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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)

**THIRD QUARTERLY RESULTS ANNOUNCEMENT
FOR THE NINE MONTHS ENDED 31 DECEMBER 2022**

The board of directors of Dadi Education Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries for the nine months ended 31 December 2022. This announcement, which contains the full text of the 2022 third quarterly report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in relation to information to accompany preliminary announcement of the third quarterly results. Printed version of the Company’s 2022 third quarterly report will be delivered to the shareholders of the Company and available for viewing on the websites of the Stock Exchange at www.hkexnews.hk and of the Company at www.dadi.com.hk in due course.

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

Hong Kong, 14 February 2023

As at the date of this announcement, the executive Directors are Mr. Chung Wang Lung, Mr. Mok Patrick, Mr. Chung Royce and Ms. So Ho Sau 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.

This announcement will remain on the “Latest Listed Company Information” page of the GEM website at www.hkexnews.hk for a minimum period of seven days from the date of its publication and on the website of the Company at www.dadi.com.hk.

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

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

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.

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chung Wang Lung (*Chairman*)
Mr. Mok Patrick (*Chief Executive Officer*)
Mr. Chung Royce
Ms. So Ho 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
Certified Public Accountants
Level 12
28 Hennessy Road, Wanchai
Hong Kong

REGISTERED OFFICE

Windward 3
Regatta Office Park
P.O. 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
Mong Kok, 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
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
2103B, 21/F., 148 Electric Road
North Point
Hong Kong

STOCK CODE

8417

WEBSITE

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

The Group is one of the leading overseas studies consultancy services providers in Hong Kong. Our network consists of overseas education providers from all over the world. Nevertheless, we mainly serve local students who are mainly seeking secondary education and higher education studies in the United Kingdom (the "UK"), Australia, Canada and the United States of America (the "USA"). During the nine months ended 31 December 2022, 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

During the nine months ended 31 December 2022, Hong Kong has experienced the 5th wave of COVID-19, which the Hong Kong government has implemented quarantine measures with various methods to keep social distance. Similar to overall enterprises in Hong Kong, the Group's business was also affected in the 5th wave of COVID-19. It is fortunate that the 5th wave of COVID-19 has been almost passed towards the end of the nine months ended 31 December 2022, and as at the date of this report, visitors from overseas or Taiwan can arrive Hong Kong without quarantine, isolation and vaccination requirements; normal travel between Hong Kong and the PRC has also been resumed without pre-departure testing requirements for travelers who do not stay in any overseas places or Taiwan within seven days before they enter the PRC; and no quarantine is required for COVID-19 patients in Hong Kong starting from 30 January 2023. With the launch of the promotional campaign organised by the Hong Kong government, it is expected that international travelers are more willing to travel to Hong Kong for visits, exhibitions and activities.

As for the Group, despite the Group has been developing digital marketing channels during the period of COVID-19, which the Group will continue to develop, it is expected that more frequent physical exchanges can be resumed with universities and high schools so that students and parents may have opportunities to have direct face to face contacts with the representatives from different universities and high schools. At the same time, the Group has kept and will keep on locating suitable working partners to work with in order the expand the streams for students' intakes and the Group's market share.

MANAGEMENT DISCUSSION AND ANALYSIS

However, with the impact from some extrinsic factors, such as, the increase in migration rate, the decrease in birth rate and the increase in interest rate, the market in Hong Kong may become limited and thus the Group needs to look for business opportunities from different markets for the Group's future development. The Group considers it an opportunity to expand its services to other potential markets in the People's Republic of China (the "PRC") and in the overseas. Apart from the centre established by the Group in the PRC for provision of education consultancy services during the nine months ended 31 December 2021, the Group newly set up a company in Malaysia during the nine months ended 31 December 2022 targeting for providing mainly education consultation service. Notwithstanding the Group's attempts in developing different markets, the Group's business in Hong Kong will remain its primary market.

