quality of teaching and students.

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

Nevertheless, the financial results of Khorgos Do-Mega and Beijing Do-Mega have been consolidated into the financial statements of the Group as from 1 May 2018 as a result of having the control over the management rights and financial documents and records.

The net identified assets acquired and liabilities assumed, at fair value, of Khorgos Do-Mega and Beijing Do-Mega are as follows:

	Khorgos Do-Mega and its subsidiary, namely Beijing Do-Mega *HK$'000*
Non-current assets	
Property, plant and equipment	93
Intangible assets-customer base	1,962
Current assets	
Trade receivables	447
Prepayments, deposits and other receivables	339
Bank balances and cash	34
Current liabilities	
Trade payables	(427)
Tax payable	(37)
Deferred tax liability	(491)
	1,920
Net identified assets acquired and liabilities assumed, at fair value	1,920
Amount of net assets attributable to non-controlling interests	(941)
Goodwill arising from the acquisition	19
Total fair value consideration	998
Net cash outflow arising on acquisition:	
Cash consideration paid	998

The directors have engaged an independent valuer to determine the fair value of the net tangible assets and intangible assets of Beijing Do-Mega in accordance with HKFRS 13. The identifiable intangible asset of customer base is identified.

Goodwill arising from the Acquisition represents the excess of the fair value of the considerations paid by the Group over the fair value of net assets acquired.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

The Group is one of the leading overseas studies consultancy services providers in Hong Kong. Our network consists of overseas education providers from all over the world. Nevertheless, we mainly serve local students who are mainly seeking secondary education and higher education studies in the United Kingdom ("**UK**"), Australia, Canada and the United States of America (the "**USA**"). During the six months ended 30 September 2018, the Group's principal business remained the provision of overseas studies consultancy services in Hong Kong. Commission income generated from the placements of students from the UK and Australia remained as the main driver of the Group's revenue.

PROSPECTS AND STRATEGIES

The Group expects the growth of the demand in overseas education will continue to slow down in this year. However, the management of the Group believes the depreciation of foreign currencies against Hong Kong dollars ("**HKD**") will become a favorable reason for potential students to explore overseas studies opportunities.

Besides, the Group will continue to allocate more resources in marketing campaigns to strengthen our brand and increase its recognition which ultimately allow the Group to expand its market share. On the above basis, the Directors are confident that the Group will maintain a steady growth in foreseeable future.

FINANCIAL REVIEW

Revenue

Revenue of the Group for the six months ended 30 September 2018 was approximately HK$11.6 million, representing a slight decrease of approximately 1.1% from approximately HK$11.7 million for the six months ended 30 September 2017. All revenue was derived from the overseas study consultancy services. Such slight decrease was mainly attributable to the decline in commission income derived from English bridging courses in the higher education sector of Australia during the six months ended 30 September 2018.

UK

Commission income generated from the placements of students in the UK maintained to be the main source of the Group's revenue which accounted for approximately 57.3% for the six months ended 30 September 2018 (2017: approximately 52.3%). Commission income generated from the placements of students in the UK was amounted to approximately HK$6.6 million (2017: approximately HK$6.1 million) or increased by approximately 8.6%. The increase in commission from the placements of students in the UK was mainly contributed by the increase in number of successful placements in higher education sector in the UK during the six months ended 30 September 2018.

Australia

Commission income generated from the placements of students in Australia decreased by approximately HK$1.1 million or approximately 28.6% from approximately HK$3.7 million for the six months ended 30 September 2017 to approximately HK$2.6 million for the six months ended 30 September 2018, which represented approximately 22.8% of the Group's total revenue for the six months ended 30 September 2018 (2017: approximately 31.6%). The decrease in the commission income generated from the placements of students in Australia was mainly contributed the decline in commission income derived from English bridging courses in the higher education sector of Australia during the six months ended 30 September 2018.

Canada and the USA

Commission income generated from the placements of students in Canada and the USA in aggregate increased by approximately 18.0% which amounted to approximately HK$2.0 million (2017: approximately HK$1.7 million) and represented approximately 16.8% (2017: approximately 14.1%) of total revenue for the six months ended 30 September 2018. The increase in amount was attributable to the increase in student placements in Canada for the six months ended 30 September 2017.

Other income

The Group's other income increased from approximately HK$1.9 million for the six months ended 30 September 2017 to approximately HK$2.4 million for the six months ended 30 September 2018, representing an increase of approximately HK$0.5 million or approximately 27.0%. The increase was mainly due to the taking into account the education support service income generated from consolidating the financial results of Khorgos Do-Mega and Beijing Do-Mega, companies established in the PRC, as from 1 May 2018.

Marketing costs

The Group's marketing costs decreased from approximately HK$4.3 million for the six months ended 30 September 2017 to approximately HK$2.6 million for the six months ended 30 September 2018. The decrease was mainly attributable to reduction of advertising activities on television and public transport in Hong Kong during the six months ended 30 September 2018.