The Directors will continue to maintain the Group's competitiveness with good quality of services to students and parents. Although normal physical contacts resume, it is expected that time will be required to resume the business environment and scales to the period before the COVID-19, in particular, factors such as inflation, high interest rates, etc. affect the economy. The Group will continue to develop its digital marketing channel which will play a part in the Group's future business development. The Directors are still confident that the performance of the Group can be turned to an improvement trend when the extrinsic factors become stable.

Principal Risks and Uncertainties

The economic and financial markets have been significantly impacted as a result of the COVID-19 as well as the global economic environment during the nine months ended 31 December 2022. The global economic environment has been impacted by the inflation and increase in interest rates, the financial and business environments in Hong Kong will inevitably be affected. The financial and business environments in Hong Kong have not been fully recovered from the adverse impact of the 5th wave of the COVID-19. The management expects that the consultation and intake of students will still depend on policies of different governments to attract students and talents as well as measures to control increase in living expenses due to inflation, which may directly affect the revenue generated from the overseas studies consultancy services of the Group. The Group will continue to pay close attention to the government policies and the risks of increase in costs arising from fluctuation of currencies with a view to minimise their impacts on the consolidated financial statements and operation results.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Revenue of the Group for the nine months ended 31 December 2022 was approximately HK\$9.4 million, representing a decrease of approximately 7.9% from approximately HK\$10.3 million for the nine months ended 31 December 2021. All revenue was derived from the overseas study consultancy services. The decrease in revenue was mainly attributable to the depreciation in exchange rates between foreign currencies and Hong Kong dollars (“**HK\$**”) for the nine months ended 31 December 2022 as our revenue was primary denominated in foreign currencies based on locality of the Group’s customers.

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 61.7% for the nine months ended 31 December 2022 (2021: approximately 60.4%). Commission income generated from the placements of students in the UK decreased to approximately HK\$5.8 million for the nine months ended 31 December 2022 (2021: approximately HK\$6.2 million). The slight decrease was mainly because of the depreciation of exchange rate of Great British Pounds (“**GBP**”) against HK\$ during the nine months ended 31 December 2022.

Australia

Commission income generated from the placements of students in Australia was declined by approximately HK\$0.3 million to approximately HK\$1.7 million (2021: approximately HK\$2.0 million), which represented approximately 17.8% of the Group’s total revenue for the nine months ended 31 December 2022 (2021: approximately 16.8%) The decrease in the commission income generated from the placements of students in Australia was mainly contributed to the depreciation of exchange rate of Australian dollars (“**AUD**”) against HK\$ during the nine months ended 31 December 2022.

Canada and the USA

Commission income generated from the placements of students in Canada and the USA in aggregate decreased by approximately 7.5% which amounted to approximately HK\$1.7 million (2021: approximately HK\$1.8 million) and represented approximately 17.8% (2021: approximately 17.7%) of total revenue for the nine months ended 31 December 2022.

Other income

The Group’s other income increased from approximately HK\$2.2 million for the nine months ended 31 December 2021 to approximately HK\$3.3 million for the nine months ended 31 December 2022, representing an increase of approximately HK\$1.1 million or approximately 51.7%. The increase was mainly due to (a) the receipt of approximately HK\$0.6 million in respect of COVID-19 related subsidy granted by the government of Hong Kong for the nine months ended 31 December 2022 whereas there was no such subsidy granted for nine months ended 31 December 2021; and (b) an increase in bank interest income of approximately HK\$0.4 million as a result of an increase in interest rate.

MANAGEMENT DISCUSSION AND ANALYSIS

Marketing costs

The Group's marketing costs increased from approximately HK\$2.2 million for the nine months ended 31 December 2021 to approximately HK\$2.3 million for the nine months ended 31 December 2022. The increase was mainly attributable to the development of digital marketing channel by the Group during the nine months ended 31 December 2022.

Employee benefits expenses

Staff cost of the Group was increased by approximately HK\$1.7 million from approximately HK\$7.8 million for the nine months ended 31 December 2021 to approximately HK\$9.5 million for the nine months ended 31 December 2022. The increase in staff cost was mainly due to the salaries paid to staff members for the operation in the PRC and an increase in salary package for employees in Hong Kong for the nine months ended 31 December 2022.