Employee benefits expenses

Staff cost of the Group was increased by approximately HK$1.1 million from approximately HK$4.5 million for the six months ended 30 September 2017 to approximately HK$5.6 million for the six months ended 30 September 2018. The increase in staff cost was mainly contributed by the additional headcounts from consolidating the financial results of Khorgos Do-Mega and Beijing Do-Mega during the six months ended 30 September 2018.

Other expenses

Other expenses of the Group had been increased from approximately HK$1.8 million for the six months ended 30 September 2017 to approximately HK$2.9 million for the six months ended 30 September 2018. The decrease in amount was mainly contributed by the loss on foreign exchange as Hong Kong dollars appreciates against foreign currencies and the increase in legal and professional fees during the six months ended 30 September 2018.

Income tax expense

Income tax expense remained stable at approximately HK$0.4 million for the six months ended 30 September 2018 (six months ended 30 September 2017: approximately HK$0.4 million).

Profit for the six months ended 30 September 2018

Net profit for the Group had been decreased from approximately HK$1.4 million for the six months ended 30 September 2017 to approximately HK$1.1 million for the six months ended 30 September 2018. The decline was mainly contributed by the drop in revenue as a result from the decrease in commission income derived from the English bridging courses in the higher education sector of Australia, and the recognition of foreign exchange loss during the six months ended 30 September 2018.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has funded the liquidity for the six months ended 30 September 2018 and capital requirements primarily through capital contributions from shareholders, cash inflows from operating activities and net proceeds received from the Listing of the Company on 16 February 2017 (the "**Listing Date**").

As at 30 September 2018, the Group has total cash and bank balances of approximately HK$69.6 million (31 March 2018: approximately HK$71.4 million). The decrease was mainly due to the change in working capital during the six months ended 30 September 2018.

As at 30 September 2018, the share capital and total equity attributable to equity holders of the Company amounted to approximately HK$17.5 million and approximately HK$77.6 million, respectively (31 March 2018: approximately HK$17.5 million and approximately HK$76.5 million, respectively).

Gearing ratio is calculated based on the total loans and borrowings divided by total equity as at the period-end date and expressed as a percentage. The gearing ratio of the Group as at 30 September 2018 was nil (31 March 2018: approximately nil). During the six months ended 30 September 2018, the Group did not employ any financial instrument for hedging purpose.

CHARGES ON GROUP'S ASSETS

The Group did not have any charges of assets as at 30 September 2018 (31 March 2018: Nil).

CAPITAL COMMITMENT

The Group had no material capital commitments as at 30 September 2018 (31 March 2018: Nil).

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 September 2018 (31 March 2018: Nil). The Group is currently not involved in any material legal proceedings, nor is the Group aware of any pending or potential material legal proceedings.

FOREIGN EXCHANGE RISK

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposures to currency risk arise from its business transactions which are primarily denominated in Australian dollars ("**AUD**"), Canadian dollars ("**CAD**"), Great British Pounds ("**GBP**") and the United States dollars ("**US$**"). The Group is mainly exposed to the effects of fluctuation in AUD, CAD and GBP as the rate of exchange between HK$ and US$ is controlled within a tight range. The Group however did not engage in any derivatives agreements and did not commit to any financial instrument to hedge its foreign exchange exposure during the six months ended 30 September 2018.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2018, the Group employed a total of 26 full-time employees and 18 full-time employee in the PRC respectively. Total employee benefit expenses for the six months ended 30 September 2018 and the six months ended 30 September 2017 were approximately HK$5.6 million and approximately HK$4.5 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.

MATERIAL EVENTS AFTER 30 SEPTEMBER 2018

Save as disclosed above, there is no important event affecting the Group which has occurred since 30 September 2018 and up to date of this announcement.

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

References are made to the announcements of the Company dated 9 January 2018 and 10 April 2018 in relation to the acquisition of 51% equity interests in Khorgos Do-Mega (a PRC company which principally engages in information technology services) (the "**Acquisition**"), which would hold the entire equity interests of and in Beijing Do-Mega (a PRC company engages in development of education information technology system software, selling and licensing of the system software and providing information technology services to primary and secondary schools in the PRC for teaching diagnosis and monitoring the quality of teaching and students).

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

Nevertheless, the financial results of Khorgos Do-Mega and Beijing Do-Mega have been consolidated into the financial statements of the Group as from 1 May 2018 as a result of having the control over the management rights and financial documents and records. For details of the net identified assets acquired and liabilities assumed at fair value of Khorgos Do-Mega and Beijing Do-Mega, please refer to note 16 of the Notes to the consolidated financial statements for the six months ended 30 September 2018 of this announcement.

Save as disclosed above, there was no significant investment held, material acquisition or disposal of subsidiaries and affiliated companies during the six months ended 30 September 2018, and there was no plan for material investment or capital assets as at the date of this announcement.