Other expenses

Other expenses of the Group had been increased from approximately HK\$7.5 million for the nine months ended 31 December 2021 to approximately HK\$8.4 million for the nine months ended 31 December 2022. The increase in amount was mainly because of a net foreign exchange loss of approximately HK\$3.2 million was recorded for the nine months ended 31 December 2022 as compared with a loss of approximately HK\$0.9 million for the nine months ended 31 December 2021.

Income tax expense

Income tax expense increased from approximately HK\$0.1 million for the nine months ended 31 December 2021 to approximately HK\$0.2 million for the nine months ended 31 December 2022 due to the increase in expected assessable profit of one of the subsidiaries of the Group for the nine months ended 31 December 2022.

Net loss for the nine months ended 31 December 2022

Net loss for the Group was amounted to approximately HK\$9.8 million for the nine months ended 31 December 2022 (2021: net loss of approximately HK\$5.3 million). The net loss was mainly attributable to (i) an increase in net foreign exchange loss from approximately HK\$0.9 million for the nine months ended 31 December 2021 to approximately HK\$3.2 million for the nine months ended 31 December 2022 as a result of depreciation in exchange rates between foreign currencies and HK\$ as discussed above; and (ii) an increase fair value loss of financial assets at fair value through profit and loss ("FVTPL") from approximately HK\$0.1 million for the nine months ended 31 December 2021 to approximately HK\$2.2 million for the nine months ended 31 December 2022.

THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2022

The board of directors (the “**Board**”) announces the unaudited consolidated results of the Group for the nine months ended 31 December 2022 together with unaudited comparative figures for the nine months ended 31 December 2021 as follows:

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months ended 31 December 2022

| | Notes | Nine months ended 31 December | | Three months ended 31 December | |
|--|-------|----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | | 2022 HK\$'000 (unaudited) | 2021 HK\$'000 (unaudited) | 2022 HK\$'000 (unaudited) | 2021 HK\$'000 (unaudited) |
| Revenue | 3 | 9,449 | 10,254 | 1,050 | 1,508 |
| Other income | 4 | 3,276 | 2,160 | 1,319 | 688 |
| Marketing costs | | (2,283) | (2,151) | (710) | (641) |
| Employee benefits expenses | | (9,455) | (7,768) | (3,678) | (2,687) |
| Other expenses | | (8,357) | (7,488) | (71) | (1,877) |
| Fair value loss of financial assets at fair value through profit and loss | | (2,165) | (124) | 396 | 183 |
| Finance costs | 5 | (138) | (120) | (41) | (40) |
| (Loss)/profit before income tax | 6 | (9,673) | (5,237) | (1,735) | (3,232) |
| Income tax expense | 7 | (163) | (100) | (95) | (60) |
| Loss for the period | | (9,836) | (5,337) | (1,830) | (3,292) |
| Other comprehensive income | | | | | |
| Item that may be reclassified subsequently to profit or loss: | | | | | |
| Currency translation differences | | (58) | - | (84) | - |
| | | (9,894) | (5,337) | (1,914) | (3,292) |
| (Loss)/profit for the year attributable to: | | | | | |
| Equity holders of the Company | | (10,403) | (5,616) | (2,028) | (3,386) |
| Non-controlling interest | | 567 | 279 | 198 | 94 |
| | | (9,836) | (5,337) | 1,830 | (3,292) |
| (Loss)/profit and total comprehensive (expense)/income attributable to: | | | | | |
| Equity holders of the Company | | (10,461) | (5,616) | (2,112) | (3,386) |
| Non-controlling interest | | 567 | 279 | 198 | 94 |
| | | (9,894) | (5,337) | (1,914) | (3,292) |
| (Loss)/profit per share for (loss)/profit attributable to equity holders of the Company | | | | | |
| Basic and diluted | 9 | HK(0.59) cents | HK(0.32) cents | HK(0.12) cents | HK(0.19) cents |