USE OF NET PROCEEDS FROM THE LISTING

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

Use of net proceeds	**Amount of net proceeds allocated upon listing** *HK$'000*	**Amount of net proceeds utilised from the Listing Date to 30 September 2018** *HK$'000*	**Balance as at 30 September 2018** *HK$'000*	**Actual business progress up to the date of this announcement**
Expand and renovate existing branches	5,198	1,827	3,371	Renovation of Mongkok office has completed in July 2017.
Employ additional counsellors and supporting staff	15,373	1,393	13,980	The Group will continue to hire new staff members as of the date of this announcement.
Strengthen our brand awareness	25,505	9,310	16,195	The Group has engaged with a celebrity to act as the Group's spokesperson since May 2017.
Expand our network of overseas education providers	700	21	679	The Group is still seeking potential partners as of the date of this announcement.
Enhance our IT system	2,975	338	2,637	The Group is exploring appropriate system(s) to be developed and provided by contractors and suppliers as of the date of this announcement.
Hold large scale exhibitions	3,960	1,455	2,505	The Group has successfully held several major exhibitions.
General working capital	1,428	–	1,428	N/A
Total	55,139	14,344	40,795	

DIVIDENDS

The Directors do not recommend the payment of any interim dividend for the six months ended 30 September 2018.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2018 and up to the date of this announcement.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

During the six months ended 30 September 2018 to up to the date of this announcement, the Company has complied with all the applicable code provisions of the CG Code contained in Appendix 15 to the GEM Listing Rules.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors in respect of the shares of the Company (the "**Code of Conduct**"). The Company has made specific enquiry to all the Directors, and all Directors have confirmed that, they have fully complied with the required standard of dealings set out in the Code of Conduct during the six months ended 30 September 2018 and up to the date of this announcement.

INTEREST OF COMPLIANCE ADVISER

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that the Company complies with the minimum of public float of 25%.

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

As at 30 September 2018, the interest and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the SFO) which, once the Shares are listed on the GEM of the Stock Exchange, will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interest or short positions which they are taken or deemed to have under such provisions of the SFO) or will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the directors, to be notified to the Company and the Stock Exchange, will be as follows:

Long Position in the Shares

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

Note:

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

Long position in the ordinary shares of associated corporation

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

Save as disclosed above, as at 30 September 2018, none of the Directors and the chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which would be required pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

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

As at 30 September 2018, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interest or short position in Shares or underlying Shares which fell to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

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

Note:

1. Ms. Yin Xiao Pei is the spouse of Mr. Chung. She is deemed, or taken to be, interested in all Shares in which Mr. Chung is interested in for the purposes of the SFO.

Save as disclosed above, as at 30 September 2018, the Company had not been notified by any parties (not being a Director or the chief executive of the Company) who had interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

COMPETING INTERESTS

The Directors confirm that none of the Controlling Shareholders or the Directors and their respective close associates (as defined in the GEM Listing Rules) is interested in any business apart from the business operated by the Group which competes or is likely to compete, directly or indirectly, with the Group's business during the six months ended 30 September 2018 and up to the date of this announcement.

SHARE OPTION SCHEME

The Share Option Scheme has been adopted by way of shareholder's written resolution passed on 17 January 2017 for the purpose of attracting and retaining the best available personnel, to provide additional incentive to employees (full-time and part-time), Directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of our Group and to promote the success of the businesses of our Group. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules and are summarised below:

The total number of shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the Shares in issue at any point in time, without prior approval from the Shareholders. The number of Shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the Shares in issue at any point in time, without prior approval from the Shareholders. Options granted to substantial Shareholders or independent non-executive Directors or any of their respective associates (including a discretionary trust whose discretionary objects include substantial Shareholders, independent non-executive directors, or any of their respective associates) in any 12-month period in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Shareholders. Options granted must be taken up within seven days inclusive of the day on which such offer was made, upon payment of HK$1 per option. Options may be exercised at any time during a period as the Directors may determine which shall not exceed ten years from the date of grant. The exercise price is determined by the Directors, and will be at least the higher of (i) the closing price of the Shares on the date of grant, (ii) the average closing price of the Shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Share. The Share Option Scheme will remain in force for a period of ten years commencing on the date on the adoption date (i.e. 17 January 2017) and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the Shareholders in general meeting. There is no option outstanding, granted, exercised, cancelled and lapsed from the date of adoption of the Share Option Scheme to 30 September 2018.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

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

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

The audit committee of the Board and the management of the Company have reviewed the accounting principles and practices adopted by the Group and the unaudited financial statements for the six months ended 30 September 2018. The audit committee is of the opinion that the unaudited consolidated financial statements of the Group for the six months ended 30 September 2018 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement will be published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.dadi.com.hk. The Company's interim report for the six months ended 30 September 2018 will be dispatched to the Shareholders of the Company and will also be published on the aforesaid websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 14 November 2018

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 announcement 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 announcement misleading.

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