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2022

| | Equity attributable to the equity holders of the Company | | | | | | | Total equity HK\$'000 |
|---|--|---------------------------|-----------------------------|------------------------------|------------------------------|-------------------|--------------------------------------|--------------------------|
| | Share Capital HK\$'000 | Share Premium HK\$'000 | Capital Reserve HK\$'000 | Retained profits HK\$'000 | Exchange reserve HK\$'000 | Total HK\$'000 | Non-controlling interest HK\$'000 | |
| Balance at 1 April 2021 (Audited) | 17,504 | 45,405 | 11 | 14,611 | (51) | 77,480 | 403 | 77,883 |
| Loss and total comprehensive expense for the period | - | - | - | (5,616) | - | (5,616) | 279 | (5,337) |
| Dividends paid to non-controlling interest | - | - | - | - | - | - | (371) | (371) |
| As at 31 December 2021 (unaudited) | 17,504 | 45,405 | 11 | 8,995 | (51) | 71,864 | 311 | 72,175 |
| Balance at 1 April 2022 (Audited) | 17,504 | 45,405 | 11 | 9,463 | 228 | 72,611 | 319 | 72,930 |
| Loss and total comprehensive expense for the period | - | - | - | (10,403) | (58) | (10,461) | 567 | (9,894) |
| Dividends paid to non-controlling interest | - | - | - | - | - | - | (701) | (701) |
| As at 31 December 2022 (unaudited) | 17,504 | 45,405 | 11 | (940) | 170 | 62,150 | 185 | 62,335 |

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2022

(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 Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business of the Company is Units Nos. 702 and 703, 7th Floor, 700 Nathan Road, Mong Kok, Kowloon, Hong Kong.

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

As at 31 December 2022, the directors consider the immediate parent of the Company to be Grand Courage Investments Limited ("**Grand Courage**"), which is incorporated in the British Virgin Islands (the "**BVI**"). Grand Courage is controlled by Mr. Chung Wang Lung (the "**Controlling Shareholder**").

2. GROUP REORGANISATION AND BASIS OF PRESENTATION

These unaudited consolidated financial statements for the nine months ended 31 December 2022 have been prepared in accordance with the accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure provisions of Chapter 18 of the GEM Listing Rules.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2022

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

2. GROUP REORGANISATION AND BASIS OF PRESENTATION (CONTINUED)

The accounting policies and methods of computation used in the preparation of these unaudited consolidated financial statements for the nine months ended 31 December 2022 are consistent with those adopted in the preparation of audited consolidated financial statements included in the Company's 2021/22 annual report, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (the "**New and Revised HKFRSs**") (which include all HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the HKICPA that are adopted for the first time for the current period's financial statements.

The adoption of the New and Revised HKFRSs has had no significant effect on these unaudited consolidated financial statements for the nine months ended 31 December 2022 and there have been no significant changes to the accounting policies applied in these unaudited consolidated financial statements for the nine months ended 31 December 2022.

The Group has not applied new and revised standards, amendments or interpretations that have been issued but are not yet effective. The Group is currently assessing the impact of the adoption of such new and revised standards, amendments or interpretations to the Group but is yet to be in a position to state whether they would have any material financial impact on the Group's results of operations and financial position.

These unaudited consolidated financial statements for the nine months ended 31 December 2022 have been prepared on the historical cost basis. These unaudited consolidated financial statements for the nine months ended 31 December 2022 are presented in Hong Kong dollars ("**HK\$**"), which is the functional currency of the Company and its major subsidiaries.

These consolidated financial statements have not been audited by the Company's independent auditor, but have been reviewed by the audit committee of the Board.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2022

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

3. REVENUE AND SEGMENT INFORMATION

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

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

Geographical information

The following table sets out information about the geographical location of the Group's revenue from external customers, which is based on the location of customers for the three months and nine months ended 31 December 2022 and 2021.

| | Nine months ended 31 December | | Three months ended 31 December | |
|----------------|----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | 2022 (unaudited) HK\$'000 | 2021 (unaudited) HK\$'000 | 2022 (unaudited) HK\$'000 | 2021 (unaudited) HK\$'000 |
| Australia | 1,679 | 2,017 | 56 | 64 |
| Canada | 1,417 | 1,429 | 11 | – |
| New Zealand | 168 | 53 | 21 | – |
| United Kingdom | 5,828 | 6,193 | 917 | 1,216 |
| United States | 261 | 386 | 5 | 151 |
| Others | 96 | 176 | 40 | 77 |
| | 9,449 | 10,254 | 1,050 | 1,508 |

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

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2022

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

4. OTHER INCOME

| | Nine months ended 31 December | | Three months ended 31 December | |
|--|----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | 2022 (unaudited) HK\$'000 | 2021 (unaudited) HK\$'000 | 2022 (unaudited) HK\$'000 | 2021 (unaudited) HK\$'000 |
| Bank interest income | 609 | 195 | 434 | 77 |
| Commission income from guardianship | 28 | 49 | – | 21 |
| Marketing income | 604 | 622 | 190 | 117 |
| Administration fee income | 594 | 564 | 224 | 169 |
| Government subsidy | 550 | – | 53 | – |
| Dividend income from financial assets at FVTPL | 311 | 348 | 93 | 114 |
| Others | 580 | 382 | 325 | 190 |
| | 3,276 | 2,160 | 1,319 | 688 |

5. FINANCE COSTS

| | Nine months ended 31 December | | Three months ended 31 December | |
|--------------------------------------|----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | 2022 (unaudited) HK\$'000 | 2021 (unaudited) HK\$'000 | 2022 (unaudited) HK\$'000 | 2021 (unaudited) HK\$'000 |
| Finance charges on lease liabilities | 138 | 120 | 41 | 40 |

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2022

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

6. (LOSS)/PROFIT BEFORE INCOME TAX

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

| | Nine months ended 31 December | | Three months ended 31 December | |
|---|----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | 2022 (unaudited) HK\$'000 | 2021 (unaudited) HK\$'000 | 2022 (unaudited) HK\$'000 | 2021 (unaudited) HK\$'000 |
| Auditor's remuneration | 375 | 293 | 125 | 98 |
| Depreciation | | | | |
| — owned assets | 218 | 405 | 69 | 83 |
| — right-of-use assets | 1,246 | 1,480 | 250 | 570 |
| Net foreign exchange loss | 3,162 | 926 | (1,273) | (158) |
| Fair value loss on financial assets at FVTPL | 2,165 | 124 | (396) | (183) |

7. INCOME TAX EXPENSE

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

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

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

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying entities will be taxed at 8.25%, and the profits above HK\$2 million will be taxed at 16.5%. The profits of entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at 16.5%. For the nine months ended 31 December 2022, Hong Kong profits tax of Dadi Education Group Limited, a subsidiary of the Group, was and will be calculated in accordance with the two-tiered profits tax rates regime.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2022

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

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

| | Nine months ended 31 December | | Three months ended 31 December | |
|--|----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | 2022 (unaudited) HK\$'000 | 2021 (unaudited) HK\$'000 | 2022 (unaudited) HK\$'000 | 2021 (unaudited) HK\$'000 |
| Current tax — Hong Kong Profits Tax | | | | |
| Current nine months | 163 | 100 | 95 | 60 |

As at 31 December 2022, the Group did not have any significant unrecognized deferred tax assets or liabilities (2021: Nil).

8. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the nine months ended 31 December 2022 and 2021.

9. LOSS PER SHARE

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

| | Nine months ended 31 December | | Three months ended 31 December | |
|---|----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | 2022 (unaudited) HK\$'000 | 2021 (unaudited) HK\$'000 | 2022 (unaudited) HK\$'000 | 2021 (unaudited) HK\$'000 |
| Loss | | | | |
| Loss for the period attributable to equity holders of the Company | (10,403) | (5,616) | (2,028) | (3,386) |
| Number of shares | | | | |
| Weighted average number of ordinary shares (in thousands) | 1,750,400 | 1,750,400 | 1,750,400 | 1,750,400 |

No adjustment has been made to the basic earnings per share amounts presented for the nine months ended 31 December 2022 and 2021 as the Group had no potentially dilutive ordinary shares in issue for the nine months ended 31 December 2022 and 2021. The basic earnings per share equals to the diluted earnings per share.

OTHERS

DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the nine months ended 31 December 2022 (2021: Nil).

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 had a fair value loss of financial assets at FVTPL of approximately HK\$2.2 million for the nine months ended 31 December 2022 as shown in Note 6 to the Notes to the unaudited consolidated financial statements in this report. The financial assets at FVTPL held by the Group were certain units of the funds that were subscribed by the Group and which were valued at approximately HK\$8.5 million as at 31 December 2022. All the financial assets at FVTPL refer to certain units in a fund under the name of BGF Dynamic High Income Fund A8 AUD-Hedged with category A (the "Fund") issued by Blackrock Asset Management North Asia Limited and were subscribed through one of the bankers of the Group, the Bank of China (Hong Kong) Limited, in November 2019 and January 2020, respectively. The Group subscribed 84,076.43 units of the Fund at the unit price of approximately AUD9.52 in November 2019 and 74,482.75 units at approximately AUD9.67 in January 2020. 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 December 2022, the Group held 158,559.18 units of the Fund with a unit price of AUD7.04. The unit price of the Fund as at the last reference date of 31 January 2023 (i.e. the month before the publication of this report) was AUD7.35.

Save as disclosed above, there was no significant investment held, material acquisition or disposal of subsidiaries and affiliated companies during the nine months ended 31 December 2022, and there was no plan for material investment or capital assets as at the date of this report.

MATERIAL EVENTS AFTER 31 DECEMBER 2022

Save as disclosed in this report, there is no material event affecting the Group which has occurred since 31 December 2022 and up to the date of this report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the nine months ended 31 December 2022 up to the date of this report.

OTHERS

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

As at 31 December 2022, the interests and short positions of the Directors and chief executives of the Company in the shares of the Company (the "**Share(s)**"), underlying Shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the directors, to be notified to the Company and the Stock Exchange, were as follows:

Long position in the Shares

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

Note:

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

Long position in the ordinary shares of associated corporation

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

Save as disclosed above, as at 31 December 2022, none of the Directors and the chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which would be required pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

OTHERS

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

As at 31 December 2022, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interest or short position in Shares or underlying Shares which fell to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long position in the Shares

| Name | Capacity/Nature | Number of Shares | Percentage of Shareholding |
|---------------------------|--------------------|------------------|----------------------------|
| Grand Courage | Beneficial owner | 892,710,000 | 51% |
| Ms. Yin Xiao Pei (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 December 2022, the Company had not been notified by any parties (not being a Director or the chief executive of the Company) who had interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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.

To the best knowledge of the Directors, during the nine months ended 31 December 2022 and up to the date of this report, the Company has complied with all the applicable code provisions of the CG Code contained in Appendix 15 to the GEM Listing Rules.

OTHERS

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors in respect of the shares of the Company (the “**Code of Conduct**”). The Company has made specific enquiry to all the Directors, and all Directors have confirmed that, they have fully complied with the required standard of dealings set out in the Code of Conduct for the nine months ended 31 December 2022 and up to the date of this report.

SUFFICIENCY OF PUBLIC FLOAT

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

COMPETING INTERESTS

The Directors confirm that none of the Controlling Shareholders or the Directors and their respective close associates (as defined in the GEM Listing Rules) is interested in any business apart from the business operated by the Group which competes or is likely to compete, directly or indirectly, with the Group’s business during the nine months ended 31 December 2022 and up to the date of this report.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “**Share Option Scheme**”) on 17 January 2017. No share option has been granted under the Share Option Scheme since its adoption and there were no outstanding share options under the Share Option Scheme as at 31 December 2022.

OTHERS

AUDIT COMMITTEE AND REVIEW OF QUARTERLY 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 consolidated financial results of the Group for the nine months ended 31 December 2022. The audit committee is of the opinion that the unaudited consolidated financial results of the Group for the nine months ended 31 December 2022 complied with applicable accounting standards, the requirements under the GEM Listing Rules and other applicable requirements, that adequate disclosures have been made.

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

Hong Kong, 14 February 2023

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